











Integrated Annual Report



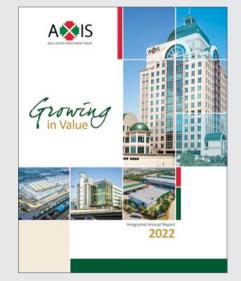
11TH ANNUAL GENERAL MEETING

AXIS REAL ESTATE INVESTMENT TRUST

BROADCAST VENUE:

Boardroom, Penthouse Menara Axis No. 2, Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan Malaysia

DATE & TIME: Thursday, 20 April 2023 at 10.00 a.m. (Malaysia time)



Trowing

'Growing in Value', the theme of Axis-REIT's Integrated Annual Report 2022, reflects the Fund's commitment to grow its portfolio and value by leveraging on its financial, operational and reputational strengths to deliver exceptional business space solutions. Beyond this, Axis-REIT also works towards value-enhancing outcomes for its stakeholders through the implementation of environmental, social and governance-related policies and initiatives to extend its position as one of Malaysia's leading industrial real estate investment trusts.

INTEGRATED ANNUAL REPORT 2022

Inside This Report

Our investment efforts delivered significant portfolio growth in 2022 as we completed 4 yield-accretive acquisitions for RM479.3 million during the year. All in, we closed 2022 with 62 properties in our portfolio, and grew our space under management by 11.9% to 12.7 million sa. ft.

Leong Kit May

Chief Executive Officer/Executive Director

40 Manager's Discussion and Analysis

(A) Manager's Discussion and Analysis can be found on pages 40 to 73

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INSTRUMENT OF PROXY





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to access Axis-REIT's Investor Relations website www.axis-reit.com.my/ nvestor/annual-reports.php



OUR PROPERTY MAP

Office



3

Manufacturing 22 Facility



Warehouse

Hypermarket

Total **Properties**

NUMBER OF **PROPERTIES BY REGION**

CENTRAL REGION 31 NORTHERN REGION 6 EAST COAST REGION 1 24 SOUTHERN REGION **CENTRAL REGION**

Office Crystal Plaza Menara Axis Quattro West

<u>للم</u>

Office/Industrial Axis Business Campus Axis Business Park Axis Industrial Facility 1 @ Shah Alam Axis Technology Centre Axis Vista Fonterra HO Infinite Center Strateg Data Centre The Annex Wisma Academy Parcel Wisma Kemajuan

Manufacturing Facility

Axis Aerotech Centre @ Subang Axis Facility 2 @ Bukit Raja Axis Facility 2 @ Nilai Axis Industrial Facility @ Rawang Axis Industrial Facility 1 @ Meru Axis Industrial Facility 2 @ Shah Alam Axis Shah Alam Distribution Centre 1 Emerson Industrial Facility Nilai

Â

Logistics Warehouse

Axis Mega Distribution Centre

Bukit Raja Distribution Centre

Senawang Industrial Facility

NORTHERN REGION

Logistics Warehouse

Axis Facility @ Batu Kawan

Bayan Lepas Distribution Centre

Seberang Prai Logistics Warehouse 1

Seberang Prai Logistics Warehouse 2

Seberang Prai Logistics Warehouse 3

Axis Hypermarket @ Sungai Petani

Â

Hypermarket

EAST COAST REGION

Manufacturing Facility

Wasco Facility @ Kuantan

Bukit Raja Distribution Centre 2

Axis Northport Distribution Centre 1

Axis Shah Alam Distribution Centre 2

Axis Shah Alam Distribution Centre 3

Axis Shah Alam Distribution Centre 4

Axis Shah Alam Distribution Centre 5



Indahpura Facility 3

SOUTHERN REGION

Manufacturing Facility

Axis Steel Centre @ SILC Beyonics i-Park Campus – Block A Beyonics i-Park Campus – Block B Beyonics i-Park Campus - Block C Beyonics i-Park Campus – Block D Beyonics i-Park Campus - Block E Beyonics i-Park Campus - Block F FCI Senai Indahpura Facility 1 Indahpura Facility 2

Indahpura Facility 4 Nusajaya Tech Park Facility 1 Nusajaya Tech Park Facility 2

Logistics Warehouse

D8 Logistics Warehouse D21 Logistics Warehouse D37c Logistics Warehouse **DW1** Logistics Warehouse Kerry Warehouse Niro Warehouse Pasir Gudang Logistics Warehouse 1 Pasir Gudang Logistics Warehouse 2 Xin Hwa Warehouse @ Pasir Gudang



Axis Hypermarket @ Johor

Hypermarket

CENTRAL REGION

Office



L.

CRYSTAL PLAZA

No. 4, Jalan 51A/223, Section 51A, 46100 Petaling Jaya, Selangor

NET LETTABLE AREA

205,176 sq. ft.

OCCUPANCY RATE

91.96%

PORTFOLIO DETAILS: Acquisition Date

3 August 2005

Total Investment Outlay RM73.4 million

Number of Car Park (bays) 250

CARRYING VALUE

RM113.0 million

Major Tenants

- Asiaworks Malaysia Sdn Bhd
- DHL Asia Pacific Shared Services Sdn Bhd
 - Price Solutions Sdn Bhd
- **RHB Bank Berhad**

Office



MENARA AXIS No. 2, Jalan 51A/223, Section 51A, 46100 Petaling Jaya, Selangor

CARRYING VALUE RM112.5 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
178,471 sq. ft.	RM71.4 million	47.71%

PORTFOLIO DETAILS: Maior Tenants • DHL Asia Pacific Shared Acquisition Date

- 3 August 2005 Malvern Pathology Labs Total Investment Outlay RM91.7 million Number of Car Park (bays)
 - Sdn Bhd • Orient Overseas Container Line (Malaysia)
 - Sdn Bhd
 - Philips Malaysia Sdn Bhd

Services Sdn Bhd

QUATTRO WEST Johnson Suisse No. 4, Lorong Persiaran Barat, 46100 Petaling Jaya, Selangor **CARRYING VALUE**

250

RM61.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
104,196 sq. ft.	RM39.8 million	100%

PORTFOLIO DETAILS: Acquisition Date

RM51.6 million

130

- Etika Sdn Bhd 30 November 2007 Kenanga Investment Bank **Total Investment Outlay**
 - Bhd

Major Tenants

- Media Mulia Sdn Bhd
- Number of Car Park (bays) • MIMS Medica Sdn Bhd
 - Roca Malaysia Sdn Bhd

Gffice/Industrial



Lot 13A &	BUSINESS 13B, Jalan 225, Sectio taling Jaya, Selangor	
carrying valu		
NET LETTABLE AREA 155,113 sq. ft.	PURCHASE PRICE RM32.5 million	OCCUPANCY RATE 74.82%
PORTFOLIO DETAILS Acquisition Date 30 June 2006 Total Investment Ou RM63.4 million Number of Car Park 441	Carl Zeiss FJ Benjam Grabcar S Krohne (N	Sdn Bhd iin (M) Sdn Bhd



Office/Industrial

AXIS INDUSTRIAL FACILITY 1 @ SHAH ALAM No. 3. Jalan Keluli 15/16. Section 15 40200 Shah Alam, Selangor **CARRYING VALUE RM50** million PURCHASE OCCUPANCY AREA PRICE RATE 159,939 sq. ft. RM52.5 million 77.56% **Major Tenants** Acquisition Date • Posim Petroleum Marketing 18 December 2014 Sdn Bhd Total Investment Outlay • SR Technics Malaysia RM53.8 million Sdn Bhd Number of Car Park (bays)



AXIS BUSINESS PARK No. 10, Jalan Bersatu 13/4, Section 13 46200 Petaling Jaya, Selango CARRYING VALUE million PURCHASE NET LETTABLE OCCUPANCY PRICE RATE AREA 329,767 sq. ft. RM84.6 million 81.74% **PORTFOLIO DETAILS: Major Tenants** Acquisition Date ClickAsia Sdn Bhd 3 August 2005 FUJIFILM Business Innovation

RM102.1 million Number of Car Park (bays)

Asia Pacific Pte Ltd Hitachi eBworx Sdn Bhd Zitron Enterprise (M) Sdn Bhd



E H	AXIS TECHNOLOGY CENTRE No. 13, Jalan 225, Section 51A
	No. 13, Jalan 225, Section 51A

46100 Petaling Jaya, Selangor

CARRYING VALUE RM64.7 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
170,730 sq. ft.	RM49.0 million	75.48%

PORTFOLIO DETAILS: Major Tenants

Acquisition Date 15 November 2010 **Total Investment Outlay** RM53.7 million Number of Car Park (bays) 318

- Fresenius Kabi Malaysia Sdn Bhd
- Hitachi Energy Malaysia Sdn Bhd

 - Ingress Motors Centre Sdn Bhd • NZ New Image Sdn Bhd
- Otis Elevator Company (M) Sdn Bhd



88

1

• Services • Logistics • Consumer products • Manufacturing

Office/Industrial



	No. 11, J	VISTA alan 219, Section 51 etaling Jaya, Selango	
	CARRYING VALU		
-	NET LETTABLE AREA 118,557 sq. ft.	PURCHASE PRICE RM32.0 million	OCCUPANCY RATE 100%
	PORTFOLIO DETAILS Acquisition Date 9 December 2008 Total Investment Ou RM37.8 million Number of Car Park **	DirectE Sdn Bh utlay Mitsub Malays	D Retail & Wholesale d iishi Electric Sales iia Sdn Bhd Direct Malaysia

FONTERRA HQ . 23, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, Batu Tiga, 40000 Shah Alam, Selangor

CARRYING VALUE RM23.0 million

Content	RM23
	NET LETTABLE AREA 35,710 sq. ft.
	PORTFOLIO DETAILS Acquisition Date 16 November 2007 Total Investment Ou
	RM11.3 million Number of Car Park *

*This is a single-tenanted property whereby the carpark is managed by the tenant **This is a multi-tenanted property whereby the carpark is managed by the tenants NET LETTABLE PURCHASE OCCUPANCY AREA PRICE RATE 35,710 sq. ft. RM7.2 million 84.71%

PORTFOLIO DETAILS: Acquisition Date

• Fonterra Brands (Malaysia) Sdn Bhd

Major Tenants

Total Investment Outlay

RM11.3 million

Number of Car Park (bays)

Gffice/Industrial





INFINITE CENTER Lot 1, Jalan 13/6, Section 13, 46200 Petaling Jaya, Selangor

NET LETTABLE AREA

140,417 sq. ft. **PURCHASE PRICE**

RM25.5 million

OCCUPANCY RATE 96.47%

PORTFOLIO DETAILS: Acquisition Date 3 August 2005

Total Investment Outlay RM37.4 million

Number of Car Park (bays)

CARRYING VALUE RM45.4 million

Major Tenants

- C. Melchers Gmbh & Co
- Konica Minolta Business • Solutions (M) Sdn Bhd
- Procurri Malaysia Sdn Bhd

CENTRAL REGION

182

Office/Industrial



	No.12 Jal	TEQ DATA an Bersatu 13/4, Secti taling Jaya, Selangor	
T	RM68		
	NET LETTABLE AREA 104,903 sq. ft.	PURCHASE PRICE RM37.0 million	OCCUPANCY RATE 100%
	PORTFOLIO DETAILS	: Major Tena	ints
	Acquisition Date	Strateq Da	ata Centre Sdn Bhd
EL	25 January 2008		
	Total Investment Ou	itlay	
100	RM42.9 million		
14	Number of Car Park	(bays)	
12	*		



WISMA ACADEMY PARCEL No. 4A, Jalan 19/1, Section 19 46300 Petaling Jaya, Selangor

CARRYING VALUE RM75.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
235,452 sq. ft.	RM73.0 million	78.40%

PORTFOLIO DETAILS: **Major Tenants** Acquisition Date 1 October 2012

- Achieva Technology Sdn Bhd Ban Leong Technologies
- **Total Investment Outlay** Sdn Bhd Number of Car Park (bays)
 - Sdn Bhd
- Dataprep (Malaysia) Sdn Bhd Ingram Micro Malaysia



	46300 P	etaling Jaya, Selangor	
	CARRYING VALU	_	
		• million	
	NET LETTABLE	PURCHASE	OCCUPANCY
	AREA	PRICE	RATE
	45,400 sq. ft.	RM12.0 million	60.35%
l	PORTFOLIO DETAIL	S: Major Tena	ants
I.	Acquisition Date	 Sports G 	arage Sdn Bhd
	1 October 2012		
	Total Investment O	utlay	
121	RM13.6 million		
	Number of Car Darl	(hour)	



WISMA KEMAJUAN No. 2, Jalan 19/1B, Section 19

46300 Petaling Jaya, Selangor

CARRYING VALUE RM67.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
198,777 sg. ft.	RM29.0 million	67.65%

PORTFOLIO DETAILS: Major Tenants

Acquisition Date 16 December 2005 **Total Investment Outlay** RM38.0 million Number of Car Park (bays) 254

RM77.3 million

407

• Fossil Time Malaysia Sdn Bhd • Hawley & Hazel Marketing

- (Malaysia) Sdn Bhd • Konica Minolta Business
- Solutions (M) Sdn Bhd
- Swap Logistics Distribution Sdn Bhd

Manufacturing Facility







A Manufacturing Facility



RM51.6 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
246,500 sq. ft.	RM50.0 million	100%

PORTFOLIO DETAILS: Acquisition Date

28 February 2020

RM50.9 million

Major Tenants

- **Total Investment Outlay**
- K-Plastics Industries Sdn Bhd

Number of Car Park (bays)



Artist's impression of Axis Facility 2 @ Bukit Raja post major refurbishment

AXIS FACILITY 2 @ BUKIT RAJA No 4, Solok Waja 3, Kawasan Perindustrian Bukit

Raja, 41050 Klang, Selangor CARRYING VALUE

RM44.4 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
150,692 sq. ft.	RM37.0 million	0%
PORTFOLIO DETAILS:	Number of	f Car Park (bays)
Acquisition Date	*	
17 March 2020	Major Tena	ants
otal Investment Out	tlay • -	
RM43.8 million		



AXIS INDUSTRIAL FACILITY @ RAWANG

Lot 795 & 796 Jalan Monorail, Kawasan Industri Sungai Choh, 48000 Sungai Choh Rawang, Selangor

CARRYING VALUE RM60.0 million

NET LETTABLE	PURCHASE	OCCUPANCY	
AREA	PRICE	RATE	
282,152 sq. ft.	RM42.0 million	100%	
PORTFOLIO DETAILS	Number of	Car Park (bays)	
Acquisition Date	*		
15 November 2016	Major Tena	nts	
Total Investment Out	tlay • Shuangfe	Shuangfei Wire Harness	
RM51.5 million	Sdn Bhd		

A Manufacturing Facility



	FACI Lot 6119,	INDUSTRIA LITY 1 @ M Jalan Haji Salleh/KU 2, Pekan Meru, 4105	ERU ^{8,}
~	CARRYING VALUE	-	
	NET LETTABLE AREA 193,015 sq. ft.	PURCHASE PRICE RM41.0 million	OCCUPANCY RATE 100%
	PORTFOLIO DETAILS: Acquisition Date 2 December 2022 Total Investment Out RM41.7 million	* Major Ten	f Car Park (bays) ants mas Jaya Sdn Bhd

Real Manufacturing Facility



AXIS SHAH ALAM DISTRIBUTION CENTRE 1 Lots 2-22,2-24,2-26,2-28, Jalan SU 6A, Taman

Perindustrian Subang (Lion Industrial Park), Section 22, 40300 Shah Alam, Selangor

CARRYING VALUE RM40.7 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
110,406 sq. ft.	RM18.5 million	100%
PORTFOLIO DETAILS	Number of	Car Park (bays)
Acquisition Date	*	
31 July 2007	Major Tena	nts
Total Investment Ou	tlay • Upeca Ae	erotech Sdn Bhd

TATATATATATATATA

AXIS INDUSTRIAL FACILITY 2 @ SHAH ALAM Lot 16, Jalan Pengapit 15/19, Seksyen 15,

40200 Shah Alam, Selangor

CARRYING VALUE

RM14.7 million

	NET LETTABLE	PURCHASE	OCCUPANCY
	AREA	PRICE	RATE
	41,061 sq. ft.	RM11.9 million	100%
Р	ORTFOLIO DETAILS	: Number of	Car Park (bays)
A	cquisition Date	*	
3	December 2020	Major Tena	ints
T	otal Investment Ou	tlay • GT-Max	Construction
R	M12.3 million	Sdn Bhd	



EMERSON INDUSTRIAL FACILITY NILAI

Lot 13111 & Lot 13112, Mukim Labu, Kawasan Perindustrian Nilai 1, 71800 Nilai, Negeri Sembilan

CARRYING VALUE RM44.0 million

RM22.5 million

2

NET LETTABLE	PURCHASE		OCCUPANCY
AREA	PRICE		RATE
91,642 sq. ft.	RM26.5 mi	llion	100%
RTFOLIO DETAILS:	Nur	nber of	Car Park (bays)
quisition Date	*		
August 2012	Ma	jor Tena	ants
al Investment Out	tlay • E	mersor	Process
127.5 million	N	Лапаge	ment Manufacturing
	(M) Sdn	Bhd

Logistics Warehouse



Lot 7316 (P	MEGA DISTRIBUT 3609), Persiaran Sijangkang Utar Panglima Garang, Selangor		ARRYING VALUE
PURCHASE PRI (Land Only) RM85.0 millio	Acquisition Date		n *
	NET LETTABLE AREA	OCCUPANCY RATE	MAJOR TENANTS
Phase 1	515,000 sq. ft.	100%	Nestle Products Sdn Bhd
Phase 2	Estimated 584,112 sq. ft. upon completion		NT IN PROGRESS letion 1Q 2024
	upon completion	Target comp	

E Logistics Warehouse



AXIS NORTHPORT DISTRIBUTION CENTRE 1 Lot 19, Lebuh Hishamuddin 1, Selat Klang Utara

42000 Pelabuhan Klang, Selangor

CARRYING VALUE

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
339,194 sq. ft.	RM65.0 million	100%
PORTFOLIO DETAILS:	Number of	Car Park (bays)
Acquisition Date	*	
20 October 2009	Major Tena	nts
Total Investment Out	ay • Northpor	t (Malaysia) Berha
RM67.1 million		



AXIS SHAH ALAM DISTRIBUTION CENTRE 2 Lot No. 10 & 12, Jalan Pahat 16/8A,

Lot No. 11 & 13, Jalan Gudang 16/9, Section 16, 40200 Shah Alam, Selangor

CARRYING VALUE

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
164,400 sq. ft.	RM45.0 million	100%
PORTFOLIO DETAILS:	Number of	f Car Park (bays)
Acquisition Date *		
31 March 2015	Major Tena	ants
Total Investment Out	ilay • Tele-Pap	oer (M) Sdn Bhd
RM47.6 million	 Total Log Sdn Bhd 	gistics Services (M)

E Logistics Warehouse

NET 685,0 Acquisition Date



LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
,082 sq. ft.	RM183.0 million	100%

PORTFOLIO DETAILS:

18 December 2014 Total Investment Outlay RM187.9 million

• LF Logistics Services (M) Sdn Bhd

POS Logistics Berhad

Major Tenants

Number of Car Park (bays)

R Logistics Warehouse



	ot 45 (17	RIBUTION (77) Jalan Utas 15/7, Se	
CARRYIN		ah Alam, Selangor	
		.O million	
R IVI	50	• V million	
		• V million PURCHASE	OCCUPANCY
	TABLE		OCCUPANCY RATE
NET LET	TABLE A	PURCHASE	

A 1/10 011 A 11

Number of Car Park (bays) Acquisition Date 10 November 2020 Major Tenants **Total Investment Outlay** • One Total Logistics (M) RM96.3 million Sdn Bhd



AXIS SHAH ALAM DISTRIBUTION CENTRE 4 - Å

Lot PT 5038-5041, Jalan Teluk Datuk 28/40 Off Persiaran Sepang, Seksyen 28 40400 Shah Alam, Selangor

CARRYING VALUE RM93.5 million

AREA 62,000 sq. ft.	PURCHASE PRICE RM83.0 million	OCCUPANCY RATE 100%
RTFOLIO DETAILS:	Number of	f Car Park (bays)
quisition Date	*	
une 2018	Major Tena	ants
al Investment Out	tlay • J&T Exp	ress (Malaysia)
184.6 million	Sdn Bhd	



BUKIT RAJA DISTRIBUTION CENTRE

No. 43 & 44, Lengkok Keluli 1, Kawasan Perindustrian Bukit Raja Selatan, Seksyen 7, 40000 Shah Alam, Selangor

CARRYING VALUE RM117.0 million

NET LETTABLE	PURCHASE	OCCUPANCY	
AREA	PRICE	RATE	
456,435 sq. ft.	RM71.8 million	100%	
PORTFOLIO DETAILS	: Number of	Car Park (bays)	
Acquisition Date	*		
14 December 2009	Major Tena	nts	
Total Investment Ou	tlay • LF Logist	• LF Logistics Services (M)	
RM80.9 million	Sdn Bhd		

R Logistics Warehouse



BUKIT RAJA DISTRIBUTION CENTRE 2 æ No 3. Jalan Keluli Satu, Kawasan Perindustrian

PURCHASE

PRICE

DEVELOPMENT

IN PROGRESS

Target completion

31 August 2023

Number of Car Park (bays)

Bukit Raja Selatan, 40000 Shah Alam, Selangor

CARRYING VALUE RM163.5 million

NET LETTABLE AREA 620,096 sq. ft. RM120.0 million upon completion

PORTFOLIO DETAILS: Acquisition Date

31 March 2021 Total Investment Outlav RM163.9 million

Major Tenants Shopee Express Malaysia Sdn Bhd

SENAWANG INDUSTRIAL FACILITY Lot 73 & 74, Persiaran Bunga Tanjung 1 Senawang Industrial Park, 70400 Seremban Negeri Sembilan

CARRYING VALUE RM24.7 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
148,011 sq. ft.	RM18.5 million	100%
PORTFOLIO DETAILS:	Number of	Car Park (bays)
Acquisition Date	*	
5 December 2018	Major Tena	nts
Total Investment Out	lay • Denso W	iper Systems
RM19.1 million	(Malaysia	a) Sdn Bhd

NORTHERN REGION

E Logistics Warehouse





AXIS FACILITY @ BATU KAWAN PMT 770, Jalan Cassia Selatan 6/4, Taman Perindustrian Batu

Kawan, 14110 Bandar Cassia, Penang

NET LETTABLE AREA

44,000 sq. ft.

OCCUPANCY RATE 100%

PORTFOLIO DETAILS:

Acquisition Date

19 December 2019

Total Investment Outlay RM14.7 million

Number of Car Park (bays)

CARRYING VALUE RM19.0 million

Major Tenants

• Federal Express Services (M) Sdn Bhd

E Logistics Warehouse



BAYAN LEPAS R **DISTRIBUTION CENTRE**

88A, Lintang Bayan 9, Lintang Bayan Lepas Industrial Park, Phase IV 11900 Bayan Lepas, Penang

NET LETTABLE AREA 205,151 sq. ft.

PURCHASE PRICE

RM48.5 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS: **Acquisition Date**

17 January 2012

Total Investment Outlay RM51.0 million

Number of Car Park (bays)

Major Tenants

CARRYING VALUE

• DHL Properties (Malaysia) Sdn Bhd

RM67.0 million

E Logistics Warehouse



SEBERANG PRAI LOGISTICS WAREHOUSE 1 Plot 24, Tingkat Perusahaan 6, Kawasan Perusahaan Prai Phase 4, 13600 Seberang Prai Tengah, Penang CARRYING VALUE RM24.9 million NET LETTABLE PURCHASE OCCUPANCY AREA PRICE RATE 106,092 sq. ft. RM17.4 million 100%

PORTFOLIO DETAILS: Acquisition Date 5 March 2010 Total Investment Outlay Major Tenants • LF Logistics Services (M) Sdn Bhd

RM17.8 million Number of Car Park (bays)

LF LOGISTICS 5 March 2010

SEBERANG PRAI LOGISTICS WAREHOUSE 2

Plot 23, Tingkat Perusahaan 6, Kawasan Perusahaan Prai Phase 4, Seberang Prai Tengah, Penang

CARRYING VALUE RM9.9 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
41,893 sq. ft.	RM6.9 million	100%

PORTFOLIO DETAILS: Acquisition Date

Major Tenants • LF Logistics Services (M) Sdn Bhd

Total Investment Outlay

RM7.4 million

Number of Car Park (bays)



E Logistics Warehouse



WARI No. 74, L	RANG PRAI LO EHOUSE 3 .orong Perusahaan Ut Il Park, 14000 Bukit M	ama 4, Bukit Tengah
CARRYING VALU	E	
RM77	.0 million	
NET LETTABLE AREA	PURCHASE PRICE	OCCUPANCY RATE
395,225 sq. ft.	RM59.0 million	100%
PORTFOLIO DETAILS	: Major Tena	ants
Acquisition Date	Schenke	r Logistics
15 February 2012	(Malays	ia) Sdn Bhd
Total Investment Ou	utlay	
RM64.3 million		
Number of Car Park	(bays)	
*		

Hypermarket



AXIS HYPERMARKET тŶп ितान **@ SUNGAI PETANI** Jalan Lencongan Barat 08000 Sungai Petani, Kedah CARRYING VALUE RM52.0 million

NET LETTABLE AREA 138,000 sq. ft.	PURCHASE PRICE RM38.0 million	OCCUPANCY RATE 100%
PORTFOLIO DETAILS		
Acquisition Date	 TF Value 	-Mart Sdn Bhd

7 September 2007

Total Investment Outlay RM39.1 million

Number of Car Park (bays)

EAST COAST REGION

A Manufacturing Facility









WASCO FACILITY @ KUANTAN Sub Lot 2, Kawasan Perindustrian MIEL Gebeng, KM25, Jalan

Kuantan-Kemaman P.O. Box 240, 25720 Kuantan, Pahang

NET LETTABLE AREA Buildings

506,753 sq. ft.

PURCHASE PRICE RM155.0 million

OCCUPANCY RATE 100%

PORTFOLIO DETAILS: Acquisition Date

5 December 2017

Total Investment Outlay RM157.6 million

Number of Car Park (bays)

CARRYING VALUE RM159.0 million

Major Tenants

• Wasco Coatings Malaysia Sdn Bhd

*This is a single-tenanted property whereby the carpark is managed by the tenant

SOUTHERN REGION

Office/Industrial





INDAHPURA FACILITY 3

75 (Plot 111), Jalan i-Park 1/8, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor

NET LETTABLE AREA

24,950 sq. ft.

100%

PURCHASE PRICE

RM6.7 million

OCCUPANCY RATE

PORTFOLIO DETAILS: Acquisition Date 26 February 2021

Total Investment Outlay RM6.8 million

Number of Car Park (bays)

CARRYING VALUE RM7.0 million

Major Tenants Perodua Sales Sdn Bhd

A Manufacturing Facility



AXIS STEEL CENTRE @ SILC No. 27, Jalan SiLC 1/5, Kawasan Perindustrian SiLC 79200 Nusajaya, Johor

CARRYING VALUE RM163.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
688,011 sq. ft.	RM153.5 million	100%

PORTFOLIO DETAILS: Acquisition Date 30 December 2014 **Total Investment Outlav** RM155.9 million

Number of Car Park (bays)

Major Tenants • Yongnam Engineering Sdn Bhd

BEYONICS I-PARK CAMPUS - BLOCK A No. 95, Jalan i-Park 1/10, Kawasan Perindustrian i-Park, 81000 Bandar Indahpura, Kulaijaya, Johor CARRYING VALUE RM19.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
67,260 sq. ft.	RM14.2 million	100%

PORTFOLIO DETAILS: Acquisition Date 28 January 2016 RM14.5 million

Major Tenants Beyonics Precision (Malaysia) Sdn Bhd

Total Investment Outlay Number of Car Park (bays) SOUTHERN REGION

Real Manufacturing Facility



• BLO No. 96, J	NICS I-PARK C CK B Jalan i-Park 1/10, Kawa 1000 Bandar Indahpur	asan Perindustrian
CARRYING VALU	_	
NET LETTABLE AREA 60,967 sq. ft.	PURCHASE PRICE RM12.9 million	OCCUPANCY RATE 100%
PORTFOLIO DETAIL	S: Major Tena	ants
Acquisition Date	Beyonics	s Precision
28 January 2016	(Malaysi	ia) Sdn Bhd
Total Investment O	utlay	
RM13.1 million		
Number of Car Park	(bays)	



Anufacturing Facility

BEYONICS I-PARK CAMPUS - BLOCK D No. 98, Jalan i-Park 1/10, Kawasan Perindustrian i-Park, 81000 Bandar Indahpura, Kulaijaya, Johor **CARRYING VALUE** RM29.0 million PURCHASE NET LETTABLE OCCUPANCY AREA PRICE RATE 104,606 sq. ft. RM22.1 million 100% Major Tenants PORTFOLIO DETAILS: Beyonics Precision Acquisition Date (Malaysia) Sdn Bhd 28 January 2016 **Total Investment Outlay** RM22.5 million Number of Car Park (bays)



BEYONICS I-PARK CAMPUS - BLOCK C No. 97, Jalan i-Park 1/10, Kawasan Perindustrian i-Park, 81000 Bandar Indahpura, Kulaijaya, Johor

CARRYING VALUE DN/1C O

KIVITO.	U million	
NET LETTABLE	PURCHASE	occu
AREA	PRICE	RA
55,476 sq. ft.	RM11.7 million	10
PORTFOLIO DETAILS:	Major Tena	ants
Acquisition Date	 Beyonic: 	s Precision
28 January 2016	(Malaysi	ia) Sdn Bho
Total Investment Out	tlay	
RM12.1 million		

PURCHASE PRICE RM11.7 million	OCCUPANCY RATE 100%
Major Ten	ants
 Beyonic 	s Precision
(Malays	ia) Sdn Bhd
ау	



BEYONICS I-PARK CAMPUS - BLOCK E No. 93, Jalan i-Park 1/10, Kawasan Perindustrian

i-Park, 81000 Bandar Indahpura, Kulaijaya, Johor

CARRYING VALUE RM37.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
132,706 sq. ft.	RM31.5 million	100%

PORTFOLIO DETAILS: Acquisition Date 9 August 2018 **Total Investment Outlay** RM32.1 million Number of Car Park (bays)

 Beyonics Precision (Malaysia) Sdn Bhd

Major Tenants



BEYONICS I-PARK CAMPUS - BLOCK F 92 (Plot 132), Jalan i-Park 1/10, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor			
CARRYING VALUE			
NET LETTABLE	PURCHASE	OCCUPANCY	
AREA	PRICE	RATE	
57,545 sq. ft.	RM12.98 million	100%	
PORTFOLIO DETAILS: Major Tenants			
Acquisition Date • Bevonics Precision			

quisition Date 3 March 2021 **Total Investment Outlay** RM13.3 million Number of Car Park (bays)

-	OCCUPANCY
	RATE
n	100%

Beyonics Precision (Malaysia) Sdn Bhd

Real Manufacturing Facility



INDAHPURA FACILITY 1 No.69, Jalan i-Park 1/7, Kawasan Perindustrian i-Park, 81000 Bandar Indahpura, Kulaijaya, Johor

CARRYING VALUE RM8.2 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
33,448 sq. ft.	RM7.2 million	100%

PORTFOLIO DETAILS: Acquisition Date 9 August 2018 **Total Investment Outlay** RM7.3 million

Number of Car Park (bays)

Major Tenants Oerlikon Balzers Coating Malaysia Sdn Bhd



FCI SENAI PLO 205, Jalan Cyber 14, Kawasan Perindustrian Senai IV, 81400 Johor

CARRYING VALUE RM26.5 million

IET LETTABLE AREA 36,619 sq. ft.	PURCHASE PRICE RM12.3 million	OCCUPANCY RATE 100%
RTFOLIO DETAILS	: Major Ten	ants
uisition Date	 FCI Conr 	nectors Malaysia
November 2007	Sdn Bhd	
al Investment Ou	itlav	

RM12.7 million Number of Car Park (bays)



INDAHPURA FACILITY 2 74 (Plot 112), Jalan i-Park 1/8, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor.

CARRYING VALUE RM9.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
35,339 sq. ft.	RM8.5 million	100%

Major Tenants

• KES International Sdn Bhd

Acquisition Date 12 January 2021 **Total Investment Outlay** RM8.7 million Number of Car Park (bays)

INDAHPURA FACILITY 4

A Manufacturing Facility



(0000)	Jalan i-Park 1/6, Kawa andar Indahpura, 8100	
CARRYING VALU		
NET LETTABLE AREA 59,955.91 sg. ft.	PURCHASE PRICE RM16.3 million	OCCUPANCY RATE 100%
PORTFOLIO DETAILS		
Acquisition Date 8 March 2022	HQPack	
Total Investment Ou RM16.7 million		
Number of Car Park	(bays)	

NUSAJAYA TECH PARK FACILITY 1 Nos. 1, 3 & 5, Jalan Teknologi Perintis 1, Taman Teknologi Nusajaya, 79200 Iskandar Puteri, Johor

CARRYING VALUE RM42.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
104,694 sq. ft.	RM42.0 million	100%

PORTFOLIO DETAILS:

55

Acquisition Date 30 September 2019 **Total Investment Outlay** RM42.8 million

Major Tenants

Sdn Bhd

Number of Car Park (bays)

PURCHASE	OCCUPANCY	
PRICE	RATE	
RM42.0 million	100%	

GKN Engine Systems **Component Repair**



R Logistics Warehouse



NUSAJAYA TECH PARK FACILITY 2 No. 14, Jalan Teknologi Perintis 1/3, Taman Teknologi Nusajaya, 79200 Iskandar Puteri, Johor CARRYING VALUE RM15.5 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
42,068 sq. ft.	RM13.8 million	100%

PORTFOLIO DETAILS: Acquisition Date 30 September 2019 Total Investment Outlay RM14.1 million

Number of Car Park (bays)

Major Tenants • SternMaid Asia Pacific Sdn Bhd

D8 LOGISTICS WAREHOUSE Lot D8, Jalan Tanjung A/4, Distripark A, Port of Tanjung Pelepas, Gelang Patah, 81560 Johor. **CARRYING VALUE** Arcenal II. RM40.3 million

	Maior Tena	ints
71,000 sq. ft.	RM30.0 million	100%
AREA	PRICE	RATE
IET LETTABLE	PURCHASE	OCCUPANCY

Acquisition Date 1 March 2011 **Total Investment Outlay** RM31.8 million



D21 LOGISTICS WAREHOUSE

E Logistics Warehouse



CARRYING VALUE		
RM43.	6 million	
NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
174,920 sq. ft.	RM27.0 million	100%
,	111127.0 111111011	100%
PORTFOLIO DETAILS:	Major Tena	
PORTFOLIO DETAILS: Acquisition Date	Major Tena • Maersk I	ints
PORTFOLIO DETAILS: Acquisition Date 30 April 2008 Total Investment Out	Major Tena • Maersk I Malaysia	ints .ogistics & Services
PORTFOLIO DETAILS: Acquisition Date 30 April 2008	Major Tena • Maersk I Malaysia	ints .ogistics & Services

D37C LOGISTICS WAREHOUSE Plot D37c, Jalan DPB 3, Distripark B, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor

Schenker Logistics

(Malaysia) Sdn Bhd

CARRYING VALUE RM66.2 million

Acquisition Date 9 June 2020 Total Investment Outlay RM66.1 million

Number of Car Park (bays)





DW1 LOGISTICS WAREHOUSE Plots DW1 and DW2, Jalan Tanjung A/2, Distripark A,

Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor.

NET LETTABLE AREA

1,150,391 sq. ft.

PURCHASE PRICE RM390.0 million

OCCUPANCY RATE

PORTFOLIO DETAILS: Acquisition Date 25 April 2022

Total Investment Outlay RM395.6 million

Number of Car Park (bays)

CARRYING VALUE

Major Tenants

• Equalbase PTP Sdn Bhd

E Logistics Warehouse



CARRYING VALUE		
RM39	.5 million	
NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
163,000 sq. ft.	RM33.0 million	100%
PORTFOLIO DETAILS	: Major Tena	ants
Acquisition Date	Kerry Ing	gredients (M)
24 July 2017	Sdn Bhd	
Total Investment Ou	tlay	

KERRY WAREHOUSE



Example 1 Logistics Warehouse

PASIR GUDANG LOGISTICS WAREHOUSE 1 PLO 563, Jalan Keluli 8, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor.

RM23.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
130,743 sq. ft.	RM12.5 million	100%

Total Investment Outlay

Major Tenants • Guan Chong Cocoa Manufacturer Sdn Bhd

All and NET 167 **PORTFOLIO DETAILS:** Acquisition Date 30 April 2008

NIRO WAREHOUSE PLO 419-421, Jalan Emas 2, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor.

CARRYING VALUE RM29.2 million

T LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
7,193 sq. ft.	RM14.5 million	100%

Major Tenants

• Niro Ceramic (M) Sdn Bhd

Total Investment Outlay RM17.1 million

Number of Car Park (bays)



PASIR GUDANG LOGISTICS WAREHOUSE 2

Plot 78, Jalan Keluli, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Bahru.

CARRYING VALUE RM36.0 million

NET LETTABLE	PURCHASE	OCCUPANCY
AREA	PRICE	RATE
276,000 sq. ft.	RM32.0 million	100%

Major Tenants

• Venice Tulip Sdn Bhd

PORTFOLIO DETAILS: Acquisition Date 7 March 2022 **Total Investment Outlay** RM32.7 million

Number of Car Park (bays)

Example 1 Logistics Warehouse



XIN HWA WAREHOUSE @ **PASIR GUDANG**

Plot 823 & Plot 828, Jalan Nikel 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor.

NET LETTABLE AREA

464,613 sq. ft.

PURCHASE PRICE

RM75.0 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS: Acquisition Date 21 October 2021

Total Investment Outlay RM76.4 million

Number of Car Park (bays)

RM77.0 million

CARRYING VALUE

Major Tenants • Xin Hwa Trading & Transport Sdn Bhd







Hypermarket

NET LETTABLE AREA 233,579 sq. ft. **PURCHASE PRICE**

RM75.6 million

OCCUPANCY RATE 100%

PORTFOLIO DETAILS: Acquisition Date 1 October 2010

Total Investment Outlay RM77.0 million

RM107.0 million

Major Tenants

CARRYING VALUE

• Lotuss Stores (Malaysia) Sdn Bhd

Number of Car Park (bays)

ABOUT OUR REPORT



This is our fourth Integrated Annual Report since we embarked on our integrated reporting journey back in 2019. We continue to grow and enhance the resilience of our portfolio by integrating sustainability aspects into Axis-REIT's strategy and business model. In doing so, we create shared value for all our stakeholders over the short, medium, and long term and extend our position as Malavsia's leading industrial real estate investment trust.

In line with Axis-REIT's commitment to sustainability and the environment, a digital version of our IAR2022 is available at www.axis-reit.com.my/annualreport2022.php.



Scan the QR code or click on the link for a digital experience of this Report

REPORTING PHILOSOPHY & FRAMEWORK

This Integrated Annual Report 2022 (IAR2022 or the Report) has been prepared by Axis REIT Managers Berhad (ARMB or the Manager) on behalf of Axis Real Estate Investment Trust (Axis-REIT or the Fund), per the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework (<IR> Framework). Through the adoption of the <IR> Framework, we aim to deliver a transparent, concise, and balanced overview of the Fund's financial and non-financial performances.

Other references used in the development of the IAR2022 include:

- Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements (MMLR)
- Securities Commission Malaysia's (SC) Guidelines on Listed Real Estate Investment Trusts (REIT)
- SC's Guidelines on Islamic Capital Market Products and Services (ICMPS Guidelines)
- Malaysian Code on Corporate Governance (MCCG)
- Malaysian Financial Reporting Standards (MFRS) and International Financial Reporting Standards (IFRS)
- Global Reporting Initiative (GRI) Standards

SCOPE AND BOUNDARY

Reporting Period

Our reports are produced and published annually. The IAR2022 covers both financial and non-financial information during the financial year commencing 1 January 2022 to 31 December 2022 (FYE2022), unless otherwise stated.

Reporting Boundary

The Report covers the primary activities of the Fund and the Manager's operations in managing Axis-REIT. Where indicated, some data is limited to that of common areas of multi-tenanted properties under the Manager's direct operational control.

Target Readers

This Report is primarily intended to address the information requirements of Axis-REIT's Unitholders and long-term investors.

Information relevant to the way we create value for other key stakeholders is also present.

Financial & Non-Financial Reporting

The IAR2022 extends beyond financial reporting and includes non-financial performance indicators, risks, opportunities, and outcomes that are attributable to our stakeholders, which have a significant influence on Axis-REIT's ability to create value. This includes environmental, social, and governance (ESG) disclosures for all properties belonging to Axis-REIT and managed by the Manager.

Materiality, Risk & Strategy

In 2022, we reviewed the material sustainability matters that are significant and relevant to both Axis-REIT and our stakeholders. Our materiality assessment process is conducted bi-annually and reviewed annually to ensure the identification of sustainability matters reflects our current operating environment, with this financial year primarily impacted by post-pandemic business conditions. Based on the sustainability matters identified from the materiality matrix, we have reviewed and updated our Risk Register and business strategy to ensure the non-financial risks and opportunities are incorporated into the Manager's risk management approaches and Corporate Sustainability Strategy 2023–2024. More details of the materiality assessment process and ESG disclosures are available in the Driving Value Creation section of this Report.

EXCLUSIONS OR CHANGES IN REPORTING

There have been no major exclusions or changes in reporting since the 2021 Integrated Annual Report. In 2022, we expanded the scope of our sustainability reporting by disclosing ESG performance data for our stakeholders, guided by international sustainability reporting frameworks. This is disclosed in the Additional Information section of this Report.

BOARD RESPONSIBILITY STATEMENT

ARMB's Board of Directors (BOD or the Board) acknowledges its responsibilities in ensuring the integrity of this Report, which in the Board's opinion, addresses issues that are material to the Fund's ability to create value and fairly present its integrated performance. This Report was approved by the Board on 21 February 2023.

ASSURANCE STATEMENT

KPMG PLT is the statutory auditor appointed to audit Axis-REIT's financial statements for FYE2022. The audit was limited to the consolidated financial statements on pages 190 to 254 of this Report. We have yet to obtain external assurance for our non-financial information. However, we acknowledge the enhanced credibility of independent verification, and will seek sustainability assurance on selected key indicators in FYE2023.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements concerning the Fund's financial position, results, operations, and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that occur in the future. As our business operates in a perpetually shifting and ever-changing environment, actual results or developments could differ from those expressed or implied in these forward-looking statements. Consequently, all forward-looking statements have not been reviewed or reported on by Axis-REIT's auditors.

FEEDBACK & CONTACT POINT

Your feedback is important to us and we welcome any queries you may have. Please visit <u>www.axis-reit.com.my</u> for more information or contact us via email at info@axis-reit.com.my







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About Our Report

CON NAVIGATIO	N			
Six Resources	Strategic Pillars	Si	ustainability Matte	rs
	Ø	OÍ		
Financial	Development	Economic Performance	Community Activity & Partnership	Diversity & Inclusion
				(5 1)
		Responsible Supply Chain Management	Tenant Satisfaction	Business Ethics
Manufactured	Capital Management		9	
		Human Rights & Labour Practices	Energy & Carbon Footprint	Quality Assets & Services - New Acquisitions
88		R	1	C
Social & Relationship	Real Estate	Waste Management	Cybersecurity & Data Protection	Water Management
(L	<u> </u>	Occupational Health & Safety	Quality Assets & Services - Existing Assets	Talent Development
Human	Facilities Management			
			Risks	
			8	
Intellectual	Investment	Financial	Environmental	Global
		Investment	Real Estate Management	Human Resource & IT
Natural	Governance	(@)		
		Development		

Further information is available where you see these icons:

(D) More information is available online



Additional information can be found within the Report

ABOUT AXIS-REIT

AXIS-REIT IS MALAYSIA'S FIRST REIT, LISTED ON BURSA SECURITIES ON 3 AUGUST 2005, TO OWN AND INVEST PRIMARILY IN INDUSTRIAL AND OFFICE **REAL ESTATE.**



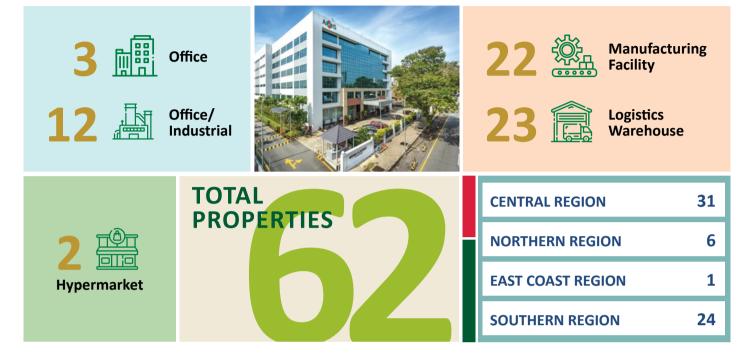
OUR VISION

To successfully benchmark Axis-REIT against the world's most successful REITs in terms of total returns to Unitholders and be the REIT of choice for Shariah and non-Shariah investors.

OUR MISSION

To provide consistent distributions to Unitholders through growing the property portfolio, upholding the highest level of corporate governance, excellent capital and risk management, and preserving capital values.

The Fund was constituted by a Deed and is principally regulated by applicable securities laws, the SC's Guidelines on Listed REITs, ICMPS Guidelines, the MMLR of Bursa Securities, the rules of the depository and relevant taxation laws and rulings. On 15 June 2005, the Deed constituting Axis-REIT was executed between Axis REIT Managers Berhad and RHB Trustees Berhad. The Deed was registered with the SC on 16 June 2005, which marked the establishment of Axis-REIT in Malaysia. Axis-REIT was thereafter reclassified as an Islamic REIT on 11 December 2008. The duration of Axis-REIT shall be the earlier of the occurrence of any circumstance as stated in the Deed, or 999 years from the establishment of Axis-REIT.



The primary objectives of the Fund are:

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To provide Unitholders with a stable and growing distribution of income.

The Manager is committed to deliver long-term sustainable distributions and capital stability through its six principles of management:



Yield-accretive asset purchases





Proactive asset and tenant management



About Axis-REIT



To achieve long-term growth in the net asset value per Unit.

SIX PRINCIPLES OF MANAGEMENT

Prudent capital and risk management

Upholding the highest levels of corporate governance



Excellent investor relations

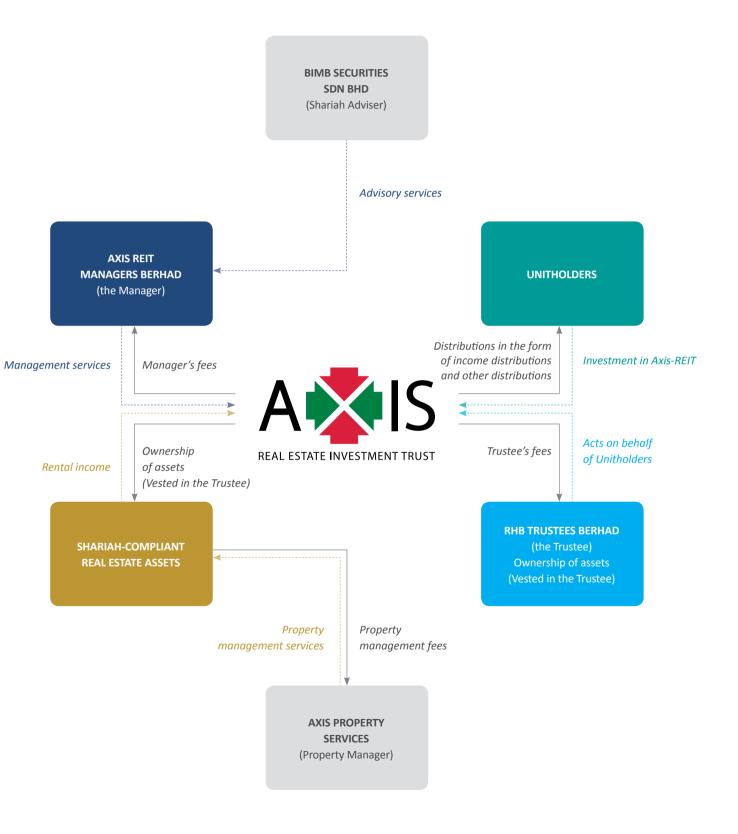


Development of human capital

SALIENT FEATURES OF AXIS-REIT

Fund Category	Real Estate Investment Trust		
Fund Type	Income and Growth		
Vision of the Fund	To successfully benchmark Axis-REIT against the world's most successful REITs in terms of total returns to Unitholders and be the REIT of choice for Shariah and non-Shariah investors		
Mission of the Fund	To provide consistent distributions to Unitholders through growing the property portfolio, upholding the highest level of corporate governance, excellent capital and risk management, and preserving capital values		
Issued Fund Size	1,641,054,038 Units		
Market Capitalisation	RM2,937,487,000		
Assets Under Management	RM4,255,673,000		
Permissible Investments	At least 75% of the Fund's total asset value must be invested in real estate that generates recurrent rental income at all times		
Initial Public Offering Retail Price	RM0.625 per Unit (equivalent to RM1.25 per Unit prior to the Unit Split)		
Financial Year End	31 December		
Distribution Policy	Quarterly income distribution: 1Q to 3Q at least 95% of the current financial year-to-date distributable income 4Q at least 99% of the current financial year-to-date distributable income		
Financing Limitations	Not exceeding 50% of the total asset value of the Fund		
Revaluation Policy	The investment properties shall be revalued at least once a financial year by independent registered valuers		
Minimum Initial Investment	100 Units		
Quotation	Main Market of Bursa Securities		
Bursa Securities Stock Number	AXREIT 5106		

AXIS-REIT STRUCTURE



CORPORATE INFORMATION

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin Independent Non-Executive Chairman

Dato' Abas Carl Gunnar Bin Abdullah Executive Deputy Chairman

Leong Kit May Chief Executive Officer/ Executive Director

Stephen Tew Peng Hwee @ Teoh Peng Hwee Non-Independent Non-Executive Director

Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor Independent Non-Executive Director

Mohd Sharif Bin Hi Yusof Senior Independent Non-Executive Director

Alvin Dim Lao Non-Independent Non-Executive Director

Alex Lee Lao Alternate Director to Dato' Abas Carl Gunnar Bin Abdullah

Lim Keng Hwee Independent Non-Executive Director

Devika A/P K Sothinathan Independent Non-Executive Director

Jancis Anne Que Lao Alternate Director to Alvin Dim Lao

Maxine Teoh Sui Vern Alternate Director to Stephen Tew Peng Hwee @ Teoh Peng Hwee



EXECUTIVE COMMITTEE OF THE MANAGER Dato' Abas Carl Gunnar Bin Abdullah

Chairman Stephen Tew Peng Hwee @ Teoh Peng Hwee Leong Kit May

AUDIT COMMITTEE OF THE MANAGER Mohd Sharif Bin Hj Yusof Chairman YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin Alvin Dim Lao

Lim Keng Hwee Devika A/P K Sothinathan

NOMINATION COMMITTEE OF THE MANAGER

Mohd Sharif Bin Hj Yusof Chairman YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor

REMUNERATION COMMITTEE OF THE MANAGER

Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor Chairman Dato' Abas Carl Gunnar Bin Abdullah Stephen Tew Peng Hwee @ Teoh Peng Hwee

MANAGER'S PRINCIPAL PLACE OF BUSINESS

Email:

Seksyen 13

Axis Property Services Penthouse, Menara Axis No. 2, Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan

KPMG PLT

Level 10, KPMG Tower 47800 Petaling Jaya Selangor Darul Ehsan

Penthouse, Menara Axis No. 2. Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan Tel No: 603-7958 4882 Fax No: 603-7957 6881 MANAGER'S REGISTERED OFFICE 802, 8th Floor Block C, Kelana Square 17 Jalan SS7/26 47301 Petaling Jaya Selangor Darul Ehsan Tel No: 603-7803 1126 603-7806 1387 Fax No: Email: eadvisory@epsilonas.com



Corporate Information

COMPANY SECRETARY OF THE MANAGER

Rebecca Leong Siew Kwan (SSM PC No. 202008000587) (MAICSA 7045547)

TRUSTEE OF AXIS-REIT

RHB Trustees Berhad Level 10, Tower One

RHB Centre

Jalan Tun Razak 50400 Kuala Lumpur Tel No: 603-9280 5933 Fax No: 603-9280 5934 Website: www.rhbgroup.com

SHARIAH ADVISER OF AXIS-REIT

BIMB Securities Sdn Bhd 32nd Floor, Menara Bank Islam No. 22 Jalan Perak, 50450 Kuala Lumpur Tel No: 603-2726 7814 Fax No: 603-2088 8033 Website: www.bimbsec.com.my

REGISTRARS OF AXIS-REIT

Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim

46200 Petaling Jaya Selangor Darul Ehsan Tel No: 603-7890 4700 Fax No: 603-7890 4670 Website: www.boardroomlimited.com/my BSR.Helpdesk@boardroomlimited. com

PROPERTY MANAGER OF AXIS-REIT

AUDITORS OF AXIS-REIT

No. 8, First Avenue Bandar Utama

INTERNAL AUDITORS OF AXIS-REIT

Baker Tilly Monteiro Heng Governance Sdn Bhd Baker Tilly Tower, Level 10 Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur

TAX AGENTS OF AXIS-REIT

PricewaterhouseCoopers Taxation Services Sdn Bhd Level 10. Menara TH 1 Sentral. Jalan Rakvat Kuala Lumpur Sentral P.O. Box 10192 50706 Kuala Lumpur

PRINCIPAL BANKERS OF AXIS-REIT

Mavbank Islamic Berhad CIMB Islamic Bank Berhad HSBC Amanah Bank Malaysia Berhad Public Islamic Bank Berhad OCBC Al-Amin Bank Berhad Alliance Islamic Bank Berhad

STOCK NAME AND STOCK CODE AXREIT 5106

INVESTOR RELATIONS

To find out more about Axis-REIT, please contact:

Leong Kit May Chief Executive Officer/Executive Director or Chan Tze Wee Senior Manager, Investments & Investor Relations

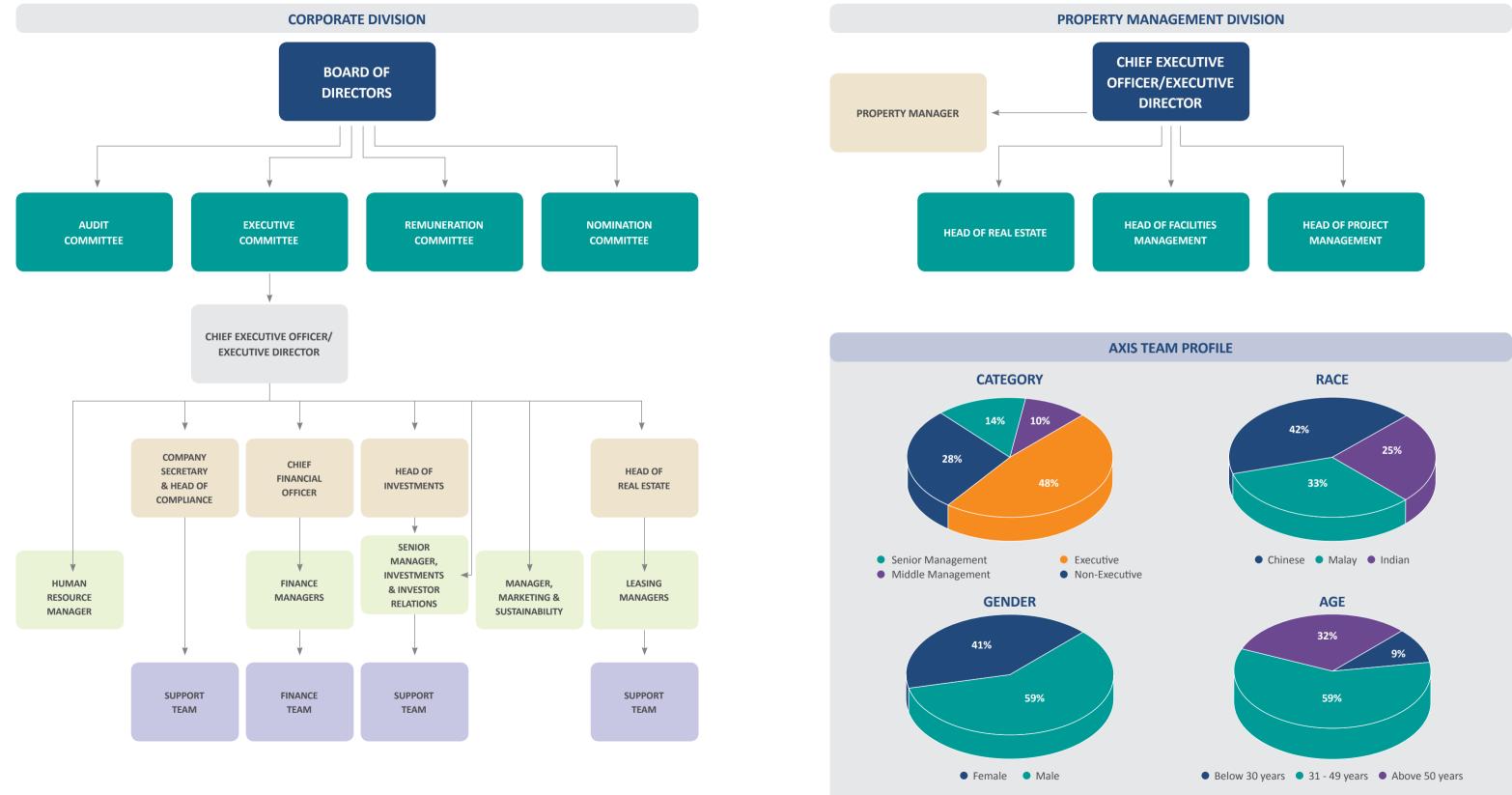
CONTACT DETAILS

Penthouse, Menara Axis No. 2. Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan Tel No: 603-7958 4882 Fax No: 603-7957 6881 Email: info@axis-reit.com.my

WEBSITE

www.axis-reit.com.my

AXIS TEAM ORGANISATIONAL STRUCTURE



Axis Team Organisational Structure

BOARD OF DIRECTORS

BOARD'S PROFILE GENDER

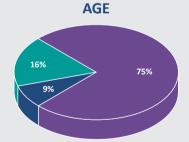


• Female • Male

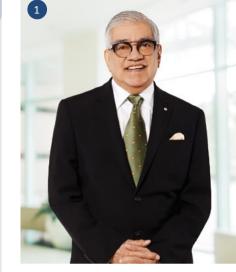
RACE



Indian Others



• Below 30 years • 31 - 49 years Above 50 years





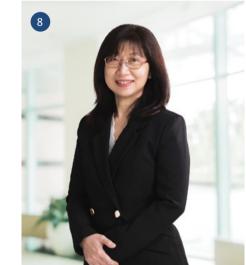


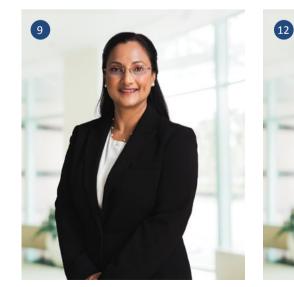














10

1 YAM Tunku Dato' Seri Shahabuddin

Bin Tunku Besar Burhanuddin Independent Non-Executive Chairman

2 Dato' Abas Carl Gunnar Bin Abdullah

Board of Directors





Executive Deputy Chairman Leong Kit May 3 Chief Executive Officer/ Executive Director



4 Stephen Tew Peng Hwee @ Teoh Peng Hwee Non-Independent Non-Executive Director



Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor Independent Non-Executive Director



Alvin Dim Lao Non-Independent Non-Executive Director

7

Mohd Sharif Bin Hj Yusof Senior Independent Non-Executive Director

Lim Keng Hwee 8 Independent Non-Executive Director



9 Devika A/P K Sothinathan Independent Non-Executive Director



10 Alex Lee Lao Alternate Director to Dato' Abas Carl Gunnar Bin Abdullah



11 Jancis Anne Que Lao Alternate Director to Alvin Dim Lao



Maxine Teoh Sui Vern Alternate Director to Stephen Tew Peng Hwee @ Teoh Peng Hwee

BOARD OF DIRECTORS' PROFILE



YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU **BESAR BURHANUDDIN**

Independent Non-Executive Chairman

Age/Gender/Nationality: 87/Male/Malaysian

Date First Appointed to the Board: 10 August 2007

Board Committee Memberships:

Member of Audit Committee

Academic/Professional Qualifications

• Bachelor of Science (Economics), Queen's University Belfast

Working Experience/Occupation

Tunku Shahabuddin started his career as an economist with Esso (M) Ltd, before moving into the finance industry as a manager of a finance company within the Malayan Banking Group. Tunku Shahabuddin then started his own businesses, which spanned the manufacturing, production, trading, construction, financial services and information technology sectors, among others.

He currently serves as the Chairman and director of Strateg Sdn Bhd.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Memberships/Appointments/Involvements

- Inaugural and former member of the National Institute for Scientific and Industrial Research (now known as SIRIM)
- Former Chairman of the Selangor Turf Club
- Presently the International Relations Chairman of the Selangor Turf Club
- Honorary Life Chairman of the Malaysia Australia Business Council
- Former President of the Asia-Pacific Region of the Alliance Internationale de Tourisme
- Former Honorary Consul General of Austria

Awards Received

- Darjah Kerabat Terengganu Yang Amat Mulia Darjah Yang Pertama (D.K.) (Terengganu)
- Darjah Seri Paduka Tuanku Ja'afar Yang Amat Terpuji (S.P.T.J.) (Negeri Sembilan)
- Honorary Officer (AO) in the General Division of the Order of Australia Award
- Austrade International Business Person of the Year Award 2000



DATO' ABAS CARL GUNNAR BIN ABDULLAH

Executive Deputy Chairman

Age/Gender/Nationality: 63/Male/Norwegian/ Permanent Resident of Malaysia

Date First Appointed to the Board: 15 March 2005

Board Committee Memberships:

Chairman of Executive Committee

Member of Remuneration Committee

Board of Directors' Profile

Academic/Professional Qualifications

- Diploma in Chemistry, University of Gothenburg, Sweden
- Diploma in Marketing, University of Oslo, Norway

Working Experience/Occupation

Dato' Abas Carl Gunnar was the Managing Director of Jotun Powder Coatings (M) Sdn Bhd from 1985 to 1993.

He made his initial foray into property development in Malaysia in 1989, through his involvement in the development of a build-and-lease project with the multinational APV Hills & Mills. Thereafter, in 1992, he teamed up with Stephen Tew Peng Hwee and other investors to develop Crystal Plaza. This was followed by the development of Axis Business Park, Axis Plaza and Menara Axis, which collectively formed the core property portfolio of Axis-REIT during its initial public offering.

As the Executive Deputy Chairman, Dato' Abas Carl Gunnar oversees the implementation of the business strategies and operational objectives of the Manager in managing Axis-REIT.

He also has interests in other entities as a director and shareholder of a number of private companies that are involved in property development, property investment and agarwood (gaharu) plantations, as well as having interests in a fund management company based in New York, USA, that specialises in global equities.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Memberships/Appointments/Involvements

None



LEONG KIT MAY Chief Executive Officer/Executive Director

Age/Gender/Nationality: 46/Female/Malaysian

Date First Appointed to the Board: 15 November 2011

Board Committee Memberships:

Member of Executive Committee

Academic/Professional Qualifications

- Bachelor of Business (Accountancy), Royal Melbourne Institute of Technology University, Australia
- Certified Practising Accountant, Australia
- Chartered Accountant. Malaysian Institute of Accountants
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association Institute
- Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia

Working Experience/Occupation

Kit May started her career at Ernst & Young, where she gained a strong foundation in auditing and accounting. In 2001, she joined the UOA group of companies, taking on various roles across the group's property operations, including development, construction, as well as investments, and was actively involved in the successful listing of UOA REIT in 2005.

In 2006, Kit May joined ARMB and was promoted to Chief Financial Officer in 2008. In the same year, she spearheaded the conversion of Axis-REIT into the first Islamic Office/Industrial REIT in Malaysia. She continued to assume greater management responsibilities, and in November 2011, was appointed to the Board of the Manager as an Executive Director. As part of the Board's succession plans, Kit May was groomed to become Chief Executive Officer (CEO) of ARMB. In preparation for this, she took on the position of Chief Operating Officer of ARMB in 2015, before assuming the role of CEO on 1 January 2016.

Kit May continues to lead Axis-REIT to new heights, as the Fund extends its leadership as an owner, manager and developer of industrial properties in Malaysia. She has successfully steered Axis-REIT through the pandemic, with the Fund recording continued growth and operational resilience. She has also been instrumental in driving the Fund's portfolio expansion, particularly in property development, actively overseeing the sourcing, implementation and handover of three 'built-to-lease' projects to-date, with 2 more development projects currently underway.

Present Directorships in Public Companies and/or Listed Issuers

• Axis REIT Sukuk Berhad

Other Memberships/Appointments/Involvements

- Former Vice Chairman of the Malaysian REIT Managers Association (MRMA) (2017-2020)
- Current Vice Chairman of MRMA
- Industry Adviser for BSc Real Estate Programme, University of Reading Malaysia

Awards Received

- The Best of the Breeds REITs Awards 2020: Best CEO (Malaysia)
- MIRA Investor Relations Awards 2020: Best CEO for IR



STEPHEN TEW PENG HWEE @ **TEOH PENG HWEE** Non-Independent Non-Executive Director

Age/Gender/Nationality: 61/Male/Malaysian

Date First Appointed to the Board: 25 October 2004

Board Committee Memberships:

Member of Executive Committee

Member of Remuneration Committee

Board of Directors' Profile

Academic/Professional Qualifications

- Diploma from the Institute of Marketing, United Kingdom
- Registered Estate Agent and Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia

Working Experience/Occupation

Stephen started his career as a real estate agent in 1982, and over the years, built his practice as a specialist in the office and industrial property segments. He has been instrumental in the development of many purpose-built buildings that have attracted numerous multinational companies as tenants, as well as quality property portfolios for investment income.

In 1992, he teamed up with Dato' Abas Carl Gunnar Bin Abdullah and other investors to develop Crystal Plaza. This was followed by the development of Axis Business Park, Axis Plaza and Menara Axis, which collectively formed the core property portfolio of Axis-REIT during its initial public offering.

His real estate agency, Hectares & Stratas Sdn Bhd, which he founded in 1992, is renowned for office, commercial and industrial real estate services.

Stephen is also a director and shareholder of a number of private companies that are principally involved in real estate investments, including retail malls, hotels and property development projects. He also has interests in solar energy generation and owns two well-known trading companies, Seng Hup Lightings and Victron Outdoor Furniture.

Present Directorships in Public Companies and/or Listed Issuers

Axis REIT Sukuk Berhad

Other Memberships/Appointments/Involvements

- Past President of the Malaysian Institute of Estate Agents (MIEA)
- Former board member of the Board of Valuers, Appraisers and Estate Agents (1998-2004)

Awards Received

Lifetime Achievement Award 2015. MIEA





DATUK SERI FATEH ISKANDAR **BIN TAN SRI DATO' MOHAMED** MANSOR

Independent Non-Executive Director

Age/Gender/Nationality: 54/Male/Malaysian

Date First Appointed to the Board: 20 November 2006

Board Committee Memberships:

Chairman of Remuneration Committee

Academic/Professional Qualifications

- Bachelor of Commerce/LLB (Hons), University of Queensland, Australia
- Master of Business Administration, University of Queensland, Australia

Working Experience/Occupation

Datuk Seri Fateh Iskandar, better known as Datuk Seri FD Iskandar, is the Group Managing Director/Chief Executive Officer of Glomac Berhad (Glomac), a property company listed on the Main Market of Bursa Securities. Prior to joining Glomac, he practised law in Australia before returning to Malaysia for a stint with Kumpulan Perangsang Selangor Berhad as its Corporate Manager. In 1992, Datuk Seri FD Iskandar joined Glomac as the General Manager for Business Development, and quickly assumed greater responsibilities in the organisation. He was appointed to the Board of Glomac in February 1997, and thereafter took on his current role as Managing Director/Chief Executive Officer in June 2000.

Present Directorships in Public Companies and/or Listed Issuers

Glomac Berhad

Other Memberships/Appointments/Involvements

- Former City Advisory Board Member for Dewan Bandaraya Kuala Lumpur
- Former Board Member of the Construction Industry Development Board (CIDB), Malavsia
- Former Chairman of Construction Research Institute of Malaysia (CREAM)
- Immediate Past President of the Real Estate & Housing Developers' Association (REHDA), Malaysia
- Patron of REHDA Malaysia
- Chairman of GreenRE Sdn Bhd
- Former Deputy Chairman of the Malaysia Australia Business Council
- Co-Chair of the Special Taskforce to Facilitate Business (PEMUDAH) on legal matters and services
- Founding Director of Malaysia Property Incorporated

Awards Received

- Malaysian Business Award in Property 2012
- Property Excellence Award 2013, the ASEAN Business Council
- Entrepreneurship Award Property & Real Estate 2013, Asia Pacific Entrepreneurship Awards (APEA) Malaysia
- Global Leadership Awards 2014 Commercial Property Development, The Leaders International
- The Brand Laureate Corporate Leader Brand Icon Award, Asia Pacific Brands Foundation
- Global Leadership Awards 2015 Masterclass Developer of the Year, The Leaders International
- World Leader Business Person and World Business Leader Award 2016. The Bizz
- Asia Pacific Entrepreneurship Awards 2017 Malaysia, APEA
- Malaysia's Exemplary Real Estate Industry Leader, EdgeProp.my
- Property Insight Awards 2018: Industry Excellence Award
- TEPEA2018 Top Property Developers Awards, EdgeProp.my
- ASEAN Corporate Governance Award 2018, MSWG
- ASEAN Property Awards 2018/2019: Innovative Developer & Leadership Excellence
- Property Insight Awards 2019: Prestigious Developer
- Property Insight Awards 2019: Best Industry Leadership
- iProperty Development Excellence Awards 2019: Best Developer People's Choice Award
- iProperty Development Excellence Awards 2019: Best Waterfront Development



ALVIN DIM LAO

Non-Independent Non-Executive Director

Age/Gender/Nationality: 51/Male/Filipino

Date First Appointed to the Board: 30 December 2011

Board Committee Memberships:

Member of Audit Committee

Board of Directors' Profile

Academic/Professional Qualifications

- Bachelor of Science in Information Technology and Statistics, University of Western Australia
- Master of Business Administration, Sloan School of Management at the Massachusetts Institute of Technology

Working Experience/Occupation

Alvin is the President and Chief Executive Officer of D&L Industries Inc. (D&L), a Philippine Stock Exchange-listed company that is involved in product customisation, development and specialisation for the food, plastics, chemicals and aerosol industries. He previously served as D&L's Chief Financial Officer and Executive Vice-President, before assuming his current roles in August 2016.

In 2021, Alvin took on the role of Executive Vice President & Treasurer of LBL Prime Properties Incorporated (LBL), a multi-faceted property development company with industrial, hospitality and commercial projects in the Philippines. LBL also specialises in the leasing and management of commercial and industrial properties. He had previously served as its Chief Financial Officer.

Before joining D&L and its group of companies, Alvin worked for the Singapore National Computer Board, where he was seconded to the Computer Information Services Department of the Supreme Court of Singapore. He was part of the team that managed the computer networking requirements of the High Court, and was involved in initiating the implementation of the Technology Court of Singapore.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Memberships/Appointments/Involvements

- Former President and Member of the Entrepreneurs' Organization (Philippine Chapter)
- Member of the Wallace Business Forum
- President of the Technology Club of the Philippines (Massachusetts Institute of Technology Alumni in the Philippines)
- Member of the Management Association of the Philippines (MAP)
- Member of the Financial Executives Institute of the Philippines (FINEX)
- Member of Akademyang Filipino



MOHD SHARIF BIN HJ YUSOF

Senior Independent Non-Executive Director

Age/Gender/Nationality: 83/Male/Malaysian

Date First Appointed to the Board: 10 August 2007

Board Committee Memberships:

Chairman of Audit Committee

Chairman of Nomination Committee

Academic/Professional Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales
- Chartered Accountant, Malaysian Institute of Accountants

Working Experience/Occupation

Mohd Sharif began his career in public service, working for the Selangor State Government from 1967 to 1971. Thereafter, he left to join the private sector, becoming the Senior Accountant of Anglo Oriental Sdn Bhd from 1972 to 1973, before moving on to be the Corporate Finance Officer of Bumiputera Merchant Bankers Berhad from 1973 until 1977. This was followed by 12 years of service as Senior Vice-President and Company Secretary of Manulife Insurance Malaysia Berhad (formerly known as British American Life & General Insurance Company Berhad).

Mohd Sharif is currently a Director of Setia Raya Sdn Bhd, a familyowned company. He has held the post since 1989.

Present Directorships in Public Companies and/or Listed Issuers

AYS Ventures Berhad

Other Memberships/Appointments/Involvements

None



LIM KENG HWEE Independent Non-Executive Director

Age/Gender/Nationality: 58/Female/Malaysian

Date First Appointed to the Board: 1 June 2022

Board Committee Memberships:

Member of Audit Committee

Board of Directors' Profile

Academic/Professional Qualifications

- Member of the Malaysian Association of Certified Public Accountants
- Chartered Accountant, Malaysian Institute of Accountants

Working Experience/Occupation

Lim Keng Hwee is the founder and Executive Director of IFS Advisory Services Sdn Bhd (IFS), a firm providing tax compliance, advisory and consultancy services, including accounting, payroll and other outsourced services. She also manages the internal administrative and human resource departments at IFS.

Keng Hwee started her career at Kassim Chan & Co (now known as Deloitte Malaysia) in 1988. She gained 5 years of audit experience before making a switch to academia with a lecturing position at Systematic Business Training Centre (now known as SEGi College Kuala Lumpur) in 1993.

She returned to corporate services in 2000, joining PFA Corporate Services Sdn Bhd (PFA) as an Assistant Manager in charge of accounting and payroll services. She progressed in her role and was appointed as a Director of PFA in 2005, overseeing the Accounting and Payroll Outsourced Operations Unit.

In 2006, Keng Hwee moved to Symphony House Berhad (Symphony Group), heading the Accounting and Payroll Departments at its subsidiary, Symphony Incorporations Sdn Bhd. She was appointed as a Director at Symphony Share Registrars Sdn Bhd (SSR) in the following year, taking charge of client management, operations, compliance, information systems, human resource, and administration, before helming the company as its Chief Executive Officer in 2009.

In 2011, she moved on to become the Head of Compliance at Symphony HRS Sdn Bhd, Symphony Group's international payroll outsourcing arm, before venturing out to establish her own practice, IFS, in 2012.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Memberships/Appointments/Involvements

None



DEVIKA A/P K SOTHINATHAN Independent Non-Executive Director

Age/Gender/Nationality: 55/Female/Malaysian

Date First Appointed to the Board: 1 June 2022

Board Committee Memberships:

Member of Audit Committee

Academic/Professional Qualifications

- Bachelor of Laws (LL.B Honours), University of Reading
- Barrister-At-Law, The Honourable Society of Lincoln's Inn
- Advocate & Solicitor of the High Court of Malaya
- Company Secretary/Practicing Certificate Holder registered under the Companies Commission of Malaysia (SSM)

Working Experience/Occupation

Devika is currently a Partner at the law firm of Sothi & Ang, a position she has held since 2006, where her practice focuses on the fields of conveyancing, family law, corporate law and matters related to probate and administration.

Devika started her pupillage at Shearn Delamore & Co in 1991 and thereafter, commenced law practice as a Legal Assistant at the firm of Sothi & Ang on 12 June 1992, until she was appointed as a Partner of the firm in 2006. During her time as a Legal Assistant, Devika mainly practiced civil litigation and conveyancing, and also handled family and criminal matters for the firm.

Devika is a Practicing Certificate holder under the Companies Commission of Malaysia. This enables her to act as a Company Secretary under the Companies Act 2016. As Company Secretary, she administers the statutory and regulatory requirements of several companies.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Memberships/Appointments/Involvements

None



ALEX LEE LAO Alternate Director to Dato' Abas Carl Gunnar Bin Abdullah

Age/Gender/Nationality: 77/Male/Filipino

Date First Appointed to the Board: 22 March 2005

Board Committee Memberships:

Not applicable

Board of Directors' Profile

Academic/Professional Qualifications

• Bachelor of Science in Chemical Engineering, Polytechnic Colleges of the Philippines

Working Experience/Occupation

Alex Lee Lao is currently a Director of D&L Industries Inc., a Philippine Stock Exchange-listed company that is involved in product customisation, development and specialisation for the food, plastics, chemicals and aerosol industries.

He has had over 45 years of experience, leading organisations involved in manufacturing, marketing and distribution across a broad range of industries such as colours, chemicals, adhesives, aerosols, paint, ink, paper, textiles, rubber, powder coatings, detergent, plastics, allied products and food and beverages.

Alex is also a director of a number of private companies which are involved in property development, property investment and agarwood (gaharu) plantations.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Memberships/Appointments/Involvements

None



JANCIS ANNE QUE LAO Alternate Director to Alvin Dim Lao

Age/Gender/Nationality: 46/Female/Filipino

Date First Appointed to the Board: 20 October 2014

Board Committee Memberships:

Not applicable

Academic/Professional Qualifications

- Bachelor of Commerce, Curtin University of Technology, Western Australia
- Bachelor of Fine Arts (Magna cum Laude), Fashion Institute of Technology, New York, USA
- Postgraduate Diploma in Real Estate Investment Finance, Oxford Brookes University
- Finance for Executives Programme, INSEAD, Singapore

Working Experience/Occupation

Jancis is the Project Development Director of LBL Prime Properties Incorporated (LBL), a real estate development company that specialises in the development, leasing and management of built-to-suit industrial, commercial and hospitality properties in the Philippines.

In her role as Project Development Director, Jancis oversees the development of LBL's projects from conception to completion and handover. She drives the company's partnerships and facilitates the overall collaborations and communication with all stakeholders to ensure efficiency and productivity across all its functions.

Jancis also oversees LBL's hospitality portfolio as well as its leasing and facilities management functions. She has been instrumental in the development and implementation of LBL's sustainability culture and strategy, including managing sustainability certifications and enhancing the resilience of its assets.

Prior to joining LBL, Jancis was based in New York, and worked with Davis Brody Bond, an architectural firm with a diverse portfolio in cultural, academic, research, civic, corporate, industrial, healthcare and residential projects. She then moved to Saks Fifth Avenue, where she was involved in leasing and project management for luxury retail brands.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Memberships/Appointments/Involvements

• Current Member of the Entrepreneurs' Organization (Philippine Chapter)



MAXINE TEOH SUI VERN

Alternate Director to Stephen Tew Peng Hwee @ Teoh Peng Hwee

Age/Gender/Nationality: 29/Female/Malaysian

Date First Appointed to the Board: 1 July 2020

Board Committee Memberships:

Not applicable

Other Disclosures

- 1. Alvin Dim Lao is the representative of Alex Lee Lao on the board of the Manager. He is a nephew of Alex Lee Lao, who is an ultimate major Que Lao, who is a daughter of Alex Lee Lao.
- Maxine Teoh Sui Vern is the daughter of Stephen Tew Peng Hwee @ Teoh Peng Hwee.

Except as disclosed above, none of the Directors of the Manager has any family relationship with any Director of the Manager and/or major shareholder of the Manager, and/or major unitholder of Axis-REIT.

2. None of the Directors of the Manager has any conflict of interest with the Manager and/or Axis-REIT.

Board of Directors' Profile

Academic/Professional Qualifications

- Bachelor of Law (LL.B Honours) University of Bristol
- Bar Professional Training Course BPP University
- Barrister-at-Law (Middle Temple)
- Advocate & Solicitor of the High Court of Malaya
- Company Secretary/Practicing Certificate Holder registered under the Companies Commission of Malaysia (SSM)

Working Experience/Occupation

Maxine practices conveyancing law at her own firm, Maxine & Co., which she established in January 2020. She specialises in property conveyancing, insurance disputes, as well as fraud and asset recovery, among others.

She works with and advises property owners and buyers through the entire conveyancing process and beyond. She also advises her clients on insurance-related matters and assists with property repossession cases.

Maxine is also a Practicing Certificate holder under the Companies Commission of Malaysia, which enables her to act as a Company Secretary under the Companies Act 2016. As a Company Secretary, she administers the statutory and regulatory requirements of several companies.

Prior to establishing her own firm, Maxine undertook her conveyancing pupillage at Nagiz & Partners Advocates & Solicitors from 2017 to 2018. Thereafter, until March 2020, she was a legal officer at Hectares & Stratas Sdn Bhd, a real estate agency that is renowned for office, commercial and industrial real estate services.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Memberships/Appointments/Involvements

- None

- 3. None of the Directors of the Manager has been convicted of any offence (other than traffic offences) within the past 5 years.
- shareholder of the Manager. Alvin's alternate director is Jancis Anne 4. None of the Directors of the Manager has had any public sanction or penalty imposed on them by the relevant regulatory bodies during 2022.
 - 5. Details of the attendance of each Director of the Manager at Board meetings held during 2022 are contained in the Corporate Governance Overview Statement of this Report.
 - 6. Details of the unitholdings held by each Director of the Manager in Axis-REIT are contained in the Unitholders' Statistics section of this Report.

KEY MANAGEMENT PROFILE



LEONG KIT MAY Chief Executive Officer/Executive Director 46 | Female | Malaysian

Date First Appointed to the Board: 15 November 2011

Academic/Professional Qualifications

- Bachelor of Business (Accountancy), Royal Melbourne Institute of Technology University, Australia
- Certified Practising Accountant, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association Institute
- Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia

Working Experience

Kit May is the Chief Executive Officer/Executive Director of ARMB. Details of her work experience are available in the Board of Directors' Profile section of this Report.

Present Directorships in Public Companies and/or Listed Issuers

• Axis REIT Sukuk Berhad

Other Memberships/Appointments/Involvements

- Former Vice Chairman of the Malaysian REIT Managers Association (MRMA) (2017 - 2020)
- Current Vice Chairman of MRMA
- Industry Adviser for BSc Real Estate Programme, University of Reading Malaysia

Awards Received

- The Best of the Breeds REITs Awards 2020: Best CEO (Malaysia)
- MIRA Investor Relations Awards 2020: Best CEO for IR



NIKKI NG Chief Financial Officer 45 | Female | Malaysian

Date First Appointed as Key Senior Management Personnel: 1 June 2012

Academic/Professional Qualifications

- Bachelor of Accountancy (Hons), Oxford Brookes University, United Kingdom MIA Qualifying Examination
- Chartered Accountant, Malaysian Institute of Accountants
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association Institute

Working Experience

Nikki leads ARMB's Finance Department, driving its management reporting, financial analysis, credit control, as well as budgetary control functions. She works closely with the CEO on matters related to corporate finance, capital management, regulatory compliance and treasury functions.

Nikki joined ARMB as an Accountant and was subsequently re-designated as the Head of Credit Control in 2012. She was promoted to the position of Acting Financial Controller in 2015, and thereafter to Financial Controller in the following year. She assumed her current position as the Chief Financial Officer of ARMB on 18 January 2017.

Before joining ARMB, Nikki was the Finance Manager at Paxelent Corporation Berhad, where she gained experience in financial management and corporate planning. Prior to that, she was attached to IGB Corporation Berhad for six years.

Present Directorships in Public Companies and/or Listed Issuers

None

Awards Received

• The Best of the Breeds REITs Awards 2020: Best CFO (Malaysia)



JACKIE LAW Head of Real Estate 58 | Female | Malaysian

Date First Appointed as Key Senior Management Personnel: 1 December 2012

Academic/Professional Qualifications

- Master of Science in Facilities Management, Heriot-Watt University, United Kingdom
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association Institute
- Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia

Working Experience

Jackie is responsible for Axis-REIT's real estate management strategies and the operations of its property portfolio. As the Head of Real Estate, she leads the Fund's portfolio management and leasing functions, overseeing its property management operations which include tenant care, retention, loyalty, and satisfaction. She also supports the CEO in evaluating potential asset acquisitions, asset enhancement initiatives, and development projects.

Jackie works closely with the Property Manager of Axis-REIT to ensure that the Fund has a wellmaintained property portfolio that is competitively positioned in the property market.

She has extensive experience in real estate management and operations, including marketing, lease management, project management, and facilities management. She has served in several administrative roles within the Axis group of companies since 1994, in the areas of property development and management.

Present Directorships in Public Companies and/or Listed Issuers

None

1 November 2016

- (MAICSA)

and internal auditors.

Prior to this, Rebecca had already served as ARMB's external Company Secretary since 20 April 2006, in her capacity as Vice-President at corporate secretarial firm, Archer Corporate Services Sdn Bhd (Archer). During her 12-year tenure with Archer, she handled the corporate secretarial matters for a portfolio of public and private companies where her scope of work ranged from corporate advisory, corporate governance and administration, to corporate compliance with statutory and regulatory requirements, as well as listing obligations. She also acted as the Chartered Secretary for companies under her care during her tenure with Archer.

Before joining Archer, Rebecca was attached to Signet & Co Sdn Bhd, another corporate secretarial firm, where she gained her initial exposure and experience in corporate secretarial practice.

None



Key Management Profile



REBECCA LEONG Company Secretary & Head of Compliance 44 | Female | Malaysian

Date First Appointed as Key Senior Management Personnel:

Academic/Professional Qualifications

 Associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries & Administrators)

 Chartered Secretary. The Malaysian Institute of Chartered Secretaries and Administrators

Practising Certificate Holder of the Companies Commission of Malaysia (SSM)

Chartered Governance Professional (CGP)

Working Experience

Rebecca joined ARMB in 2016 as the Company Secretary and Head of Compliance. She is responsible for all corporate compliance matters of ARMB and Axis-REIT. She also assists the CEO in corporate legal matters, internal audit, and risk management. working closely with the appointed legal solicitors

Present Directorships in Public Companies and/or Listed Issuers



TAN KEE HONG Head of Investments

36 | Male | Malaysian

Date First Appointed as Key Senior **Management Personnel:** 17 July 2019

Academic/Professional Qualifications

- Bachelor of Commerce (Accounting & Finance), University of Melbourne, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Certified Practising Accountant, Australia

Working Experience

Kee Hong leads the Investments Team, where he is responsible for strategising and executing Axis-REIT's portfolio expansion plans. This includes sourcing and securing potential new investments to build a robust pipeline of suitable acquisition and development targets for the Fund.

He built the foundation of his career as an auditor with Ernst & Young, and gained experience in the REIT sector through his initial stint with ARMB in 2011 as an Accountant. He was promoted to the position of Finance Manager at ARMB in 2013. Thereafter, he joined S P Setia Berhad as its Corporate Affairs and Investor Relations Manager, before moving on to a business development role as a Corporate Strategy Senior Manager for Agile Motion Sdn Bhd.

Kee Hong rejoined ARMB as Head of Investments in July 2019.

Present Directorships in Public Companies and/or Listed Issuers

None

Key Management Profile

CHAN TZE WEE Senior Manager, Investments & Investor Relations 43 | Female | Malaysian

Date First Appointed as Key Senior Management Personnel: 1 January 2016

Academic/Professional Qualifications

- Bachelor of Laws (LLB), University of Manchester, United Kingdom
- MSc in Marketing, University of Manchester, United Kingdom
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association Institute

Working Experience

Tze Wee joined ARMB in July 2014. As part of the Investments Team that is responsible for sourcing potential asset acquisitions for Axis-REIT, her key responsibilities include the identification, evaluation and completion of asset acquisitions through engagement with various parties such as real estate consultants, property developers, business councils, as well as industry associations. She also heads the Investor Relations Department of ARMB, where she is responsible for the investor relations activities of Axis-REIT.

Tze Wee began her career in the advertising industry, working at Saatchi & Saatchi and the Ogilvy Group. Subsequently, she joined Malaysia Property Incorporated as Vice President of Investment Promotions, where she established the company's market intelligence division and headed the business development agenda for China and new markets. Before joining ARMB, she spent two years setting up and running the Shanghai office of Workflowww International Limited - a cloud computing software start-up.

Present Directorships in Public Companies and/or Listed Issuers

None

Awards Received

• MIRA Investor Relations Awards 2021: Best IR Professional (Mid-Cap)



LOW AY KEEAN Human Resource Manager 48 | Female | Malaysian

Date First Appointed as Key Senior Management Personnel: 1 December 2015

Academic/Professional Qualifications

- Bachelor's Degree in Economics, Universiti Putra Malavsia
- Professional Diploma in Human Resource Management, Malaysian Institute of Human **Resource Management**

Working Experience

Ay Keean is responsible for the full spectrum of human resource, office administration, and information technology (IT) functions at ARMB. These encompass manpower, recruitment and selection, compensation and benefits, training, employee welfare, industrial relations matters, and general office administration. She also oversees the IT systems of ARMB, working closely with the outsourced IT service provider to ensure a robust and resilient IT infrastructure, effective preventive maintenance and security systems, as well as timely technical support.

Prior to joining ARMB, she had served in the human resource departments of several public and private organisations, including Malaysian Bulk Carriers Berhad, Zelan Berhad, Kurihara and Cybervision Sdn Bhd.

Present Directorships in Public Companies and/or Listed Issuers

None

Other Disclosures

None of the key senior management personnel of the Manager has:

- 1. any family relationship with any Director of the Manager and/or major shareholder of the Manager, and/or major Unitholder of Axis-REIT 2. any conflict of interest with the Manager and/or Axis-RFIT
- 3. been convicted of any offence (other than traffic offences) within the past 5 years
- 4. any public sanction or penalty imposed on them by the relevant regulatory bodies during 2022



SELINA KHOR Axis Property Services Property Manager of Axis-REIT 64 | Female | Malaysian

Academic/Professional Qualifications

- Associate Diploma in Valuation. Roval Melbourne Institute of Technology, Australia
- Registered Valuer, Estate Agent and Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia

Working Experience

Selina is the registered owner of Axis Property Services, the appointed Property Manager of Axis-REIT since 1 January 2007. She is responsible for the management of all properties in Axis-REIT's portfolio and works closely with ARMB and Axis Facilities Management Sdn Bhd (AFM) in the provision of property management services to Axis-REIT. These services range from property maintenance and management, to fit-out projects and enhancement initiatives.

Selina has 40 years' experience in the property industry, having started at Rahim & Co Chartered Surveyors Sdn Bhd, where she held various roles including registered valuer, estate agent and property manager, before establishing Axis Property Services.

Present Directorships in Public Companies and/or Listed Issuers

None

and/or Listed Issuers

None

PROPERTY MANAGEMENT TEAM



SIVA SHANKAR PALANY Head of Facilities Management Axis Facilities Management Sdn Bhd 50 | Male | Malaysian

Academic/Professional Qualifications

 Bachelor of Real Estate Management, Kuala Lumpur Infrastructure University College

Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malavsia

Graduate Member, Royal Institution of Surveyors

Certified International Project Manager, International Academy of Project Management

Working Experience

Malaysia

Siva Shankar is responsible for the facilities management and operations of all properties in Axis-REIT's portfolio, working closely with ARMB and the Property Manager of Axis-REIT. He has more than 25 years' experience in real estate professional services in Malaysia and Brunei, including property management, project management, property due diligence, and building code compliance.

Prior to joining AFM in 2011, Siva Shankar was attached to Jones Lang Wootton Malaysia as a Senior Property Manager, and Jerudong Park Medical Centre, Brunei, as a Real Estate Manager.

Present Directorships in Public Companies



LOH YEN FERN

Head of Project Management Axis Facilities Management Sdn Bhd 51 | Female | Malaysian

Academic/Professional Qualifications

- Bachelor of Construction Economics. Roval Melbourne Institute of Technology University, Australia
- Certificate in Real Estate Investment Finance, Asia Pacific Real Estate Association Institute
- Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia

Working Experience

Yen Fern is responsible for project management, planning, costing, and enhancement initiatives for the properties in Axis-REIT's portfolio. She works closely with ARMB and the Property Manager of Axis-REIT. She has more than 25 years' experience in the construction and building industry in Malaysia, where she has specialised in project planning, management, and facilities management.

Prior to joining AFM in 2011, Yen Fern was attached to Syarikat Pembinaan Woh Heng Sdn Bhd as a Quantity Surveyor, and FSBM Holdings Berhad, where she progressed from being a Business Analyst to become the Head of Business Unit (Properties).

Present Directorships in Public Companies and/or Listed Issuers

None

THE AXIS TEAM



The Axis Team

OUR RESPONSE TO CLIMATE CHANGE

subsidies.

Real estate activity accounts for an estimated



and Axis-REIT recognises that as a property owner and developer, we have a critical role to play in addressing climate change.

Climate change – the shifts in weather patterns and temperatures globally – has directly impacted real estate markets. From property damage and destruction in the wake of extreme floods and storms, to heightened operating costs incurred to comply with updated environmental laws, climate change is posing increasingly urgent and tangible risks to the real estate sector.



Climate change risks are viewed in 2 categories. The first, physical risks, arise from climatic events such as storms, floods, droughts and wildfires, while the second, transition risks, relate to risks arising from the transition to a lower-carbon economy, such as policy and regulatory shifts, technological changes and reputational matters. At the bottom line, both risks have the potential to impact the operating landscape, competitiveness and viability of real estate assets. Reiterating the urgency in addressing climate change, the 27th Conference of the Parties of the UNFCCC (COP27) urged for GHG emissions to be cut by 43% by 2030, relative to 2019 levels, to limit global warming to 1.5°C per the Paris Agreement. Concurrently, the COP also highlighted the need to accelerate efforts towards phasing down unabated coal power and phasing out inefficient fossil fuel

As more countries, cities and companies step up to answer the clarion call to address climate change, ESG data is becoming a critical consideration for regulators, investors and other stakeholders. Towards this end, in the interest of obtaining effective disclosures of companies' climate-related risks and opportunities as well as their governance of these matters, Bursa Securities announced its enhanced Sustainability Reporting Framework, that will require Main Market listed issuers to report climate changerelated disclosures that are aligned to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by 2025. TCFD's recommendations aim to help companies report climate-related disclosures more consistently, and therefore make disclosures more comparable. This will also allow companies to develop more informed and effective climate-related assessments, strategic plans and decision-making processes.

At Axis-REIT, we believe adopting TCFDaligned disclosures will help us in advancing our climate strategy. It also complements our initiatives to comply with international reporting frameworks and standards. Concurrently, the enhanced reporting can also potentially lift investor confidence in the Fund.

Axis-REIT is committed to play our part in addressing climate change. As an owner of real estate assets and a leading industrial REIT in Malaysia, we aspire to take a key role in addressing climate change. We are committed to applying sustainable policies and practices that guide us in managing a portfolio of resilient real estate assets.

We already incorporate environmental considerations across our operations: from going paperless for internal communication, to the incorporation of sustainable design and materials in development projects and AEIs, and the adoption of sustainable financing as part of our capital management strategy.

To reinforce these practices, we established our Environmental Policy in October 2022, which comprehensively outlines our approach in strengthening the resilience of our portfolio. Beyond our immediate operations, our open communication and collaboration with suppliers, contractors and service providers sets the tone of our stakeholder relationships to ensure they understand and share our values and expectations, and we encourage their adoption of similar values and policies on climate change.

We have incorporated climate change risks and opportunities in our Risk Register, and in 2022, subscribed to become a participant member of Global Real Estate Sustainability Benchmark (GRESB) - a widely recognised, international ESG benchmark that measures the sustainability performance of a company's assets and provides a comparative analysis against industry peers. That said, we acknowledge that we are still very much at early stages in our assessment, target setting, and reporting processes. In 2022, we engaged an independent energy consultant to guide our efforts in setting appropriate baselines and targets for carbon, energy and water use reduction. Following the consultation, we set a target to achieve at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) in 5 years - a target we surpassed in 2022 itself, although we will continue to monitor our progress and performance in 2023, and if necessary, reassess the target in the following year.

At portfolio level, the Fund added its first Green Building Index (GBI)-certified property with the acquisition of DW1 Logistics Warehouse in April 2022. Thereafter, we obtained 2 provisional green building certifications, for our Bukit Raja Distribution Centre 2 development project, and Axis Facility 2 @ Bukit Raja, our major AEI undertaken during the year.

These efforts complement our continued investments in ESG initiatives, which have paved the way for the Fund's inclusion in the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index. They also strengthen our commitment towards creating sustainable, long term value for our Unitholders.

Axis-REIT is committed to doing our part in mitigating climate change, through the following on-going and upcoming initiatives:



Looking ahead, we will keep abreast of the latest local and global initiatives in arresting climate change. In 2023, we will continue prioritising sustainability-linked financing where possible, and introduce ESG components in the fit-out and refurbishment guide provided to our tenants. We will also conduct a TCFD readiness assessment as we commence our journey in TCFD reporting.

We aim to seek green building certifications for our upcoming development projects and buildings undergoing major AEIs, where possible, and develop a process to assess and manage physical and transition risks in order to safeguard the Fund's portfolio against the impacts of climate change.

Our Response to Climate Change

LETTER TO UNITHOLDERS FROM THE CHAIRMAN & CEO



2022 IN REVIEW:



Amid a strong economic recovery, we continued to accomplish our investing, operating and financial targets, delivering **realised net income growth of 15.7%** and a **DPU of 9.75 sen**, which translates to a commendable yield of **5.5%**.

YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN Chairman

LEONG KIT MAY Chief Executive Officer/Executive Director



Denr Unitholders

It is with great pleasure that we present Axis-REIT's Integrated Annual Report (IAR) for the financial year ended 31 December 2022.

2022 saw the reopening of most economic sectors and Malaysia's international borders, after almost two years of pandemic-led movement restrictions and lockdowns. The long-awaited reopening, albeit gradual, has been much welcomed, lifting consumer sentiment as well as business conditions as economic activity normalised.

Amid the optimism, there were still some challenges that weighed on the recovery. These included the persistent shortage of labour and rising labour costs. There were also concerns that pent-up consumer spending would taper off, exacerbated by inflationary pressures and a backdrop of higher interest rates.

a strong, 95%. O realised net inco DPU of 9.75 sen. Beyond our stea performance, we

Letter to Unitholders from the Chairman & CEO



2022

was a milestone year for Axis-REIT's **ESG journey**, with the accomplishment of many firsts at **policy**, **portfolio** and **capital management levels**.

Headwinds aside, industrial real estate, which had been fairly insulated relative to other property segments through the pandemic, proved resilient as Malaysia remained an attractive investment destination in the reconfiguration of the global supply chain. This resulted in sustained demand, particularly for third party logistics and warehousing assets, which provided favourable operating conditions for industrial REITs.

Against this backdrop, we continued to accomplish our operational and financial targets. Specifically, we added 4 properties with a cumulative 1.7 million sq. ft. of NLA to the portfolio, renewed tenancies for 77% of our expiring leases, and secured new tenancies for 120,000 sq. ft. of space. With this, we maintained our portfolio occupancy at a strong, 95%. Our operating results delivered realised net income growth of 15.7% and a DPU of 9.75 sen.

Beyond our steadfast operational and financial performance, we made significant progress in the Fund's sustainability agenda. We added our first GBI-certified property to the portfolio and thereafter, followed up with the attainment of provisional green building certifications for 2 other properties. We introduced sustainability into our capital management strategy with our first sustainability-linked financing instruments, and subscribed to become a participant member of GRESB - a widely recognised, international ESG benchmark that measures the sustainability performance of a company's assets.

These achievements and efforts complemented our policy-level measures such as the formulation of our Environmental Policy, achieving 30% female Board representation in June 2022, and the establishment of Governance as a strategic pillar in 2021.

Cumulatively, these efforts and achievements have led to Axis-REIT's inclusion as a constituent of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index. These inclusions reaffirm and acknowledge our commitment towards creating long term value for our Unitholders through continuous improvements in our ESG initiatives.

Letter to Unitholders from the Chairman & CEO

PORTFOLIO & OPERATIONS:



Concluded acquisitions of 4 industrial properties for a total consideration of RM479.3 million, adding 1,679,362 sq. ft. of net lettable industrial space to the portfolio.

Achieved continued growth in revenue and net income in 2022. Revenue grew 15.6% to RM284.5 million, while realised net income rose 15.7% to RM157.6 million.



Declared a total DPU of 9.75 sen in 2022, which translates to a distribution yield of 5.5% (based on the Fund's closing Unit price as at 31 December 2022).

Successfully finalised a bookbuilding exercise in December 2022 and

completed the issuance of 100 million new Units in January 2023.



P

Achieved an average portfolio occupancy rate of 95% as at 31 December 2022 with a weighted average lease expiry (WALE) of 5.3 years.



Added as a constituent to the FTSE4Good Bursa Malaysia and FTSE4Good Bursa Malaysia Shariah Indices.



Added first green building certified-property to our portfolio, followed by provisional certifications for 2 other properties.

PORTFOLIO HIGHLIGHTS

2022 was a milestone year for Axis-REIT's portfolio. To begin with, in April 2022, the Fund completed the acquisition of DW1 Logistics Warehouse. At a total consideration of RM390.0 million and with 1.15 million sq. ft. of space, the acquisition is the Fund's largest to-date in terms of value and space. It is tied to a 10-year fixed lease to Equalbase PTP Sdn Bhd, a provider of specialty commercial and industrial real estate solutions. Together with 3 other property acquisitions completed during the year, the Fund's portfolio grew to 62 properties with 12.7 million sq. ft. of space under management, housing 161 tenants as at 31 December 2022.

On the development front, the ongoing development of Bukit Raja Distribution Centre 2 is on track for completion and handover to Shopee Express Malaysia Sdn Bhd (Shopee Express) by 31 August 2023. During the year, we also commenced our fifth development project that will see the development of Axis Mega Distribution Centre (Phase 2), with approximately 584,112 sq. ft. of built-up area that can be subdivided into 8 modules, providing maximum flexibility to cater to varying demand requirements. The project is expected to be completed by 1Q 2024.

The acquisition of DW1 Logistics Warehouse was also a first for Axis-REIT as it marked the addition of the Fund's first GBI-certified building. Since then, we received provisional green building certifications for Bukit Raja Distribution Centre 2 and Axis Facility 2 @ Bukit Raja.

OPERATIONS REVIEW

Industrial real estate assets have continued to benefit from positive demand dynamics, and we continue to proactively engage our tenants, real estate agents and the real estate market, to drive awareness and interest in our portfolio.

We are pleased that the Fund's properties continue to attract and retain a strong tenant base. The Fund concluded 2022 with portfolio occupancy at 95% and a tenant listing that

comprises multinational companies (MNCs), government-linked companies (GLCs) and large listed companies, which attests to the success of the Fund's branding, portfolio selection and strategy, as well as its ability to deliver exceptional business space solutions and services.

During 2022, we were able to record quantifiable results from our sustainability initiatives, as we set our initial energy and carbon reduction targets for the multitenanted properties in our portfolio. We are pleased to note that we surpassed the targets, and will continue to monitor our progress in the coming year.

FINANCIAL HIGHLIGHTS

The Fund's strong portfolio expansion and operational successes translated to continued growth in its financial indicators. Revenue grew 15.6% to RM284.5 million in 2022, from RM246.2 million in the previous financial year, driven by incremental rental income from

Net property income increased by 15.2% to RM245.3 million in 2022, from RM212.9 million in 2021. The expansion in margins stemmed from prudent cost management and cost control initiatives, which have mitigated inflationary cost pressures.

31 December 2022.



Letter to Unitholders from the Chairman & CEO

newly acquired properties, sustained portfolio occupancy, higher rents for new leases, as well as positive rental reversions for renewals.

The Fund announced a total distribution of 9.75 sen per Unit for the financial year 2022. which translates to a yield of 5.5% based on the Fund's closing Unit price of RM1.79 as at

During the year, Axis-REIT obtained its first sustainability-linked term financing and entered into its first sustainability-linked Islamic Profit Rate Swap (IPRS). These instruments come with predetermined sustainability-related performance targets which, when achieved, trigger discounts on the financing profit rates, providing further incentives for the Fund to meet its sustainability commitments.

As at 31 December 2022, Axis-REIT's financing ratio stood at 36.3%. In December 2022, we finalised the book building exercise for a private placement of 100 million new Units. The private placement exercise raised net proceeds of RM173 million, which were used to repay the Fund's existing shortterm financings in January 2023. Following the listing of the 100 million new Units on 4 January 2023, the financing ratio of the Fund was further reduced to 32% giving the Fund sufficient headroom to seek and pursue suitable acquisitive and development opportunities.

RISK MANAGEMENT & SUSTAINABILITY

A key takeaway of the COVID-19 pandemic has been the importance of having a comprehensive risk management framework that takes into account financial as well as

DW1 Logistics Warehouse

Letter to Unitholders from the Chairman & CEO



Ensuring Occupational Safety and Health compliance in our day-to-day operations

non-financial risks. Our Risk Management | These efforts are complemented by our Framework includes ESG-related risks and opportunities, where both financial and nonfinancial risks are integrated into our Risk Register. Details of our Risk Management Framework are available in the Business Risks and Opportunities section on pages 85 to 93.

We continue to be vigilant in identifying, understanding and mitigating all financial and non-financial risks. In 2022, we established an Environmental Policy to define and strengthen our commitment towards environmental sustainability, which includes addressing and mitigating climate change risks. The policy guides our approach in meeting our environmental goals, which includes the optimisation of energy and water consumption, a reduction in waste and carbon emissions, as well as the application of sustainable practices in development projects and AEIs. In line with the policy, we will also consider properties and projects that have green building certifications in our investment process, or seek such accreditations for our properties through major refurbishments and redevelopment efforts, where possible.

participation in GRESB, which allows the Fund to attract and engage both local and international investors with increasingly important ESG data and benchmarks. It also allows us to benchmark our own ESG performance against industry peers and standardise ESG data collection with internationally-recognised standards and frameworks.

2023 OUTLOOK AND STRATEGY

Looking ahead, 2023 is shaping up to be another exciting year. Although global economic growth may moderate, Malaysia is expected to see continued economic growth, on the back of continued expansion in domestic demand.

For Axis-REIT, structural drivers behind industrial real estate assets remain intact - global geopolitical tensions and postpandemic supply chain strategies continue to drive investments in supply chain reconfiguration plans, and with this, demand for industrial properties. On the ground, Malaysia's manufacturing sector continues to flourish, supported by accommodating policies and incentives, a deep and broad

ecosystem of supporting industries, as well as extensive infrastructure.

Operationally, we will continue to leverage on these positive industry dynamics, promoting and positioning our industrial portfolio to capitalise on the sustained demand for modern and well-located industrial assets. In the meantime, we will continue to maintain our office properties, which offer quality business space solutions in thriving commercial centres in the Outer Kuala Lumpur area.

On the investments front, the buoyant demand for industrial properties continues to drive acquisitions, and this has further strengthened our portfolio of properties. We believe certain properties in prime industrial locations hold significant value enhancement potential through future rejuvenation programmes.

With real estate activity accounting for an estimated 40% of carbon emissions globally, we recognise that it is imperative that property owners, developers and operators play their part in reducing carbon emissions. Towards this end, we will maintain the momentum of our sustainability agenda, with plans to pursue green building certifications for 2 more properties in 2023. We will also build on our GRESB participation to ensure validation and transparency in our sustainability reporting and take our initial steps in preparing for TCFD-aligned reporting. More details of our position on climate change are discussed in the article about our Response to Climate Change on pages 32 to 33.

ACKNOWLEDGEMENTS & APPRECIATION

With the worst of the pandemic behind us, we reflect on the last 3 years with immense appreciation for our stakeholders - our employees, tenants, contractors, suppliers, real estate agents, surrounding communities, business partners and our Unitholders – who have stood by us and supported us as we navigated the unprecedented challenges of the pandemic. Your continued trust in our abilities, strategy, and processes, have allowed Axis-REIT to exit the pandemic stronger and more resilient than before.



We are also grateful to our industry associations and media partners in acknowledging our efforts and achievements through the conferment of the following awards in 2022:



The Edge Billion Ringgit Club 2022

Highest Growth in Profit After Tax over Three Years (REIT Category)

Highest Returns to Shareholders over Three Years (REIT Category)



The Asset ESG Corporate Awards 2022

Gold Award

Sin Chew Business Excellence Award 2022

Property Excellence Award



NACRA Excellence Awards 2022

Gold Award (RM2 billion to RM10 billion market capitalisation)

Letter to Unitholders from the Chairman & CEO

In closing, we would like to take this opportunity to welcome Madam Lim Keng Hwee and Ms Devika A/P K Sothinathan as Independent Non-Executive Directors to our Board. Both Keng Hwee and Devika bring with them a wealth of experience and expertise: Keng Hwee is the founder and Executive Director of IFS Advisory Services Sdn Bhd, a firm providing corporate services, while Devika is a Partner at Sothi & Ang, where she practices conveyancing, family law and corporate law. We also extend our gratitude to our Board for all their contributions, as they continuously shared their invaluable insights and industry expertise.

YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN Chairman

LEONG KIT MAY Chief Executive Officer/Executive Director

MANAGER'S DISCUSSION AND ANALYSIS

CEO's Review

Axis-REIT continued to forge ahead in 2022, delivering portfolio, operating and financial growth, and extending our position as a leading industrial REIT in Malaysia. Stronger-than-expected economic growth and continued foreign direct investment flows into Malaysia sustained demand for industrial properties. These macroeconomic tailwinds, together with the strength of our portfolio and clientfocused strategy, continued to yield results for the Fund.

11 11

Manager's Discussion and Analysis

Our investment efforts delivered significant portfolio growth in 2022. We completed the acquisitions of 4 properties for RM479.3 million during the year, including DW1 Logistics Warehouse in Johor, which, at 1.15 million sq. ft. for RM390.0 million, is our biggest acquisition to-date in terms of size and purchase consideration. DW1 Logistics Warehouse also has the distinction of being the first green building certified-property in our portfolio. All in, we closed 2022 with 62 properties in our portfolio, with 12.7 million sq. ft. of space under management.

Meanwhile, the development of Bukit Raia Distribution Centre 2 remains on track for handover to Shopee Express by 31 August 2023, and during the year, we commenced our fifth development project, Axis Mega Distribution Centre (Phase 2), which will be developed as an approximately 584,112 sq. ft. logistics warehouse, slated for completion by 1Q 2024.

The Real Estate Team had a busy year, achieving a 77% tenant retention rate for the 2.5 million sq. ft. of space with leases expiring in 2022, and contracting new tenancies for a further 120,000 sq. ft. of space. We closed 2022 with portfolio occupancy at 95%, a rental reversion rate of 3.3%, and an extension in WALE to 5.3 years. Throughout the year, we also kept up our tenant management and engagement efforts, drawing high tenant satisfaction scores, and keeping to our goal of delivering superior business space solutions.

Our ESG initiatives picked up pace during 2022. In addition to green building certifications, we established our Environmental Policy which outlines our approach in strengthening the resilience of our portfolio and mitigating climate-related risk. We also signed on as a participant member in GRESB to facilitate the assessment and reporting of our ESG initiatives. During the year, we were also able to set carbon and energy reduction baselines and targets, which we surpassed in 2022 itself, and will monitor in the coming year.

On the capital management front, we are pleased to have secured our first sustainabilitylinked financing instruments, with embedded sustainability-related performance targets that will trigger savings on financing costs while upholding sustainability practices. We also successfully completed the bookbuilding for our private placement exercise which saw the issuance of 100 million new Units that were listed on Bursa Securities on 4 January 2023.

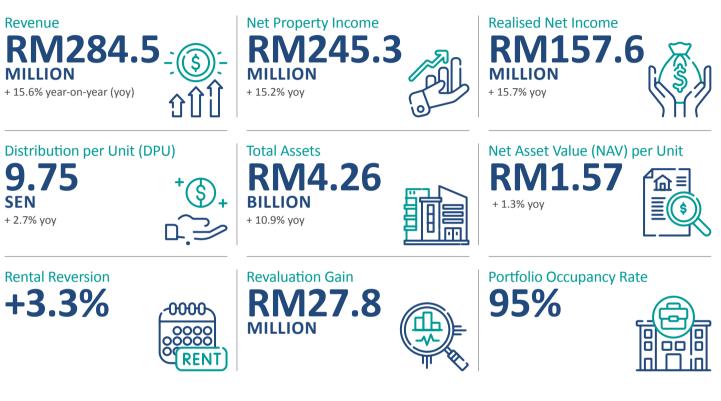
At the bottom line, the strength of our portfolio of properties, strategy and execution capabilities paid off. The Fund sustained its growth momentum, with realised net income growing 15.7% to RM157.6 million, in line with revenue growth, and declared a DPU of 9.75 sen for the financial year 2022, translating to a distribution yield of 5.5%, based on the closing Unit price of RM1.79 on 31 December 2022.

Key highlights in **2022**



Results highlights for 2022

Our key performance indicators reflected the Fund's steady growth and business performance despite the challenging operating conditions during 2022.



Financial Review

SEN

fraught with pandemic-related challenges.

Amid this backdrop, Axis-REIT continued to record good growth momentum in both revenue and distributable income. Revenue for the year grew 15.6% to RM284.5 million (2021: RM246.2 million) while net property income increased by 15.2% to RM245.3 million (2021: RM212.9 million).

The Fund declared a DPU of 9.75 sen for the financial year 2022 (2021: 9.49 sen) with total income distribution amounting to RM160.1 million (2021: RM138.0 million), up 16.0% yoy. The total DPU of 9.75 sen equates to a distribution yield of 5.5%, based on the closing Unit price of RM1.79 on 31 December 2022. Axis-REIT's success in delivering growth in income distribution over the years demonstrates the Manager's success in understanding and responding to the market, despite the challenges in the Fund's operating environment.

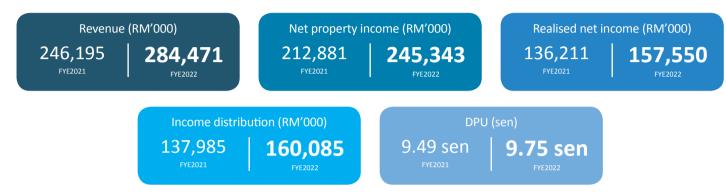
The Manager continues to be disciplined in selecting the right, yield-accretive acquisition targets and development projects that lift earnings and drive capital appreciation. We have carefully selected a portfolio of real estate assets with high long-term potential for investment and development. During 2022, we acquired 4 properties for a total purchase consideration of RM479.3 million, bringing the Fund's portfolio to 62 properties, and positioning Axis-REIT among the top industrial real estate space providers in Malaysia.

Manager's Discussion and Analysis

The Malaysian economy staged a much-welcomed recovery in 2022, from a low base in 2021 that was

In 2022, the appraised value of the Fund's investment properties increased by RM27.8 million, reflecting the quality of the portfolio and the strength of its underlying performance, as well as the solid fundamentals of industrial properties, which have strong demand and limited supply.

Over and above our results, 2022 marked the introduction of sustainability in our capital management strategy as the Fund obtained its first sustainability-linked instruments. With embedded sustainability-related performance targets, these instruments help fund our growth ambitions while promoting good ESG practices across our operations.



A snapshot of the Fund's key financial results is presented in the table below:

Summary of Results

	2018	2019	2020	2021	2022
Total Revenue (RM'000)	210,588	222,464	232,234	246,195	284,471
Property Operating Expenses (RM'000)	(27,827)	(30,756)	(33,716)	(33,314)	(39,128)
Net Property Income (RM'000)	182,761	191,708	198,518	212,881	245,343
Profit and Other Income (RM'000)	725	1,434	875	804	797
Changes in Fair Value of Investment Properties (RM'000) *	35,607	94,064	10,796	63,197	24,438
Net Gain/(Loss) on Financial Liabilities measured at amortised	3,687	(2,348)	(428)	(1,705)	4,654
cost ** (RM'000)					
Fair Value Change on Derivatives (RM'000)	(306)	(933)	(905)	1,746	2,027
Net Property and Investment Income (RM'000)	222,474	283,925	208,856	276,923	277,259
Non-Property Expenses (RM'000)	63,026	70,474	66,285	72,884	85,209
Net Income before Taxation (RM'000)	159,448	213,451	142,571	204,039	192,050
Breakdown of Net Income after Taxation:					
- Realised Income after Taxation (RM'000)	113,442	115,179	124,938	136,211	157,550
- Unrealised Income after Taxation (RM'000)	41,537	94,059	17,126	64,153	32,817
Income Available for Distribution (RM'000)	108,011	116,872	126,390	138,224	160,238
Earnings per Unit (Realised + Unrealised) (EPU) (sen)	12.57	16.61	9.86	13.80	11.62
Income Distribution (RM'000)	107,825	116,752	126,203	137,985	160,085
Distribution Per Unit (DPU) (sen)	8.74	9.26	8.75	9.49	9.75
Distribution Yield (based on closing market price on 31	5.60	5.23	4.31	4.89	5.45
December) (%)					
EPU Yield (based on closing market price on 31 December) (%)	8.06	9.38	4.86	7.11	6.49
Management Expense Ratio (MER) (%)	1.30	1.29	1.27	1.25	1.22
Annual Total Return *** (%)	9.83	19.40	19.63	0.24	(2.71)
Average Total Return (3 years) (%)	3.78	9.18	16.29	13.09	5.72
Average Total Return (5 years) (%)	7.37	5.20	10.07	9.48	9.28

* After offsetting unbilled lease income receivables

** Unrealised gain/(loss) on discounted tenants' deposits received in compliance with the MFRS 139

*** Based on movements in the Unit price and DPU yield

Revenue: Increased by RM38.3 million (+15.6%) to RM284.5 driven by portfolio growth and rental reversions

Axis-REIT's revenue for the reporting year rose RM38.3 million to RM284.5 million (2021: RM246.2 million). The strong gro attributed to incremental income from the 4 new property ac that were completed during the year, as well as positive rental r across the portfolio. Income from car park operations also r as businesses resumed operations following the lifting of m controls.



Total	210,588	222,464	232,234	246,195	284,471
Other property income	5,171	4,634	3,618	4,451	14,376
Car park income	5,890	6,355	4,615	4,075	5,079
Rental income*	199,527	211,475	224,001	237,669	265,016
	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000

levels.

* Includes the recognition of rental income on a straight-line basis, including rent-free periods, pursuant to the requirements of MFRS16

Property Operating Expenses: RM5.8 million higher, in line w pressure

The Fund's property operating expenses increased by 17.5% yoy to RM39.1 million, in line with the growth of the Fund's portfolio. Property management expenses, as well as assessment and quit rent were the largest components, accounting for 24.3% and 20.6% of total property operating expenses respectively. Security and cleaning expenses increased by 23.7% yoy as we adopted stringent cleaning protocols to ensure the well-being of our tenants at our multi-tenanted properties. Rising wage pressure was also a factor behind the increase in operating expenses.

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Assessment and quit rent	5,407	5,495	6,203	7,039	8,056
Property Manager's fee and on-site personnel costs	6,900	7,633	8,221	8,467	9,512
Security and cleaning expenses	3,261	3,793	4,348	4,026	4,980
Takaful contributions	1,521	1,393	1,451	1,447	1,498
Maintenance and others	10,738	12,442	13,493	12,335	15,082
Total	27,827	30,756	33,716	33,314	39,128

Manager's Discussion and Analysis

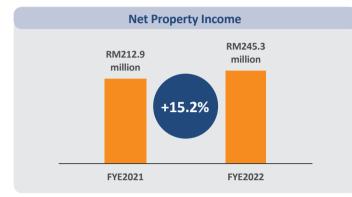
.5 million,	Revenue composition: Rental income accounted for 93.2% of total revenue
n or 15.6% rowth was cquisitions	Rental income accounted for RM265.0 million or 93.2% of total revenue, while the balance was derived from car park income and other income.
reversions	Our car parks serve our tenants for long-term (season) parking and visitors
recovered	for hourly parking. During the year, there was a sharp improvement in
movement	hourly car park rental revenue at our multi-tenanted properties, which rose 70.4% yoy. Season car park revenue increased at a more gradual
	17.1% yoy, lifting our season car park revenue back up to pre-COVID-19

During the year, the Fund recognised additional income from the sale of recycled materials recovered from the demolition work at Bukit Raja Distribution Centre 2 and Axis Facility 2 @ Bukit Raja. This contributed to the over 3-fold increase in the Fund's other income, to RM14.4 million in 2022.

Property Operating Expenses: RM5.8 million higher, in line with portfolio expansion, stringent COVID-19 precautionary measures and rising wage

Net Property Income: Up 15.2% or RM32.4 million to RM245.3 million, in line with topline growth

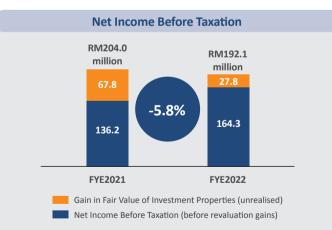
In line with the growth in revenue, net property income for 2022 rose 15.2% from a year earlier to RM245.3 million.



Net Income Before Taxation: Impacted by lower revaluation gains recognised in 2022

Axis-REIT's net income before taxation stood at RM192.1 million in 2022, a decrease of 5.8% from the previous financial year. This was due to lower unrealised gains in the fair value of investment properties of RM27.8 million in 2022 against RM67.8 million in the preceding year.

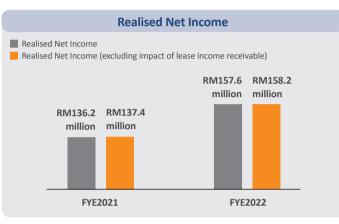
The Fund's DPU was not affected by the lower revaluation gain as it is non-cash in nature.



Realised Net Income excluding lease incentive adjustments: Up 15.1% at RM158.2 million

Axis-REIT's realised net income after taxation, including the impact of lease incentive adjustments pursuant to MFRS16, rose 15.7% to RM157.6 million in 2022.

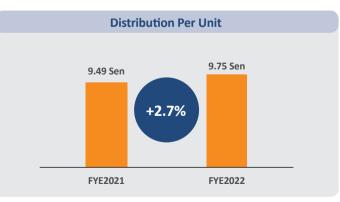
Excluding the lease incentive adjustments, net income for 2022 would have amounted to RM158.2 million against RM137.4 million in 2021 - a healthy 15.1% increase from the previous year.



DPU: 9.75 sen, translating to an attractive distribution yield of 5.5%

Total realised income available for distribution in the financial year 2022 amounted to RM160.2 million, and the Fund declared a total DPU of 9.75 sen, up 2.7% from the preceding year. Since its listing in 2005, Axis-REIT's Unit price has increased to RM1.79 as at 31 December 2022, from RM0.625 (equivalent to RM1.25 per Unit prior to the Unit Split). Including the total distributions paid out, total returns to the Fund's Unitholders exceeded 400% since its listing in 2005.

Based on Axis-REIT's closing Unit price of RM1.79 on 31 December 2022, the year's DPU translated to a commendable distribution yield of 5.5%.



The Fund announced an IDRP for the financial year 2022, which applied to its first DPU of 2.42 sen, of which 1.81 sen was taxable and 0.61 sen was non-taxable in the hands of Unitholders. The 2022 IDRP gave Unitholders the option to either :

- a) reinvest the electable portion of 1.20 sen in new Units of the Fund and receive the balance portion of 1.22 sen in cash, or
- reinvest a partial electable portion of 0.60 sen in new Units of the b) Fund and receive the balance portion of 1.82 sen in cash, or
- choose not to participate in the IDRP option and receive the entire c) first DPU of 2.42 sen in cash.

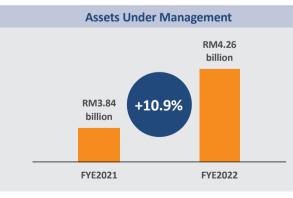
The 2022 IDRP was offered to Unitholders at an attractive price of RM1.76 per unit, pricing it at a 5.73% discount to the five-day volume weighted average market price of the Fund's Units. The 2022 IDRP was successfully completed in June 2022, and pursuant to which, a total of 6,529,923 IDRP Units were issued and listed on Bursa Securities on 16 June 2022. Consequently, the total number of Axis-REIT Units in issue increased from 1,634,524,115 to 1,641,054,038. The Fund retained RM11.3 million in cash distribution from the 2022 IDRP, which was deployed towards AEIs of its property portfolio.

Total Assets: Up 10.9% to RM4.26 billion

Axis-REIT's financial position remained resilient and well-positioned to navigate any challenges and uncertainties ahead.

The Fund continued to achieve growth in its real estate Assets Under Management (AUM). As at 31 December 2022, our investment properties were valued at RM4.19 billion, comprising 57 industrial properties, 2 hypermarkets and 3 office properties, strategically located in key industrial and commercial hubs across Peninsular Malaysia.

Continued investments in the portfolio, along with other assets, lifted the Fund's total assets to RM4.26 billion as at 31 December 2022 – a 10.9% increase from RM3.84 billion a year earlier.



Manager's Discussion and Analysis

Portfolio Yield: Average net yield stable at 7.6%

Rental yields for the Fund's portfolio remained fairly stable, with average gross and net yields of 8.8% and 7.6% respectively during 2022.

Hypermarket delivered the best yields, with a net yield of 8.7%, followed by Logistics Warehouse properties and Manufacturing Facilities, which both fetched net yields of 7.9%.

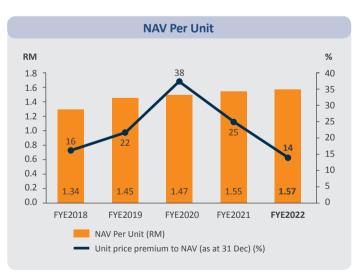
Despite concerns of the oversupply of office space in Kuala Lumpur, yields for the Fund's Office properties held steady, with net yields above 6%.

	Portfolio Yield (%)		
Asset type	Gross	Net	
Office	9.4	6.8	
Office Industrial	8.8	6.5	
Logistics Warehouse	8.7	7.9	
Manufacturing Facilities	8.8	7.9	
Hypermarket	9.3	8.7	
Average	8.8	7.6	

NAV Per Unit: RM1.57 as at 31 December 2022

The Fund's NAV increased to RM2.57 billion as at 31 December 2022, up 1.6% from a year earlier, translating to an NAV per Unit of RM1.57.

Based on Axis-REIT's closing Unit price of RM1.79 as at 31 December 2022, the Fund traded at a 14% premium to its NAV at the close of the year.



Summary of Performance

	2018	2019	2020	2021	2022
Total Asset Value (RM'000)	2,840,463	3,085,681	3,364,083	3,838,760	4,255,673
NAV before final income distribution (RM'000)	1,664,081	2,078,764	2,123,004	2,527,321*	2,571,839*
NAV per Unit before final income distribution	1,001,001	2,070,701	2,123,001	2,327,321	2,072,000
- As at 31 December (RM)	1.34	1.45	1.47	1.55*	1.57*
NAV after final income distribution (RM'000)	1,633,768	2,062,976	2,090,552	2,491,747	2,533,362
NAV per Unit after final income distribution					
- As at 31 December (RM)	1.32	1.44	1.45	1.52	1.54
Units in Circulation ('000 units)	1,237,285	1,435,250	1,442,331	1,634,524	1,641,054
- Lowest NAV per Unit during the year (RM)	1.29	1.33	1.46	1.46	1.53
- Highest NAV per Unit during the year (RM)	1.34	1.45	1.48	1.55	1.57
Market Value per Unit					
- As at 31 December (RM)	1.56	1.77	2.03	1.94	1.79
Highest Traded Price for the year (RM)	1.59	1.99	2.25	2.11	2.00
Lowest Traded Price for the year (RM)	1.19	1.55	1.66	1.81	1.78

* Before fourth and final income distribution

Portfolio Valuation: 62 Properties valued at RM4.2 billion

In 2022, Axis-REIT completed 4 property acquisitions for a total purchase consideration of RM479.3 million. These acquisitions were fully financed with existing banking facilities and were immediately income generating, contributing to the Fund's 2022 revenue and income upon the completion of the acquisitions. The acquisitions were in line with the Manager's aim to seek yield accretive investment opportunities with high growth potential to expand the scale of the Fund's portfolio and to generate strong investment returns to Unitholders.

The Fund's property portfolio is revalued annually in compliance with the SC's Guidelines on Listed REITs and MFRS140. Changes in the portfolio's fair value are charged to the Fund's Statement of Profit or Loss as a net gain or loss on the revaluation of investment properties. In 2022, the independent valuation conducted on our investment properties valued the portfolio at RM4.2 billion, which included a revaluation gain of RM27.8 million for the year. As at 31 December 2022, the value of the portfolio increased by 15.8% to RM4.2 billion, from RM3.6 billion a year ago.

	2018	2019	2020	2021	2022
No. of properties	45	48	53	58	62
NLA (million sq. ft.)	9.3	9.5	10.5	11.4	12.7
Portfolio carrying value before revaluation (RM million)	2,755.9	2,889.0	3,261.2	3,546.4	4,158.2
Portfolio carrying value after revaluation (RM million)	2,798.5	2,990.6	3,280.2	3,614.2	4,186.0
Unrealised gain (RM'000)	42,558	101,553	18,966	67,787	27,819
Portfolio Total Investment Outlay (including enhancements) (RM million)	2,424.8	2,515.3	2,786.0	3,052.2	3,596.2
Accumulated Revaluation Gain (RM million)	373.7	475.3	494.2	562.0	589.8

A breakdown of the Fund's portfolio valuation by property is provided on pages 255 to 258 of this Report

Financing Profile

	2018	2019	2020	2021	2022
Total financing (RM'000)	1,059,367	885,859	1,112,183	1,184,593	1,546,020
Total assets (RM'000)	2,840,463	3,085,681	3,364,083	3,838,760	4,255,673
Financing ratio	37.3%	28.7%	33.1%	30.9%	36.3%
Cost of financing (p.a.)*	4.3%	4.4%	3.9%	3.6%	3.9%
Percentage of short-term financing	77%	43%	55%	47%	53%
Percentage of medium and long-term financing	23%	57%	45%	53%	47%
Total unencumbered assets	19	16	25	19	23
Percentage of unencumbered assets over total assets	28%	27%	44%	29%	42%

* For comparison purposes, the cost of financing rate includes incidental costs of financing

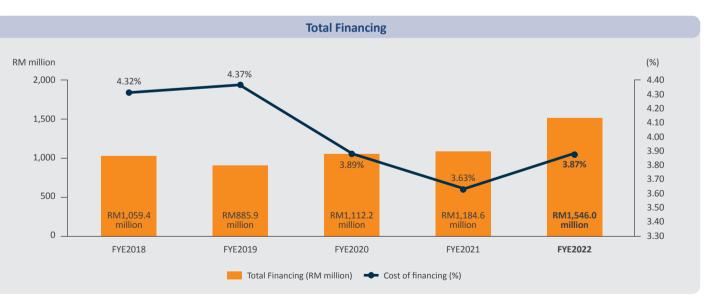
Total Financing: RM1.55 billion

The Fund maintains a sound financial position and sufficient liquidity by keeping the financing ratio between 30% and 40%.

As at 31 December 2022, the Fund's total financing amounted to RM1.5 billion (2021: RM1.2 billion), with a financing ratio of 36.3% (2021: 30.9%). The 4 property acquisitions concluded in 2022 were fully financed by existing banking facilities.

During the year, the Fund's 10-year Sukuk amounting to RM110.0 million matured, and was redeemed with a new long-term financing facility. Following the redemption of the 10-year Sukuk, Axis-REIT has outstanding Sukuk issuances amounting to RM450.0 million as at 31 December 2022.

Axis-REIT makes a conscious effort to diversify its funding sources and spread out its financing maturity profile to reduce refinancing risks and to align its financing obligations with its cash plans. As at 31 December 2022, the average maturity of the Fund's existing financing facilities stood at 3 years.



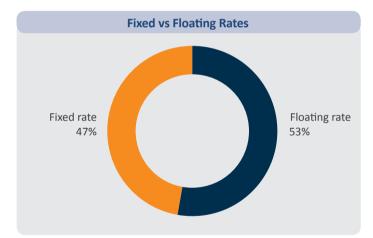
Manager's Discussion and Analysis

Fixed vs Floating Rates

As part of its ESG initiatives, Axis-REIT has increasingly incorporated sustainability considerations throughout its business operations, where possible.

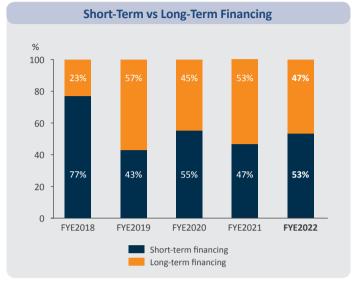
In 2022, this included the introduction of sustainability in its capital management strategy, as the Fund obtained a new sustainability-linked financing facility amounting to RM170.0 million, equivalent to 11.0% of the Fund's audited total financing as at 31 December 2022. The sustainability-linked facility has pre-agreed sustainability performance targets (SPTs) embedded in its terms, and we are pleased to report that we successfully met the SPTs, and will enjoy cost saving from a reduction in the profit rate in accordance with the SPT terms.

The Fund manages its financing costs by maintaining a prudent mix of fixed and floating rate facilities as part of its capital management strategy. In light of expected Overnight Policy Rate (OPR) hikes in the coming year, we locked in approximately 47% of the Fund's financing at fixed profit rates. Further, we maintained 47% of the Fund's total financing in long-term financing facilities to reserve liquidity for acquisitions and development project needs.



In January 2023, we locked in a further RM200 million of our existing facilities into a fixed rate via IPRS, bringing total financing facilities hedged under IPRS and sustainability-linked IPRS to RM420 million. With this, RM928.3 million, or over 60% of the Fund's financing, is now locked in at fixed profit rates.

As at 31 December 2022, the effective profit rate of the Fund's financing portfolio stood at 3.87% p.a., up 0.24 percentage points from 3.63% in 2021. The increase was mainly due to Bank Negara Malaysia's move to raise the OPR 4 times during 2022, which resulted in a cumulative 100 bps increase that affected the Fund's floating rate financing costs.



In line with our prudent capital management strategy, we undertook our ninth private placement exercise during 2022. The placement exercise saw the issuance of 100 million new Units at an issue price of RM1.75 per Unit to various institutional funds. The book building exercise was concluded in December 2022, with the new Units issued and listed on 4 January 2023. The placement exercise raised gross proceeds of RM175.0 million, which were utilised to pare down the Fund's existing short term financing facilities and to provide headroom for future acquisitions and development projects.

The Fund adopts a prudent and disciplined approach towards capital management to ensure financial flexibility in its funding structure and to mitigate concentration risk. We have strengthened our capital management to ensure that the Fund's financial position is robust and well-prepared for any unexpected challenges and opportunities.

The Fund maintains active relationships with a wide network of financial institutions. This diversification enables us to tap the strengths and competencies of each financial institution in supporting Axis-REIT's business strategy and growth.

As at 31 December 2022, our financing portfolio (before incidental costs of financing) consisted of RM450.0 million in Sukuk issuances (with 7-year and 10-year tenures), RM285.8 million in term financing and RM812.5 million in revolving credit facilities. The net proceeds from our ninth private placement that was completed on 4 January 2023 have been used to redeem existing short-term revolving credit facilities in January 2023.



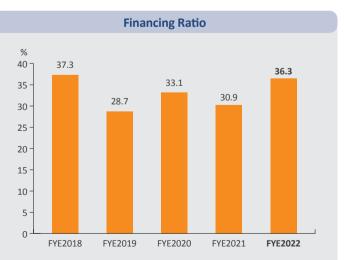
Financing Ratio: Higher at 36.3% as at 31 December 2022

Axis-REIT maintains its prudent financial strategy, keeping its financing ratio well below the limits prescribed by the SC's Guidelines on Listed REITs.

As at 31 December 2022, the Fund's financing ratio stood at 36.3%, up from 30.9% a year earlier following its additional property acquisitions during the year.

The Fund's relatively low financing ratio paves the way for further acquisitions and growth as it gives the Fund headroom to take on a further RM581.8 million in financing facilities before the financing ratio breaches the 50% limit set by the SC.

The Fund's cost of financing stood at 3.9% p.a. and all financing facilities are secured by properties.



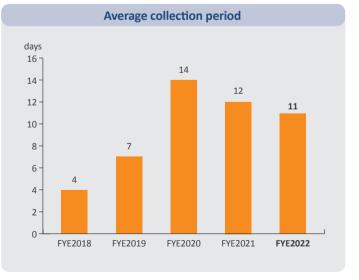
Manager's Discussion and Analysis



Liquidity and Credit Position

As at 31 December 2022, the Fund's cash balances and short-term Islamic deposits amounted to RM43.5 million. Along with committed but undrawn financing facilities amounting to RM283.0 million, the Fund has sufficient liquidity to satisfy its working capital and operating requirements, and to support portfolio growth. The Fund's financing facilities feature well-staggered maturities over the coming 10 years with an average maturity of 3 years as at 31 December 2022.

We continuously monitor the Fund's liquidity against our strategic plans to ensure that the Fund has sufficient financial resources and credit facilities to meet our funding and working capital commitments.



Apart from our cash balances and credit facilities, we also monitor our rental income collection and manage the Fund's tenant and credit risks.

In 2022, the Fund's average collection period remained at a manageable 11 days, with trade receivables amounting to RM6.5 million as at 31 December 2022.

Our consistent engagement with tenants and active asset management has helped retain tenants and maintain the average annual rental collection rate at a strong 97%.

Our stringent approach to tenant and credit risk management has kept impairments on trade receivables to a minimum. In 2022, the Fund recorded an impairment loss on trade receivables of RM1.2 million, which is equivalent to less than 0.5% of the Fund's total annual gross revenue. This satisfactory result stems from a keen focus on receivables and well-established internal credit control processes.

Impairment Losses on Trade Receivables	2018	2019	2020	2021	2022
Impairment losses on trade receivables/bad debts written off/(written back) (RM'000)	215	(26)	70	44	1,225
Trade receivables (RM'000)	4,630	4,207	8,379	8,107	6,479
Total annual gross revenue (RM'000)	197,241	216,005	224,712	242,747	281,723
Impairment losses on trade receivables/bad debts written off/(written back) as a % of gross revenue	0.11	-	0.03	0.02	0.43
Average collection period (in days)	4	7	14	12	11

UNIT PRICE PERFORMANCE & ANNUAL RETURN HIGHLIGHTS

Throughout 2022, Axis-REIT's Units traded within a narrower range compared to the previous year, rangebound between the lowest traded price of RM1.78 and the highest of RM2.00. As we moved into a transition to endemic phase in Malaysia's management of COVID-19, investor appetite has also changed to reflect the prevailing economic environment. Most notably, Bank Negara Malaysia's move to raise the OPR 4 times during 2022 lifted the rate from 1.75% to 2.75% by the close of 2022. Against this backdrop of higher interest rates, investors have become more receptive towards financial instruments that offer competitive returns vis-à-vis dividend-yielding stocks such as Axis-REIT.



Unit Price and Volume Overview

Opening Unit Price	RM1.89	3 January 2022
Closing Unit Price	RM1.79	31 December 2022
Highest Traded Price	RM2.00	31 May 2022
Lowest Traded Price	RM1.78	23 November 2022
Number of Unitholders	12,227	as at 31 December 2022
Number of Unitholdings	1,641,054,038	as at 31 December 2022

5-Year Unit Price Performance Highlights

	2018	2019	2020	2021	2022
Closing Unit Price as at 31 December (RM)	1.56	1.77	2.03	1.94	1.79
High (RM)	1.59	1.99	2.25	2.11	2.00
Low (RM)	1.19	1.55	1.66	1.81	1.78
NAV (RM)	1.34	1.45	1.47	1.55	1.57
Market Capitalisation (RM'000)	1,930,165	2,540,393	2,927,933	3,170,977	2,937,487

Manager's Discussion and Analysis



Transaction Volume Highlights

Total Trading Volume	240,602,100	Not Applicable
Average Monthly Volume	20,050,175	Not Applicable
Highest Monthly Volume	28,087,000	in March 2022
Lowest Monthly Volume	11,958,000	in November 2022





Axis-REIT continued to deliver competitive returns to Unitholders, with cumulative DPU for the financial year 2022 amounting to 9.75 sen. This translates to a distribution yield of 5.5% based on the Fund's closing Unit price of RM1.79 as at 31 December 2022.

Operations Review



Axis-REIT's portfolio comprises superior industrial properties that are strategically located in key industrial hubs across peninsular Malaysia. These are complemented by our office properties, which are located in thriving satellite commercial centres, and feature excellent connectivity and flexible space offerings. We leverage on our portfolio, industry-leading property and facilities management expertise, extensive marketing experience and impeccable reputation to deliver superior business space solutions.

We maintained our strategic focus on industrial properties, continuously engaging our tenants to understand emerging industry trends, as well as their post-pandemic business and operational strategies, to see how these are shaping their business space needs.

Amid favourable demand dynamics for industrial properties, the strength of our portfolio and operating strategy has consistently paid off. The portfolio continues to enjoy strong occupancy rates, impressive tenant listings, high tenant satisfaction and lease renewal rates, as well as positive rental reversions, which reiterate our position as a leading industrial REIT in Malaysia. Specifically, in 2022, we:

- Maintained high occupancy levels, with a portfolio occupancy rate of 95% as at 31 December 2022
- of 5
- Achieved a tenant retention rate of 77%, with a 3.3% positive rental reversion across the portfolio
- ft. of space under management as at 31 December 2022.

Beyond the headline operational Key Performance Indicators (KPIs), 2022 was also a significant year for our ESG accomplishments at portfolio level. Our notable achievements included:

- Facility 2 @ Bukit Raja
- Setting and surpassing energy and GHG reduction targets for our multi-tenanted properties
- Incorporating ESG/sustainability matters in all 11 key AEIs undertaken in 2022.

During the year, we established an Environmental Policy that outlines our approach in strengthening the resilience of our portfolio and mitigating climate-related risk. We also incorporated climate risk into our Risk Register, and subscribed to GRESB as a participant member, all of which serve to strengthen our commitment to advancing our ESG agenda.

Looking ahead, we will maintain this momentum, having already laid plans to obtain final green building certifications for Bukit Raja Distribution Centre 2 and Axis Facility 2 @ Bukit Raja, along with certifications for two more properties. We are also starting to lay the groundwork for TCFD-aligned reporting, which we believe will help in our development of strategies to improve the resilience of our portfolio against the impacts of climate change.

Further details on Axis-REIT's portfolio operating metrics are provided on the following pages.

Manager's Discussion and Analysis

• Maintained high tenant satisfaction scores, with our annual tenant satisfaction score of 7.49 out of 10 and service request satisfaction score of 4.22 out

• Successfully concluded 4 property acquisitions, adding 1,679,362 sq. ft. of NLA and bringing the portfolio count to 62 properties, with 12.7 million sq.

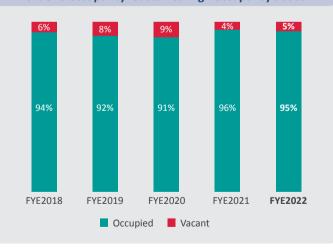
• The addition of the Fund's first GBI-certified property to the portfolio, following the acquisition of DW1 Logistics Warehouse • Obtaining provisional green building certifications for our on-going development, Bukit Raja Distribution Centre 2, as well as for our major AEI, Axis

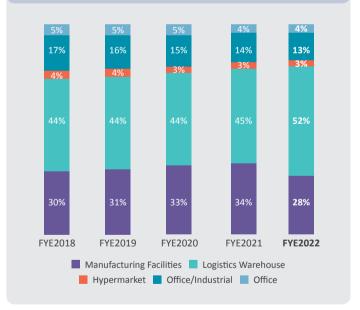


In 2022, the Fund concluded acquisitions for 4 properties, bringing the portfolio count to 62 properties with total space under management of 12.7 million sq. ft. (up 11.9% yoy).

Positive demand dynamics continued to drive industrial real estate transactions, and we were able to lean on our operating, financial and reputational strengths to expand our portfolio.

Portfolio occupancy: Sustained high occupancy at 95%





Portfolio diversification by type:

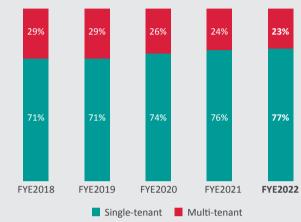
Continued focus on industrial properties

Axis-REIT's acquisitive strategy remains focused on industrial-type properties, and all 4 properties acquired in 2022 are categorised as industrial properties.

With the acquisitions concluded in 2022, 93% of the Fund's portfolio (by NLA) carry industrial titles.

In terms of property type, Logistics Warehouses and Manufacturing Facilities made up 52% and 28% of the portfolio (by NLA) respectively.

Portfolio diversification by tenancy type: Proportion of single-tenant properties inched higher



The Fund's proportion of single-tenanted properties has risen in tandem with the addition of Manufacturing Facilities and Logistics Warehouse properties, which are typically single-tenant properties.

Tenancies for single-tenanted properties usually feature longer-term leases and are typically occupied by MNCs or GLCs, which present a lower risk of default. These tenancies usually lock in pre-agreed rental step ups, and feature lower operating costs to the Fund as maintenance costs are borne by tenants, which helps mitigate the risk of rising inflationary pressures on the Fund's operating costs.

As at 31 December 2022, single-tenanted properties made up 77% of the Fund's portfolio.



The Fund's portfolio occupancy slipped by a marginal 1 percentage point to 95% as at 31 December 2022, from 96% a year earlier.

We secured tenancies for 1.9 million sg. ft. out of the 2.5 million sg. ft. of leases that came up for renewal during 2022, which translates to a retention rate of 77%. We also contracted new tenancies for 120,000 sq. ft. of space during the year.

Manager's Discussion and Analysis

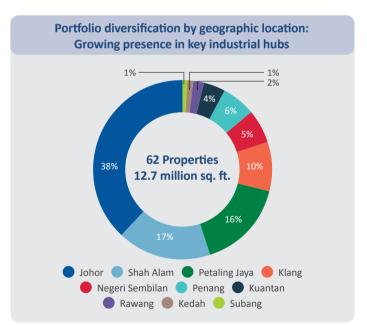


Our portfolio continues to attract and retain an impressive tenant listing, comprising MNCs, GLCs, and renowned names in their respective fields. Our tenants are mainly involved in manufacturing and logistics, consumer products, as well as service industries.

This tenant base has remained stable and well-diversified, with 161 tenants as at 31 December 2022.

The Fund's 10 biggest tenants by revenue contribution accounted for 51% of total revenue in 2022, and are as follows:

- Equalbase PTP Sdn Bhd
- Nestlé Products Sdn Bhd
- LF Logistics Services (M) Sdn Bhd
- Schenker Logistics (Malaysia) Sdn Bhd
- Yongnam Engineering Sdn Bhd
- Wasco Coatings Malaysia Sdn Bhd
- Beyonics Precision (Malaysia) Sdn Bhd
- Upeca Aerotech Sdn Bhd
- Lotuss Stores (Malaysia) Sdn Bhd
- Pos Logistics Berhad



Geographically, our portfolio footprint remains focused on key industrial hubs in Peninsula Malaysia.

Our acquisitions in 2022 have strengthened our presence in the Klang Valley and Johor, which now account for 46% and 38% of our portfolio (by NLA) respectively.

Our pipeline of upcoming acquisitions continues to focus on these key industrial hubs.

Tenancies Committed

During 2022, leases for 2.5 million sq. ft. of NLA in our portfolio came up for renewal. We successfully contracted tenancies for 1.9 million sq. ft. or 77% of expiring leases, and secured a further 120,000 sg. ft. in new tenancies. Overall, the portfolio recorded a positive rental reversion of 3.3% in 2022.

More information on tenant management is available in the Tenant Satisfaction section on pages 110 to 114 of this Report.

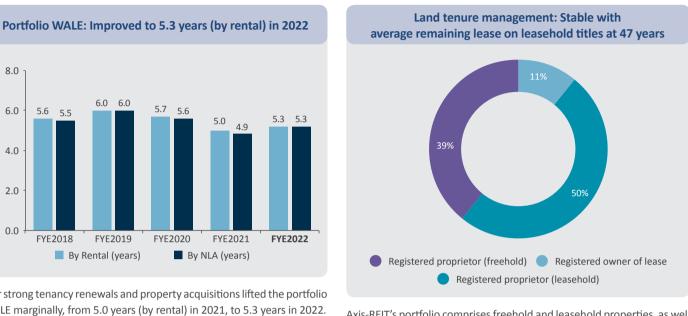
Portfolio Lease Expiry Profile by Location, 2022 – 2024

Lease Expiry By Location

Property	Year 2022	% of Total NLA	% of Rental Income/ month	Year 2023	% of Total NLA	% of Rental Income/ month	Year 2024	% of Total NLA	% of Rental Income/ month
Petaling Jaya	572,265	4.50	0.65	576,820	4.53	0.58	506,048	3.98	0.59
Shah Alam	566,072	4.45	0.39	658,480	5.17	0.45	922,334	7.25	0.57
Klang	149,605	1.18	0.09	-	-	-	-	-	-
Johor	514,924	4.05	0.25	130,743	1.03	0.05	843,971	6.63	0.53
Nilai	291,642	2.29	0.10	-	-	-	-	-	-
Penang	395,225	3.10	0.21	205,151	1.62	0.19	-	-	-
TOTAL	2,489,733	19.57	1.69	1,571,194	12.35	1.27	2,272,353	17.86	1.69

Lease Expiry By Type

Property	Year 2022	% of Total NLA	% of Rental Income/ month	Year 2023	% of Total NLA	% of Rental Income/ month	Year 2024	% of Total NLA	% of Rental Income/ month
Office	119,195	0.94	0.18	51,978	0.41	0.08	199,545	1.57	0.31
Office Industrial	492,575	3.87	0.53	534,097	4.20	0.51	446,252	3.51	0.39
Logistics Warehouse	1,394,648	10.96	0.76	944,058	7.42	0.65	1,316,455	10.34	0.77
Manufacturing Facilities	483,315	3.80	0.22	41,061	0.32	0.03	310,101	2.44	0.22
Hypermarket	-	-	-	-	-	-	-	-	-
TOTAL	2,489,733	19.57	1.69	1,571,194	12.35	1.27	2,272,353	17.86	1.69





Bukit Raja Distribution Centre 2 is undergoing development and is scheduled for completion in 3Q 2023. Once it is completed and the lease commences, it is expected to further improve the portfolio WALE in 2023.

Details of the development of Bukit Raja Distribution Centre 2 are presented on page 65.

No of leasehold properties

No of freehold properties

No of properties held under private lease

Manager's Discussion and Analysis

Axis-REIT's portfolio comprises freehold and leasehold properties, as well as land held under private leases.

As at 31 December 2022, 50% of the portfolio was held via leasehold titles while a further 11% were properties held under private leases, with the balance 39% being freehold properties.

We actively monitor and manage the expiry profiles of leasehold properties. There were no land tenure renewals sought in 2022 as the leasehold properties in our portfolio had, on average, 47 years to expiry, with the shortest remaining lease period at a comfortable 27 years.





Investment Review

2022 was an exciting year for Axis-REIT. The Fund completed 4 acquisitions for a total consideration of RM479.3 million. This included the acquisition of DW1 Logistics Warehouse for RM390.0 million – the Fund's largest acquisition to-date. Located in Pelabuhan Tanjung Pelepas, Johor, the property is a Grade-A, GBI-certified logistics facility with 1.15 million sq. ft. of NLA.

In addition to DW1 Logistics Warehouse, Axis-REIT also acquired one other logistics warehouse, located in Pasir Gudang, Johor, as well as 2 manufacturing facilities, located in Kulai, also in Johor, and in Klang, Selangor. Collectively, these acquisitions, together with DW1 Logistics Warehouse, added approximately 1,679,362 sq. ft. of NLA to the Fund, advancing its strategy of growing its portfolio of Grade-A logistics and manufacturing facilities in prime locations with good connectivity and infrastructure. Beyond this, the Fund also invested RM14.7 million in AEIs during the year to maintain and enhance existing properties.

We continue to seek opportunities to expand our portfolio footprint. In addition to acquisitions, we are focusing our attention on identifying opportunities to build our development pipeline and realise the full potential of properties that we believe have redevelopment opportunities. The potential value enhancement from such redevelopments is especially promising for ageing properties that are located in prime industrial areas but are in need of enhancement and have tenancies that are close to expiry.

The synergy between our past acquisitions and future developments is increasingly apparent. Several properties in our portfolio have garnered strong interest from prospective tenants, and our ongoing development of Bukit Raja Distribution Centre 2 for Shopee Express is one such example. The property, which was previously a manufacturing facility, is undergoing development as a logistics warehouse facility, with a 15-year lease to Shopee Express.

Details of 2022's property acquisitions, on-going development projects and AEIs are presented in the following pages.









SALIENT DETAILS OF ACQUISITIONS COMPLETED IN 2022

Pasir Gudang Logistics Warehouse 2
Plot 78, Jalan Keluli, Kawasan Perind
A single-storey warehouse with a me of single-storey warehouses, each in
Logistics Warehouse
Block 1 – 27 years, Block 2 – 21 years
H.S.(D) 212966 / PTD 109035, Mukir
Approximately 12.80 acres
29 years and 11 months remaining o
276,000 sq. ft.
Logistics Warehouse
100%
Venice Tulip Sdn Bhd
3 years
3 years
7 March 2022
RM32.0 million
Venice Tulip Sdn Bhd



Manager's Discussion and Analysis

dustrian Pasir Gudang, 81700 Pasir Gudang, Johor Bahru

nezzanine floor identified as Block 1, together with supporting structures and 3 blocks ndividually identified as Block 2, 3 and 4

rs, Block 3 – 22 years, Block 4 – 18 years

im Plentong, Daerah Johor Bahru, Johor

on the lease from Perbadanan Kemajuan Ekonomi Negeri Johor

Property Name	Indahpura Facility 4						
Address	No. 89A, Jalan i-Park 1/6, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor						
Property Description	single-storey detached factory and an annexed double-storey office and ancillary buildings						
Property Type	Manufacturing Facility						
Property Age	Approximately 1 year						
Title Details	H.S.(D) 71135 / PTD 110430, Mukim Kulai, Daerah Kulai, Johor						
Land Area	Approximately 2.26 acres						
Land Tenure	Freehold						
Net Lettable Area	Approximately 59,956 sq. ft.						
Existing Use	Manufacturing						
Occupancy Rate	100%						
Major Tenant	HQPack Sdn Bhd						
Tenancy/Lease Period	10 years						
WALE at Acquisition	10 years						
Date of Acquisition	8 March 2022						
Purchase Price	RM16.3 million						
Vendor	Axis AME IP Sdn Bhd*						
*A : ANAFID C DI .							

*Axis AME IP Sdn Bhd is a company related to certain Directors of the Manager



Property Name	DW1 Logistics Warehouse
Address	Plots DW1 and DW2, Jalan Tanjung A
Property Description	A double-storey ramp-up warehouse ancillary buildings. The Property is G
Property Type	Logistics Warehouse
Property Age	Approximately 3 years
Title Details	H.S.(D) 303868, PTD 2423, Mukim Ta
Land Area	Approximately 18.4 acres
Land Tenure	33-year tenure remaining on the sub
Net Lettable Area	Approximately 1,150,391 sq. ft.
Existing Use	Logistics Warehouse
Occupancy Rate	100%
Major Tenant	Equalbase PTP Sdn Bhd
Tenancy/Lease Period	10 years
WALE at Acquisition	10 years
Date of Acquisition	25 April 2022
Purchase Price	RM390.0 million
Vendor	Equalbase PTP Sdn Bhd



Manager's Discussion and Analysis

A/2, Distripark A, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor

use cum 3-storey office, covered car park and office at roof top level together with GBI-certified

anjung Kupang, Daerah Johor Bahru, Johor

ib-lease from Pelabuhan Tanjung Pelepas Sdn Bhd

Property Name	Axis Industrial Facility 1 @ Meru					
Address	ot 6119, Jalan Haji Salleh/KU8, Batu 5 1/2, Pekan Meru, 41050 Klang, Selangor					
Property Description	An industrial premise comprising 2 warehouses and an annexed 3-storey office					
Property Type	Manufacturing Facility					
Property Age	Approximately 15 to 25 years					
Title Details	H.S.(D) 158275, PT 76085, Mukim Kapar, Daerah Klang, Selangor					
Land Area	Approximately 6.16 acres					
Land Tenure	Freehold					
Net Lettable Area	Approximately 193,015 sq. ft.					
Existing Use	Manufacturing					
Occupancy Rate	100%					
Major Tenant	Jemaramas Jaya Sdn Bhd					
Tenancy/Lease Period	3 years					
WALE at Acquisition	3 years					
Date of Acquisition	2 December 2022					
Purchase Price	RM41.0 million					
Vendor	Jemaramas Jaya Sdn Bhd					



Development of Bukit Raja Distribution Centre 2

On 20 January 2022, Axis-REIT entered into an agreement to lease its upcoming development, Bukit Raja Distribution Centre 2, to Shopee Express for 15 years. The project will see the development of Bukit Raja Distribution Centre 2 as a 620,096 sq. ft. warehouse facility. Bukit Raja Distribution Centre 2 was acquired by the Fund in March 2021.

The development will cost approximately RM130 million and the project commenced in August 2022. Completion and handover to Shopee Express is slated for 31 August 2023. Currently, we are on track to complete the development within the stipulated timeline.

The development was planned and is being built with sustainable features and has received GreenRE Gold provisional green building certification.



Artist's impression of Bukit Raja Distribution Centre 2 post development



Current progress of development at Bukit Raja Distribution Centre 2

Manager's Discussion and Analysis

Development of Axis Mega Distribution Centre (Phase 2)

Axis-REIT commenced the development of Axis Mega Distribution Centre (Phase 2) in December 2022 on a parcel of land adjacent to Axis Mega Distribution Centre (Phase 1). The entire 50-acre parcel of land was acquired back in 2010, when the property was being used as a motor vehicle predelivery inspection centre. Today, 12 years on, we have unlocked the value of the property with the development a Grade A logistics warehouse. The first phase, Axis Mega Distribution Centre (Phase 1), marked the Fund's first foray into development. The logistics warehouse was completed in 2018 and is locked in to a long term lease to Nestlé Products Sdn Bhd. The current phase of development, Axis Mega Distribution Centre (Phase 2), is presently underway and will feature a built-up area of approximately 584,112 sq. ft. that can be sub-divided to 8 modules for maximum flexibility, depending on demand. The construction of Axis Mega Distribution Centre (Phase 2) is expected to cost approximately RM130 million and be completed by 1Q 2024.



Original parcel of land pre-development



Artist's impression of Axis Mega Distribution Centre (Phase 2) post development

ASSET ENHANCEMENT INITIATIVES (AEI)

In addition to property and land acquisitions as well as development projects, the Manager undertakes strategic AEIs on its existing properties to maintain, refurbish, and enhance the value of the Fund's portfolio. During 2022, we invested RM14.7 million in 11 key AEIs across our portfolio. These AEIs range from major refurbishments, such as the enhancement of Axis Facility 2 @ Bukit Raja, to less-visible but equally important maintenance and upgrades to our properties' equipment and facilities. These initiatives enhance the value of the portfolio by ensuring our properties remain relevant and in good order. Strategic AEIs also enhance the sustainability of our properties and portfolio through the incorporation of ESG features, equipment and materials.

AEIs in 2022 included upgrading of fire-fighting systems, waterproofing work, upgrading of water and light fittings, upgrading of air conditioning systems and replacement of standby generators.

Axis Facility 2 @ Bukit Raja

In 2022, the Manager undertook a major refurbishment of Axis Facility 2 @ Bukit Raja - a property it had acquired in March 2020. The project, which started in September 2022, is expected to be completed in 1Q 2023, and consists of:



During this major refurbishment, the Manager assessed and integrated green building designs and considerations. Consequently, the property has received the GreenRE Silver provisional green building certification.

sanitary fittings



Artist's impression of Axis Facility 2 @ Bukit Raja post major refurbishment

In planning and undertaking our AEIs, we incorporate applicable green building designs and features, in line with our Environmental Policy. This enhances the overall quality of our properties, and advances Axis-REIT's ESG agenda along with those of our stakeholders.

Moving forward, we will continue to undertake disciplined AEIs and increasingly incorporate ESG considerations in our initiatives.

Details of our AEIs and initiatives incorporating ESG considerations are presented in the Quality Assets & Services - Existing Assets section on pages 119 to 121 of this Report.

Manager's Discussion and Analysis

Installation of a new Installation of a new Upgrades to LED lighting fire-fighting system dock leveller

Resurfacing

of the driveway



Installation of louvres for natural ventilation

Investor Relations & Media Coverage

Investor Engagement & Outreach

During 2022, investor meetings were predominantly held as online meetings on virtual platforms, with a gradual transition towards limited physical meetings towards 4Q 2022.

The Fund's Annual General Meeting (AGM) and Unitholders' Meeting were held via virtual broadcasts using remote participation and electronic voting facilities in 2022. We had held our first AGM virtually in 2020, in response to the COVID-19 pandemic. Since moving to virtual meetings, we noted a tremendous increase in participation rates, recording our highest ever attendance with 403 participants at the AGM held last year. We attribute the increase to the virtual format, which enables the attendance of outstation participants. We also noted high engagement levels during the meetings, with lively participation from attendees who posed questions and sought clarifications from management during the meetings.

Year	AGM	Mode of Meeting	Total attendance
2018	6th AGM	Dhysical	76
2019	7th AGM	Physical	146
2020	8th AGM		68
2021	9th AGM	Virtual	317
2022	10th AGM		403

The following diagram summarises the Fund's participation at public and private investor events during 2022.









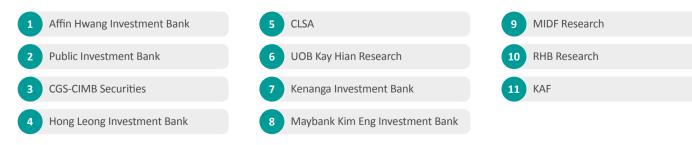
Unitholders' Meeting

Investment Research Coverage

Axis-REIT is currently covered by 11 research houses. The Investor Relations Team continues to maintain clear and timely communications over the Fund's financial results, strategy and outlook through the various investor engagements described above.

AGM

Research House



Investor Engagement & Outreach

In 2022, we participated in the following public and private investor events:

Date	Description
5 - 7 January	CGS-CIMB 14 th Annual Malaysia Virtual C
20 January	Analyst Briefing: 4Q2021 Results Release
15 February	Asset ESG Corporate Awards
10 March	Investor Meeting: 18th Annual CITIC CLSA
14 March	Investor Meeting: RHB Research
31 March	Investor Meeting: Affin Hwang Investme
21 April	Group Investor Meeting: Maybank Invest
28 April	10 th Annual General Meeting
21 June	Bursa Malaysia Webinar Series: Axis-REIT
20 July	Analyst Briefing: 2Q2022 Results Release
27 July	REHDA Institute Industrial Masterclass: "
6 September	Investor Meeting: RHB Research
6 September	Investor Meeting: Public Mutual
18 October	3 rd Annual Malaysian REIT Forum 2022: P
16 November	Investor Meeting: Sumitomo Mitsui DS A
22 – 30 November	Placement Roadshow Meetings
15 December	Unitholders' Meeting

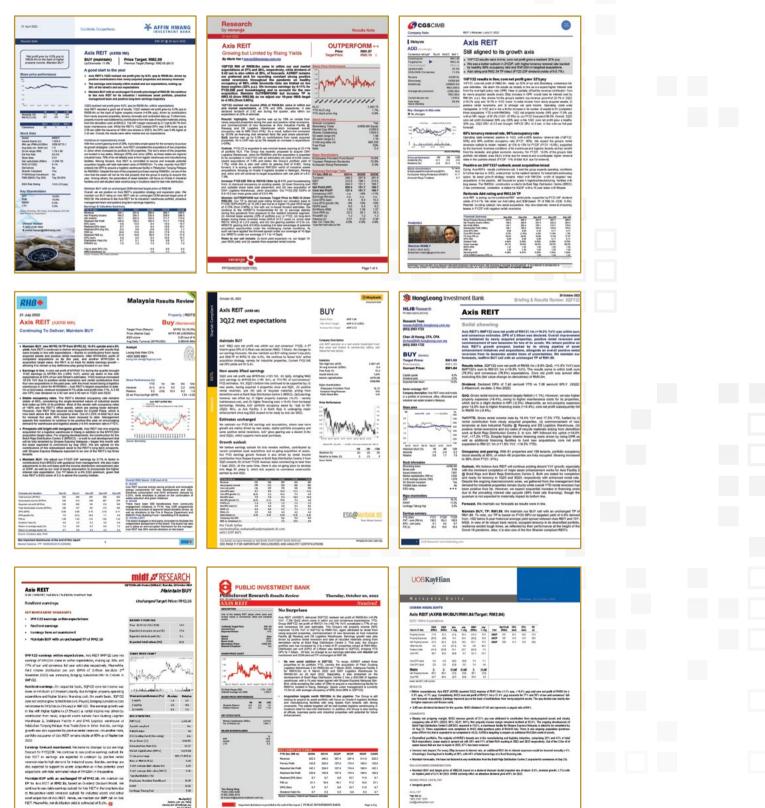
Number of CDS Account Holders

Axis-REIT continued to see a rise in the number of CDS account holders, which passed the 12,000 mark during 2022.



Manager's Discussion and Analysis

Corporate Day
ASEAN FORUM 2022
nt Bank
tment Bank
Г "Growing Through Acquisitions"
'How to REIT industrial assets and getting started with REIT portfolio management"
Panel Discussion - Meet the REITs (Industrial)
sset Management



RESEARCH COVERAGE

Better earnings Axis REIT declares fourth income distribution of 2.09 sen per unit forecast for Axis-REIT Easing operational risks augur well for firm "The group expects healthy tenancy renewal rates in FY23 with positive rental reversions of the 5% to 6% range." ANIS PROPERTY **PETALING JAYA:** The improving prospects for Axis Real Estate Investment Trust (Axis-REIT) is expected to be sustained going into he 2.09 sen distribution, in The naid on Jan 20 next) Its operational risks at the same time have date is Dec 30 eased, paying the way for the REIT to chalk up eased, paying the way for the KET to chark up better earnings for the year. CCS-CIMB Research in a recent group meet-ing session with Axis-RFIT said the group was Axis-RFIT catat keuntungan hersih suku ASIS pertama tinggi sebanyak RM39.84 juta 次季净赚4679万 AXIS产托派息2.55仙 0000 (吉隆坡20日讯) AXIS户托 (AXIREIT, 5106, 主板户托服) 2022财年次季净利大市 Axis-REIT's 3Q net profit rises to RM43.81mil Axis Reit's yield-accretive acquisitions to drive perfomance PETALING JAYA: Axis Real Estate Investment Trust (Axis-REIT) will leverage on its gearing 0JALA LUMPUR: Axis Real Estate Investment Trust's (Axis-Reit) strong appet ield accretive acquisitions in 2021 will drive up its financial year 2022 (PY22) ratio of 36% to continue acquiring high-quality industrial properties that are earnings-accretive and have strong value propositions Quick take: Axis Reit shares climb on in-New acquisitions to support line earnings **Axis-REIT** earnings

Manager's Discussion and Analysis

SELECTED MEDIA COVERAGE



AXIS-REIT POSTS HIGHER Q2 NET PROFIT, TO DISTRIBUTE 99% OF REALISED INCOME

KUALA LUMPUR: Axis Real Estate Investment Trust (Axis-REIT) posted a higher net profit of RM46.79 million in the second quarter ended June 30, 2022 from RM31.37 million in the same period last year. Revenue rose to RM72.52 million from RM60.38 million driven by higher property income, it said in a filing with Bursa Malaysia yesterday. Axis-REIT has proposed to distribute 99% of realised income available for distribution generated from operations for the second quarter of 2022. - Bernama

Axis REIT seeks to expand its asset portfolio

Positive Rental Return Drives Axis Reit Income Higher For Qu

39.1 million for its first-quarter results for the finance

v by 16.0%, year on year, to RM66.7 million from RM57.5 millio

Axis-REIT to keep its focus on

PETALING JAYA: Axis Real Estate

Investment Trust (Axis-REIT) is

expected to remain focused on

seeking industrial-type properties,

while continuing to impute envi-ronmental, social and governance

(ESG) elements into its operations.

Hong Leong Investment Bank

(HLIB) Research said the group,

which has 60 properties, has an acquisition target of RM400mil for

REIT has been active in acquiring

assets - five properties in 2021 and

the financial year 2022 (FY22). "We expect more to come as Axis-

industrial properties and ESG

th of the total trust income in turn was mainly due to

2 from RM31 9 million in 01FV2021

REALISED OPS (see)









Axis-REIT posts higher earnings of RM43.8m in Q3

KUALA LUMPUR: Axis Real Estate Investment Trust (Axis-REIT) posted a higher net profit of RM43.81 million in the third quarter ended Sept 30, 2022 (Q3 2022) from RM37.05 million in the same period last vear.

year. Revenue also increased to RM71.71 million from RM61.61 million previously, the company said in a filing with Bursa Malaysia yesterday. Axis-REIT said the realised net income

from operations was RM39.11 million after deducting total expenditure of RM32.6 million of which RM10.52 million were attributable to property expenses and RM22.08 million to non-property expenses. The company has proposed to distribute





Axis REIT 3Q income jumps 12.5%, declares 2.45 sen DPU

KUALA LUMPUR (Oct 19): Axis Real Esta income (NPI) in the third quarter ended S RM61.49 million from RM54.64 million a from newly-acquired properties. A third i unit will be paid on Nov 30, Axis REIT said Together with the 2.42 sen per unit and 2. 2QFY22, the company's year-to-date dist Axis REIT reported a revenue of RM71.7 the RM61.61 million it logged a year ago, the cumulative nine-month period (9MFY to RM183.12 million from RM157.9 million higher at RM210.91 million versus RM17

AWARDS & RECOGNITION

2 THE EDGE BILLION RINGGIT CLUB 2022

Highest Growth in Profit After Tax over Three Years (REIT Category)

Highest Returns to Shareholders over Three Years (REIT Category)

Property Excellence Award

 NACRA EXCELLENCE AWARDS 2022

SIN CHEW BUSINESS EXCELLENCE AWARD 2022

Gold (Companies with RM2 billion to RM10 billion in market capitalisation)

THE ASSET ESG CORPORATE AWARDS 2022

Gold Award

In addition to the awards, a key highlight for Axis-REIT during 2022 was the Fund's inclusion in the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index, after meeting their inclusion criteria during the year. These inclusions validate our commitment towards creating long term value for our Unitholders through continuous improvements and commitment to our ESG journey.



Market Outlook & Priority

Looking ahead, Bank Negara Malaysia expects economic growth to moderate in 2023, after expanding 8.7% in 2022. Malaysia's Ministry of Finance had, in its Economic Report released in October 2022, forecast the economy to grow between 4.0% and 5.0% in 2023. There are downside risks to the forecast, tied to weaker global growth, tighter financial conditions, an escalation of geopolitical tensions, and worsening supply chain disruptions.

We remain focused on generating sustainable, long-term value for our stakeholders and on balance, we are heading into 2023 with cautious optimism, expecting the underlying drivers for industrial properties to hold firm, but acknowledging potential risks to this view from external headwinds.

We will maintain our strategy of leaning on the strengths of our portfolio, as well as our property and facilities management expertise, to deliver superior business space solutions and drive occupancy rates and positive rental reversions. Amid rapidly evolving risks in the post-pandemic business environment, we will redouble our efforts in proactively engaging our tenants and other stakeholders to better understand their plans, strategies and challenges to ensure we are positioned to deliver long-term value enhancement to our stakeholders.

We will maintain the momentum on ESG initiatives, targeting to obtain 2 more green building certifications in 2023, seek additional sustainabilitylinked financing options where feasible, and incorporate more green features in our building design and materials selection during AEIs and development projects. Concurrently, we will collaborate with tenants and local communities to understand, and where possible, address their ESG priorities. As one example, we plan to work with our tenants to explore the feasibility of a green fit-out guide, as well as their receptiveness for green leases.

We take pride in upholding the highest level of corporate governance as well as excellent capital and risk management, and in 2023-2024, we aim to strengthen our internal governance procedures through a planned review of our Anti-Bribery and Anti-Corruption (ABC) Policy and Procedures, and include ESG achievements into the Board and Senior Management's performance reviews, with financial and non-financial consequences. We also have plans to enhance the integrity of our cybersecurity framework, ramping up measures for all Facility Management offices.

We believe our Corporate Sustainability Strategy 2023-2024 is a holistic and comprehensive guide in navigating the operating environment in the coming years. Through the execution of the processes and initiatives of this strategy, we look forward to enhancing the Fund's resilience and sustainability to deliver long-term growth and value creation for all stakeholders.

Manager's Discussion and Analysis

REPORT ON SHARIAH COMPLIANCE

On 11 December 2008, Axis-REIT became the first Malaysian REIT to be reclassified as an Islamic REIT. Since its successful reclassification, we have seen strong participation from investors who are seeking Shariah-compliant investments, from both the institutional and retail sectors.

BIMB Securities Sdn Bhd (BIMB Securities), which is a Registered Shariah Adviser with the SC, is the appointed Shariah Adviser of the Fund.

BIMB Securities' services include, among others:

- Providing expertise and guidance on Shariah matters related to Axis-REIT, including matters relating to documentation, structure and investment instruments in accordance with relevant securities laws and guidelines issued by the SC;
- Ensuring that Axis-REIT is managed and administered in accordance with Shariah principles and all other requirements, standards, rulings, resolutions and guidelines issued by the Shariah Advisory Council (SAC) of the SC;
- Assessing new tenants and/or new properties to be acquired by Axis-REIT to ensure that all the activities of the said tenants and/or composition/contribution of non-permissible activities stay within the tolerable benchmark set by the SAC of the SC;
- Providing a report or statement to be included in the annual report of Axis-REIT stating the Shariah Adviser's opinion as to whether Axis-REIT has been operated and managed in accordance with Shariah, including Shariah principles, concepts and rulings issued by the SC;
- Consulting with the SAC on ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process; and
- Assisting and attending to any ad-hoc meeting called by the Manager, the SC and/or any other relevant authorities.

Ir. Dr. Muhamad Fuad bin Abdullah, who is the designated person responsible for the Shariah matters of Axis-REIT, is currently the designated person in-charge of all Shariah matters in BIMB Securities. He graduated with a Bachelor of Science Degree in Electrical Engineering in 1977 and a Master of Philosophy Degree in Electrical Engineering in 1982, both from the University of Southampton, England. He also obtained a Bachelor of Arts (Jayyid) Degree in Shariah from the University of Jordan in 1994 and a Doctor of Philosophy in Muslim Civilization from the University of Aberdeen, Scotland in 1996. He is a registered individual Shariah Adviser with the SC and is the chairman of the Shariah Advisory Committee of BIMB Securities. He sits on the Shariah committees of Bank Islam Malaysia Berhad and AIA-Public Takaful Berhad. He is also the non-executive chairman of Gagasan Nadi Cergas Berhad and a board member of Universiti Tun Abd Razak Sdn Bhd.

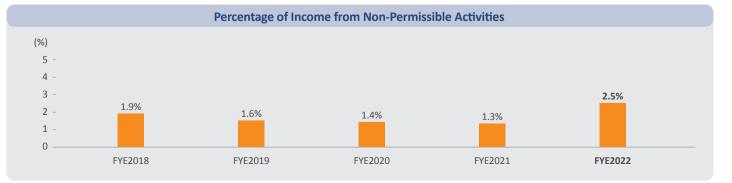
The Manager is pleased to report, based on the Shariah Adviser's Report, that:

- (i) Under the guidance of BIMB Securities, the level of income from non-permissible activities in Axis-REIT's portfolio is 2.49% for FYE2022; and
- (ii) The Islamic fund management business of Axis-REIT in respect of FYE2022 has been carried out in accordance with Shariah principles, concepts and rulings issued by the SC.

Based on the confirmation obtained from the Shariah Adviser:

- (i) BIMB Securities does not have any conflict of interest with Axis-REIT; and
- (ii) BIMB Securities has not been convicted of any offence within the past 5 years, and did not have any public sanction or penalty imposed by the relevant regulatory bodies during FYE2022.

The diagram below shows the level of income from non-permissible activities for the past 5 years:



SHARIAH ADVISER'S REPORT TO THE UNITHOLDERS OF AXIS REAL ESTATE INVESTMENT TRUST (AXIS-REIT)

We have acted as the Shariah Adviser of Axis-REIT managed by Axis REIT Managers Berhad (the Manager) for the financial year ended 31 December 2022 (FYE2022).

Our responsibility is to ensure that the procedures and processes employed by the Manager are in compliance with Shariah principles.

In our opinion, based on our monthly reviews in the FYE2022, the Manager has operated and managed Axis-REIT in accordance with Shariah principles and requirements, and complied with the applicable guidelines, rulings or decisions issued by the Shariah Advisory Council of the Securities Commission Malaysia pertaining to Shariah matters.

In addition, we wish to notify that, in respect of the FYE2022:

- 1. The investment portfolios of Axis-REIT do not include any non-real estate assets;
- 3. There was no acquisition of Shariah non-compliant property.

For and on behalf of the Shariah Adviser, **BIMB SECURITIES SDN BHD**

IR. DR. MUHAMAD FUAD ABDULLAH Designated Shariah Person

Kuala Lumpur Date: 21 February 2023

2. The percentage ratio of Shariah non-compliant rental is 2.49%, which is less than the permissible benchmark of 20%; and

OPERATING ENVIRONMENT

As an owner of real estate assets, Axis-REIT is affected by macroeconomic conditions, the physical environment, as well as the supply and demand dynamics of the global and domestic real estate markets. We continuously monitor the Fund's operating environment to understand and anticipate how it may impact the Fund. This enables us to formulate strategies to capitalise on potential opportunities and mitigate any risks, which will help us strengthen our position as a leading REIT in Malaysia.



Macroeconomic landscape

Impact on Business / Industry (positive and negative)

The Malaysian economy grew 8.7% in 2022. The strong growth was driven by a continued expansion in domestic demand, resilient demand for electrical and electronic (E&E) sector exports, and a recovery in inbound tourist activities. Foreign Direct Investment inflows rose by a sharp 52.4% to RM73.3 billion in 2022, mainly channelled into the manufacturing sector and non-financial services subsector¹.

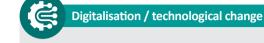
The Malaysian REIT Managers Association (MRMA) noted that Malaysian REITs (M-REITs) have seen rapid growth, with the sector's market capitalisation almost guadrupling from RM9 billion in 2010 to RM38 billion as at 30 September 2022. M-REITs have matured and provided its unitholders with steady growth in distributions and capital values with minimum volatility².



2023 Outlook

As central banks across the world simultaneously hike interest rates in response to inflation, the world may be edging toward a global recession in 2023³. The Manager will continue to monitor and maintain a disciplined investment strategy, optimising costs, ensuring efficient management of working capital and liquidity, and upholding an effective risk management and governance framework.

The Manager will explore opportunities to increase the number of single-tenanted buildings and properties with triple-net leases to reduce inflationary pressures on operating costs.



Impact on Business / Industry (positive and negative)

The COVID-19 pandemic has accelerated the adoption of digital technologies by several years⁴ and changed the way how businesses interact with their customers, tenants, clients, and suppliers.

Digital transformation enables businesses to connect with their stakeholders more quickly and efficiently, especially in delivering information via digital marketing activities. Widespread use of social media has opened up new avenues for digital media marketing, enabling businesses to be more creative in reaching out to their target audiences⁵.

More REITs have integrated technology into many aspects of their businesses, both to optimise their internal as well as customer-facing operations⁶. With the power of data and analytics, companies are able to analyse and understand the needs of their stakeholders more effectively, thereby enhancing their decision making processes and business strategies.

Increasing reliance on technology comes with heightened cybersecurity risks where businesses must ensure sufficient controls are in place to protect their digital infrastructure and database.



¹ BNM (2023). Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022.

² The Edge Markets (2022). Malaysian REIT Managers Association organizes third REIT forum to discuss economic and industry challenges.

³ The World Bank (2022). Risk of Global Recession in 2023 Rises Amid Simultaneous Rate Hikes.

- ⁵ Forbes (2020). The Next Era of Social Media Marketing is Here.
- ⁶ EY. Technology and the REIT sector.

Operating Environment

2023 Outlook

The Manager will continue to leverage on Hello Axis as an effective and efficient platform for tenant communication and management. We will explore opportunities to upgrade the application and enhance the user experience for our tenants while improving our operations. We will also continue to run digital marketing campaigns and regularly communicate with our tenants and other key stakeholders via social media and other digital platforms.

The Manager remains committed to its target of zero cybersecurity breaches. Apart from conducting annual disaster simulations to test and ensure timely recoverability of business-critical IT systems, we will also conduct internal audits on our IT framework to ensure sufficient controls are in place.

We will further improve the Fund's cybersecurity resilience by implementing end-to-end encryption for emails.

Operating Environment

Climate change

Impact on Business / Industry (positive and negative)

Climate change affects every nation in the world. Based on research, the temperature in Peninsular Malaysia is expected to increase by 3.6% by 2030. This, in turn, would cause inconsistent rainfall patterns and elevate river discharge during the Northeast Monsoon season in some river basins by as much as 43% by the end of this century⁷.

The combination of heavy rainfall and high tides in several states in Malaysia in December 2021 had already caused floods which were deemed to be a "once-in-a century" disaster⁸. In a special report on the impact of floods, the Department of Statistics Malaysia said that damage to public assets and infrastructure caused losses of RM2 billion, with a further RM1.6 billion in damages to homes⁹.

Both locally and around the world, there are increasing demands for companies to focus on and drive sustainable development with the aim of combating climate change.

Locally, Malaysia committed to carbon-neutrality, with the 12th Malaysian Plan aiming for a 45% reduction in GHG emissions intensity to GDP by 2030 and becoming a carbon-neutral country by 2050 at the earliest. In September 2022, Bursa Malaysia announced a new requirement for all listed issuers to report TCFD-aligned disclosures by 2025.

On the global stage, the 27th Conference of the Parties of the UNFCCC (COP27) held in Egypt in November 2022, urged countries to aim for a 43% reduction in GHG emissions by 2030 relative to 2019, in order to meet the collective target of limiting global warming to 1.5°C.

The 2022 Global Status Report for Buildings and Construction found that the real estate sector accounted for over 34% of energy demand and around 37% of energy and process-related CO₂ emissions in 2021¹⁰.

With the increased pressure both locally and globally for companies to enhance their climate change mitigation and adaptation initiatives, real estate players are increasingly adopting climate and ESG reporting such as GRESB, United Nations Sustainable Development Goals (UNSDGs) and TCFD recommendations.



The Manager has included climate change risks in our enterprise risk management framework, and we are committed to continuously monitor and evaluate the risk at strategic business and operational levels

In 2023, the Manager will embark on TCFD reporting. We will start aligning the reporting of our climate risks and opportunities and its associated action plans to TCFD recommendations.

Following the building audits and data collection initiatives conducted in 2022, the Manager established baselines for environmental indicators such as energy and water. This has allowed us to set reduction targets for energy and water use. In 2023, we plan to closely monitor progress and establish more initiatives towards achieving our targets.

Sustainable design / features

Impact on Business / Industry (positive and negative)

Building construction and operations can have extensive direct and indirect impacts on the environment, society, and the economy. With global building stock expected to double in built-up area by 2060, there will be increased carbon emissions from the sector in the coming years. With higher exposure to climate change risks such as rising sea levels and floods, there is greater pressure on real estate players to expedite and accelerate their carbon emissions reduction initiatives¹¹

Studies showed that green building certifications yielded a rent premium of 6% and a sales premium of 7.6%. Jones Lang LaSalle Incorporated's (JLL) Decarbonising the Built Environment report also found that 63% of leading investors strongly agreed that green strategies can drive higher occupancy, higher rents, higher tenant retention and overall higher value¹².

With the increased demand for green buildings, REITs should strongly consider incorporating sustainable design and green building certifications during the planning and design stage of construction projects and AEIs. Sustainable design should also be a priority in building acquisition considerations. Green leases and sustainable fitout guides can serve as a platform for collaboration with tenants to reduce the environmental impact from daily business operations.



- ¹¹ The Edge Singapore (2021). The rise of green real estate.
- ¹² World Economic Forum (2022). The conversation about green real estate is moving on as corporates prioritize sustainability.

Operating Environment

2023 Outlook

Environmental management is one of our top priorities when it comes to building management. We continuously explore and initiate strategies to improve energy use and water use efficiency, as well as encourage good waste management practices.

In 2023, we will initiate communication with our tenants to start obtaining energy, water and waste data from their business operations, as well as explore the possibility of introducing green leases. This will help us identify areas for further improvement in our portfolio, with the long-term aim of managing our business more sustainably.

In 2022, the Fund's portfolio featured one property with green building certification and two properties with provisional green building certifications. Looking ahead, we aim to obtain additional green building certifications for two other properties in 2023.

Beyond this, we will continue to explore opportunities to obtain green building certifications for more properties in our portfolio and continue recycling/reusing construction materials in new builds on brownfield land and in major AEIs, where possible.

⁷ PropertyGuru (2021). Climate Change and Real Estate: What We Know and What We Can Do.

⁸ International Banker (2022). Malaysia's Fight Against Climate Change: Perspective from a Central Banker.

⁹ Reuters (2022). Malaysia Floods Caused Nearly \$1.5 billion in Losses.

¹⁰ UNEP (2022). 2022 Global Status Report for Buildings and Construction.

Operating Environment

Social and demographic change

Impact on Business / Industry (positive and negative)

Tenants are becoming increasingly selective of the offices they occupy. Amid heightened awareness of employee rights and wellbeing, there are increased expectations for tenants to provide safe and conducive working conditions for their employees. As such, tenants place emphasis on the quality of the building's facilities in their rental decisions, paying attention to details such as indoor air quality and ventilation systems¹³.

Further, as the 'Gen Z' demographic begins to penetrate the workforce, tenants are considering their workplace as priorities in order to attract and retain their workers. 'Gen Z' place importance on office spaces that promote a healthy working environment, incentivising the commercial real estate industry to develop spaces that provide natural sunlight, informal spaces and green spaces¹⁴.

Globally, since the COVID-19 pandemic, workers and companies have retained their preference for hybrid working arrangements. Nevertheless, research from Savills (Malaysia) Sdn Bhd suggests that such flexible working arrangements do not necessarily lead to proportional reductions in the demand for office space, as prospects for the office market are much more optimistic than they were 12 or 24 months ago.

As at 3Q 2022, occupancy rates for offices in the Greater Kuala Lumpur area showed a marginal improvement to 73.1%, from 72.8% in 2021, with occupancy for offices in Outer Kuala Lumpur rising 2.2 percentage points to 73.2%, from 71.0% in 2021. Overall, the structural imbalances in the Greater KL office market are likely to persist for a while, and tenants will continue to enjoy favourable leasing conditions in the interim¹⁵.

For more information, please refer to the complete Property Market Overview 2022 on pages 261 to 297.



The Manager will endeavour to maintain high standards of tenant satisfaction by supplementing quality real estate solutions with excellent tenant management services. In doing so, we aim to cultivate strong relationships with our tenants.

In addressing demographic changes that are impacting the real estate market, the Manager remains committed to understand the evolving needs of our tenants. We will seek opportunities to regularly engage our tenants, which will help us determine how best to support their business needs and ESG related concerns.

Growth in sustainable investments

Impact on Business / Industry (positive and negative)

There has been an increased interest in sustainable investing among Malaysian investors, who seek to play their part in restoring the environment and hedge against ESG risks.

A survey showed that 36% of investors in Malaysia believed sustainable investments would outperform traditional assets in the longer term but were more volatile in the short term because of the potential impact on financial performance. Furthermore, 27% indicated that it is challenging to compare sustainable investment opportunities within the same asset class. However, the potential for growth in sustainable investments is huge if these challenges are addressed¹⁶.

The SC's Principles-Based Sustainable and Responsible Investment Taxonomy for the Malaysian Capital Market (SRI Taxonomy), published in December 2022, aims to provide universal guiding principles for the classification of economic activities that qualify for sustainable investments¹⁷.

Operating Environment



We will also improve the due diligence process for all investment considerations to capture key non-financial criteria such as climate change vulnerabilities.

The Manager will continue to prioritise sustainable-linked financing, where possible, under our capital management strategy.

¹³ CBRE (2022). ESG and Real Estate: The Top 10 Things Investors Need to Know.

¹⁴ Forbes (2018). How to make your workplace ready for Gen Z.

¹⁵ Savills (2022). Property Market Overview 2022.

RISKS AND OPPORTUNITIES

STAKEHOLDER ENGAGEMENT

The Manager recognises that having a stakeholder-inclusive approach is imperative to value creation. Our success relies on our ability to satisfy stakeholder expectations and address their concerns. Thus, throughout our organisation, we emphasise the importance of regular engagement with both internal and external stakeholders to determine their needs and to identify any gaps in order for us to maximise value creation for our stakeholders.

Towards this end, we engage our stakeholders regularly, taking into consideration our impact on their well-being and their influence on our operations. The various stakeholder groups, their concerns and our responses are presented in the following table:

Stakeholder Group	Engagement Objectives	Engagement Mode	Frequency	Key Stakeholder Concerns	Our Response	
Board of Directors	To tap the Board's vast experience and industry expertise for insights that can improve the Fund's strategy and growth prospects	Board meetings	Quarterly	Financial performance	Providing regular communication of	
		Virtual AGMs	Annually	 Business ethics, strategy, and growth 	the Fund's financial performance and business strategies	
		Virtual Unitholders' Meetings	As required	 Corporate governance practices Fair labour practices 	 Keeping up-to-date with the latest corporate governance and compliance practices Creating a strong ESG proposition 	
Senior Management	To build a strong and competent leadership team to develop and execute business strategies	Management meetings	Weekly	 Financial performance Business strategy and growth Employee management Fair labour practices Staff satisfaction Health & Safety 	 Maintaining active engagement with industry experts, professionals, consultants, and employees Monitoring business performance against Key Performance Indicators (KPIs) and established targets Encouraging close collaboration between business functions to promote efficiency and productivity 	
Employees	To provide equal opportunities that recognise the talents of individuals, and support professional growth, commitment, and loyalty	Departmental activities/ training	Periodically	Opportunities for career development and progression	 Keeping up-to-date with market remuneration rates The Manager looks internally to fill 	
		Employee appraisals	Annually	 Opportunities for job related training 	vacancies and provides opportunities for employee advancement	
		Company Website	Daily	 Competitive remuneration and benefits Safe and productive work 	 Providing sufficient training for all employees Ensuring employee appraisals are 	
		Employee Satisfaction Survey	Annually	 Provide the productive work environment Fair labour practices Health & Safety 	conducted in a fair manner	
Tenants	To forge strong relationships and satisfy tenants' business space needs	Physical and virtual meetings	Ongoing	Maintenance of propertiesQuick responses to queries/	 Enforcing regular maintenance schedules 	
		<i>Hello Axis</i> tenant management portal	As required	 complaints Environmentally-friendly practices 	 Notifying tenants of potential disruptions to tenant services and amenities 	
		Festive/ corporate greetings	As required	 Economic performance Energy management Carbon disclosure Certification/Audits on buildings/premises 	 Enabling and ensuring Facility Managers are contactable at all times Ensuring that audits are carried out fairly and othically 	
		Tenant Satisfaction Survey	Annually		 fairly and ethically Engaging with tenants on ESG concerns, including social issues 	

Stakeholder Group	Engagement Objectives	Engagement Mode	Frequency	Key Stakeholder Concerns	Our Response		
Investment Community	To provide up-to- date and transparent information	Virtual AGMs	Annually	 Transparency of dealings A fair view of the financial performance of the Fund Timely dissemination of information on material disclosures 	Adhering to regulatory rules,		
		Virtual Unitholders' Meetings	As required		 corporate governance, and international reporting standards Disseminating up-to-date information 		
		Timely announcements on Bursa Securities' website and Axis- REIT's corporate website	Ongoing		via Bursa Securities and Axis-REIT's corporate website		
		Physical and virtual one-on- one meetings with local and foreign investors	Throughout the year				
		Physical and virtual local and overseas investor conferences	Throughout the year				
		Physical and virtual briefings for analysts	Bi-annually				
Regulatory Bodies	For awareness of and compliance with the latest rules and regulatory requirements	Physical and virtual meetings	When required	Regulatory compliance	 Attending virtual and/or physical meetings and events to stay abrea 		
		Attending virtual talks and conferences organised by regulators	When required		with regulatory developments and to understand new regulations		

Risks and Opportunities

Stakeholder Group	Engagement Objectives	Engagement Mode	Frequency	Key Stakeholder Concerns	Our Response
Suppliers, Service Providers & Contractors	To engage credible and reliable suppliers as well as competent contractors/service providers who deliver exceptional technical services	Tenders One-on-one meetings Tender interviews Vendor evaluation	When required When required Annually	 To have a clear understanding of the scope of work and deliverables expected Adherence to timelines Ensuring payments are made on time Waste reduction & recycling efforts Energy-saving issues Quality Management System Preventive maintenance Transparent and fair tendering processes 	 Working closely with suppliers to ensure a clear understanding of the scope of work, deliverables, and timelines Holding progress meetings with suppliers Addressing ESG propositions in contracts Audits on key contractors to monitor compliance with ESG requirements
Industry Associations/ Professional Bodies	To keep abreast with changes and updates in the market. Where possible, for Axis-REIT to take the lead in lobbying new amendments that could take the industry forward	Attending regular meetings, training and events organised by industry associations/ professional bodies	When required	 Providing updates on changes in laws and regulations Ensuring fair representation of the industry's needs and demands to regulators 	 Attending meetings and events to stay abreast of industry developments and to understand new practices in the industry Providing feedback when necessary
Media	To provide timely and accurate information to members of the media	One-on-one meetings Press briefings Annual gatherings	When required When required As appropriate	 Receiving the latest updates and news on Axis- REIT 	Engaging a public relations company to manage press engagements, and to ensure press releases are disseminated promptly and to field requests for interviews
Local Communities	To fulfil the role of a good corporate citizen by supporting local Non-Governmental Organisations (NGO) and charities	Promoting employee volunteer programmes	As appropriate	 Long-term support from the business community to help address issues faced or support causes championed 	 Engaging with local communities and organisations on social issues Supporting projects that are relevant to Axis-REIT's mission and within its
		Contributing to provide relief and support for relevant causes or emergency situations	As appropriate		financial means

BUSINESS RISKS AND OPPORTUNITIES

We constantly review and evaluate our business risks and stakeholder concerns as an integral process in managing Axis-REIT. This encompasses managing risks and opportunities arising from the external environment (which are discussed in the Operating Environment section on pages 76 to 81) as well as our internal business activities, and formulating appropriate mitigative actions to address each risk. Our efforts are guided by our Risk Register, which is an Enterprise Risk Management (ERM) framework. This Risk Register incorporates the identification, assessment, and prioritisation of financial and non-financial risks across all business units.

The framework considers the impact of financial and non-financial risks to our operations, with an increasing focus on the impact of ESG issues, as we strive to achieve sustainable value creation for Axis-REIT's stakeholders.

The following table provides a summary of our business risks, their overall impact on our operations and our action plans for 2023, linking these risks to our business strategies and sustainability matters.

Global		
Bus	siness Ris	ks
Inability to maintain a stable DPU to Unitholders of Axis-REIT Inability to raise capital to grow the size of the Fund Non-compliance with tax regulations, anti-corruption laws, the Personal Data Protection Act 2010 (PDPA) and other regulatory requirements	*	Poor resul incid cybe Poor comp Inade stake a lact
Ove	erall Impa	ct
Falling income distribution Decline in investor interest in the Fund	9.	Finar laws
Lack of attractiveness to potential investors Negative impact to cash flows and	s 10. 11.	Repu Data
insufficient funds when needed Increased investment required for climate	12. 13.	Vulne Adve
adaptation measures Higher Takaful contributions and reduced	14.	Poor relati
availability of Takaful coverage Future capital raising will be difficult	15.	Loss adva
Dilutive canital raising because of large	16	1055

1.

2.

3.

4.

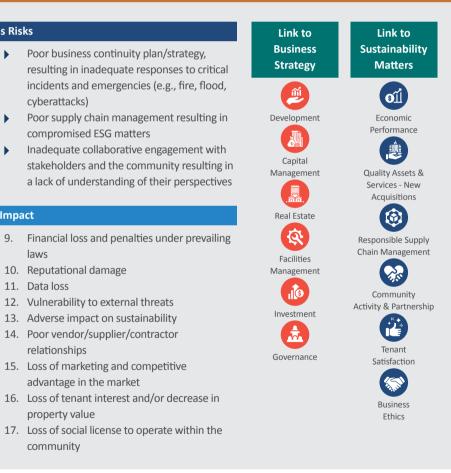
5.

6.

7.

- 8. Dilutive capital raising because of large discounts offered to the market resulting in a reduction of DPU

Risks and Opportunities



Global (continued)

2022 Mitigating Actions

- 1. Guided by the Business Plan 2022-2023
- 2. Continued to incorporate ESG factors in risk assessments
- 3. Incorporated ESG criteria into vendor pre-gualification registration form and evaluation form
- 4. Closely monitored the financial performance of Axis-REIT and took into consideration the impact of COVID-19 and the 'new normal'
- 5. Assessed and explored the viability of developing ESG/climate Sukuk/sustainable financing/sustainability-linked financing by 2023 with financial institutions
- 6. Reviewed the status of PDPA compliance

- 7. Published the Privacy Notice (in English and Malay) on the corporate website for public access
- 8. Provided continuous training for key management/employees to stay abreast with the latest regulations
- 9. Implemented business continuity action plans
- 10. Conducted annual vendor evaluation (incorporating ESG criteria)
- 11. Mobilised an internal audit review on contractors' compliance with ESG requirements
- 12. Managed community activity and partnerships
- 13. Monitored developments which may have affected the communities around the Fund's property locations

Opportunities

- 1. Increasing the Fund's attractiveness to investors with the effective management of non-financial risks following the integration of ESG risk assessments as part of the Manager's due diligence processes
- 2. Building confidence and trust among stakeholders

Management Action Plan 2023

- 1. To prioritise sustainability-linked financing where possible, under 7. To conduct annual disaster recovery exercises to ensure timely the Manager's capital management strategy
- 2. To meet the sustainability performance targets stipulated under 8. To implement measures to address the findings identified from existing sustainability-linked financing obtained in 2022
- 3. To regularly conduct cybersecurity assessments for employees to improve their cybersecurity skills (as a measure to protect personal data)
- 4. To review the ABC Policy and procedures
- 5. To conduct annual employee training on cybersecurity, PDPA and ABC Policy
- 6. To conduct internal audits (at departmental level) to test anticorruption controls on Axis-REIT's internal operations

- recoverability of business-critical IT systems
 - the internal audit conducted on contractors' compliance with ESG requirements at end-2022
- 9. To conduct on-site human rights assessments or internal audits on registered key vendors (identified based on a risk-based approach)
- 10. To establish processes to engage with local communities in addressing social and environmental issues (e.g., climate change, energy use, human rights, etc.)
- 11. To engage with tenants (placing priority on large warehouse and manufacturing tenants) to obtain energy, water, and waste data

Financial

Business Risks

- Refinancing risk for large facilities
- Banks tightening lending or recalling short-term facilities in response to developments in the global/domestic financial environment
- Increased financing costs
- Insufficient cash or cash deficits
- Non-compliance with listing requirements, taxation rules, Shariah rules and applicable

1. Dilutive capital raising to raise funds needed to redeem existing financing facilities

- 2. Potential reputational damage
- 3. Decline in investor interest
- 4. May cause the Fund to default on its guarterly income distribution payment due to insufficient funds or cashflow constraints
- 5. Reduction in profit and DPU
- May trigger the need to refinance existing facilities 6.
- Negative impact to cash flows; insufficient funds when needed 7.
- 8. Insufficient funds to meet the repayment of committed finance costs

- 1. Monitored cashflow position and financing profile closely
- 2. Regularly engaged with lending banks
- 3. Maintained close consultation with professional advisors/ auditors/external secretarial agent and Shariah Adviser on all compliance issues
- 4. Continuous training provided for key management/employees to stay abreast on the latest changes and updates on applicable regulations

1. Unlocking value through optimisation of the Fund's portfolio of assets

2. Effective management of operating costs to conserve cash for business continuity

incentives

- statutory obligations, accounting standards, regulations for REITs

Risks and Opportunities



Management Action Plan 2023

1. To continue to focus on the government's new initiatives on tax 2. To analyse the Fund's financial performance, taking into consideration ESG risks affecting investment decisions and operating expenditures

Real Estate Management

Business Risks

- Falling property values
- Increased vacancy rates across the portfolio or at specific properties
- Stagnant rental rates
- Increased operating costs due to poor maintenance planning/strategy, inflation, obsolescence, inadequate due diligence during acquisition and higher tariffs
- Unsafe environment for tenants
- Non-compliance with relevant regulations
- Delays in the completion of AEI projects
- Delinquent tenants/late rental payments

Overall Impact

- 1. Increase in financing level which may trigger 9. Higher Takaful contributions other tenants the need to raise capital
- 2. Default in financing covenants causing
- 3. Increased spread/cost of financing
- 4. Reduction in net asset value
- 5. Decline in rental income and profit, adversely impacting income distributions and returns to Unitholders
- 6. Decline in investor interest, making it harder to raise funds in the future
- 7. Fund growth stagnates
- 8. Decline in tenant satisfaction and loss of tenants

- requirements Inadequate/malfunctioning building security and safety controls
- Tenant reputation and credit risk

Non-compliance with fire-certification

Injuries/damages to third-parties, suppliers, vendors, contractors, etc., at the Fund's premises (offices/sites/common areas), resulting in legal suits, delays in services/ deliverables, lower productivity, imposition of stop work orders and/or negative media coverage

- may claim negligence and attempt to take legal action
- financings to be due for immediate repayment 10. Lower profits which adversely impacts DPU 11. Loss of competitiveness in the property
 - market
 - 12. Reputational damage
 - 13. Increase in Takaful contributions
 - 14. Potential legal suits and penalties imposed by the relevant authorities
 - 15. Cost overruns resulting in higher operating costs that exceeds budgets
 - 16. Missed key AEI project targets, causing delays in positioning the property to market
 - 17. Non-renewal of building fire certificates that cause non-compliance with fire safety regulations

2022 Mitigating Actions

1. Tracked valuations of comparable properties

- 2. Closely monitored property market intelligence, updates, and reports covering market conditions, valuations and other insights
- 3. Held regular engagements with real estate agents and consultants
- 4. Enhanced existing buildings by incorporating sustainability features during AEIs
- Continuously improved the quality and value of properties via 5. AEIs
- 6. Conducted annual tenant satisfaction surveys
- 7. Constantly improved maintenance services and ensured prompt response to tenants' needs
- 8. Ensured continuous improvements through safety and health training

- 9. Improved vendor and contractor assessment procedures to include ESG considerations
- 10. Fostered close relationships with tenants through regular engagements
- 11. Constantly monitored fire safety compliance, renewal of fire certificates and security controls
- 12. Conducted safety awareness programmes for contractors, tenants, suppliers, and other relevant parties
- 13. Ensured compliance with standard operating procedures (SOPs) at all buildings
- 14. Arranged periodic internal audit reviews on the operational processes and procedures under facilities and project management



- management services
- 3. Preserving or enhancing the value of existing properties through planned AEIs

Ma

- 1. To obtain green building certifications for 1 new develop 1 maior AEI
- 2. To include ESG components in the fit-out and refurbishm
- 3. To implement measures for regular engagement with ter in order to understand how to support their business and operational needs and to obtain feedback on Axis-REIT's
- 4. To ensure continuous improvement in facilities managen leasing services

Investment

Business Risks

- Acquisition of non-yield accretive properties
- Development of properties that are not safe or sustainable
- Property disposal without proper due diligence
- Investment decisions that are not sustainable for long term growth of the Fund

Overall Impact

- 1. Potential adverse impact to overall performance of the property portfolio due to possible loss of rental income, which may have a negative impact on EPU and DPU
- 2. Undue delays and costs arising from transactions undertaken without adequate due diligence
- 3. Termination of transactions thereby incurring 6. abortive costs
 - 8. Decline in investor interest
 - 9. Risk of reputational damage
 - 10. Tenant dissatisfaction



& Labour Practices

Quality Assets &

Services - Existing

Assets

Link to

Sustainability

Link to **Business**

Strategy

Development

Real Estate

8

Facilities

Management

Investment

Governance

Risks and Opportunities

Opportunities

1. Promoting trust and integrity through improved organisational efficiency, increased market value and attracting new potential tenants 2. Building a strong reputation and increasing investor interest through effective management of buildings and provision of quality facilities

nagement A	ction	Plan 2023
oment and	5.	To increase the proportion of single-tenanted buildings and
		properties with triple net leases in the Fund's portfolio to reduce
nent guide		inflationary pressures on operating costs
nants	6.	To conduct periodic Health, Safety and Environment (HSE) audits
ld		at offices/sites, where applicable
services	7.	To ensure monitoring procedures used for compliance checks are
ment and		accessible at all sites, including vacant sites
	8.	To develop a process to assign ESG risk ratings for existing tenants
		based on the current checklist. Tenants with medium to high
		sustainability risk ratings will be monitored closely for further
		action, where necessary

Non-compliance with building rules and regulations

Acquisition of properties with unfavourable tenant profiles (e.g., tenants with high credit default risks or Shariah non-compliant tenants)

Link to Business Strategy

> 16 Investment

Sustainability Matters

Link to

(Quality Assets & Services - New Acquisitions



Chain Management

15.1 **Business Ethics**

- 4. Additional capital expenditure required to make improvements or changes to affected properties to comply with existing building
 - by-laws and other building requirements
 - imposed by the relevant authorities
- 5. Investment decisions not aligned with Shariah
 - compliance requirements
 - High maintenance costs
 - Reduced property market value

Investment (continued)

2022 Mitigating Actions

- 1. Strictly adhered to existing established controls in all investment proposals
- Considered sustainability features during planning and design stages
 Conducted internal due diligence for investments, covering all proposed acquisitions based on the established checklist (which

also included ESG criteria such as Environmental Site Assessments

- (ESA) and the assessment of chemical waste handling, where applicable, depending on the existing or past use of the targeted sites)
- 4. Considered ESG-related factors in all potential acquisitions, not only on targeted properties but also on vendors and potential tenants

Opportunities

- 1. Managing a sustainable property portfolio that creates long-term value to Unitholders and other stakeholders
- 2. Expanding our investment focus on green buildings and services (e.g., green financing)
- 3. Building the trust of stakeholders by growing a sustainable property portfolio

Management Action Plan 2023

- To develop a process to assign ESG risk ratings for potential tenants based on current ESG due diligence procedures. Potential tenants with medium to high sustainability risk ratings will be subjected to further evaluation
- To develop a due diligence process on all investment and divestment proposals where key non-financial assumptions (i.e., climate change vulnerabilities) are reviewed
- To develop a process to conduct vulnerability assessments (climate risks) in the real estate life cycle from the earliest stage of the investment process

Human Resource & IT

Business Risks Link to Link to **Business** Sustainability Violation of business ethics and code of Matters Strategy conduct Failure in IT systems and infrastructure, (resulting in loss of key data, data theft, server failure, virus attacks, cyber incidents/crimes, Development Occupational Health & Safety exposure to malware and scams Compromised data affecting employees' Capital personal and sensitive information thus Management Cybersecurity & posing threats to employees Data Protection (543) **Overall Impact** Real Estate Human Rights 8. Involvement in time consuming and costly <u>a</u> & Labour Practices industrial court cases **(A)** Facilities 9. Potential data theft or loss of trade secrets Management 10. Adverse effect on business operations and Diversity & (I) Inclusion thus the profitability and sustainability of the 17.51 19.11 Manager and the Fund Investment 11. Reduced interest from investors/banks/ **Business Ethics** business partners Governance 12. Adverse effect on business continuity Talent Development

Human Resource & IT (continued)

- 1. Held annual team building events and social events
- Conducted annual performance reviews with employees priorities and manage expectations
- 3. Further improved staff development and retention
- 4. Incorporated elements of Human Rights and Labour Practice Code of Conduct
- Established the process to monitor and manage incidents to human right issues among employees, via the Whistle-Policy
- 6. Developed gender diversity policy and inclusion policy

1. Inculcating a better mindset and culture among the Ma workforce

2. Maintaining a healthy and safe workplace, and attractin talents

Man

- 1. To enhance and improve employee engagement progra
- 2. To leverage on feedback from the employee engagement to develop 2 improvement initiatives
- To monitor incidents related to human rights issues amon employees, if any
- 4. To align HSE practices to occupational health and safety standards

- Failure to attract and retain top talent
- Absenteeism and tardiness
- Low employee morale and skiving issues
 Non-performing employees still retained in the workforce
- Inadequate employee safety and well-being measures
- Inadequate measures to promote diversity and inclusion in the Manager's workforce
- Poor delivery of services to tenants and buildings in the portfolio due to a lack of manpower
- 2. Loss of key information and skill sets
- 3. Poor performance of the Fund
- 4. Jeopardised growth of the Fund
- Increased overhead costs
 High employee attrition rate
- 7 I an article stimulate
- Low satisfaction and low morale among the employees

Risks and Opportunities

2022 Mitigat	ing A	ctions
s to set	7.	Conducted annual cybersecurity awareness training for employees, key management, and the Board
5 10 501	8.	Constantly reviewed existing IT controls with the IT service provider
ctices into ts related	9.	Carried out periodic reporting on cybersecurity performance measures including incidents and corrective actions to the Board on a guarterly basis
e-Blowing		Assessed the viability of end-to-end encryption for emails Conducted a review on PDPA compliance and made improvements to the Privacy Notice and operational documents
	12.	Established the Personal Data Protection Policy
Opport	unitie	s
anager's ng new	3. 4. 5.	Promoting a diverse and inclusive workforce Safeguarding the organisation's ability to function by enabling safe operation of applications among all data users Upgrading data protection infrastructure to ensure a secured network for data storage and transfer
nagement Ac	tion	Plan 2023
ammes ent survey	5.	To monitor compliance with the Code of Conduct on human rights-related issues (i.e., non-discrimination, no forced labour, fair employment)
nong the	6. 7.	To implement end-to-end encryption for emails To conduct internal audits on IT systems and security in 1Q 2023
У	8.	To improve cyber security measures for all facility management offices
	9.	To conduct regular training and assessment exercises to educate employees on the risks of cyber threats



- products
- 4. Adhered to established assessment criteria during the selection of materials to be used in development projects

Opportunities

- 1. Attracting tenants who seek high quality and sustainable developments
- 2. Optimising long-term cost savings with sustainable and resource-saving building products

Management Action Plan 2023

- 1. To obtain green building certifications for 1 new development and 1 major AEI
- 3. To perform ESG due diligence on risks and opportunities related to the project sites and their surroundings

development projects and major AEIs

2. To develop a process to conduct vulnerability assessments (climate risks) in the real estate life cycle from the earliest stage of development or redevelopment

Environmental

Business Risks

- Increase in GHG emissions
- Increase in electricity and water
- consumption (at multi-tenanted properties) Water shortages and disruption to water
- supply Mismanagement of domestic waste (at
- multi-tenanted properties)

Overall Impact

- 1. Increased operating costs
- 2. Increased GHG emissions
- 3. Tenants are not aware of Axis-REIT's energy conservation initiatives
- 4. Tenant dissatisfaction with the poor quality of water resources or water systems
- 5. Disruption to tenants' business operations that rely on/require the use of water
- Adverse impact on tenants' health over time 6.
- 7. Reputational loss

- 1. Considered initiatives to use renewable energy sources 2. Conducted scheduled building audits and daily building
- inspections
- 3. Set energy/carbon reduction targets
- 4. Periodically reviewed water tank storage capacities and use of energy-efficient fittings

1. Reducing operating costs and environmental footprint via the strategies encapsulated in the Environmental Policy

- 1. To achieve a targeted 1% reduction in energy consumption and GHG emissions in 5 years
- 2. To achieve a targeted 1% reduction in water consumption in 5 vears
- To establish a baseline for waste generation for target setting 3. purposes

Risks and Opportunities



CORPORATE SUSTAINABILITY STRATEGY 2023-2024

In 2022, we enhanced our Corporate Sustainability Strategy to ensure that our action plans, KPIs, targets, and outlook are aligned with the prevailing macroeconomic conditions and industry trends, as well as with Axis-REIT's goals. Our Corporate Sustainability Strategy is supplemented by a two-year (2023-2024) roadmap to drive our ambition of being the trusted manager to our stakeholders.

Axis-REIT's Corporate Sustainability Strategy is built on six strategic pillars: Real Estate, Capital Management, Facilities Management, Investment, Development and Governance. Each strategic pillar is connected to Axis-REIT's 15 material sustainability matters and tracked through their respective KPIs (details of which are available in the Management of Sustainability Matters section on pages 104 to 160).



Economic Environmental Social Governance

Based on these six strategic pillars, we have established the respective strategic focuses, targets and KPIs, and proposed action plans for 2023 and 2024.

Pillars	Strategic Focus	Key Activities for 2022	Plans for 2023 – 2024	Targets & KPIs for 2023-2024
Real Estate	 Building strong brand awareness of Axis-REIT Forging strong relationships with existing tenants Strengthening the property portfolio with quality new additions and securing credible and reliable tenants 	 Enhanced the value of properties via strategic AEIs Secured one development project Regularly engaged real estate agents, e.g., Conducted annual property agent roadshows Regularly communicated vacant lots and leasing opportunities Continuously engaged tenants to understand their business strategies Initiated engagement with selected tenants to discuss ESG-related issues 	 To obtain green building certification (GreenRE) for 1 new development and 1 major AEI To establish processes to engage with local communities in addressing social and environmental issues (e.g., climate change, energy use, human rights, etc.) To implement measures for regular engagements with tenants in order to understand how to support their business and operational needs and to obtain feedback on Axis-REIT's services To organise programmes or measures to ensure the health and well-being of tenants To include ESG components in the fit-out and refurbishment guide To explore incorporating ESG requirements into lease contracts (green leases) To incorporate green features into buildings across the Fund's property portfolio To develop a process to assign ESG risk ratings for existing tenants based on the current ESG checklist. Tenants with medium to high sustainability risk ratings will be monitored closely for further action, when necessary 	 To maintain our tenant satisfaction survey rating at above 70% To maintain our tenant satisfaction rating on <i>Hello Axis</i> at above 80% To maintain our portfolio occupancy rate above 90%

Corporate Sustainability Strategy 2023-2024

Corporate Sustainability Strategy 2023-2024

Pillars	Strategic Focus	Key Activities for 2022	Plans for 2023 – 2024	Targets & KPIs for 2023-2024
Capital Management	 Close monitoring of financing rate movements Diversifying sources of funding 	Assessed the viability of developing green financing and other green or sustainability- linked financing	 To continue paying specific attention to the government's new initiatives on tax incentives To prioritise sustainability- linked financing where possible, under the Manager's capital management strategy 	To meet the sustainability performance targets stipulated under existing sustainability-linked financing
Facilities Management	 Introduction and implementation of facilities management best practices Adherence to building codes of compliance Enhancing Occupational Health and Safety (OHS) efforts and measures 	 Conducted scheduled building audits on energy, water and diesel consumption as well as waste management efforts Conducted daily building inspections; checking of hard and soft services Performed annual technical audits and assurance to ensure buildings are maintained in top condition Ensured monitoring procedures used for compliance checks are accessible at all sites, including vacant sites, for regular monitoring Closely monitored mandatory safety measures (e.g., renewal of fire certificates) Organised safety awareness programmes for suppliers, vendors, contractors, etc. Continuously implemented operational improvements through safety and OHS training Continuously complied with our HSE Policy Aligned our HSE practices to OHS standards such as Occupational Health and Safety Assessment Series (OHSAS) 18001 or ISO 45001 Monitored and recorded waste generation by disposal method and recyclability Tracked general waste disposed to landfill Embarked on obtaining green building certification (GreenRE) 	 To obtain energy, water, and waste data from tenants, with priority on large warehouse and manufacturing tenants To establish a baseline for waste generation for target setting purposes To conduct periodic HSE audits at offices/project sites, where applicable To conduct on-site human rights assessments or internal audits on registered key vendors (identified via a risk-based approach) 	 To achieve a targeted 1% reduction in water consumption in 5 years To achieve a targeted 1% reduction in energy consumption and GHG emissions in 5 years

	Strategic Focus
►	Developing and
	maintaining a robust and



Pillars

- active acquisition pipeline **Investment** Enhancing the portfolio
 - of industrial properties by focusing on logistics and manufacturing facilities with potential for future enhancements or redevelopment
 - Sourcing and evaluating offices/business parks in strategic locations with the potential to fetch better values
- ✓ ESG-related target proper ✓ Requiring ESA applicable) ✓ Assessing ch handling by

Corporate Sustainability Strategy 2023-2024

Key Activities for 2022	Plans for 2023 – 2024	Targets & KPIs for 2023-2024
 Incorporated ESG-related processes into the Manager's internal due diligence checklist, namely: ESG-related assessments of the target property Requiring ESAs (where applicable) Assessing chemical waste handling by the existing occupants of the target property (where applicable) 	 To develop a due diligence process on all investment and divestment proposals where key non-financial assumptions (i.e., climate change vulnerabilities) are reviewed To explore possibilities of leveraging IDRP to raise proceeds/ funds for the renewal of lease periods of leasehold properties To develop a process to assign ESG risk ratings for potential tenants based on current ESG due diligence procedures. Potential tenants with medium to high sustainability risk ratings will be subjected to further evaluation To enlarge the proportion of single-tenanted buildings and triple-net lease properties in the portfolio to reduce inflationary 	acquisitions are screened for ESG compliance in accordance with the Manager's internal due diligence checklist

pressures on operating costs

Corporate Sustainability Strategy 2023-2024

Pillars Str	trategic Focus	Key Activities for 2022	Plans for 2023 – 2024	Targets & KPIs for 2023-2024
Contrac consult Development Selection materia mainte sustain Meetin	tion of building rials for easy renance and nability ing tenant fications and	 Obtained green building certification in respect of development projects and major AEIs Applied ESG strategies for development projects to ensure efficient energy management, green building certifications, indoor environmental quality management, sustainable material sourcing and waste management Prioritised green building materials in tender specifications Conducted Traffic Impact Assessments and considered access via public transportation during design and development stages Appointed vendors through a stringent pre-qualification procedure to assess key criteria such as vendors' track records, financial performance and ESG compliance Prioritised the selection of build- to-lease projects with long lease tenures Incorporated and adhered to established assessment criteria for the procurement of sustainable materials Conducted performance evaluations on consultants and contractors post completion of projects Performed ESG due diligence on risks and opportunities related to the properties/project sites and their surroundings Conducted regular site visits to closely monitor the progress of development projects 	 To develop a process for vulnerability assessments (climate risks) in the real estate life cycle from the earliest stage of development or redevelopment To include recycling/circular economy considerations in new builds, where suitable (applicable for brownfield sites) To continue monitoring contractors' compliance with ESG requirements (including human rights and labour practice assessments) through ad-hoc site visits and/or audits, etc. 	To obtain green building certification (GreenRE) for 1 new development and 1 major AEI

Strategic Focus



- personal data/information Safeguarding the Fund's IT Provided IT upon Provided IT upon
- system and data against potential cyberattacks Periodically rep Promoting diversity and inclusion at all levels of the Manager's organisation
- structure Ensuring fair treatment of employees and establishing a conducive working environment for

all

workforce

- Assessed the vi end encryption Developing a competitive sensitive data (
 - cyber hygiene Prevented data implementing information
 - Leveraged an in team to provid the latest chan regulations rela cybersecurity
 - Leveraged outs provider to pro the latest deve relating to the and IT advisory Conducted an a
 - satisfaction sur a net promoter and well-being Enhanced and
 - current employ programme
 - Conducted reg assessment exe employees on threats
 - Maintained gei of the workford

Corporate Sustainability Strategy 2023-2024

Key Activities for 2022	Plans for 2023 – 2024	Targets & KPIs for 2023-2024
 Reviewed the status of compliance with the PDPA Provided IT updates to the Board and employees Periodically reported cyber incidents and corrective actions by the IT service provider to the Board, where applicable Reported the status of the Fund's cybersecurity performance measures to the Board on a quarterly basis Assessed the viability of end-to- end encryption for private and sensitive data (in line with the SC's cyber hygiene checklist) Prevented data loss by implementing daily backup of information Leveraged an in-house compliance team to provide updates on the latest changes to laws and regulations relating to PDPA and cybersecurity Leveraged outsourced IT service provider to provide updates on the latest development trends relating to the cyber landscape and IT advisory on cybersecurity Conducted an annual employee satisfaction survey which included a net promoter score and health and well-being questions Enhanced and improved the current employee engagement programme Conducted regular training and assessment exercises to educate employees on the risk of cyber threats Maintained gender composition of the workforce 	 To review the ABC Policy and procedures To conduct annual employee training on cybersecurity, PDPA and the ABC Policy To conduct internal audits (at departmental level) to test anti-corruption controls on our internal operations To include ESG factors into the assessment of the Board's, Senior Management's and the Sustainability Manager's performance, with financial and non-financial consequences To expand the responsibilities of the Board (i.e., the Board Charter) or Board Committees (via their respective Terms of Reference) to include the management of climate change To conduct annual disaster recovery exercises to ensure the timely recoverability of business-critical IT systems. The exercise is to be conducted for at least half a working day To implement measures to address the findings identified from the internal audit conducted on contractors' compliance with ESG requirements at end-2022 To leverage on feedback from the employee engagement survey to develop 2 improvement initiatives To conduct an internal audit on IT in 1Q 2023 To implement end-to-end encryption for emails To monitor compliance with the Code of Conduct on human rights-related issues (i.e., non-discrimination, no forced labour, foir omplement) with the the code of conduct on human rights-related issues (i.e., non-discrimination, no forced labour, foir omplement) with the the code of conduct on human rights-related issues (i.e., non-discrimination, no forced labour, foir omplement with the the code of conduct on human rights-related issues (i.e., non-discrimination, no forced labour, foir omplement with the the code of conduct on human rights-related issues (i.e., non-discrimination, no forced labour, foir omplement with the code of conduct on human rights-related issues (i.e., non-discrimination, no forced labour, foir omplement with the code of conduct on human rights-related issues (i.e., non-disc	 To maintain zero cybersecurity breaches To monitor and report on the status of PDPA compliance To maintain zero reported cases of discrimination To include ESG factors into the performance of the Board, Senior Management and the Sustainability Manager, with financial and non- financial consequences To conduct at least 2 employee engagement initiatives

Manager's operations To improve cybersecurity measures for all Facility Management offices

fair employment) within the

Corporate Sustainability Strategy 2023-2024

Progress and Achievements in 2022

We are pleased to report that the bulk of the proposed action plans and targets identified in our Strategy – Business Plan 2022-2023 were implemented and met. The notable highlights are summarised below.

Details of the targets and our progress/outcomes in respect of these targets can be found under the Management of Sustainability Matters section on pages 104 to 160.

Strategic Pillar	KPI / Targets for 2022	Progress / Outcomes / Achievements in 2022
Real Estate	 To maintain tenant satisfaction survey rating at above 70% To maintain tenant satisfaction rating on <i>Hello Axis</i> at above 80% To maintain portfolio occupancy at above 90% 	 Achieved Obtained an annual tenant satisfaction survey rating of 75% in 2022 Achieved Obtained a tenant satisfaction rating on <i>Hello Axis</i> of 84% for 2022 Achieved Portfolio occupancy rate as at 31 December 2022 was 95% Additional Achievements: Commenced major AEI for Axis Facility 2 @ Bukit Raja, incorporating green features and aiming to obtain green certification (GreenRE) in 2023 Embarked on the development of Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre (Phase 2)
Capital Management	To explore the viability of developing green financing and other green or sustainability- linked financing by 2023 with financial institutions	Achieved Successfully secured Axis-REIT's first sustainability-linked term financing facility and hedged financing rate exposure with sustainability-linked IPRS
Development	To enhance existing buildings by incorporating sustainability considerations such as energy and water efficiency technologies in AEIs from 2022 onwards	 Achieved Embarked on the proposed development of Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre (Phase 2), both of which incorporate green features. Incorporated energy and water efficiency initiatives in the following on-going development and major AEI projects: Bukit Raja Distribution Centre 2 Axis Mega Distribution Centre (Phase 2) Axis Facility 2 @ Bukit Raja Axis Industrial Facility @ Rawang
		 Additional achievements: Received provisional GreenRE Gold building certification for Bukit Raja Distribution

Centre 2 in November 2022



To maintain zero cybersecurity breaches ▶ To monitor and report PDPA compliance status Governance

To maintain zero reported cases of discrimination

Corporate Sustainability Strategy 2023-2024

Achieved No reports of cybersecurity incidents raised during the year Achieved Conducted a compliance review on PDPA. Following the review, the Privacy Notice and operational documents of relevant departments were enhanced. The Personal Data Protection Policy was formulated • Achieved No reports or complaints of discrimination brought to the Manager's attention during the year

Additional achievements:

- Provided IT updates and cybersecurity performance measures to the Board on a quarterly basis
- Achieved 30% female Board representation on 1 June 2022
- Incorporated gender, diversity and inclusion policies into the Board Charter and Code of Conduct of the Manager

VALUE CREATION & SUSTAINABLE DEVELOPMENT GOALS

The Manager's approach in delivering long-term value for our stakeholders is underpinned by our core values, purpose, strategy, and measures of success. This forms the basis of our value creation model, illustrating the process in which the Manager transforms its capitals into valuable outcomes for our diverse stakeholders. We regularly engage with our tenants, investors, employees, suppliers, and other stakeholders to understand how to meet their expectations. To generate maximum value, it is imperative that our strategy is tied to the purposeful roles that stakeholders

OUR SIX RESOURCES

BUSINESS ACTIVITIES (Operating & Regulatory Environment / Strategic Plan)

the United Nations' Sustainable Development Goals (UNSDGs).

plav in our operations. Therefore, to illustrate how we have made positive impact

and contributed value to our stakeholders, we have mapped our material matters to

Creating and sustaining value involves action and communication between

the Manager and stakeholders. On the Manager's side, we strive to uphold

nviolable business ethics and integrity to enhance our accountability

FINANCIAL CAPITAL Axis-REIT's Unitholders' capital,

income that are used to support the Fund's business and operations

MANUFACTURED CAPITAL

Our structured processes, which include Axis-REIT's diverse portfolio of properties and management services that provide the framework for how we do business and create value

takeholder relationships, including

HUMAN CAPITAL

Our culture and people, collective information, skills, and experience that enable innovative and competitive developments and other stakeholders

INTELLECTUAL CAPITAL

The expertise and knowledge inherent to the Manager that can be reproduced and shared for sustainable growth

• Maintaining a proactive portfolio management strategy to preserve and enhance the value of properties Adopting cost discipline and optimisation of capital structure • Maintaining an optimal balance of short and long-term financing through a prudent capital management strategy • Identifying further opportunities for green financing and other green or sustainability-linked financing • Active marketing of spaces to prospective tenants with increased reach through digital marketing channels • Regularly reviewing new opportunities for development · Focusing on manufacturing facilities and logistics warehouses to cater to demand for efficient distribution and supply chain solutions

• Undertaking capital raising to pare down financing and provide financial headroom for property acquisitions

• Managing financial resources through the implementation of a disciplined investment strategy

- Incorporating green building designs and features, in line with our Environmental Policy
- Incorporating ESG considerations in the annual vendor/contractor evaluation process
- Engaging with existing tenants on space and facility requirements
- Providing supplier training courses covering renovation guidelines, working at height, electrical safety, safe chemical handling, and adherence to our HSE policy
- Enhancing the whistleblowing channel for effective reporting
- Organising community investment initiatives with St John Ambulance of Malaysia (SJAM) and welfare home, IQ70+
- Enhancing the Supplier Code of Conduct by including clauses related to human rights and fair labour practices
- Conducting human rights assessments/audits for contractors engaged in our Bukit Raja Distribution Centre 2 development
- Enhancing our Code of Conduct by including clauses related to non-discrimination and fair labour practices
- Providing funding from the Manager for qualified employees' children to pursue education opportunities through the Axis Education Fund
- Adhering to the HSE Policy and enforcement by on-site managers
- Requiring contractors to furnish Job Safety Analysis (JSA) with risk assessments
- Conducting safety awareness and training for new employees, external service providers, and contractors
- Conducting "lessons learned" training for employees to discuss case studies of past safety incidents
- Adhering to SOPs to protect the health and wellbeing of employees and other stakeholders.
- Providing employee engagement programmes such as ongoing learning opportunities, year-end performance appraisals, annual dinners, and company trips
- Providing equal employment benefits to both permanent and contract employees
- Disseminating information on the Fund's properties and services to real estate agents via annual virtual roadshows
- Maintaining seamless communication with tenants via our Hello Axis portal to address their service requests. feedback, and complaints
- · Safeguarding tenants' data by maintaining proper IT infrastructure and constant upgrades of our IT security
- Conducting due diligence exercises for potential new acquisitions that include ESG considerations
- Incorporating ESG criteria for 'built-to-lease' developments
- Installation of rainwater harvesting systems for landscaping and general cleaning
- Upgrading air conditioning systems at selected sites to more environmentally-friendly systems
- Replaced conventional lighting with energy-efficient LED light fittings and water-saving appliances within multitenanted buildings
- Providing recycling bins and repositories for the collection of recyclable waste and electronic waste (e-waste) Facilitated the installation of TNB smart meters at 96.7% of our properties, to regularly monitor energy more
- efficiently
- Distributing electronic circulars to tenants instead of printed hardcopies
- Incorporating considerations for green building certifications when evaluating potential new acquisitions
- · Obtaining green building certifications for existing properties undergoing major refurbishments, where possible
- Incorporating sustainability considerations into AEIs such as sourcing of sustainable materials and installing energy-efficient fittings
- Engaged with an independent energy consultant to conduct building audits on energy and water consumption
- Set a target to reduce water consumption by 1% in 5 years (2022 to 2026) against the 2019 baseline year
- Set a target to reduce energy consumption and GHG emissions (Scope 1 and 2 combined) by at least 1% within 5 years (2022 to 2026) against the 2019 baseline year

and credibility, which is vital to ensure business prosperity and sustainability. We continue to focus on SDG#16 – Peace, Justice, and Strong Institutions, and have various internal controls and processes in place to support SDG#16 targets to substantially reduce corruption and bribery within the organisation. These controls include the development and implementation of a Code of Conduct. Whistle-Blowing Policy, Supplier Code of Conduct, as well as an ABC Policy, which are used together to govern the conduct of both internal and external stakeholders, including

OUTPUT / OUTCOME

Completion of 4 yield-accretive acquisitions for a total consideration of RM479.3 Improvement in revenue and net property income, which grew 15.6% and 15.2%

- million and RM245.3 million respectively
- Economic value distributed increased by 16.3% to RM199.4 million
- Liquidity remained strong at RM326.5 million
- Committed RM170 million in sustainability-linked financing to-date
- Entered a 10-year sustainability-linked IPRS with ESG KPIs and sustainability SPTs
- Achieved tenant occupancy rate of 95% and a rental reversion of 3.3%
- Secured tenancies for 1.9 million sq. ft. out of the 2.5 million sq. ft. of space that of during 2022, which translates to a 77% tenant retention rate
- Invested RM14.7 million in 11 strategic AEIs

No cases of compliance breaches were reported.

- 100% of qualified vendors are local entities
- The total number of suppliers increased by 49.2% with total procurement amour
- A total of 93 training hours were offered to suppliers over 31 training sessions
- No reported incidents or grievances related to discrimination, child labour, or for Community investment of RM193.000 was channelled into donations for an aml provision of health services for children with disabilities
- Annual allocation of RM150,000 by the Manager to support qualified employees their education
- No fatalities, Lost Time Injury (LTI), restricted work, medical treatment cases, or fir

- 100% of employees received regular performance and career development revie • 92% of employees participated in the Employee Satisfaction Survey, which drew
- Gender pay ratio (male to female) stood at 1:1 from middle to senior manageme
- Hosted a virtual roadshow engaging 143 agents from 14 real estate companies
- Maintained tenant satisfaction rating for service requests on Hello Axis at 4.22 ou target score of 4 and above
- Improved the annual tenant satisfaction survey score to 7.49 out of 10 which is a
- Enhanced IT security systems with zero incidents of cybersecurity breaches.
- Water consumption increased by 0.5%, and Water Use Intensity (WUI) increased
- Total energy consumption and GHG emissions decreased by 10% when compare
- Collected 19,768 kg of waste paper, 7,421 kg of glass and metal, 4,284 kg of plast e-waste from our multi-tenanted properties
- Recycled or reused 5,301,650 kg of construction waste from our development pro
- No fines or sanctions for non-compliance with environmental laws and regulation
 - Acquired DW1 Logistics Warehouse, which is a GBI-certified building
 - Received provisional GreenRE Gold-certification for Bukit Raja Distribution Centre provisional GreenRE Silver-certification for Axis Facility 2 @ Bukit Raja
- No fines or sanctions for non-compliance with occupational health & safety-relate Average training hours per employee increased by 50% from the previous year promoter score of 8.44 out of 10 • 7 new hires in 2022 and a 6% turnover rate from 2021 compared to data from the 2019 baseline year

AFIs

SOCIAL & RELATIONSHIP CAPITAL

Value Creation & Sustainable Development Goals

our employees, suppliers, and service providers. We also established Information Technology (IT) Guidelines in 2021 and Personal Data Protection Policy in 2022 to ensure integrity and accountability in terms of safeguarding personal data and information against any form of cybersecurity breaches. Please refer to the Business Ethics section on pages 126 to 128 and Cybersecurity & Data Protection section on pages 129 to 131 for further information.

	VALUE TO STAKEHOLDERS	UN SDGs
3 million % yoy to RM284.5	Source of sustained growth through financial market confidence and Unitholders continued access to returns	8 mmman.
came up for renewal	A strong value proposition with emphasis on developments in strategic locations to meet tenants' needs	
unting to RM57.3 million rced labour issues nbulance and the es' children in furthering	Business opportunities and growth through strong partnerships with suppliers and being a responsible and ethical community participant	3 MARCHAN A MARCHAN
first aid cases ated laws and regulations iews v an average net ient	Employer of choice by ensuring inclusive and equitable advancement opportunities, safety and wellbeing focus, and a differentiated provider of relevant space for tenants	3 menungar
out of 5, against the a marginal 2.5% increase	Preferred business partner by strengthening relationships with real estate agents and business owners, and providing superior and reliable customer service to tenants	9 teritetania Secondaria
d by 0.04 m³/sq. ft. when	Strengthen resilience and adaptive capacity	
red to the 2019 baseline	to the availability and consumption of natural resources over the short, medium, and long	
tic and 4,281 kg of	term for all stakeholders	
project and major AEI ons		6 contaction T contraction T contr
re 2 development and		

MANAGEMENT OF SUSTAINABILITY MATTERS

Material Sustainability Matters

The Manager has identified 15 material sustainability matters that impact the Fund's operations and value creation. We actively monitor our progress in managing these matters and seek opportunities to enhance this management so as to maximise our value creation in the short, medium and long term.











Note: For more information on the relevant Targets & KPIs, please refer to the detailed reporting of each sustainability matter in this Report.

In 2022, the Senior Management Team undertook an internal review of the material matters, and thereafter maintained the ranking of all 15 material matters, with Occupational Health and Safety remaining our top priority. The priorities shaped the development of our strategy towards building a resilient and sustainable business in the long term.

The graph below presents the Materiality Matrix for the year under review.



Note: This is an enlarged version of Axis-REIT's Materiality Matrix. The data used to develop this matrix remains unchanged.

Management of Sustainability Matters

Significance of Axis-REIT's Sustainability Impacts

Materiality Assessment Process

Our materiality assessment process comprises the following 4 steps:

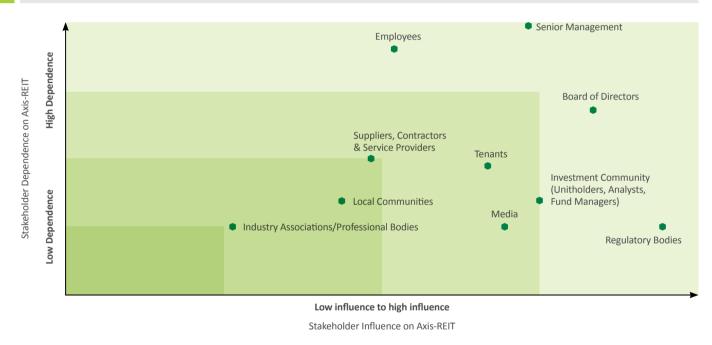
Matters Review and Identification 1

The Manager conducts a review of the existing sustainability matters to assess their relevance to the Fund in the prevailing operating context. We start with an assessment of current industry issues and benchmark our matters against industry peers. We strive to adopt and apply best practices in our materiality assessment, taking guidance from the relevant sustainability reporting frameworks. We also examine global trends in assessing the relevance of our matters.

Impact Assessment

The Manager's Senior Management Team conducts an impact assessment exercise to determine the probability of the risks and opportunities of the identified matters, and their potential impact on the Manager's ability to create short, medium and long-term value for all stakeholders.

Stakeholder Prioritisation and Engagement

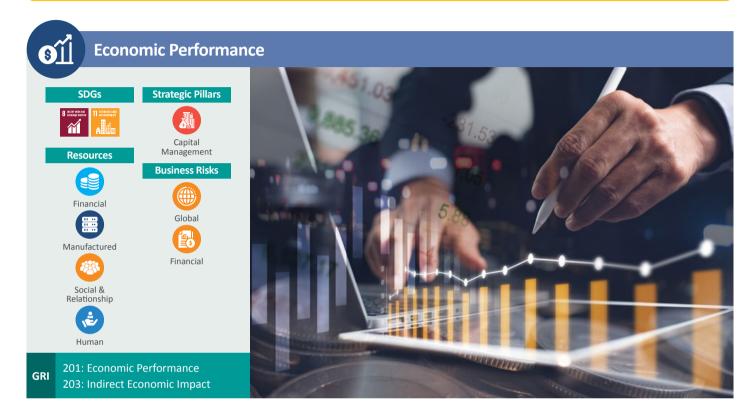


Recognising that our stakeholders hold varying degrees of influence on our operations, the Manager periodically engages its various stakeholder groups to determine the overall significance of our material matters to each group. The findings from this Stakeholder Prioritisation exercise are imputed into our Materiality Matrix to determine the degree of influence from the different stakeholder groups.

In our most recent Stakeholder Prioritisation exercise, which was conducted in 2021, the Manager engaged 5 key stakeholder groups - the Board of Directors. Senior Management, employees, tenants, as well as contractors and service providers. We used input from these stakeholder groups to better understand the issues that are most urgent and pertinent to each group, and develop the most effective way to maximise value creation across the board. As the assessment was conducted in 2021 during the COVID-19 pandemic, the engagements were done via online platforms such as surveys and teleconference calls, to safeguard the well-being of our stakeholders.

Validation

The outcome of this process is imputed in Axis-REIT's Materiality Matrix (see page 105). The matrix shows the significance and importance of each sustainability matter from Axis-REIT's business perspective as well as its stakeholders' perspectives. Following the process, the updated matrix is then presented to Senior Management for validation and thereafter, to the Board for approval.



Malaysia's economic recovery picked up the pace in 2022, with GDP growth for the year coming in at 8.7%, up from 2021's 3.1% expansion. Growth was supported by the easing of pandemic-related restrictions, sustained domestic demand, and resilient E&E sector exports.

Notwithstanding the strong top line indicators, the year was not without its share of challenges, as inflation and interest rates trended upwards during the year. Tight labour conditions and the increase in minimum wages also caused labour costs to rise.

ASEAN region.

Management of Sustainability Matters

ECONOMIC

The industrial real estate subsegment was fairly insulated from pandemic-related disruptions relative to other asset classes. Apart from the inherent resilience of industrial tenants, demand for industrial real estate was also supported by the reshaping of the global supply chain, as MNCs have sought to diversify their footprint and establish operations in the

In 2022, Axis-REIT's revenue grew 15.6% to RM284.5 million, from RM246.2 million in the previous financial year. Net property income increased by 15.2% to RM245.3 million in 2022. from RM212.9 million in 2021. Growth was driven by rental income from newly acquired properties, sustained portfolio occupancy and positive rental reversions for renewals. In addition, the economic value distributed and economic value retained increased by 16.3%

and 13.9% respectively. The Fund announced a total distribution of 9.75 sen per unit for FYE2022, which translates to a yield of 5.5% based on the Fund's closing Unit price of RM1.79 as at 31 December 2022.

Details of the Fund's financial performance are available in the Financial Review section on pages 43 to 54 of this Report.

The Finance Team monitors and reports the Fund's economic performance against its strategy and projections every month, and assesses the resources that are used and affected. The team upholds the financial integrity of the Fund through the development and implementation of prudent policies and procedures, and ensures compliance with the relevant rules and regulations.

The Manager's Risk Management and Governance Framework ensures that the Fund delivers on its targets. The framework comprehensively addresses our internal controls and risk mitigation to ensure that there are no adverse disruptions to our pursuit and accomplishment of the Fund's business goals and mission. It considers ESG-related risks and opportunities, where both the financial and non-financial risks are integrated into our Risk Register.

In 2022, we advanced our sustainability journey with the acceptance of the Fund's first sustainability-linked term financing as well as a sustainabilitylinked IPRS. These instruments come with pre-agreed sustainability-related performance targets which, when achieved, trigger discounts on the financing facilities' profit rates, providing further incentive for the Fund to meet its sustainability commitments. These initiatives, along with the adoption of our Environmental Policy and our ongoing ESG practices, have led to Axis-REIT's inclusion as a constituent of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index.

Key Initiatives:

Disciplined Investment Strategy

The Manager employs a disciplined investment strategy to ensure that the Fund continues to generate consistent and sustainable financial returns for its Unitholders and stakeholders. We uphold our investment objectives and long-term view in our investment strategy, and are prudent and stringent in selecting acquisition targets and development projects to pursue. We are also proactive in maintaining the Fund's property portfolio to preserve and enhance the value of the Fund's existing properties, and in identifying assets that are approaching or have attained optimal returns, for disposal consideration.

Cost Discipline and Optimisation

The Manager is vigilant in managing its operating costs, monitoring expenses against financial projections and approved budgets, and benchmarking portfolio efficiency ratios against the best in industry. Through effective cost management, the Fund's businesses have not been materially affected by inflationary cost pressures experienced elsewhere.

Efficient Management of Working Capital and Liquidity

The Manager is responsible to ensure that the Fund has sufficient working capital and liquidity to support its business activities and strategic plans. We continuously monitor the Fund's liquidity and financial positions to optimise capital efficiency. We strive to achieve an optimal balance of short-term and long-term financings. As at 31 December 2022, the Fund's liquidity position remained strong at RM326.5 million comprising RM43.5 million in cash and deposits and RM283.0 million in undrawn financing facilities.

In December 2022, the Fund successfully undertook an equity fundraising exercise that raised net proceeds of approximately RM173 million through a private placement. The book building exercise was finalised on 15 December 2022 with 100,000,000 new Units listed on 4 January 2023. The proceeds were used to redeem existing short-term financing facilities, and following which, Axis-REIT's undrawn financing facilities has been raised to RM456 million.

Sustainability-Linked Financing

In July 2022, the Fund obtained RM170 million in its first sustainability-linked term financing instrument. Proceeds were used to redeem the Fund's First Sukuk Issue, with a balance of RM60 million available to finance future acquisitions. The financing was structured to incorporate pre-agreed, sustainability-linked Specific Performance Targets (SPT) for the Fund, which if achieved, will reduce the instrument's financing costs via profit discounts. Concurrently, the Fund also entered into a 10-year sustainability-linked Islamic Profit Rate Swap (IPRS) that also features ESG KPIs and sustainability SPTs.

We will continue to seek more sustainability-linked financing facilities in the coming years, as an incentive to drive our efforts to achieve the SPTs that will trigger profit rate discounts, as well as to capture Axis-REIT's broad aspirations across the ESG spectrum.

Targets & KPIs

Economic Performance	FYE2020 (RM '000)	FYE2021 (RM '000)	FYE2022 (RM '000)
Economic Value Generated (Revenue)	232,234	246,195	284,471
Operating Costs	33,716	33,314	39,128
Payment to Capital Providers	126,203	137,985	160,085
Payment to Government	7,085	8,118	9,266
Community Investment	100	200	193
Economic Value Distributed	160,019	171,499	199,406
Economic Value Retained	72,215	74,696	85,065

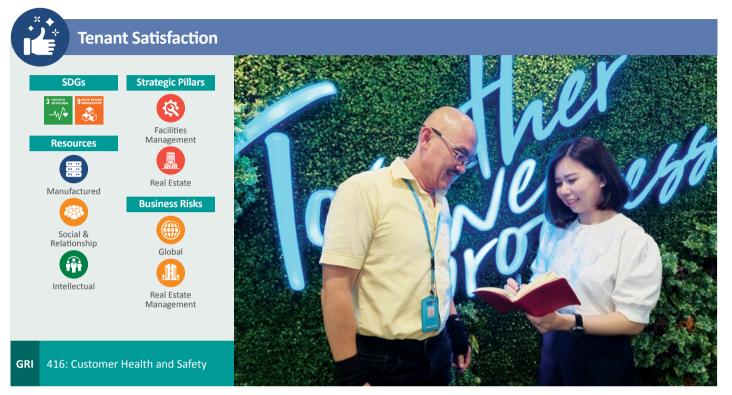
Outlook

We remain cautiously optimistic for the Fund's prospects in 2023. Although headline GDP growth is forecast to moderate after 2022's robust upswing, structural demand drivers for industrial properties remain intact. We expect to see sustained demand for well-located, good quality industrial properties with good infrastructure and facilities. This, in turn, lifts occupancy rates as well as rental rates, and drives acquisition opportunities.

We will continue to monitor business conditions while prudently managing costs amid expectations of further OPR hikes. We will also assess the viability of further developing green financing instruments and other green or sustainability-linked financing under the government's new initiatives on tax incentives.

As the Manager of real estate assets, we are also increasingly cognisant of the need to safeguard the resilience of our portfolio. Toward this end, in 2023, we will be looking to identify and assess climate-related risks and opportunities across our portfolio to better understand their financial and non-financial implications to the Fund.

Management of Sustainability Matters



Tenants are a top priority at Axis-**REIT and Tenant Satisfaction is a** key non-financial indicator that we track in the assessment of the Fund's core operations.

The Manager makes every effort to provide superior real estate solutions and services to maximise tenant satisfaction levels. This facilitates tenant retention and sustains high occupancy rates across Axis-REIT's portfolio.

We leverage on the Fund's strategically-located, high quality real estate assets, ensuring that the portfolio remains in good condition and in compliance with all safety standards and protocols.

Beyond these measures, we also ensure that all tenant interaction is conducted with the highest level of professionalism, and with effective handling of complaints and feedback. Through such positive engagement, we are able to build strong tenant relationships and forge a deep understanding of their needs. This includes understanding their business and ESG strategies to ensure our real estate services and solutions are aligned with these needs.

The Property Management Team is responsible for attending to our tenants. They attend to ad-hoc maintenance and service requests and oversee asset management (including AEIs) and leasing functions. They are supported by the Marketing & Sustainability Manager, who is in charge of expanding the Fund's reach to potential new tenants, proactively planning and maintaining tenant communications, as well as designing, conducting and analysing results of tenant surveys.

These efforts are guided by our Operations Manual, which defines the procedures and policies in managing the Fund's assets and operations. They also ensure compliance with applicable regulatory requirements, internal HSE policies, as well as other best practices and standards.

The Manager tracks tenant satisfaction in 2 separate surveys:

Hello Axis Service Request Satisfaction Rating, which assesses our handling of each service request, feedback and complaint ticket raised via our tenant management portal, Hello Axis. Upon resolution or closure of every service ticket, a short questionnaire is sent to tenants via the Hello Axis portal, asking tenants to rate the timing, handling and effectiveness of our response to the specific service ticket.

Axis-REIT's Annual Tenant Satisfaction Survey, which assesses of the overall experience as a tenant at an Axis-REIT property during the year. The annual survey covers categories such as general service and response times, tenants' likelihood of recommending Axis-REIT to other potential tenants, as well as their satisfaction with property management service levels, safety and security, and tenant-Manager communication via Hello Axis.

Key Initiatives



can better serve them.

Axis-REIT's proprietary tenant management application, Hello Axis, is the primary platform for tenant engagement. The application allows for seamless communication and tracking of service requisitions, feedback and complaints. It facilitates a better understanding of tenants' needs and concerns, as well as discussions of potential improvement plans. It is continually updated and improved to enhance our response and service levels.



TENANT

PRIORITIES

reduces disputes and turnover rates.

tenants' needs.



ASSET

ENHANCEMENT

INITIATIVES

(AEIS)

sought-after.

AEIs undertaken in 2022 included enhancement works and modernisation to building façades, mechanical and electrical systems, with most initiatives incorporating ESG-related enhancements. We continued to ensure strict compliance with Ministry of Health (MOH) Guidelines as well as our own internal HSE policies for COVID-19 prevention measures and ensured air-conditioning systems in all our buildings complied with American Society of Heating, Refrigerating and Air-Conditioning Engineers, Malaysia Chapter (MASHRAE) standards for heating, refrigeration and air-conditioning.

More information on these AEIs can be found in the Quality Assets & Services - Existing Assets sustainability matter on pages 119 to 121. These efforts keep our properties up-to-date and competitive and increase the likelihood of tenancy renewals as well as space expansion within our portfolio.



Our stringent tenant screening process has built a portfolio of high quality, creditworthy tenants. We conduct tenant screening, review potential tenants' financials, as well as the nature and sustainability of their businesses to minimise potential credit risks to the Fund. The process also gives us a better understanding of our tenants and their operations and helps us forge closer relationships to better understand and support their business needs.



NEW LEASING

LEADS

We continue to leverage on digital platforms to engage with real estate agents as well as potential new tenants.

During 2022, we successfully engaged 143 agents from 14 real estate agencies through our annual virtual roadshow to promote the Fund's available properties and services. The virtual format allowed us to efficiently reach industrial and office real estate agents across the country to effectively disseminate information and to discuss ideas and business opportunities.

Management of Sustainability Matters

We proactively engage our tenants to understand and anticipate their business strategies and needs, and to see how we

Our tenant-centric focus drives better-informed resource allocation that addresses unique market needs. This also

With sustainability becoming an increasingly important and prominent priority among businesses, we also hold discussions on ESG-related issues and strategies, which helps us align Axis-REIT's real estate solutions and services with

We apply a proactive but disciplined approach to AEIs to keep the Fund's property portfolio competitive, relevant and

The most common tenant issues raised at multi-tenanted properties in 2022 and the corrective actions taken by the Property Management Team are presented in the table below:

COMMON TENANT ISSUES/ EXPECTATIONS	CORRECTIVE ACTIONS TAKEN
Housekeeping	• Conducted regular inspections to monitor conditions, proactively identify any deficiencies, and improve housekeeping at Axis-REIT's properties
Air-conditioning comfort level	• Standardised air-conditioning settings according to MASHRAE standards governing temperature, relative humidity and air exchange
Smoking in toilets	 Regular dissemination of circulars to remind tenants not to smoke in common areas Clear designation of smoking areas at all multi-tenanted properties Installed 'No Smoking' signs in all staircases and toilets
Limited food and beverage (F&B) offerings at selected properties	 Secured F&B tenants at Crystal Plaza and Axis Business Park Introduced innovative snack vending machines at selected properties

Hello Axis Service Request

Satisfaction Ratings

TARGET

SCORE

4

AVERAGE

SCORE

IN 2022

4.22

Targets & KPIs

The Manager is pleased to report positive tenant satisfaction ratings in 2022. Scores from our Annual Tenant Satisfaction Survey exceeded our target for the year and showed an improvement over the results of 2021. We also exceeded our target for the satisfaction ratings for tickets raised in the Hello Axis portal, even though there was a slight dip in the average rating compared to last year.

The Hello Axis service request satisfaction ratings run from a scale of 1 (poor) to 5 (excellent). Our target is to achieve ratings of 4 and above. The chart below presents the number of tickets raised, resolved and outstanding along with the overall satisfaction ratings accorded by our tenants. There were 11 tickets outstanding at the end of 2022, due to the timing of the tickets, which were raised in the last few days of the year. These were resolved in early 2023, save for one, which is currently in progress.

	Tei	nants' Online Service Requests (ticke	ets)
Property Type	Raised	Resolved	Outstanding
	20	20	
Multi-Tenant	114	112	2
Single-Tenant	44	38	6
	20	21	
Multi-Tenant	23	23	0
Single-Tenant	127	127	0
	20	22	
Multi-Tenant	55	55	0
Single-Tenant	98	87	11



3.96

4.32

4.67

	20	20	20	21	20	22
Property Type			Ticket Resp	oonse Time		
	< 24 hours	> 24 hours	< 24 hours	> 24 hours	< 24 hours	> 24 hours
Multi-Tenant	96%	4%	84%	16%	85%	15%
Single-Tenant	86%	14%	84%	16%	96%	4%

Malaysia transitioned into the endemic phase of the COVID-19 crisis in 2022, which saw the lifting of movement control orders. This enabled the Property Management Team to respond to service requests more efficiently, and to be more proactive in conducting tenant engagement efforts. For 2022, 85% of tickets raised from multi-tenanted properties and 96% of tickets raised from single-tenanted properties were responded to within 24 hours – an improvement from 84% of tickets that were responded to within 24 hours in the preceding year.

In 2022, the Manager conducted its Annual Tenant Satisfaction Survey with broader criteria. The 2022 survey included a new criterion, namely, Communication via the Hello Axis portal, which replaced "COVID-19 SOPs", given the easing of restrictions and SOPs following the country's transition to an endemic phase.

On a scale of 1 (poor) to 10 (excellent), the Manager scored an average tenant satisfaction rating of 7.49 in 2022, which exceeded the target score of 7 and was an improvement from 7.31 recorded in 2021. The results of the survey are presented in the table overleaf:

Management of Sustainability Matters





Tenant Satisfaction Survey	2020	2021	2022
Services & Response Time	7.23	7.24	7.36
Likelihood of Recommendation	7.42	7.21	7.61
Satisfaction with Property Management (Preferred Business Space Partner)	7.33	7.17	7.52
Safety & Security	7.52	7.74	7.89
COVID-19 SOP	7.48	7.18	N/A
Communication via Hello Axis Portal	N/A	N/A	7.06

This year saw an improvement in the scores for services and response times, likelihood of recommendation, general satisfaction, as well as safety and security. As COVID-19 SOPs were scaled back in 2022, we removed the question relating to COVID-19 SOPs and replaced it with a new question on the effectiveness of communication via the tenant portal.

"Management team and building management are very responsive to our needs. Keep up the good work Axis team!"

Anonymous tenant feedback from the Tenant Satisfaction Survey

Despite the challenging operating environment, Axis-REIT was able to maintain a high take up rate across its portfolio in 2022. The Fund closed the year with occupancy at 95% following our success in securing new tenancies and renewals for 2,045,179 sq. ft. of space.

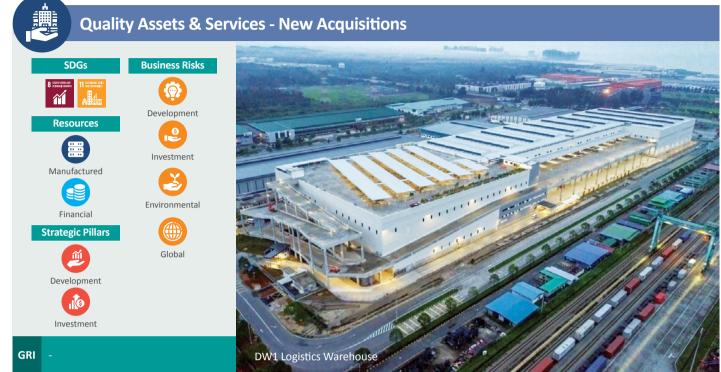
Occupancy	2020	2021	2022
Occupied	91%	96%	95%
Vacant	9%	4%	5%

Outlook

The Property Management Team continues to focus on improving the Fund's business space solutions, as well as enhancing tenant services and engagement to drive up tenant satisfaction ratings. We prioritise providing safe and secure real estate solutions across our portfolio that comply with regulatory guidelines and SOPs, and creating conducive operating and work environments for our tenants. Having a system in place to reinforce our operational strategies, develop maintenance routines, and engage with tenants to understand their needs will position Axis-REIT for sustainable, long-term growth in the years to come.

In addition to the current practice of regularly engaging tenants to garner feedback on Axis REIT's services and better support their operational needs, the Property Management Team plans to enhance tenant engagement by:

- Organising programmes that can help improve the health and well-being of our tenants
- Including ESG components in the fit-out and refurbishment guide
- Exploring the possibility of introducing green leases (i.e. leases that incorporate ESG performance requirements in the terms of the lease contract)
- Developing a process to assign ESG risk ratings for existing tenants based on the current ESG due diligence procedures. Tenants with moderate to high sustainability risk ratings will be monitored closely for further action, where necessary.



Axis-REIT acquires properties and embarks on development projects to refresh and grow its portfolio.

The Manager applies stringent criteria in identifying and assessing all new acquisitions and developments, which ensures all new additions to the Fund's property portfolio are strategic, yield-accretive and value-creating for both the Fund and our stakeholders.

Our internal policies guide the evaluation of all potential new acquisitions and developments. These policies are applied as part of our feasibility studies and due diligence processes in evaluating all potential property acquisitions and developments. The policies are designed to help us identify, assess, and manage economic, financial, and ESG-related risks and opportunities. This, in turn, helps preserve the resilience and value of the Fund's portfolio of properties, the interests of its stakeholders, and the surrounding environment. Potential acquisition targets and development projects that meet our assessment criteria are presented to the Board for approval and then recommended to the Trustee for execution.

As part of our efforts to comply with these policies, we have established an ESG strategy to evaluate potential development projects. The strategy covers aspects such as energy consumption, green building certifications, indoor environmental quality, material sourcing and waste management. Details of our ESG strategy are available in the Environmental section of this Report, while details of our due diligence and ESG scoring system are described below.

Key Initiatives

During 2022, we continued building a healthy pipeline of potential acquisitions and completed yieldaccretive acquisitions for a total consideration of RM479.3 million. We continued to evaluate our potential acquisitions through our initial due diligence assessment scoring system. The assessment, which is undertaken and recorded during the due diligence exercise for new acquisitions, considers and rates all potential acquisition targets according to our scoring checklist on the criteria listed helow.

- 2. Review of risk of flooding in current location 3. Proximity of location to natural water sources

Management of Sustainability Matters

ESG Criteria for New Property Acquisitions

Initial Due Diligence Assessment Scoring System

- 1. Review of public transportation network and access
- 4. Observation of past soil settlement issues
- 5. Observation of potential hazards from adjacent properties/land
- 6. Observation of green building designs such as rainwater harvesting tanks, usage of LED lights and/or solar panels
- 7. Observation of proper storage of scheduled waste

ESG Criteria for New Property Acquisitions (continued)

Based on the outcome of the due diligence assessment, an ESA may be undertaken, if recommended. ESAs are an environmental evaluation category that complements the new acquisitions' due diligence process. The main purposes of conducting ESAs are:

- To review a site's historical information, and where necessary, conduct soil and groundwater sampling for determination of site contamination
- To develop the next course of action and to remedy any issues and/or liabilities, where necessary
- To identify existing and applicable local and federal regulations and ensure compliance, where applicable

The outcome of ESAs will determine our next course of action, and remedy any issues/liabilities, where necessary.

Developments

With continued demand for Grade-A, purpose-built facilities and warehouses from multi-national operators throughout 2022, we embarked on 2 development projects: Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre (Phase 2). Together, these developments have approximately 1.2 million sq. ft. of built-up space. For more information on these development projects, please refer to the Investment Review section of this Report.

The Manager also regularly reviews new opportunities for development projects. This, among others, involves:

- Conducting feasibility studies to assess the suitability of the proposals
- Sourcing of potential land/properties that fulfil requirements
- Calculating development project costs and revenue projections
- Coordinating due diligence site inspections on shortlisted properties
- Conducting Environmental Impact Assessments (if necessary), in line with regulatory requirements
- Conducting Traffic Impact Assessments and review of public transportation access during the design and development stages for all new developments

An experienced project manager will be appointed to oversee the entire process flow for the developments, ensuring that the projects are completed according to specifications, on schedule and within budget.

Green Building Certification

Our Environmental Policy strengthens our commitment towards environmental sustainability. In line with the policy, we include considerations for green building certifications (building management standards) in evaluating properties and projects, or seek such accreditations for our properties through major refurbishments, where possible. We are proud to announce that we received green building certifications for several buildings in our portfolio during 2022.

DW1 Logistics Warehouse, which is a GBI-certified building, was acquired on 25 April 2022. In addition to this, we obtained provisional GreenRE Goldcertification for our Bukit Raja Distribution Centre 2 development, and provisional GreenRE Silver-certification for Axis Facility 2 @ Bukit Raja, which is undergoing major refurbishment work. Our future targets for building certification include the Axis Mega Distribution Centre (Phase 2) development and Axis Mega Distribution Centre, an existing property currently leased to Nestlé Products Sdn Bhd.

Targets & KPIs

Axis-REIT successfully acquired 4 properties in 2022. The initial due diligence scoring assessments were conducted over both 2021 and 2022 due to the difference in the timing of each new acquisition process. All 4 properties passed the scoring system and proceeded to a further full technical due diligence review. The salient features of the completed property acquisitions can be found in the Investment Review section of the Manager's Discussion and Analysis on pages 60 to 67.

Number of d	ue diligence exercises conducted under the sc	coring system
2020	2021	2022
5	2	2

We are pleased to note that 1 of the properties acquired in 2022, DW1 Logistics Warehouse, is GBI-certified, and 1 of the 2 ongoing development projects, namely Bukit Raja Distribution Centre 2, has provisional GreenRE Gold-certification. During the year, we also obtained provisional GreenRE Silver-certification for a third property, namely Axis Facility 2 @ Bukit Raja. Looking ahead, we aim to obtain provisional green building certifications for 2 other properties in our portfolio during 2023.

Properties with G	reen Building Certifications (Building Manag	ement Standards)
Property	Type of certification	Date of certification
DW1 Logistics Warehouse	GBI Certified ¹	28 August 2020

Property	Type of certification	Date of provisional certification	Target date to receive final certification
Bukit Raja Distribution Centre 2	GreenRE Gold ²	23 November 2022	January 2024
Axis Facility 2 @ Bukit Raja	GreenRE Silver ²	28 October 2022	September 2023

Upcoming Targets for Green Building Certifications (Building Management Standards)		
Property	Type of certification	Target date to obtain provisional certification
Axis Mega Distribution Centre (Phase 2) Axis Mega Distribution Centre (Phase 1)	GreenRE Gold ² GreenRE Bronze ²	July 2023 September 2023

Management of Sustainability Matters

Properties with Provisional Green Building Certifications (Building Management Standards)

1. Green Building Index (GBI) is an international rating system for evaluating the environmental design and performance of Malaysian buildings based on the 6 main criteria: Energy Efficiency, Indoor Environment Quality, Sustainable Site Planning & Management, Materials & Resources, Water Efficiency, and Innovation

2. GreenRE is a Malaysian green building certification body. The GreenRE rating tool is based on five pillars or criteria: Water Efficiency, Energy Efficiency, Carbon Emission, Environmental Protection, Indoor Environmental Quality and other Green Features. The rating (Platinum, Gold, Silver, or Bronze) is awarded based on the scoring against each of the criteria.

Properties with	Green Building Certification (Bu	uilding Management Standard	s)
Properties	Type of certification	% of space under management with green building certification	% of total property portfolio with green building certification
DW1 Logistics Warehouse Bukit Raja Distribution Centre 2 Axis Facility 2 @ Bukit Raja	GBI Certified ¹ GreenRE Gold ² (provisional) GreenRE Silver ² (provisional)	14.4%	4.8%

Outlook

The industrial real estate subsector has been relatively resilient throughout the pandemic, as the diversification and reshaping of the global supply chain, and the accelerated adoption of e-commerce during the lock down supported demand and rental rates for strategically-located industrial and logistic warehouses. Concurrently, more businesses adopted asset-light models, resulting in a wider range and quality of properties becoming available on the market. These structural drivers remain largely intact going into 2023, and this augurs well for the Fund as one of the country's largest industrial REITs.

We maintained our rigorous review of acquisition proposals by strictly evaluating each proposal against the Fund's investment criteria. We also continue to refine our acquisition strategy to ensure the Fund's portfolio is positioned to create value for all stakeholders, taking into account factors such as the macroeconomic and market outlooks, as well as other strategic developments.

Going into 2023, the Manager is cognisant of inflationary pressures on operating costs resulting from global supply chain disruptions and labour shortages that have persisted since the COVID-19 pandemic. Consequently, subject to feasibility studies, we will seek to increase the composition of single-tenanted buildings and tenancies with triple-net leases (where tenant bears the utilities and maintenance expenses of the property) in the Fund's portfolio to reduce its exposure to rising operating costs.

Concurrently, amid a rising awareness and prioritisation of sustainability, the Manager also plans to enhance ESG-related investment criteria by expanding the due diligence process. Some of the ESG measures that may be incorporated into the acquisition feasibility review include:

- Reviews of waste management, including chemical waste, by current users/tenants
- Reviews of water consumption by current users/tenants
- Vulnerability assessment in the real estate life cycle
- ESG risk ratings of current owners and/or tenants based on current ESG due diligence procedures. Owners and/or tenants with medium to high sustainability risks will be monitored closely for further evaluation
- Assessments on disabled persons access according to Uniform Building By-Laws (UBBL) 1984
- Continuing to seek green building certifications and/or Building Management Standards-certified assets when assessing acquisition targets and planning development projects, where possible

1. Green Building Index (GBI) is an international rating system for evaluating the environmental design and performance of Malaysian buildings based on the 6 main criteria: Energy Efficiency, Indoor Environment Quality, Sustainable Site Planning & Management, Materials & Resources, Water Efficiency, and Innovation

2. GreenRE is a Malaysian green building certification body. The GreenRE rating tool is based on five pillars or criteria: Water Efficiency, Energy Efficiency, Carbon Emission, Environmental Protection, Indoor Environmental Quality and other Green Features. The rating (Platinum, Gold, Silver, or Bronze) is awarded based on the scoring against each of the criteria.



The Manager is responsible for the properties of the Fund, including maintaining the quality of existing properties and services to drive sustainability, profitability and growth of the Fund.

We seek to create long-term value for stakeholders and investors, which in the context of existing properties, is achieved through regular maintenance as well as investments in strategic AEIs to ensure Axis-REIT's portfolio remains relevant and meets market requirements.

Our efforts in maintaining the quality of its existing properties and services are guided by 3 key policies:

1) Environmental Policy. A key focus area for the Manager is the incorporation and enhancement of sustainability features across the portfolio. This includes installing energy and water efficient fittings in our existing properties, in line with the Fund's rising commitment towards its ESG goals.

goals as well.

Management of Sustainability Matters

The Manager explores and invests in environmentally-friendly, resource-efficient fittings, fixtures and materials to be used in maintenance, upgrading and refurbishment projects across our existing properties, where possible. These investments not only help us meet our sustainability targets and optimise our operational costs, but also help our tenants achieve their sustainability

2) HSE Policy. HSE excellence is a core focus at Axis-REIT, as we endeavour to provide safe working practices and a safe working environment for our employees, tenants, contractors, community and other relevant stakeholders. In maintaining the Fund's existing properties and services, the Manager continually explores opportunities to upgrade and enhance fixtures, fittings and equipment to improve the HSE standards across the portfolio, ensuring that we are in compliance with regulatory requirements at all times.

3) Operations Manual, which is an internallydeveloped set of procedures and policies that guides our planning and decisionmaking for maintenance and enhancement initiatives. These procedures and policies are designed to maintain the quality of Axis-REIT's existing properties and provide tenants with safe, secure, clean and conducive working environments, while preserving and upholding the value of the properties in a sustainable and efficient manner

The Property Management Team is responsible for maintaining the quality and physical condition of all properties in Axis-REIT's portfolio through planned preventive and ad-hoc maintenance services. They work to ensure that all upgrades, refurbishments, AEIs and redevelopment projects involving existing properties are carried out in accordance with the Operations Manual, on schedule and within budget.

The Property Management Team closely supervises service providers and contractors who are appointed to undertake planned preventive maintenance work to ensure that the services rendered meet the agreed specifications and comply with the Operations Manual. They keep regular communication

with our service providers and contractors to facilitate consultation and address required improvements. This establishes an efficient planned preventive maintenance schedule to reduce downtime arising from systems and services failures, such as lift and air-conditioning breakdowns.

Kev Initiatives

Our preventive maintenance programme ensures that all properties are adequately and effectively maintained throughout their service life, and that maintenance efforts are planned and executed efficiently. The programme is guided by our Operations Manual and ensures that appropriate decisions are made in selecting maintenance strategies based on the allocated budget. The Manager also endeavours to preserve the value of the Fund's portfolio by maintaining and upgrading its properties' aesthetic appeal and functionality.

Key initiatives include:

Multi-tenanted properties

- Conducting scheduled checks on mechanical, electrical and plumbing (MEP) systems and non-MEP systems
- Keeping updated records on compliance with the building code
- Inspecting accessibility for disabled persons at all buildings and improving this, where possible. when conducting AEIs
- Appointing only competent service contractors to undertake routine service and maintenance work as recommended in the Operations Manual
- Engaging internal auditors to review the annual preventive maintenance checks
- · Regularly communicating with and engaging tenants to obtain feedback on the functionality of facilities and services
- Conducting routine in-house and outsourced training on MEP services to ensure the relevant employees have the necessary technical skills and knowledge to perform their duties competently
- Conducting routine building inspections and audits according to the daily inspection checklist
- Engaging Takaful operators to conduct annual building risk assessments
- Engaging external consultants (energy auditors, civil and structural engineers, firefighting consultants and indoor air quality specialists) for expert input and recommendations
- Compliance with building codes (Fire Certificates, Certificate of Completion and Compliance, Business Licenses, etc.)

Single-tenanted properties

- Regularly visiting the Fund's portfolio of single-tenanted properties to inspect the buildings' structures, overall condition and MEP systems
- Keeping updated records on compliance with the building code
- Assessing all properties for disabled persons access
- Issuing monthly reports to tenants, which include corrective actions where required
- Engaging Takaful operators to conduct annual building risk assessments
- Engaging external consultants, as well as federal and state government agencies on flood mitigation plans in areas with flooding risk
- Maintenance and upgrading (where necessary) of drainage systems within our property boundaries

The Property Management Team conducts monthly meetings with service providers and contractors to facilitate regular engagement, discuss areas of improvement and identify the necessary actions to enhance the quality and efficiency of their services. They also organise at least 4 training sessions a year for their employees to ensure they are competent and up-to-date on technical and regulatory developments. The courses typically focus on health and safety, as well as technical and non-technical skills.

Targets & KPIs

In 2022, the Manager undertook 11 key AEI projects across Axis-REIT's portfolio. In line with our Environmental and HSE policies, 100% of these AEIs incorporated sustainability considerations such as installing energy and water efficient fittings, sourcing sustainable materials and enhancing fire safety.

> NUMBER OF AEIs IN 2022 11 PERCENTAGE OF AEIS INCORPORATING SUSTAINABILITY

> > CONSIDERATIONS

100%

During the reporting year, the Fund invested RM14.7 million in AEIs. The key upgrades and refurbishments in 2022 are listed below:

PROPERTY	AEI
Seberang Prai Logistics Warehouse 3	Enhancement of washrooms with the installation of energy and water efficient fittings
Senawang Industrial Facility	Installation of a new standby genset for a smoke-spill system
Axis Hypermarket @ Sungai Petani	Waterproofing works at reinforced concrete (RC) roof slab and parapet wall
Crystal Plaza	Extension of sprinkler system at ground floor driveway
Infinite Center	Waterproofing work at RC roof slab and parapet wall
Axis Vista	Construction of gravity wall along Sungai Penchala
	 Upgrading to new, energy efficient air conditioning system
	Enhancement of sprinkler system
Pasir Gudang Logistics Warehouse 1	Enhancement of sprinkler system
Axis Facility 2 @ Bukit Raja	Upgrades to the building façade and insulated roof
	 Incorporation of translucent sheets for natural lighting
	Upgrades to LED lighting
	Installation of a new dock leveller
	 Installation of a new fire-fighting system
	Upgrades of domestic water tank
	Installation of a rain harvesting system
	 Installation of water efficient sanitary fittings
	Resurfacing of the driveway
	Installation of louvres for natural ventilation
Axis Technology Centre	New smoke spill system and related firefighting systems
	 New genset and related electrical system
	New fire rated wall for space separation
Axis Shah Alam Distribution Centre 2	Enhancement of fire-fighting system
Bukit Raja Distribution Centre	Enhancement of fire-fighting system



Outlook

Following Malaysia's transition to an endemic phase of the COVID-19 crisis in 2022, the Manager was able to complete all AEIs that had been deferred or delayed by the varying levels of movement control orders that had been in place since 2020. We welcomed the reopening of the economy, and successfully completed all AEIs on schedule. In the broader construction sector, contractors continued to experience labour shortages for outsourced services as restrictions on foreign labour entering the country remained in place. This was further exacerbated by global inflationary pressures and the increase in Malaysia's minimum wage, and resulted in an overall increase in operational costs.

To mitigate the impact of the ongoing labour shortage, the Manager plans to strengthen its relationships with its vendors, fostering closer collaborations and working to improve economies of scale. The Manager will also continue to maintain and enhance the Fund's existing properties while incorporating the relevant sustainability considerations, where possible. The Manager also plans to leverage on the Fund's IDRP, utilising part of the proceeds to extend the lease periods of leasehold properties and leases in the portfolio of Axis-REIT, in phases.

Management of Sustainability Matters

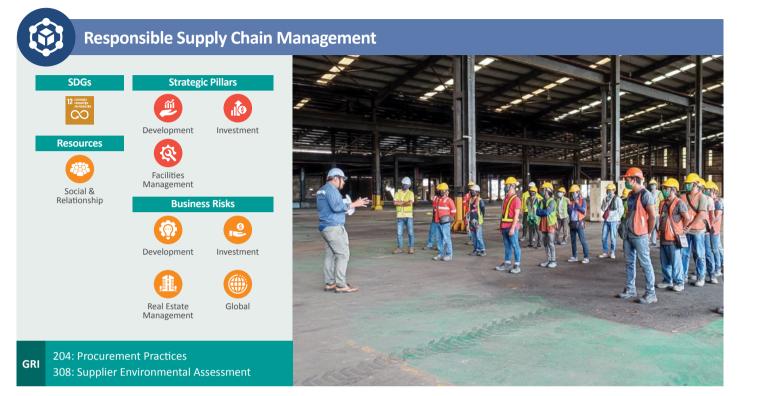
In addition to the above AEIs, 5 buildings in Axis-REIT's portfolio have obtained certifications and awards for structural integrity compliance from the Petaling Jaya City Council. The properties, listed below, are among the first recipients of this certification, which is valid for 10 years.

QUATTRO WEST

WISMA ACADEMY

WISMA KEMAJUAN

Looking ahead, the Manager aims to obtain the same certification for Axis Business Park.



always maintain open We communication and work closely with our suppliers, contractors and service providers to ensure they understand the Fund's values and expectations. Amid a growing awareness and demand for companies to uphold sustainable business practices throughout our supply chain, we have redoubled our efforts to set the tone for our stakeholder relationships and how we conduct our business activities to establish an efficient and resilient supply chain.

The Property Management Team has in place, a system of checks and measures to ensure that the goods and services we procure meet stringent quality standards and are sourced from reputable suppliers and service providers (including security personnel, cleaners and contractors). These measures not only minimise the risk of disruptions to our supply chain, but also incorporate ESG criteria to advance the Fund's sustainability agenda while reducing its exposure to legal, reputational and financial risks.

All new suppliers and service providers are subjected to a pre-qualification assessment that includes CTOS screenings and background checks to evaluate their financial standing and to identify potential ethical and reputational risks. Only companies with satisfactory scores are admitted to the Fund's list of approved suppliers.

For existing suppliers, the Property Management Team conducts an annual evaluation to identify opportunities for

improvement in areas such as responsiveness, price, delivery, quality, after sales service, effectiveness of management, CTOS verification and compliance with the Supplier Code of Conduct. Following the evaluation, suppliers with satisfactory scores are retained for future engagements. Suppliers who fail the evaluation are either suspended temporarily or de-registered from the approved supplier list. This ensures Property Management Team continually drives positive supplier performance and reduces supply chain risks.

The selection, appointment and management of suppliers and service providers falls under the purview of the Property Management Team. Together with the Health, Safety, Security and Environment (HSSE) Manager, the teams meet with our suppliers and service providers regularly to discuss their performance and other operational issues. Through such engagements, we strengthen the relationships with our suppliers and service providers and improve tenant services.

Key Initiatives

In 2022, we continued to reinforce the integrity and resilience of our supply chain with the following initiatives:

4 Initiatives to reinforce the integrity and resilience of our supply chain

1 Maintaining our stringent supplier pregualification processes, which subjects potential new suppliers to comprehensive evaluations by the Property Management Team and Finance Team, before admission to our panel of suppliers

Broadening our annual supplier evaluation process to incorporate ESG/sustainability initiatives, processes and procedures, in addition to compliance with our Supplier Code of Conduct

Targets & KPIs

Since 2021, we have applied our Supplier Code of Conduct in our supplier evaluation process to ensure we engage and maintain only reputable and reliable suppliers. The Supplier Code of Conduct, which is publicly available on our corporate website, assesses suppliers' ethics and business integrity, whistleblowing, labour standards, human rights, health and safety, and environmental practices. Beyond this, we also proactively engage our suppliers on various other matters and initiatives to support and improve our supply chain framework.

Following the application of the Supplier Code of Conduct to the supplier evaluation process, we have been able to enhance the quality and reliability of our suppliers. During 2022, we did not incur any fines or penalties associated with our supply chain, nor experience any lost time injuries. We are also pleased to note that all AEIs and maintenance projects were successfully completed on schedule.

Suppl	Supplier Evaluation Criteria					
	Responsiveness	On requests for quotations/proposalsOn technical/commercial requests				
=	Price	 Competitiveness of pricing Terms and conditions Billing/Invoicing 				
<u>+</u>	Delivery	 Timeliness Flexibility on delivery Responsiveness to requests Resolution of delays 				
Ø	Quality	 Consistency of quality Submission of required documentation Conformity to drawings and HSE requirements Job site performance/quality of work 				
£\$\$}	After Service	Technical support and expertiseDefect rectificationOther support/closure				
(B)	Effectiveness of Management	 Professional conduct and communication Effectiveness of job-site supervision Adoption of ESG/sustainability initiatives, processes and procedures 				
	Compliance with Supplier Code of Conduct	 Quality standards Business ethics Compliance with human rights standards and labour laws Compliance with environmental laws, PDPA and HSE Policy 				

Management of Sustainability Matters

Conducting regular checks through training, ad-hoc site visits and audits by the HSSE Manager and onsite project managers, to ensure compliance with HSE practices at all development, maintenance and AEI project sites

Conducting regular health and safety training sessions for suppliers and other relevant external parties to ensure compliance with our HSE Policy and Supplier Code of Conduct

Supplier Statistics

As part of 2022's supplier evaluation process, the Property Management Team evaluated all 145 suppliers on its panel, which are all local companies. Following this evaluation, 3 suppliers were removed from the panel for non-compliance with the Supplier Code of Conduct, on matters pertaining to poor ESG ratings, and/or unsatisfactory processes and procedures in their business operations.

	2020	2021	2022
No. of suppliers as at 1 January	135	140	128
No. of new suppliers	11	7	66
No. of suspended suppliers	0	0	0
No. of de-listed suppliers	6	19	3
No. of suppliers as at 31 December	140	128	191

Annual Procurement: Local Suppliers

The Fund's total procurement amount rose to RM57.3 million in 2022, from RM19.4 million in 2021. The increase stems from the ongoing development and major AEI undertaken in 2022. We are committed to engaging local suppliers wherever possible and are pleased to note that 100% of procurement in the last 3 financial years was transacted with local suppliers.



Total procurement from local suppliers (RM million)
 Percentage of total procurement from local suppliers (%)

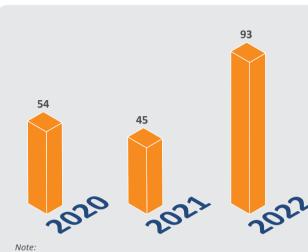
Supplier Training

Supplier training courses held in 2022 focused on health and safety, covering topics such as renovation guidelines, working at height, electrical safety, safe chemical handling, and general adherence to our HSE Policy. We were able to significantly increase the number of training courses and hours conducted in 2022 following the country's transition to an endemic phase of the COVID-19 crisis. A total 31 training programmes involving 396 attendees were conducted for suppliers in 2022, including housekeeping staff. This was a significant increase from the 15 courses held in 2021 involving 148 attendees.





Number of Training Hours



1. The annual number of training hours has been estimated based on the assumption that 1 training session amounts to 3 hours of training.

Outlook

We continue to work with our suppliers, contractors, and service providers to strengthen our supply chain's efficiency and sustainability. Since the start of the COVID-19 pandemic, a recurring issue has been the shortage of labour in the construction sector. This has persisted into 2022 amid the scarcity of migrant labour and restrictions in employing foreign workers.

While contractors have sought alternative solutions, such as sourcing workers from the local labour pool, this has had knock on effects on overall costs. Concurrently, the construction industry has also seen increasing costs due to the increase in minimum wages and inflationary pressures. The Manager is looking to mitigate these challenges through economies of scale and innovative solutions.

With effect from 2023, the Manager also plans to conduct more internal audits on the ESG practices of key suppliers, and will continue to seek the expertise of the outsourced internal auditors in such exercises.

Supplier Training Courses

Year	Total number of training programmes offered to suppliers	Total number of attendees
2020	18	98
2021	15	148
2022	31	396

Notes:

1. Not all suppliers were able to attend the training sessions conducted due to space constraints.

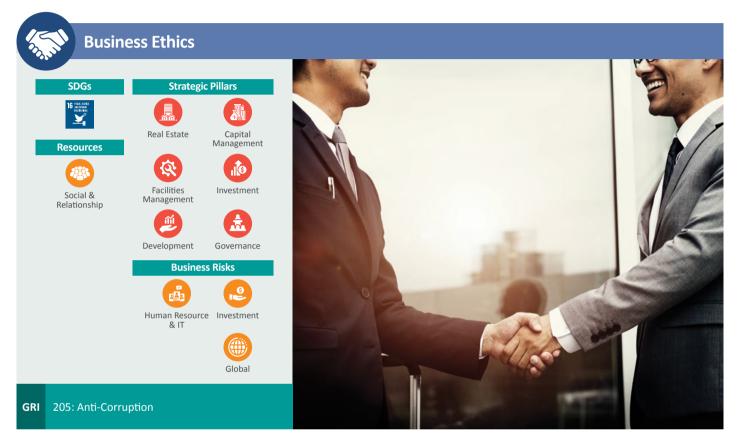
2. The total number of attendees includes suppliers who may have attended more than one training session.

Management of Sustainability Matters



In 2022, we initiated periodic ESG audits by our outsourced internal auditors on key suppliers to identify potential risks and devised appropriate mitigation plans. The audit covered key areas of concerns from our Supplier Code of Conduct, including labour standards and human rights, health and safety, quality standards and the environment.

GOVERNANCE



The Manager's best practices and robust risk frameworks ensure that all aspects of the Fund's business - from the day-to-day operations to acquisitions and divestments, finance and human resource functions – are conducted at the highest standards of business ethics and in compliance with all legal and regulatory requirements.

To ensure that we act in the best interests of our stakeholders, we constantly review these practices and frameworks, keeping abreast with developments in the political, economic and business landscape. Concurrently, we are mindful of the influences by, among other factors, cultural shifts in the workplace, digital trends, geopolitics, enhanced data safety and security requirements, and climate change risks. These efforts are aimed at safeguarding the Fund's institutional integrity and boosting investor confidence, while supporting our aspiration to create an agile and resilient organisation and to sustain long-term growth and value creation.

The Board plays a key role not only in leading the strategic direction of Axis-REIT and maximising long-term value for stakeholders but also in upholding good governance with transparency and accountability. The Board is guided by the Board Charter which sets out the key principles and ethics of the Manager to ensure that the Board discharges its duties effectively and accountably.

At management and operational levels, the Manager is governed by its Code of Conduct. The Code of Conduct reflects our commitment to upholding the highest standard of integrity and applies to all employees acting for and on behalf of the Manager. It prescribes policies on managing conflicts of interest, privacy and confidentiality, gifts/entertainment and standards of professional behaviour expected of every employee. All new employees compulsorily undergo an induction programme conducted by the Human Resource Department where the Code of Conduct and other policies of the Manager are presented.

In addition to the Board Charter and the Code of Conduct, the Manager has a Whistle-Blowing Policy and an ABC Policy, which provide avenues for employees, directors, suppliers and tenants to report any misconduct, criminal offenses or malpractices. These policies are in compliance with the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009).

WHISTLE-BLOWING POLICY

Pertains to the handling of all reports of improprieties invo business, operations, or employees.

Defines how all concerns raised are to be treated fairly, ar anonymity of the whistleblower to be protected. Where warrants further investigation, the Manager will carry out the inquiries and corrective measures.

The Policy is designed to:

- 1. Clearly define the procedures that provide a secure a whistleblowing
- 2. Support the Manager's values and maintain a high sta integrity and accountability
- Ensure stakeholders can raise concerns without fear of re 3.
- Provide a clear and confidential process for dealing with 4. raised

Axis-REIT has a designated email address i.e. integrity@ the Senior Independent Non-Executive Director of the Manager as recipients, providing a secure whistleblowing channel for genuine reports to be lodged.

The Whistle-Blowing and ABC Policies are continually reviewed and updated to ensure they are relevant, current and aligned with the applicable laws as well as the prevailing political, economic and business landscape.

Key Initiatives

During the year under review, the Manager expressly incorporated two new commitments into its Code of Conduct. These amendments came into effect on 20 July 2022:

- (i) to cultivate a diverse workforce, regardless of race, ethnicity, age, cultural background, gender and nationality
- support and resources, career advancement and promotions, compensation and benefits.

Management of Sustainability Matters

	ABC POLICY
Purp	pose
olving the	Serves as a guideline in recognising and managing any incidents of bribery or corruption in the daily business and operations of the Manager.
nd for the the issue necessary	Defines bribery and corruption and behaviour and the acceptable limits in relation to gifts, corporate hospitality and entertainment.
Applic	cation
avenue for tandard of eprisals n concerns	 The Policy is designed to: Clearly define bribery and corruption and actions that are classified as offences by law Provide guidance on preventing bribery and corruption throughout the organisation and its related parties, and agents/contractors acting on behalf of the Manager Support the Manager's values and maintain a high standard of integrity and accountability
@axis-reit.	The Head of Compliance is the focal point for enquiries relating to

com.my which is linked to the Independent Board Chairman and the ABC Policy and where necessary, professional legal advice will be sought.

(ii) to provide an inclusive workplace where employees are treated respectfully and given equal opportunities in terms of training and development,

The Whistle-Blowing Policy was enhanced to incorporate detailed reporting procedures for genuine whistleblowers and the investigation procedures to be undertaken by the Manager when legitimate cases are raised. The enhancements also encompassed reporting and documentation required of the Manager, including the documentation of decisions and/or actions taken, and where possible, measures implemented to prevent a recurrence of similar incidents. These amendments provide a clear process on how the Manager will monitor and manage incidents relating to human rights issues or malpractices within the Manager's operations.

The Manager has adopted a zero-tolerance policy for all forms of bribery and corruption. We are committed to act professionally, fairly and with integrity in all our business dealings and relationships, and we will constantly uphold all laws relating to anti-bribery and corruption.

Our efforts include monitoring the risks of corruption in terms of gifts, corporate hospitality and entertainment, through the implementation of an internal monitoring document with the purpose of ensuring compliance with the gifts and hospitality approved limits as prescribed in the ABC Policy. Any charitable contribution, sponsorships, and corporate social responsibility activities should be reviewed by the CEO and approved by the Executive Committee of the Manager before being recommended to the Board and Trustee for final approval. The Manager conducted a refresher course on the ABC Policy and procedures for all employees in December 2022 and is committed to undertake such training on an annual basis.

The Compliance Department assists the CEO in overseeing that ethics and governance matters and their related policies and procedures are adhered to. The Compliance Department, in consultation with the relevant experts, is responsible for proposing revisions to the Manager's corporate policies and procedures (where applicable) for the Board's consideration, comments and approval.

The Code of Conduct, Whistle-Blowing Policy and the ABC Policy can be assessed at www.axis-reit.com.my/investor/corporate governance.php.

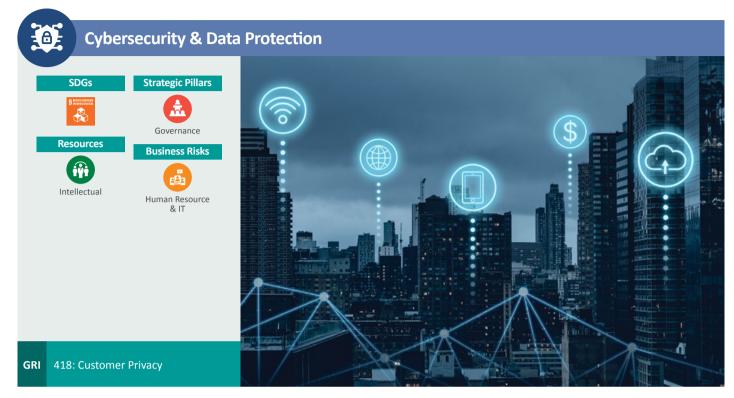
Targets & KPIs

Key Performance Indicator	2022
Number of compliance breaches or misconduct	None
Number of whistleblowing reports or complaints received	None
Percentage of employees who attended anti-bribery and corruption-related training	100%

There were no incidents of compliance breaches or misconduct, and no whistleblowing reports or complaints were lodged in 2022. We believe this reflects our efforts in nurturing an organisation culture that upholds the highest standards of integrity and ethics.

Outlook

The Manager will continue to ensure that our internal practices are aligned with the MACC Act 2009. Looking ahead, we plan to engage our solicitors to review the existing ABC Policy, benchmarking it against the Adequate Procedures Best Practice Handbook that was issued in February 2022 by the National Centre for Governance, Integrity and Anti-Corruption under the Prime Minister's Department. This handbook is the Malaysian Government's initiative to assist commercial organisations in formulating adequate procedures, based on industry practices that can be implemented to help prevent the occurrence of corrupt practices. On top of the regular reviews and updates to the Code of Conduct, ABC Policy, and Whistle-Blowing Policy, we also plan to conduct internal audits (on at least one department every year), to test anti-corruption controls on Axis-REIT's internal operations. The findings of the internal audit will help us identify any deficiencies in our framework as well as corruption risks within our operations, and allow us to formulate mitigation or corrective action plans, if necessary.



In our increasingly digitalised world, concerns regarding online safety and data privacy have become more prevalent.

Against this backdrop, the Manager believes managing data privacy and strengthening cybersecurity resilience is critical in building the trust of our stakeholders and to safeguard the Fund's reputation. Technology has become increasingly integral to the workplace, allowing for effective and efficient collaboration over various platforms and across a vast network of people. However, this also increases the risk of cyber-attacks that can threaten the security of information and data collected and used by the organisation.

The security of our tenants' and employees' information is a top priority. We remain focused on data safety measures to prevent our business and people from cybersecurityrelated threats. The Manager proactively monitors and investigates data breaches that may have a potential impact on our business. We continually upgrade and enhance our

Management of Sustainability Matters

cybersecurity capabilities to address any gaps and mitigate risks that may develop amid the fast-evolving technological landscape.

We manage Axis-REIT's cybersecurity risks in accordance with the Manager's existing Cyber Risk Policy & Procedures which were last updated in 2021. This is complemented by the Manager's IT Guidelines, which prescribe the management and handling of confidential information, and ensures business continuity through the prevention of unauthorised access, use and disclosure of highly sensitive information. The IT Guidelines are applicable to all permanent and contractual employees, contractors, consultants, secondees and other individuals who have access to, or can create, receive and store any corporate information of the Manager or the Fund.

In addition to the IT Guidelines and the Cyber Risk Policy and Procedures, the Manager also maintains a Cyber Hygiene Checklist as a guideline to adopt best practices in detecting and preventing cybersecurity incidents, as well as to formulate suitable strategies and preventive measures prescribed by the SC. The SC, had on 17 November 2022, published

a Guidance Note on the Management of Cyber Incidents, as a guide for capital market entities in establishing their own cyber incident response processes. The Manager shared this Guidance Note with its outsourced IT service provider, who is in charge of overseeing the incident response planning and procedures of the Manager.

The Manager takes data protection seriously as any potential non-compliance could have detrimental implications to the Fund. In ensuring compliance with the PDPA, the Manager publishes the Privacy Notice (which encompasses personal data protection principles stipulated under the PDPA) in both English and Malay on Axis-REIT's corporate website. The Manager also has a designated email address (pdpa@axis-reit.com.my) indicated on the Privacy Notice, where requests for data access, correction and limitation of use can be sent.

In 2022, the Manager undertook a compliance review, headed by the Compliance Department in consultation with our solicitors, on PDPA procedures and practices within Axis-REIT's operations. Operational documents (i.e.

practices by various departments) were reviewed and updated. Following the compliance review, the Privacy Notice was enhanced and a new Personal Data Protection Policy was introduced with effect from 20 October 2022. The revisions formalised the requirements and procedures of the PDPA to be complied with by employees in handling personal data.

Key Initiatives

We strive to ensure we have the highest security in place to safeguard important and confidential information against cyber threats. Towards this end, we subscribe to up-to-date and fit-for-purpose technological infrastructure, as well as subscription-based solutions that combine next generation antivirus, endpoint detection and response (EDR), managed threat hunting, integrated threat intelligence and IT hygiene. The EDR system, monitored by our IT service provider, provides real time protection against malicious activities. We also ensure our Directors and employees are sufficiently knowledgeable and aware of cyber risks through training and awareness programmes.

Initiatives undertaken during 2022 include: Ensuring our tenants' data Engaging our IT service provider Disseminating emails and Implementing proper IT and information is stored and to update the Manager's firewall communication on the latest infrastructure and internal accessible only by the relevant based on the IT alerts issued developments in data protection controls to mitigate the risk departments. For additional by the SC to mitigate the latest and privacy to educate and of unnecessary costs that security, tenant information threats such as ransomware and would arise from cybersecurity raise awareness among our is also stored in a designated distributed denial-of-service breaches such as data loss, theft employees on cybersecurity location that is accessible by attacks threats and risks. These efforts and phishing authorised parties only stress the importance of online safety and outline ways to minimise cybersecurity risks in our day-to-day operations Assessing the viability of Conducted training on Subscribed to a year-long, Provided quarterly reports cybersecurity awareness for the online interactive cybersecurity to the Board on the status encryption features for emails to Board on 19 October 2022 awareness training programme. of the Fund's cybersecurity be implemented in 2023 performance measures, The programme comprises assessments, training modules including security and and phishing simulations for operational reviews prepared by employees, and commenced in the IT service provider November 2022

Outlook

While there has been a general return to "normal" with the reopening of borders and economies during 2022, many businesses have maintained and continue to expand the deployment of digital solutions. These solutions offer unparalleled convenience and efficiency, although they also raise exposure to cybersecurity risks.

The Manager proactively manages its exposure to such risks and threats, and has a comprehensive framework in place to monitor, assess and respond to any potential cyber-attacks and incidents. This includes ensuring compliance with the PDPA.

Going forward, the Manager is taking a holistic approach to enhance Axis-REIT's cybersecurity framework. From the employees' perspective, we plan to raise employee awareness on cybersecurity threats and developments through appropriate training programmes, at least on an annual basis. We will continue the online interactive cybersecurity awareness training programme that commenced in November 2022, and will gauge its effectiveness by evaluating our employees' understanding of cybersecurity risks and threats upon completion of the programme at the end of November 2023, against the baseline assessment done a year earlier.

From the business perspective, the Manager will conduct an annual disaster recovery exercise to ensure timely recoverability of business-critical IT systems. This exercise will be conducted over at least half a working day. To further enhance the reliability of our internal cybersecurity framework, we are looking at initiating an internal audit on IT matters in the first quarter of 2023. We will also take an initial step to leverage encryption functions for outgoing emails as a step-up to protect sensitive information and data that may be contained therein.

Targets & KPIs

Our Cybersecurity and Data Protection goals are to safeguard the security of our information and data, and to minimise risks and cybersecurity breaches. This, in turn, prevents the disruption of business workflows that rely heavily on data and reduces downtime and additional costs incurred for data and network restoration.

Key Performance Indicator	Number of incidents/events in 2022
Cybersecurity breaches	None
Incidents of substantiated complaints concerning breaches of privacy and losses of personal data	None

Management of Sustainability Matters

Energy & Carbon Footprint Strategic Pillars SDGs 13 classe Development Resources 8 Facilities Management Natural **Business Risks** Ľ Environmenta GRI 302: Energy

ENVIRONMENTAL

The Manager ensures that the Fund's property portfolio is energy efficient and sustainable. This optimises its operational costs and reduces the impact of its operations on the environment amid rising global temperatures, climate change and extreme weather events. This holistic drives sustainable approach value creation for the Fund's stakeholders.

The Manager established an Environmental Policy in October 2022, outlining our commitment to environmental sustainability through reducing greenhouse gas emissions, managing water efficiently, adhering to responsible waste management practices, and sourcing sustainable materials and fittings.

The policy is publicly available on Axis-REIT's corporate website.

Our Environmental Policy reinforces our approach of exploring and investing in energyefficient applications and initiatives which had already been in practice in recent years. We have incorporated numerous initiatives to ensure sustainable energy usage at the Fund's multi-tenanted properties such as the installation of resource efficient fittings and equipment during AEIs, as well as energy reduction target setting based on yearly energy consumption patterns. Details of these initiatives are disclosed overleaf.

We ensure that all systems and installations used in the Fund's property portfolio comply with the Electricity Supply Act 1990 (Act 447), Electricity Regulations 1994 and have the relevant certificates and yearly renewable licenses for operation. The installations and electrical systems for each property are managed by an Energy Commission (EC) Malaysia-certified Chargeman. We also

undertake regular audits on the systems and installations in our portfolio, conducted by an independent Supervising Engineer who is registered with the EC.

The Property Management Team oversees the Fund's energy and carbon footprint matters, with the HSSE Manager assigned to monitor monthly electricity consumption for the multitenanted buildings, and to seek clarification from the respective facility manager in the event of any abnormal electricity consumption recorded for investigation and corrective action. They also carry out periodic and routine preventive maintenance. This ensures responsible energy usage and reduces the portfolio's carbon footprint.

We also appoint external consultants to conduct energy audits at the Fund's multitenanted buildings (for common areas which are under direct control of the Manager). The scope of the audits encompass electricity, water and diesel consumption for energy efficiency studies as well as GHG emissions

data. Additionally, the Property Management Team conducts electrical safety and technical training for Facility Managers and chargemen. This is to enhance their understanding and knowledge of electrical systems and building operations.

Initiatives

As part of our ESG strategies in 2022, we initiated efficient energy management, green building certifications, indoor environmental quality management, as well as sustainable material sourcing and waste management for our development projects at Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre (Phase 2), as well as at our major AEI, Axis Facility 2 @ Bukit Raja. The following table provides a summary of the ESG initiatives in the context of efficient energy management for the projects.

ESG Strategies for Efficient Energy Management



Artificial lighting

Use of energy efficient lighting (such as LED lights) to minimise energy consumption required for lighting while maintaining proper lighting levels



Ventilation in Common Areas

Provision of window openings in common areas (i.e. staircases and toilets) to reduce the need for mechanical ventilation, thereby reducing energy consumption

For more information on green building certifications, please refer to Quality Assets & Services - New Acquisitions on pages 115 to 118 of this Report.

In addition to the above, the Manager also proactively monitors, and where appropriate, enhances the property portfolio's energy efficiency and reduces its energy and carbon footprint. This includes the following initiatives to reduce both Scope 1 and Scope 2 GHG emissions from its operations:



Replacing conventional lighting in common areas at multi-tenanted properties with LED lighting fitted with motion sensors. This is an ongoing initiative undertaken as part of regular AEIs.



Replacing conventional lighting with LED lighting as part of refurbishment efforts at selected single-tenanted properties.



Checking, testing and calibrating all MEP systems at regular intervals to ensure equipment and systems are operating efficiently.

Management of Sustainability Matters



Building Envelope Design

Optimising building orientation and window to wall ratios to reduce heat transmission and reduce energy consumption required for mechanical ventilation



Optimising the use of natural sunlight by incorporating windows to reduce the need for artificial lighting in warehouses and common areas



Carbon Emission

Computation and monitoring of operational carbon footprint and emissions based on the building's energy and water consumption data





Leasing roof space to install solar panels. As at 31 December 2022, 529,489 sq. ft. of roof space across the property portfolio had been rented out for solar panel installations.



Upgrading air conditioning systems at selected multitenanted properties to environmentally-friendly systems (e.g. systems using green refrigerant gas and a variable refrigerant valve system with central control monitors).



Facilitating the installation of TNB smart meters at 60 out of 62 properties, representing 96.7% of our property portfolio.

During the year, there were no fines or penalties for non-compliance with environmental laws and/or regulations, and we have not identified any areas of non-compliance with environmental laws and/or regulations.

Managing Climate-Related Risks and Opportunities

The Manager has integrated climate change risk into Axis-REIT's Enterprise Risk Management (ERM) process to identify and manage risks to the Fund's portfolio from diverse climatic hazards. Given the nature of such risks, these differ from property to property. Risks associated with climate change are a significant issue that the Manager will continually monitor and assess at both the strategic business and operational levels. Through the implementation of pertinent action plans over the short, medium, and long terms, the Manager is dedicated to lowering its total carbon footprint and enhancing its energy efficiency by achieving at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) in 5 years, from 2022 to 2026, compared against the pre-pandemic base year of 2019. To improve its environmental management strategy, the Manager will continue to conduct scheduled building audits, encompassing all environmental indicators including energy, water, and waste.

In 2022, the Manager engaged an independent consultant to establish the Fund's energy management strategy. The consultant evaluated the energy consumption trends and established baseline indicators to determine appropriate energy intensity reduction targets and recommended energy management plans for the Fund's multi-tenanted properties that adhered to global best practice standards and frameworks such as GRESB.

The Manager will embark on TCFD reporting in 2023. Through this exercise, the Manager will improve the identification of climate risks and opportunities across its operations, and determine the action plans for the development of a climate strategy.

Targets & KPIs

In 2022, the Manager engaged with an independent energy consultant to explore target setting for Axis-REIT's multi-tenanted buildings (under direct control of the Manager). Following the exercise, the Manager has set an energy reduction target (referenced to 2019 as the baseline year) as shown below:

To achieve at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) in 5 years.

Target achieved in 2022 with a 10% reduction in total energy consumption, total GHG emissions, and GHG emissions intensity, referenced against 2019 as the baseline year.

Note

2019 was selected as the baseline year as it is representative of pre-pandemic operating conditions. For details on the performance data please refer to the following section.

Annual Energy Consumption

The Manager reports total energy consumption, covering electricity purchased and generator sets' fuel consumption at multi-tenanted properties that are under the direct control of the Manager (i.e., for common areas). The Manager also conducts annual building audits to monitor the trends on energy consumption, water consumption, and recyclable waste generated. Details of the absolute energy consumption and intensity for Axis-REIT's multi-tenanted buildings are stated in the charts overleaf.

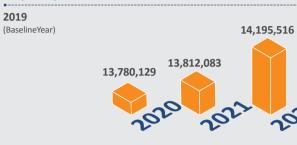
Our energy consumption, total GHG emissions and GHG emissions intensity increased by 3% from 2021 to 2022 following the upliftment of pandemicrelated movement controls, which resulted in increased footfall as tenants were able to resume full operations throughout 2022.

In terms of progress towards our energy reduction target, we achieved a 10% reduction in energy consumption and total GHG emissions (Scope 1 and 2 combined) in 2022 compared to our baseline year of 2019. We attribute the significant reduction to the cumulative effects of our energy efficiency initiatives from 2020 to 2022, as well as the lower footfall at our multi-tenanted properties with some of our tenants still maintaining COVID-19-related work-from-home practices during the year.

While we have exceeded our energy reduction targets ahead of schedule, we are mindful that energy reduction initiatives are an ongoing effort. In 2023, we expect more tenants to fully return to pre-pandemic working practices, which will result in increased footfall, thus increasing our overall energy consumption. We will continue to monitor our performance and, if necessary, reassess the target in the following year.

Annual Energy Consumption (MJ)

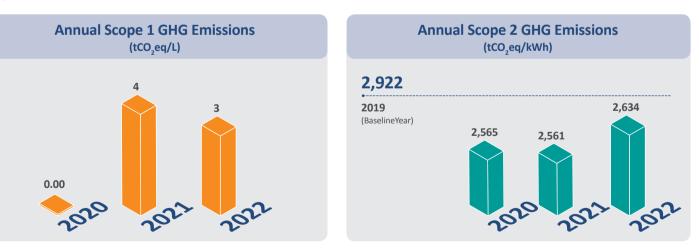
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- 1. Total energy consumption covers non-renewable energy sources (i.e., purchased electricity and diesel). Axis-REIT's portfolio does not consume renewable energy
- Electricity consumption is derived from the electricity bills of the 10 multi-tenanted properties (covering common areas under direct control of the Manager).
- Genset fuel consumption data is determined by tabulating fuel gauge readings.
 Fuel consumption was negligible due to the infrequent usage of gensets (which are mostly used as a backup source of energy in the event of a power outage and during weekly
- offload/on-load testina) 5. Consumption data for purchased electricity (in kWh) and genset fuel consumption (in itres) were converted to Megajoules (MJ) for standardisation purposes. The conversion factors were derived from the GHG Protocol Scope 2 Guidance, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and PETRONAS Dagangan's fuel properties data sheet 2009
- 6. The calculation method for total energy consumption is based on GRI Standards.

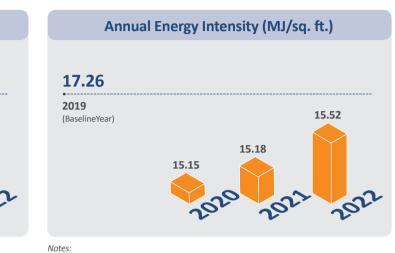
Annual Scope 1 and Scope 2 GHG Emissions

The Manager continues to track Scope 1 (direct emissions) and Scope 2 (indirect emissions) GHG emissions for our multi-tenanted buildings that are under our direct control. Although there was a 10% reduction in total GHG emissions in 2022 against the 2019 baseline year, year-on-year emissions (compared against 2021) increased by 3% due to increased footfall at our multi-tenanted properties as tenants resumed operations following the upliftment of movement control restrictions in 2022. This higher Scope 2 GHG emissions also increased Axis-REIT's overall emissions intensity, when compared to 2021.



- a power outage and during weekly offload/on-load testing).

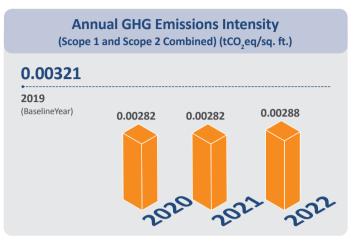
Management of Sustainability Matters



- 1. Total energy intensity is calculated by dividing total energy consumption by the total common area of multi-tenanted properties
- 2 Fuel consumption was negligible due to the infrequent use of gensets (which are mostly used as a backup source of energy in the event of a power outage and during weekly offload/on-load testina).

1. GHG emissions tracks carbon dioxide (CO2) emissions. It is calculated based on the corresponding Global Warming Potential (GWP) value from IPCC's Fifth Assessment Report (2014). Data for Scope 1 GHG emissions for 2019 and 2020 are unavailable as the Manager only started measuring diesel consumption for its gensets in 2021.
 Scope 1 GHG emissions were negligible as compared with Scope 2 GHG emissions due to the infrequent usage of gensets (which are mostly used as a backup source of energy in the event of

The source of the emission factor for Scope 1 GHG emissions is derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
 The emission factor for purchased electricity is derived from the 2017 CDM Electricity Baseline for Malaysia.



Notes:

- 1. Total GHG emissions intensity is calculated from total Scope 1 and Scope 2 emissions across the common areas of all multi-tenanted properties that are under direct control of the Manager
- 2. Scope 1 GHG emissions were negligible as compared with Scope 2 GHG emissions due to the infrequent usage of gensets (which are mostly used as a backup source of energy in the event of a power outage and during weekly offload/on-load testing).

Outlook

The Manager will continue to monitor electricity and fuel consumption at all multi-tenanted properties in Axis-REIT's property portfolio and initiate improvements in energy efficiency, where feasible. For 2023, the Manager targets to obtain final green building certifications (GreenRE) for 1 new development and 1 major AEI (which currently have provisional green building certifications), as well as provisional green certification for 2 other properties. The Manager also plans to include ESG components in the fit-out and refurbishment guide that is provided to our tenants, and to consider introducing green leases, which are leases that incorporate ESG requirements into lease contracts.

With the increasing urgency to identify and address climate change risks and opportunities, the Manager plans to:

- Conduct a TCFD readiness assessment in 2023, to identify exposure to climate-related risks (transition and physical risks and opportunities)
- Have Board oversight on climate-related risks and opportunities
- · Perform due diligence, strategic decision making and obtain a comprehensive understanding of climate-related investment risks

In the coming years, the Manager will also explore Scope 3 data monitoring, starting with business travel and employee commuting.

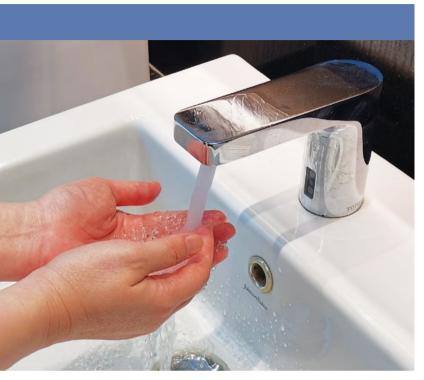
Water Management SDGs Strategic Pillars Ĩ. I3 CEMME AND SANTUNDAN I3 CEMME III CEMME Development Resources Ŕ Facilities Management Natural **Business Risks** Ľ Environmental **GRI** 303: Water and Effluents

Water is a vital natural resource and the real estate sector has a material impact on the world's water consumption.

From the production of construction materials, to physical construction and renovation work, and the operation and maintenance of buildings, large quantities of water are consumed by real estate activities. Beyond this, undetected leaks, the lack of proper wastewater treatment, and excessive water use can have significant financial and environmental costs.

An adequate supply of high-quality water is essential for Axis-REIT in ensuring business continuity for its own and its tenants operations. Water plays a critical and extensive role in the Fund's AEIs and day-to-day business operations, such as in air-conditioning systems, washroom facilities, cleaning, construction, fire protection and many other essential functions. With rapid urbanisation and the depletion of water sources, the Manager is committed to water conservation and quality enhancement

Management of Sustainability Matters



efforts, with the aim of minimising any form of water wastage and pollution, especially in regions where supply of water is limited.

Our water management initiatives are guided by our Environmental Policy, green building certification guidelines and our internal practice of monitoring and managing water usage at properties under the Property Management Team's purview. This includes tracking monthly water consumption at Axis-REIT's multi-tenanted properties. The water quality in cooling tower systems is also checked by a qualified service provider on a weekly basis and water samples are sent to a lab for detailed testing every 6 months.

The Property Management Team oversees water management matters across the Fund's operations. Monthly records and reports of water consumption at multi-tenanted properties (which are under the direct control of the Manager) are prepared and analysed by the respective facility manager.

During the reporting year, there were no reported cases of non-compliance with local environmental laws and regulations.

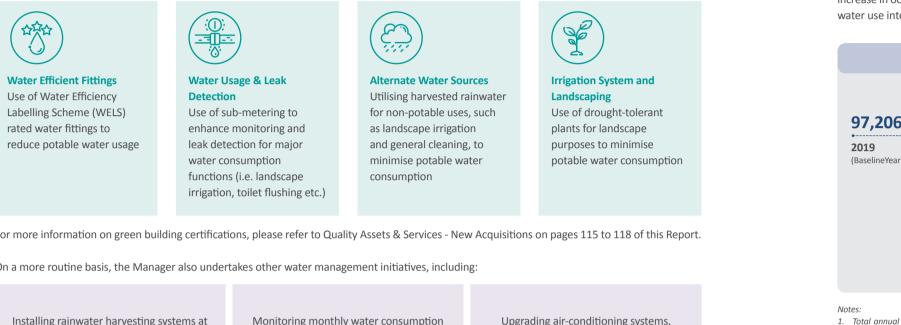
Initiatives

Our water conservation approach emphasises water usage optimisation to reduce the portfolio's overall water consumption. We are also adopting additional measures to minimise the impact of water disruptions to our tenants and our daily business operations.

In 2022, the Property Management Team and housekeeping staff at multi-tenanted properties were briefed on Axis-REIT's water reduction targets and trained on how to conserve water when undertaking housekeeping services. Awareness campaigns in the form of circulars and signages were also distributed to key tenants, vendors and employees.

In 2022, we began applying sustainable water management practices for our development projects and major AEIs, starting with Bukit Raja Distribution Centre 2, Axis Facility 2@ Bukit Raja, and Axis Mega Distribution Centre (Phase 2). These sustainable water management practices have been adopted as part of the Manager's ESG strategy for development projects and major AEIs, and also count towards the green building certification process. Part of this process includes water management initiatives that are detailed in the table overleaf.

ESG Strategies for Efficient Water Management in New Developments and Major AEIs



For more information on green building certifications, please refer to Quality Assets & Services - New Acquisitions on pages 115 to 118 of this Report.

On a more routine basis, the Manager also undertakes other water management initiatives, including:

Installing rainwater h selected single-te	arvesting systems at manted buildings	Monitoring monthly at multi-tenar		10 0	nditioning systems, ems to air-run systems
		g of water tanks a of water filters	Reviewing water s and requirements a as well as considerin efficient sanitary/	across the portfolio, ag the use of energy-	

Targets & KPIs

In 2022, the Manager engaged an independent energy consultant to explore target setting for Axis-REIT's multi-tenanted buildings. Based on the consultant's findings, the Manager has set a water reduction target for the Fund.



Note

1. 2019 has been selected as the baseline year as it is representative of pre-pandemic operating conditions. Details on the performance data is presented in the following section.

In 2022, there was an increase in overall water consumption and water use intensity when compared to the 2019 base year. This is attributed to an increase in occupancy rates and AEIs that required higher water usage at selected multi-tenanted buildings. In 2020 and 2021, water consumption and water use intensity dropped significantly from the base year amid office closures during COVID-19 Movement Control Orders.



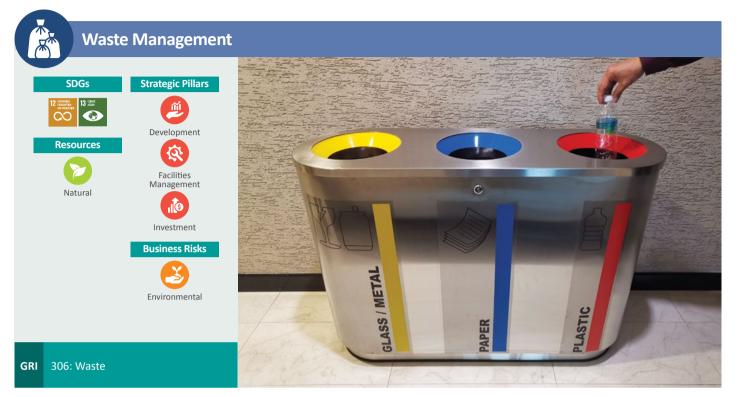
- tenanted properties (under direct control of the Manager)
- 2. The calculation method for total water consumption complies with GRI Standards 3. 2019 has been selected as the baseline year as it is representative of pre-pandemic
- operating conditions
- 4. The source of water withdrawal is municipal potable water

Outlook

The Manager will continue to implement water saving practices in multi-tenanted properties and raise awareness about water conservation among its vendors, employees and tenants. Over 2023 and 2024, we will continue conducting scheduled building audits that include water management practices. Further initiatives will include obtaining water data from tenants of large warehouses and manufacturing facilities. These initiatives are expected to improve our water management practices and help us meet our target of reducing water consumption by 1% within the next 5 years, based on the total volume of water consumed at our multi-tenanted properties.

Management of Sustainability Matters

common area of multi-tenanted properties (under direct control of the Manager) 2. The calculation method for WUI is based on sources from the Leadership in Energy and Environmental Design (LEED) rating system and ENERGY STAR® - a programme run by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE)



The sustainability of our operations and the communities in which we operate depend, among others, on effective waste management.

The Property Management Team is responsible for waste management at multi-tenanted properties, AEIs, and development projects.

Effective waste management is essential to reduce the impact of waste on the environment and ecosystem as the Fund's portfolio expands. Poor waste management will have detrimental effects on the environment and our communities, and can impede our ability to operate and put us at risk for legal and reputational issues.

As the Fund's portfolio grows, the Manager strives to reduce Axis-REIT's ecological footprint by continuously improving its waste management practices not only within its own operations, but also extending these

ESG requirements and criteria in selecting our materials, suppliers, and tenants. We also implemented waste measuring, monitoring, and reporting initiatives at our multi-tenanted properties under our control, so we can identify the waste stream and where possible, minimise waste that is disposed to landfills through the five 'R' actions: Refuse, Reduce, Reuse, Repurpose, Recycle. For example, in the Fund's brownfield developments and major AEIs, we practice recycling and reusing building materials where possible, to reduce construction waste going to the landfill.

practices along its value chain. We impose

The Manager appoints third-party service providers to collect general waste, recyclables, and e-waste generated at our multi-tenanted properties. General waste is collected every alternate day while both recyclable waste and e-waste are collected twice a month. The weight of collected waste is documented and acknowledged by the respective Facility Managers and audited by the HSSE Manager. In

2022, the Manager also began collecting data on general waste on top of the data already being collected on recyclable waste in the multi-tenanted properties under its control. With this data, the Property Management Team will be able to develop a baseline to set waste reduction targets in the future.

Initiatives

In 2022, we began applying sustainable material sourcing and waste management at our development projects and major AEIs, namely, Bukit Raja Distribution Centre 2, Axis Mega Distribution Centre (Phase 2), and Axis Facility 2 @ Bukit Raja. This initiative is in compliance with our ESG strategy to minimise waste going to landfill and also contributes towards the green building certification process. The following table presents a summary of the ESG strategy from the aspect of waste management. For more information on green building certifications, please refer to Quality Assets & Services - New Acquisitions on pages 115 to 118 of this Report.

ESG Strategies for Efficient Waste Management at New Developments and Major AEIs



Environmental Management Practice

- To implement effective environmental programmes to minimise construction waste
- To encourage recycling through the provision of recycling bins for the collection and storage of different recyclable waste such as paper, glass, and plastic

The Property Management Team has implemented several waste management initiatives to better monitor, track and subsequently reduce waste generated at our multi-tenanted properties as well as from our own operations. These initiatives include:

Providing recycling bins for tenants at multi-tenanted properties for the disposal of recyclable materials such as paper, plastic, metal, and glass. We have also set up repositories for the collection of e-waste and other materials such as warehouse timber storage pallets. We encourage the use of these facilities through prominent signage and by sending circulars to tenants. In 2022, we have played a more active role in encouraging recycling in our multi-tenanted properties by conducting a recycling awareness campaign for our tenants

Monitoring and recording recyclable waste and e-waste generated at our multi-tenanted properties based on records provided by our contractors. The volume of recyclable waste and e-waste collected in 2021 and 2022, which is disclosed in the Targets & KPIs section, helps us track recycling trends and identifies areas for improvement

Ensuring that general waste is collected by licensed waste contractors and disposed of responsibly, at authorised sites, and in accordance with regulatory requirements

Distributing electronic circulars to tenants, instead of printed hardcopies, as an initiative to reduce the usage of paper. We have also switched our internal operational checklists and communications materials to electronic formats. This includes providing annual reports in soft copy to our Unitholders since 2021

Collecting data on general waste that is not recycled at multi-tenanted properties, in addition to collecting data on recyclable waste

Actively reusing and/or recycling construction material for all new developments and major renovation projects, and collecting data on these efforts

Encouraging our office employees to adopt recycling habits in their day-to-day activities by providing recycling bins in our offices. This initiative was launched in 2022

Conducting training for our vendors, Facility Managers and housekeeping staff on recycling initiatives

During 2022, Axis-REIT did not incur any fines or receive reports of non-compliance or breaches of waste management practices. There were also no identified reports of non-compliance with environmental laws and/or regulations.

Management of Sustainability Matters



Targets & KPIs

In 2022, we tracked general waste disposed to landfills. This included non-hazardous waste that cannot be recycled.

We observed a sharp increase in recyclable waste, which is commensurate with offices and warehouses resuming full operations postpandemic. In addition, the waste collection process has been streamlined and improved, ensuring more accurate reporting of our waste data. In 2022, we also started tracking data on general waste. Our data collection includes waste data received from our tenants as well as from our own offices.

• Total Waste Diverted from Disposal (kg)

Total Recycling Waste Collected	2021	2022
Paper	438	19,768
Glass / Metal / Aluminium cans	184	7,421
Plastic	196	4,284
E-waste	82	4,281
Total	900	35,754
Recycling / General Waste (%)	N/A	3.71

Notes

1. Data for waste is derived from documentation provided by waste contractors for multi-tenanted buildings (under the direct control of the Manager).

2. Types of e-waste include light bulbs, transmitters, used computers, light fittings, electrical cables, photocopier toner/cartridges, electrical switchgears and relays, and printed circuit boards (PCB).

• Total Waste Disposed to Landfill (kg)

Total Disposed Waste Collected	2021	2022
General Waste	N/A	964,010

Note

1. Data for waste is derived from documentation provided by waste contractors for multi-tenanted buildings (under the direct control of the Manager).

Composition of Total Waste Generated

Year	Total General Waste	Total Recyclable Waste	% (Recycle vs General)
2021	No data	900 kg	No data
2022	964,010 kg	35,754 kg	3.71 %
% change	-	3872 %	-

• Total Construction Waste Reused and Recycled at Developments / Major AEIs (kg)

Project	Items	Amount	Units	Remarks	
	Reused timber	8,920	kg	During Construction	
Public Determination Control 2	Reused Steel	2,371,230	kg		
Bukit Raja Distribution Centre 2	Recycled Steel	1,158,889	kg	During Demolition	
	Reused Concrete	550,000	kg		
	Recycled Metal & Cable	5,321	kg	During Renovation	
	Recycled Metal Scrap	352,580	kg		
Axis Facility 2 @ Bukit Raja	Reused Steel	29,710	kg	During Demolition	
	Reused Concrete	825,000	kg		

1. Data for reused and recycled materials at developments and major AEIs are monitored by an outsourced green building consultant and on-site contractors.

Outlook

The Manager will continue to recycle and reuse building materials for brownfield developments and major AEI projects, where possible. This will reduce waste produced during the construction phase and minimise Axis-REIT's environmental footprint.

Having established our data collection process for general and recyclable waste, our next steps are to set baselines and targets for our waste reduction initiatives in the upcoming year. We will continue to measure and monitor waste generation by their disposal methods and recyclability to improve waste management practices at the Fund's multi-tenanted properties. Concurrently, we will run more campaigns in 2023 to raise awareness and promote good recycling habits among our employees, tenants, and service providers.



As the Manager of Malaysia's leading industrial REIT, we place utmost importance on the safety and well-being of our people. We embrace this as a key driver of employee engagement, retention and efficiency, stakeholder satisfaction, as well as the Fund's reputation.

The Manager has implemented various health and safety measures to ensure that all employees, tenants, suppliers, contractors, service providers and visitors are protected to the best of our abilities. These measures are in line with the laws and recommendations outlined by the Malaysian government.

The protracted COVID-19 pandemic had highlighted the importance of having clear OHS policies and measures in place. Throughout the year, we continued to prioritise the safety and well-being of our people and stakeholders, staying on high alert to respond quickly and

Management of Sustainability Matters

SOCIAL

effectively in the face of any unexpected OHS challenges. The policies and procedures introduced in 2021 remained largely in force in 2022, with continuous reviews and updates in line with the latest MOH guidelines. In some instances, we exercised increased prudence and applied more stringent practices over and above the regulatory requirements. For example, although MOH guidelines were eased to make the use of face masks optional, we continue to strongly encourage and enforce the use of face masks at our multi-tenanted buildings through our properties' house rules.

The Manager addresses OHS matters through its HSE Policy. Developed in accordance with Malaysia's Occupational Health and Safety Act 1994, Occupational Health and Safety Assessment Series (OHSAS) 18001 and ISO 45001: Occupational Health and Safety Management System, the HSE policy sets out requirements to ensure that the health, safety and wellbeing of all stakeholders are protected. We strive to meet and exceed these requirements and aim to identify and mitigate

the risks that may lead to health and safety incidents. This is mainly done through:

- 1. Demonstrating visible HSE leadership and commitment to HSE-related matters
- 2. Committing to HSE excellence in our activities by following the relevant code of compliance and adhering to applicable standards and procedures
- 3. Implementing measures that are relevant to our activities to prevent work-related death, injury, ill-health and property damage, as well as ensuring the conservation of the environment and prevention of pollution
- 4. Maintaining appropriate contingency measures and ensuring they are tested to handle emergencies
- 5. Promoting continual improvement in our HSE management system and performance, and enhancing the HSE competencies of our employees

The Property Management Team oversees the provision of a safe, healthy and conducive environment across the Fund's operations and multi-tenanted properties. Guided by the

updated HSE Policy in 2022, all employees and workers (including contractors), tenants and visitors, are required to comply with stringent health and safety protocols and standards, and to act responsibly.

To create and maintain a safe and healthy environment within our operations, the Manager has a gualified HSSE Manager who conducts regular workspace inspections to ensure employees, service providers and contractors engaged by the Manager abide by its HSE Policy and industry best practices on safety and health. Safety induction training is provided for all contractors entering the Manager's multi-tenanted buildings. The requirement for suppliers to adhere to the policy is also embedded in our Supplier Code of Conduct.

Key Initiatives



Safety Culture & Work Environment

In 2022, the Manager continued to uphold high standards on health and safety, and to implement best practices in the management of our facilities. All HSE requirements and expectations are detailed in our tender documents for compliance by the relevant contractors and are communicated prior to the commencement of work (pre-mobilisation), as well as during the execution of work. HSE matters include highlighting elements of HSE planning, risk assessment and control, operational control, as well as verification and continual improvements. Other initiatives to promote a safe culture and work environment include:

- 1. Requiring contractors to furnish a Job Safety Analysis (JSA) with detailed risk assessments before commencing work on a project
- 2. Requiring contractors to commit to HSE compliance by appointing a competent person to oversee HSE matters
- 3. Making the Manager's in-house Renovation Work Manual accessible to relevant parties to ensure compliance with HSE expectations and requirements
- 4. Checking, servicing and calibrating electrical equipment as required by law to minimise exposure to hazards
- 5. Reporting the HSE Performance of our operations on a monthly basis to monitor continuous compliance with our HSE policy
- 6. Performing regular technical audits and assurance to ensure buildings are maintained in good condition
- 7. Ensuring that monitoring procedures used for compliance checks are accessible in all sites, including vacant sites, for regular monitoring
- 8. Maintaining compliance records for the applicable equipment and activities in our buildings with the relevant authorities such as the Department of Occupational Safety and Health (DOSH), BOMBA and the Construction Industry Development Board (CIDB)
- 9. Providing Personal Protective Equipment (PPE) to employees and ensuring that contractors and subcontractors working at our project sites and properties are equipped with the necessary PPE
- 10. Conducting "lessons learned" training on case studies of past incidents and detailing the improvements required by the relevant parties, including employees and contractors. These sessions are conducted during the pre-mobilisation induction training before the issuance of work permits. A total of 31 lessons learned sessions were conducted for 396 participants during 2022
- 11. Conducted first aid awareness training for selected Property Management employees, and initiated procurement for Emergency Response Team (ERT) equipment such as wheelchairs, stretchers and additional first aid kits



Safety Education and Training

Fundamental HSE induction training is compulsory for all new employees of the Manager, as well as its external service providers and contractors. Training is to be completed before commencing work on-site for building maintenance, servicing and refurbishment works.

The Manager also conducts Safety Awareness Programmes for suppliers, vendors, contractors and tenants. In 2022, 50 training sessions were conducted which covered topics such as Safety Induction. Indoor Air Quality, Emergency Response Planning, and Pre-fire Drills. A total of 783 participants, comprising facilities and project teams, vendors, contractors and tenants attended these programmes.

In addition to internal programmes, the Manager also sent employee representatives to attend courses for specialised skills and knowledge that were organised by external training providers.



In 2022, 783 participants attended **50** training sessions.

The table below summarises the health and safety training programmes conducted/attended during the year.

Course Name	Participants	Topics/Coverage	Total Number of Participants
Axis-REIT Safety Induction Training	All new employees of the Manager and staff of contractors as well as service providers	Safety requirements, HSE Policy, legal requirements, hazard identification and control	396
Fire Drill Briefing	ERT members and Safety Coordinators (tenant representatives)	Briefing to ensure a clear understanding of ERT and Safety Coordinators' roles and responsibilities during emergencies that require a full evacuation exercise	163
ERT Course Training by BOMBA Malaysia	ERT members and Safety Coordinators (tenant representatives)	Training by BOMBA Malaysia	145
Indoor Air Quality (IAQ) Training	Relevant employees of the Manager	Training on improvement for Indoor Air Quality, organised by ARMB's indoor air sanitisation equipment vendor	9
Electrical Safety and Technical Training	Facility Managers and Chargemen	Training on electrical safety and technical knowledge	22
First Aid, Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) Awareness Talk	Selected Property Management employees	Training on CPR and AED awareness	34
National Seminar 2022 – Safety Culture	HSSE Manager	National Seminar 2022 organised by the Malaysian Society for Occupational Safety and Health (MSOSH)	1
Impact of the New OSH (Amendment) Act 2022 and Its Regulation to Industries	HSSE Manager	Malaysian Industrial Safety & Health Association (MISHA) conference on the impact of the OSH (Amendment) Act 2022 and its regulation on Industries	1
Requirements or Procedures for Valuer's Site Inspections	Facility Managers	Training on requirements and procedures for valuer site inspections, covering safety aspects and requirements at Axis-REIT properties	12

Targets & KPIs

The Manager is pleased to report that no work-related injuries were recorded in 2022, and there were no fines or incidents of noncompliance with OHS regulations recorded.

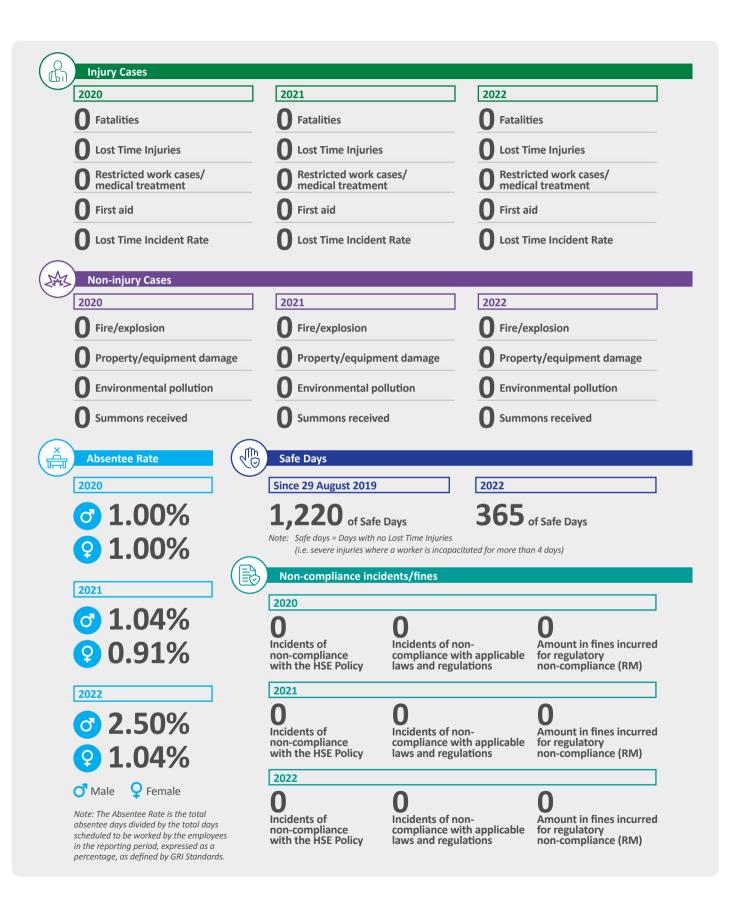
We attribute the clean record to the success of our safety initiatives and the commitment of our stakeholders in prioritising OHS in their day-to-day operations. The Manager

will continue to organise OHS training and awareness programmes, as well as track, report and monitor areas in which we can improve.

Management of Sustainability Matters

On the COVID-19 front, all positive cases identified among our employees were managed in compliance with the Home Surveillance Order issued by MOH via the MySejahtera application. Concurrently, the Manager would conduct deep cleaning and sanitisation at all areas with contamination risks.

In staving vigilant against the transmission of COVID-19, the Manager installed auto airsanitisers (an organic product that was tested and certified by an independent laboratory) at common areas and offices of our multitenanted buildings. This is in addition to sanitising these common areas on a weekly basis. All employees of the Manager are also required to upload weekly COVID-19 self-test results on Sunday before entering our premises the following week, using test kits supplied by Management. The Manager also continued to provide face masks to all employees and encouraged their use at work.



Ongoing COVID-19 Measures

At the outset of the COVID-19 pandemic, the Manager instituted a series of standard operating procedures (SOPs) at Axis-REIT's multi-tenanted properties and within its own office premises. These SOPs essentially enforce 3 principles, namely hygiene, disinfection, and physical distancing, and are in compliance with MOH and National Security Council (NSC) guidelines. An overview of the SOPs is presented in the diagram below.



In 2022, the Manager continued to improve its COVID-19 SOP management – balancing the need to safeguard the health and well-being of employees. tenants, vendors and visitors, while embracing the country's transition into an endemic phase in the management of COVID-19.

Guided by MOH's and NSC's COVID-19 Management Guidelines, the Manager:

- 1. Began to selectively ease COVID-19 SOPs 3. Encouraged employees to observe their at the workplace. Changes included the discontinuance of compulsory MySejahtera check-ins at building and office entry points (for multi-tenanted properties), lifting of restrictions on inperson meetings at Axis-REIT's offices, and the cessation of the Manager's split-team arrangements that had been enforced to safeguard operational continuity during the worst of the COVID-19 pandemic.
- 2. Continued to enforce the compulsory use of face masks for employees, even after MOH guidelines were eased to make the use of face masks optional. The Manager continued to uphold its responsibility in providing and replenishing face masks for all employees. Strict personal hygiene protocols were also enforced at all times.

Requiring all employees, housekeeping and security contractors to be fully vaccinated. All of the Manager's employees were already fully vaccinated in 2021 with at least two doses of approved

4.

Outlook

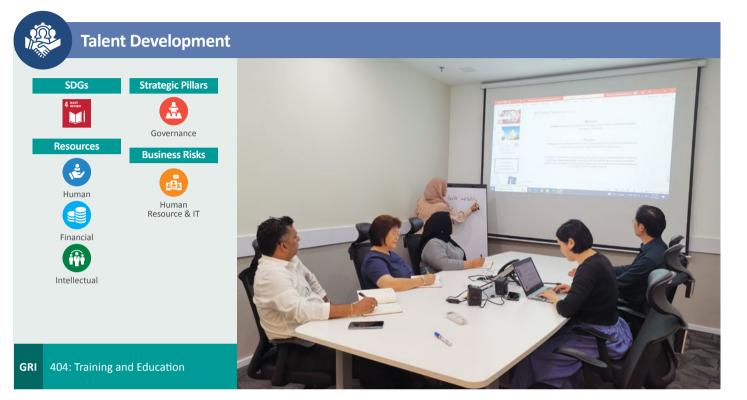
We are committed to improving our HSE practices to provide a safe and conducive workplace for our employees and tenants. We conduct periodic HSE audits at our offices and sites to assess our practices and identify room for improvement. While Malaysia has transitioned into an endemic phase in its management of COVID-19, we believe it is imperative to remain vigilant, and we will continue to monitor and maintain our current practices to safeguard the health and safety of our staff, tenants, vendors and visitors. The Manager will keep abreast of the latest developments in COVID-19 SOPs issued by MOH and the NSC (if any).

Management of Sustainability Matters

health at all times and requiring them to take weekly COVID-19 RTK-Antigen self-tests at home. Employees with flulike symptoms, temperatures above 37.5°C or positive test results remain prohibited from entering the office and are required to seek medical attention, where necessary. Employees who are close contacts (e.g. members of the same household) of COVID-19 positive patients are still required to work from home for 5 days and take an RTK-Antigen self-test before returning to the office.

COVID-19 vaccines, and all cleaning and security contractors were fully vaccinated in October 2021.

- Cleaned and disinfected frequently 5. touched areas and surfaces in common areas at least three times per day.
- 6. Increased the frequency of deep cleaning and sanitisation of common areas at multi-tenanted properties and the Manager's offices from one time a month to a minimum of 4 times a month. Additional sanitisation efforts were also carried out after special events or in the event of suspected or reported COVID-19 cases at any of the Fund's properties.
- 7. Installed auto sanitiser sprays in all lifts at all multi-tenanted properties.



The Manager continuously provides opportunities for our employees to upskill and reskill themselves.

We believe that investing in our employees drives the efficiency of our operations and gives the Fund a competitive advantage in the market. The Human Resource Department and Heads of Department (HOD) are responsible for identifying, developing, and implementing training programmes for employees. Balancing the needs of the team and individuals, we curate and provide regular training programmes for employees across our operations, and collectively, our employees completed a total of 657.7 training hours in 2022.

The Manager provides both internal mentoring and coaching programmes, as well as external training by the relevant industry experts. By investing in our employees, we aim to align their skill sets to our current business needs while simultaneously empowering our workforce and driving productivity. In

addition to the long-term benefits to our operations, we understand the personal value of our upskilling programmes to our employees. These programmes present opportunities for personal development as well as career advancement. In 2022, the Manager sponsored one employee for the GRI Certified Sustainability Professional programme.

Initiatives

The Manager conducted the following ongoing talent development initiatives throughout 2022:

performance Annual appraisals to assess the performance of all employees, their career needs, and plans. The appraisal process allows us to track employee strengths and weaknesses, identify the best candidates for career progression, and offer feedback for areas of improvement. In 2022, all our employees underwent the appraisal process.

Providing both general opportunities learning for all employees, as well as targeted learning programmes, as requested by Senior Management. The programmes aim to address any competency gaps and/or to align our employees' capabilities with their personal ambitions and professional needs.

Assigning a 'buddy' for all new employees of the Manager, creating a support system to help them acclimatise to their new roles.

Employee Training Programmes

Programme	Type of Programme (Internal / External)	Platform (Physical/ Virtual)	Frequency	Target Group
Cybersecurity Awareness Training	External	Virtual	Yearly	All corporate email users
Electrical Safety & Technical Training	External	Physical	Ad-hoc	Facility Managers and Chargemen
First Aid, CPR and AED Awareness Talk	External	Physical and Virtual	Ad-hoc	Selected Property Management employees
Strategy Workshop	External	Virtual	Yearly	HODs
Anti-corruption Training (Refresher)	Internal	Virtual	Yearly	All employees
ESG Workshop	Internal	Virtual	Ad-hoc	HODs

In line with Axis-REIT's Cyber Risk Policies and IT Guidelines, the Manager conducts annual Cybersecurity Awareness Training for all corporate email users, including Directors, to increase cybersecurity awareness towards achieving zero cyber-risk threats. In relation to the recent updates to Bursa Securities' Sustainability Reporting Framework, the ESG workshop with our external consultant updated HODs on the latest requirements on sustainability reporting.

Targets & KPIs

Employee Training



TARGET to ensure all employees attend at least **1 training** programme a year

The breakdown of average training hours by gender and employment category are as shown in the following tables:

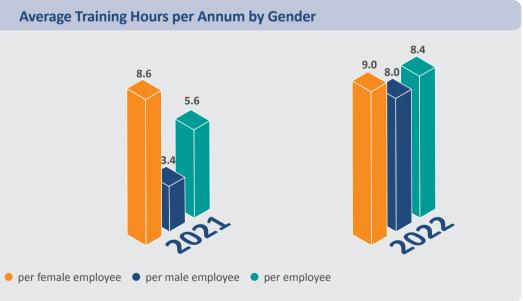
2021.

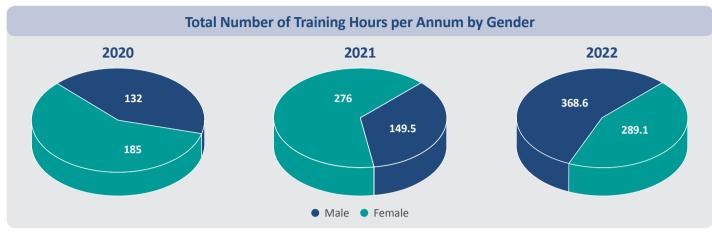


1. Average training hours per employee by gender is calculated based on the methodology disclosed in the GRI Standards.

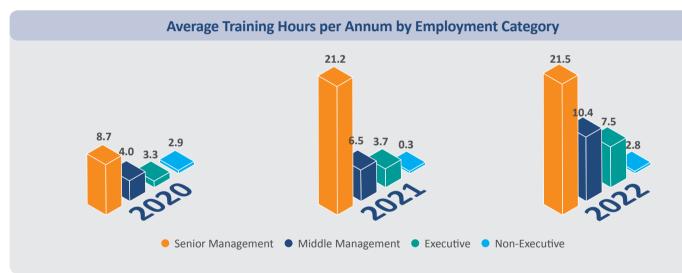
Management of Sustainability Matters

In 2022, 78 employees completed an average of 8.4 training hours per person, a 50% increase from





1. Total training hours in 2022 increased by 232.2 hours from 2021 as more training programmes were conducted for our employees.



Note

1. Average training hours per employee by employment category is calculated based on the methodology disclosed in the GRI Standards.

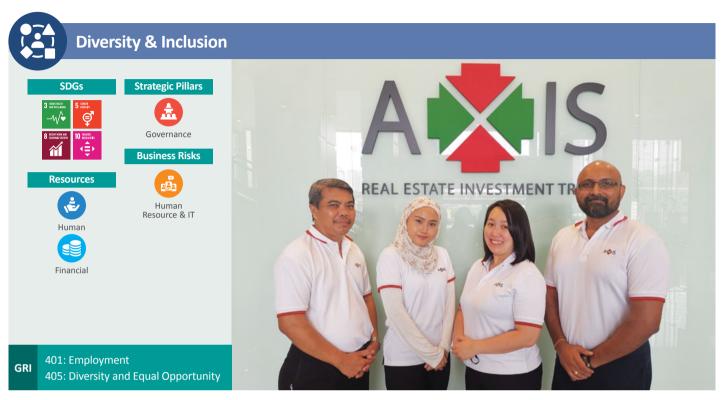
Employees receiving regular performance and career development reviews (%)

During 2022, all of our employees received annual performance and career development reviews. The reviews are a platform for management to provide feedback to employees on their performance, and at the same time understand employees' ambitions and constraints for better personal development and career progression planning. This leads to enhanced employee satisfaction, better productivity and performance, and better results for the Fund.



Outlook

Malaysia's transition into an endemic phase in its management of COVID-19, has seen the reopening of borders and economic sectors. As we embrace this new normal, the Manager will continue to accommodate employees by providing learning and upskilling opportunities, particularly in the areas of technical training and compliance matters, via both physical and virtual courses. We remain committed to upskilling our people to ensure our employees' capabilities align with the Fund's needs.



The Manager champions a diverse workforce across our operations, through diversity in gender, ethnicity and cultural backgrounds.

We strongly believe that it is our responsibility to foster an inclusive work environment, which we believe empowers our employees to perform optimally while meeting our objectives as an organisation. Diversity in our operations allows us to leverage different backgrounds and experiences, enabling us to constantly be at the forefront of innovation in the industry. We endeavour to achieve a diverse and inclusive environment that is aligned with our core values by placing a strong emphasis on employee welfare and equal opportunities at work.

The Human Resource Department manages employee benefits and welfare, and handles all employee relations matters within the organisation. Our employee policies are guided by the Employee Handbook, which defines our policies and employee benefits. In 2022, we updated our Board Charter to formalise our commitment to ensuring that at least 30% of the Board is composed of female directors, and to prevent the domination of a single race within the Board composition.

Key Initiatives

The Manager is committed to promoting diversity and inclusion, and treats all employees equally, regardless of gender, race and employment type (i.e. permanent vs contract employee). The Manager's employee benefits include Group Personal Accident Insurance, as well as hospitalisation, disability and invalidity coverage, retirement provisions and parental leave.

The Manager conducts regular employee engagement programmes to upskill our employees and foster a strong team spirit. The programmes take the form of annual performance reviews, inhouse group training and social events such as annual dinners and company trips. The Manager also set up the Axis Education Fund, allocating RM150,000 annually to support qualified employees' children in furthering their education.

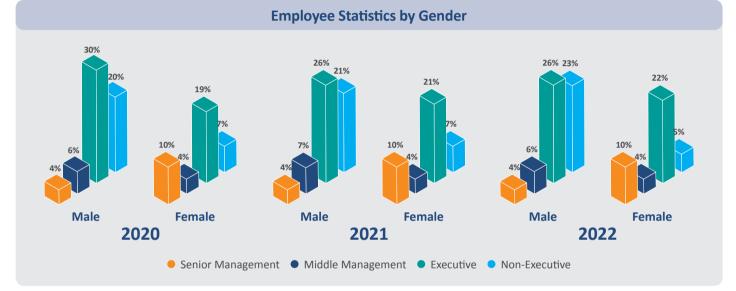
Overall, the employee engagement programmes, which are listed on page 154, garnered an overall participation rate of 90% in 2022.

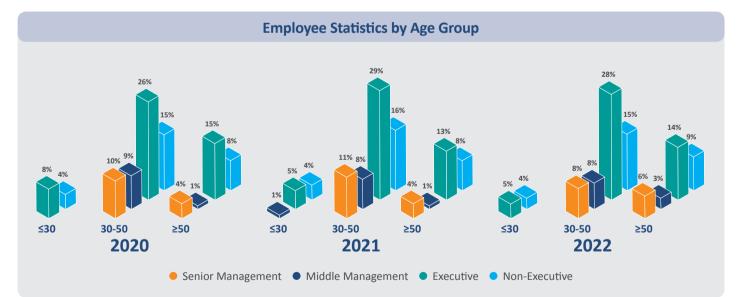
Management of Sustainability Matters

Additionally, in 2022, we further incorporated our commitment to diversity and inclusion in our Code of Conduct. The Manager pledges to prevent discrimination based on gender, race, nationality, and cultural background. Our policy ensures that we provide equal opportunities to all employees in regard to training opportunities, support, career advancement, compensation, and benefits. In addition to our Code of Conduct, the policies in our Employee Handbook guide the Manager in fostering an inclusive workplace where diversity is valued, and which provides equal opportunities for all employees to develop to their fullest potential.

Targets & KPIs

Over the years, we have maintained a reasonably balanced ratio of female to male employees, with male employees just edging out their female counterparts (with the male:female employee ratio at 23:16 as at 31 December 2022). However, women are well represented at Senior Management level, with 10% of employees being women appointed in senior management roles vs 4% for men. The majority of our employees are between 30 and 50 years of age, bringing with them a wealth of knowledge and experience gained from years of industry experience.



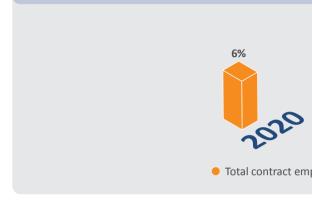


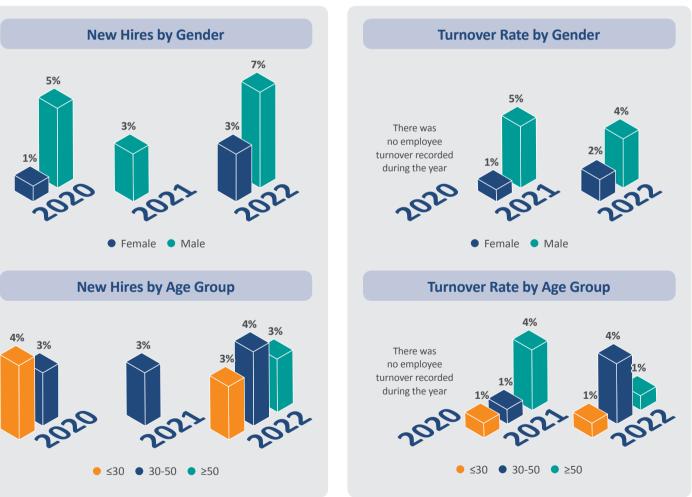
Notes:

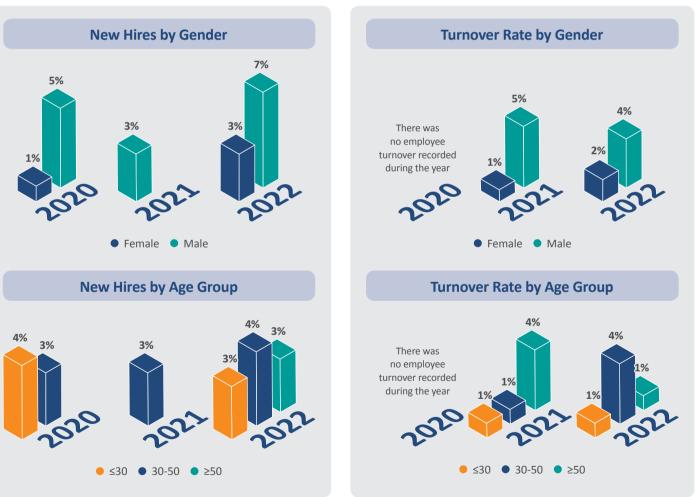
1. Total headcount as at 31 December: 79 (2020), 76 (2021) and 78 (2022).

2. The tabulated figures have been rounded to the nearest whole number for standardisation.







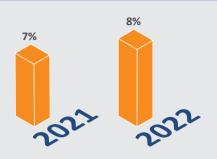


Notes:

- 1. Value has been restated due to updates of the calculation methodology:
- The new hires rate is the total number of newly-hired employees during the year, expressed as a percentage of the average number of employees.
- The average number of employees is the average of the number of employees at the beginning of the year (1 January) and at the end of the year (31 December). 2. Total headcount as at 31 December: 79 (2020), 76 (2021) and 78 (2022).
- 3. The tabulated figures have been rounded to the nearest whole number for standardisation.

Management of Sustainability Matters

Percentage of employees who are contractors or temporary employees



• Total contract employees as a percentage of total employees

Notes:

- 1. The turnover rate is the number of employee resignations during the year, expressed as a percentage of the average number of employees during the year.
- 2. The average number of employees is the average of the number of employees at the beginning of the year (1 January) and at the end of the year (31 December).
- 3. Total headcount as at 31 December: 79 (2020), 76 (2021) and 78 (2022).
- 4. The tabulated figures have been rounded to the nearest whole number for standardisation.

Parental leave



Gender Pay Gap

Employee categories	Ratio of basic salary and remuneration of male to female employees (Gender pay gap)		
	2020	2021	2022
Senior Management	1:1	1:1	1:1
Middle management	1:1	1:1	1:1
Executive	1:0.8	1:0.8	1:0.8
Non-Executive	1:0.7	1:0.8	1:0.7

Notes:

1. Data is based on basic salaries only as at December of each year.

2. Calculated by indexing the average male employee's basic emoluments to 1 and comparing the average female employee's basic emoluments as a proportion of this.

Employee Engagement and Well-Being Programmes



TARGET to conduct at least 2 employee engagement initiatives every year

Type of Employee Engagement and Well-Being Programme	Frequency	Target Group
Annual Dinner	Annual	All employees
Company Trip	Annual	All employees
Private Health Insurance	Ongoing	All employees
Long Service Award	Annual	Eligible employees
Axis Education Fund	Annual	Eligible employees' children
Weekly COVID-19 testing programme	Weekly	All employees

Note

All employee engagement and well-being programmes are funded by the Manager and not by Axis-REIT.





The Manager's employee engagement and well-being programme

Employee Satisfaction Survey

In 2022, the Manager conducted an Employee Satisfaction Survey and obtained a Net Promoter Score of 8.44. The survey included questions relating to health and wellbeing, as well as work life balance, given the Manager's commitment to providing a healthy work environment for all employees.

The Manager will continue to conduct the Employee Satisfaction Survey on an annual basis, and also leverage on suggestions from the survey to come up with more employee engagement initiatives.

Outlook

One of our key strategies in managing our employees is to provide an inclusive work environment that is conducive to productivity. While earlier plans to establish a sports club had been deferred amid the pandemic, the Manager aims to establish this in 2023 and continues to seek opportunities to increase engagement across its workforce. The Manager also pledges to sustain a balanced gender composition throughout our workforce by initiating programmes to attract talents from diverse backgrounds, gender and cultures.

Moving forward, Axis-REIT will continuously identify areas to improve our employee engagement initiatives. For 2023, we will leverage on feedback received from our ongoing employee engagement programmes, aiming to select 2 improvement measures that we will develop as engagement initiatives.

Management of Sustainability Matters



72 employees who took the Employee Satisfaction Survey





The Manager has a comprehensive Sustainability Governance Structure that ensures that our labour management approach upholds the principles of human rights.

This framework extends to our suppliers, as we expect our contractors and suppliers to comply with human rights and labour practices. We believe this is a critical component in safeguarding the reputation and success of the Fund.

The Manager ensures strict compliance with Malaysia's Employment Act in our employment practices. We are committed to protecting and upholding the rights of our employees and ensuring fair labour practices throughout our value chain. Our policies are reflected in the Manager's Code of Conduct, and extends to our suppliers through our Supplier Code of Conduct. The Supplier Code of Conduct encompasses, among others, human rightsrelated matters such as labour standards, as well as health and safety. It compels our supply chain to uphold the same standards as the Manager. This framework aims to ensure that the labour practices of the Manager, as well as those of our contractors and suppliers, adhere to human rights standards and the employment laws of Malaysia, and strictly prohibits any form of child or forced labour within our operations.

In 2022, the Manager enhanced the Supplier Code of Conduct to explicitly specify the channel for reporting any incidents of non-compliance, along with any unlawful or unethical business practices or non-compliance with any areas in the Supplier Code of Conduct by referring to the Whistle-Blowing Policy. More information on how the Manager communicates the Supplier Code of Conduct to suppliers is presented in the "Responsible Supply Chain" sustainability matter.

The Manager complies with the prescribed requirements for working hours, working conditions and minimum wages under the Employment Act 1955, the Occupational, Safety and Health Act 1994 and other relevant acts that relate to human rights in the workforce. We also encourage a good work-life balance among employees and ensure that none of our employees are paid below the minimum wage.

While the Manager practices an "open door" policy for its employees to raise any concerns on human rights-related infringements to Senior Management, established whistleblowing channels are also available for employees to report such matters, which include sexual harassment, discrimination and the endangerment of health and safety. The Whistle-Blowing Policy was enhanced in July 2022 to include a detailed description of the incident reporting procedures for better clarity.



For further details on Axis-REIT's Code of Conduct, Supplier Code of Conduct and Whistle-Blowing Policy, please visit our website at www.axis-reit.com.my/investor/corporate_governance.php The Human Resource Department oversees employment-related matters and ensures that our employment practices are aligned with local employment laws and labour standards.

Initiatives

Initiatives implemented by the Manager to uphold human rights and fair labour practices include:

Human rights assessment/ audit of contractors engaged for the Bukit Raja Distribution Centre 2 development. The assessment/audit was undertaken by the outsourced internal auditor



Targets & KPIs

In 2022, the Manager did not receive any reports of incidents or grievances relating to discrimination, child labour, or forced labour from employees or external parties such as suppliers, the community or the general public.

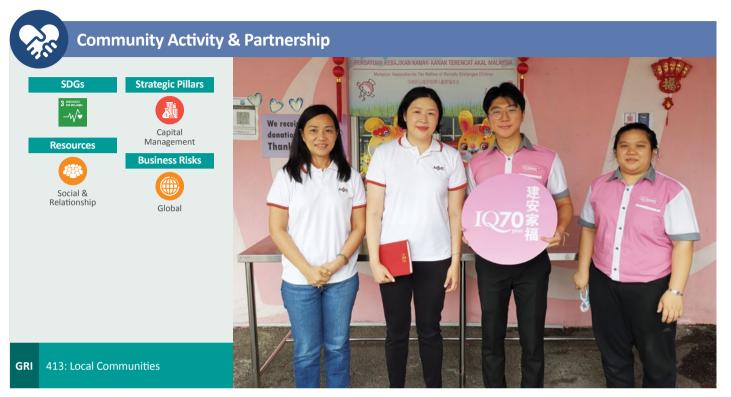
Outlook

The Manager will continue to monitor our contractors' compliance with ESG requirements through ad-hoc site visits and audits. These include conducting on-site human rights and labour practice risk assessments on registered key suppliers in 2023.

For more information in relation to our supplier assessments, please refer to the Responsible Supply Chain sustainability matter on pages 122 to 125 of this Report.

Management of Sustainability Matters

Initiatives implemented to phold human rights and fair labour practices	Continuation of COVID- safety measures to prot the health and well-bein of our employees, such distributing self-testing to all employees on a w basis and providing all employees with face mo	ect ng as kits eekly
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Axis-REIT's operations are intertwined with the communities in which we operate. We are conscious of the impact our operations have on the local communities around us, and proactively address their needs and considerations through our **Corporate Social Responsibility** (CSR) initiatives and our development designs. Through regular engagements with the community, we are able to understand how we can support their needs in our operations, create shared values, build trust and foster mutual respect.

The Marketing and Sustainability Manager drives the Manager's Community Activity & Partnership initiatives, spearheading efforts to identify, engage and assist communities in need of assistance, and proposing potential CSR initiatives to the Fund.

Our community investment programmes in recent years have focused on health and safety for vulnerable segments of society. The programmes are aligned with our geographical presence, where we engage with local NGOs to identify, understand and see how the Fund can address their needs. We typically prioritise programmes that benefit communities that are in close proximity to our operations, but we do also consider and support underserved areas of the country when there is an urgent or greater need.

Since the outset of the COVID-19 pandemic, we have aligned our CSR initiatives to support the public healthcare system. We sought to assist hospitals in handling the spike in patient loads during the worst of the pandemic by sponsoring

medical services and donating medical equipment to hospitals in the Klang Valley. In developing our 2022 CSR programmes, we engaged with reputable NGOs to understand the needs of the local communities they serve, and following the needs assessment process, we made the decision to sponsor an ambulance vehicle for St John Ambulance of Malaysia (SJAM) in Sabah, as well as physiotherapy and speech therapy sessions for children with disabilities at IQ70+ in Petaling Java.

Key CSR Initiatives

Our CSR initiatives and community investments directly benefit the causes we support via outright donations or sponsorship of equipment or services. We aim to allocate these resources efficiently and where they are most urgently needed. Towards this end, we strive to understand the local community's emerging needs and give back to the community by supporting meaningful and impactful causes. In 2022, the Manager undertook 2 community investment programmes:



SJAM is a well-established, non-profit NGO that works closely with government health facilities to provide emergency and non-emergency ambulance services.

Following our engagements with SJAM, we identified an urgent need for ambulances is in Sabah. This guided our decision to donate an ambulance for the use of SJAM's operations in Kota Kinabalu, Sabah. The Fund is sponsoring the purchase of the ambulance vehicle and the cost of its fabrication and fit out, which amounts to RM155,000. The vehicle's Foton C2 ambulance chassis is currently being sourced and its fabrication and fit out is expected to be completed by April 2023. Once completed, SJAM will transport the vehicle to Kota Kinabalu, where it will be deployed at the Queen Elizabeth Hospital to provide free emergency ambulance services to the public via the 999 hotline. SJAM estimates the vehicle will handle an average caseload of 5 patients a day and have a minimum expected lifespan of 5 years.

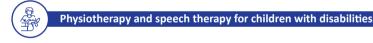
As this is a long-term project, we will continue to engage with SJAM on the progress of the ambulance fabrication and once it is deployed, track the data on the number of beneficiaries of its service over a period of 5 years.





Similar SJAM ambulance currently in use in Johor Bahru

SJAM ambulance interior post fabrication and fit out



As part of our CSR initiatives for 2022, Axis-REIT also sponsored access to health services for children with disabilities. We partnered with IQ70+, a home for special needs children registered with the Ministry of Welfare that is based close to our centre of operations in Petaling Jaya. In December 2022, we started sponsorship of a weekly physiotherapy and speech therapy programme that will run for 4 months.

As part of this service, professionally trained therapists from Pantai Hospital conduct visits to IQ70+'s home for the convenience of the children. The Fund reimburses the hospital directly for its services and we regularly engage the home to track the programme's utilisation and effectiveness.

Through this initiative, the Fund will sponsor RM37,920 for 16 physiotherapy and speech therapy sessions over 4 months. 7 children currently benefit from these physiotherapy sessions and 5 children benefit from speech therapy. The sponsorship helps alleviate IQ70+'s running costs as such health services are significant expenses for the home.



Physiotherapy and speech therapy by trained professionals from Pantai Hospital for children with disabilities

Management of Sustainability Matters





SJAM paramedic training with the MOH



SJAM staff at the Medical Emergency Coordinating Centre (MECC) call centre learning how to receive calls and provide medical direction

Targets & KPIs

Community Investment (2022)	Amount Invested (RM)	Outcome	Target Group and No. of Beneficiaries
Ambulance donation to SJAM	155,000	SJAM will set up their emergency ambulance service in Kota Kinabalu, Sabah - an underserved region of Malaysia.	Estimated number of patients who will use the ambulance: 9,125 ¹
Health services for children with	37,920	Providing children with disabilities access to 16 sessions of	Children benefiting from physiotherapy: 7
disabilities at IQ70+	57,920	physiotherapy and 16 sessions of speech therapy over 4 months.	Children benefiting from speech therapy: 5

1. Estimated based on SIAM's average caseload projection of 5 patients a day and the ambulance's minimum expected lifespan of 5 years

Outlook

As Malaysia transitioned into an endemic phase in its management of COVID-19 in 2022, we moved away from pandemic-related CSR projects and began channeling our community investments towards providing access to health-related services. Moving forward, the Manager will continue to explore health and safety-related themes for the Fund's CSR projects. We will also continue to engage with our NGO partners to keep track and report on the projects we started in 2022.

We will explore potential avenues for regular engagement with local communities around our developments and to engage our tenants to understand the potential social and environmental issues they face, with a view to help identify opportunities for Axis-REIT's future CSR initiatives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ARMB, being the management company of Axis-REIT, is pleased to present this Corporate Governance Overview Statement, which has been approved by the Board, and which provides insights into the best practices adopted by the Manager in managing Axis-REIT.

The Manager recognises that an effective corporate governance culture is critical to its performance and consequently the success and sustainability of Axis-REIT. We are committed to deliver high standards of corporate governance and have adopted a comprehensive corporate governance framework that meets best practice principles.

The following sections describe the corporate governance framework, practices and policies adopted by the Manager, based on Axis-REIT's status as a large company, as defined by the MCCG. The framework, practices and policies are substantially in accordance with the MCCG.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

The Manager of Axis-REIT

As the appointed Manager of Axis-REIT, ARMB has the general power over the assets of the Fund. The Manager's main responsibility is to manage the Fund's assets and liabilities for the benefit of its Unitholders, acting honestly, with due care and diligence, and in the Unitholders' best interest at all times.

Led by the Board of Directors, ARMB sets the strategic direction of the Fund and makes the relevant recommendations to the Trustee of Axis-REIT on acquisitions, divestments, enhancements and developments. Concurrently, the Manager also oversees the business planning, capital management and risk management functions of the Fund.

ARMB is a Capital Markets Services Licence (CMSL) holder, regulated by the Capital Markets and Services Act 2007. As such, it is required to observe and meet the minimum standards of conduct in the capital market as regulated by the SC, as well as the Guidelines on Corporate Governance for Capital Market Intermediaries (CGCMI Guidelines), also issued by the SC. These are in addition to complying with the practices and principles of the MCCG.

The Board of Directors of the Manager

An overview of the Board's responsibilities in carrying out the duties of the Manager is as follows:

6

BOARD'S RESPONSIBILITIES



- 4 Business plans and the results of their implementation
- 5 Asset management of Axis-REIT's property portfolio
 - Risk management and internal controls, including setting the risk appetite
 - and tolerance in the decision-making process
 - Financial and non-financial reporting systems
- 8 Business development and growth strategies
- 9 Succession planning at Board and Senior Management levels
- 10 Stakeholder communication and engagements
- 11 Oversight of sustainability and ESG matters



Sustainability Governance Structure

Good ESG management requires strong leadership to ensure that the day-to-day operations and business decisions work towards achieving the Fund's vision and sustainability targets. This, in turn, wins the trust and confidence of all stakeholders.

The Board, together with the CEO and the heads of departments (HODs), are responsible for sustainability management across the Fund.



• Implementing, monitoring and reporting sustainability initiatives, measures and actions set by the CEO and approved by the Board

MARKETING & SUSTAINABILITY MANAGER

• Works closely with the CEO and HODs to coordinate the approved sustainability initiatives

OUTCOME IN FYE2022:

ARMB designated the Marketing & Sustainability Manager to be part of the sustainability team as the person in-charge to coordinate the approved sustainability initiatives across the organisation.

Board Composition

As at 31 December 2022, the Board of Directors comprised the following:



OUTCOME IN FYE2022:

2 new female Directors were appointed to the Board as Independent Non-Executive Directors on 1 June 2022. With their appointments, the Manager complies with the CGCMI Guidelines which require CMSL holders to have at least 30% women representation on their boards.

Mix of Skills



The Board comprises a mix of Executive and Non-Executive Directors from diverse professional backgrounds. This allows Senior Management to tap their broad expertise and business experience in deliberating issues pertaining to the management and operations of the Fund.

Independent Directors made up the majority of the Board, which complies with the requirements prescribed under the SC's Guidelines on Listed REITs. The Board is satisfied with its current composition given the mix of skills and competencies of the Directors.

Details of the Board's roles and responsibilities in discharging its fiduciary leadership functions are available in the Board Charter, which can be accessed at Axis-REIT's corporate website, www.axis-reit.com.my.

Annual Assessment of Board, Board Committees and Individual Directors

The Board engages a third-party consultant, Archer Consulting Group Sdn Bhd (ACG), to facilitate an independent assessment of the Board, Board Committees and each individual Director. ACG conducted these assessments between 3 October 2022 and 11 October 2022 through separate interviews with the Directors.

OUTCOME IN FYE2022:

Based on ACG's assessment and the evaluation by the Nomination Committee, the Board was satisfied with the existing board structure and composition. The Board views that each of the Directors has been effective in his/her leadership and decision-making.

Chairman of the Board and CEO

The positions of Chairman and CEO are held by separate persons to maintain an effective segregation of duties. This division of responsibilities is defined in the Board Charter and is summarised below:

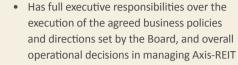


• Provides leadership to the Board in relation to all aspects of the Board's roles and responsibilities

Ensures that members of the Board work together with Senior Management in a constructive manner to address strategies, business operations, financial performance and risk management issues

• Plays a role in the Manager's external relationships with stakeholders

Corporate Governance Overview Statement



• Works closely with all the HODs through weekly cross-departmental meetings in reviewing matters relating to operational issues, capital management, investment proposals, leasing activities, facilities and project management

Strategic Planning and Target Setting

CEO

At the start of FYE2022, the Board reviewed and approved Axis-REIT's budget, which set the financial roadmap and targets for each department in executing the business plans for the year.

Corporate Sustainability Strategy 2022–2023

At each guarterly board meeting in FYE2022, the Board monitored the Manager's execution of approved action plans, and its progress towards targets and key performance indicators set and approved under the Corporate Sustainability Strategy 2022-2023. In its final board meeting held on 19 October 2022, the Board evaluated the performance of the sustainability team (comprising Senior Management and the Marketing & Sustainability Manager) based on the overall progress and targets met for FYE2022, and was satisfied with the team's achievements and progress during the year.

The Board itself was also subject to an assessment to ascertain its members' understanding and commitment to ESG action plans and targets for 2022-2023. This was included as part of the Board's annual assessment conducted by ACG.

NEW IN FYE2022:

A key highlight in FYE2022 was the Fund's move to become a participant member of GRESB. GRESB, which is a widely recognised, international ESG benchmark used by investors, developers and property managers globally, measures the sustainability performance of a company's assets and provides a comparative analysis against industry peers.

Subscribing to GRESB has been an important step in underscoring the Fund's commitment to sustainability. Participation in GRESB allows the Fund to:

- Attract and engage both local and international investors with increasingly important ESG data and benchmarks
- Benchmark its ESG performance against peers, in order to assess its effectiveness and find areas for continued improvement
- Standardise ESG data collection with internationally recognised standards and frameworks.

Corporate Sustainability Strategy 2023-2024

Looking ahead, the sustainability team assessed and updated the Corporate Sustainability Strategy for the next 2 years (2023-2024) at the workshop held in November 2022. During the workshop, which was facilitated by KPMG Management & Risk Consulting Sdn Bhd, the sustainability team formulated the next steps and targets for its upcoming action plan, particularly in addressing climate change risks. More details on the Corporate Sustainability Strategy 2023–2024, which was approved by the Board on 19 January 2023, are contained on pages 94 to 101 of this Report.

Board Meetings and Procedures

The Board meets every guarter, and held 4 meetings in FYE2022. Dates for all Board meetings are determined and fixed in advance so that all Directors are able to schedule and commit their time effectively. This is governed by the Board Charter, which sets expectations on time commitments.

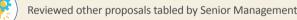
At these quarterly meetings, the Board:

Reviewed, discussed and approved the release of Axis-REIT's quarterly and annual financial results

Reviewed proposed acquisitions and/or disposals, corporate plans, annual budget, credit control reports, capital management proposals, real estate reports, facilities and project management reports, investor relations reports, etc.



Reviewed the performance of Axis-REIT against the previously-approved budget





Reviewed reports from the board committees



Reviewed ESG reports

The CEO led the business performance reporting at each Board meeting. The Chief Financial Officer, Head of Real Estate, Head of Investments and the Investments & Investor Relations Senior Manager, who are HODs of the Manager, were also in attendance to present their reports and facilitate the review and discussion of issues and matters raised. The structure and participation at the meetings enable the Board to oversee,

assess and monitor Senior Management's performance in administering the business of the Manager and Axis-REIT.

Before every Board meeting, the Executive Committee meets to review all reports and proposals from Senior Management. Thereafter, it compiles a comprehensive executive committee report that is presented to the Directors at Board meetings. Such executive committee reports contain financial and operational updates, as well as proposals and recommendations for the Board's consideration, deliberation and decision.

The Company Secretary facilitates the dissemination of information pertaining to Board meetings, sending notices of meetings and their agendas to all Directors no less than seven days before each meeting. The relevant meeting papers are also compiled and distributed to all Directors as soon as practicable once the notices of meetings have been issued, within 5 business days before each meeting.

Meeting among the Non-Executive Directors

In addition to the Board meetings, the Non-Executive Directors also have a separate meeting to discuss strategic, governance and operational issues, without the presence of the Executive Directors and Senior Management. The implementation of this meeting is in line with the new best practices of the MCCG, introduced in 2021. During FYE2022, this meeting was held on 19 October 2022.

Access to Information and Advice

All members of the Board have access to all information about the Manager and Axis-REIT at Board meetings, as well as through enquiries made via established channels. Generally, information is disseminated to the Directors by email. The Board also receives monthly financial updates circulated by the Finance department, and this enables the Board to monitor and assess the performance and prospects of the Fund.

All Directors have access to the rules and regulations governing the Fund and the Manager, as well as policies and guidelines that have been approved by the Board, via the Company Secretary, who maintains such corporate documents.

The Manager is able to seek advice from a panel of financiers and consultants who provide professional advice in the areas of financing, capital markets, legal, property valuation and engineering due diligence. This access to expert advice ensures that the Board's decision-making mechanism is informed, effective and result-oriented.

Company Secretary and Head of Compliance

The Board is supported by a professionally-qualified and competent Company Secretary who is also the Head of Compliance of the Manager. The Company Secretary organises all meetings for the Board, Board Committees, and shareholders/Unitholders, ensuring they comply with the applicable policies, rules and procedures.

The Company Secretary attended all such meetings held in FYE2022, recording and preparing the minutes of each meeting for the approval of the respective Chairmen. The Company Secretary facilitates communication between the Board, Board Committees and Senior Management, and updates the Board on all relevant regulatory changes. As the Head of Compliance, the Company Secretary is responsible for corporate compliance matters, liaising and working closely with the Fund's external solicitors and professional advisers.

OUTCOME IN FYE2022:

During FYE2022, the Company Secretary briefed the Board, among others, on 3 important regulatory updates: CGCMI Guidelines and Guidelines on Conduct for Capital Market Intermediaries (Conduct Guidelines) issued by the SC (applicable to the

- Manager as a CMSL holder)
- Legal update on the Minimum Wage Order 2022

Corporate Policies

The following policies can be accessed on Axis-REIT's corporate website:

Policies	Scope	Review in FYE2022
Board Charter	Provides a clear description of the responsibilities of the Board, its Directors and the Board Committees	 Revised on 20 April 2022 to incorporate: gender and diversity policy applicable at Board level 9-year term limit for Independent Directors, unless approved by the shareholder of the Manager conflict of interest management
Code of Conduct	Outlines the rules of professional conduct, proper practices and ethical behaviour expected of the Manager and its personnel	 Please refer to page 127 for details of the revisions made
Whistle-Blowing Policy	Facilitates the management of reports and claims filed in relation to possible improprieties in matters relating to financial reporting, compliance, misconduct and other malpractices	 Please refer to page 128 for details of the revisions made
Anti-Bribery and Anti-Corruption Policy	Serves as a guideline in recognising and dealing with bribery and corrupt practices that may arise in the course of the Manager's daily business and operations, in furtherance of the Manager's commitment to lawful and ethical behaviour at all times	 No change to the Policy was recommended This Policy will be reviewed in FYE2023 (please refer to page 128 for more details)

Corporate Governance Overview Statement

• Amendments to the MMLR in relation to the fit and proper policy, as well as enhanced sustainability reporting requirements

New Policies formulated in FYE2022

· X

NEW IN FYE2022:

- (a) On 20 April 2022, the Manager formulated a new policy on Conflict of Interest Management, following the SC's issuance of its new Conduct Guidelines on 31 December 2021 (which came into effect on 1 April 2022). This policy sets out the procedures for the management of conflicts of interest at Board and employee levels, and is publicly available on Axis-REIT's corporate website.
- (b) On 20 April 2022, the Board also established a new, stand-alone Fit and Proper Policy to comply with a new requirement imposed by Bursa Securities via the enhanced director amendments made to the MMLR in January 2022. Previously, the criteria on fit and proper was documented in the Manager's Recruitment Criteria.
- (c) In FYE2022, the Manager reviewed its compliance with the PDPA. Following the review, Axis-REIT enhanced its Privacy Notice and formulated a new Personal Data Protection Policy in compliance with requirements and procedures of the PDPA. This new Policy was approved on 19 October 2022.
- (d) On 19 October 2022, the Board strengthened its ESG commitments with the formulation of its Environmental Policy. The policy, which acknowledges the need to address climate risks, outlines the Manager's 4 environmental objectives and the approach towards achieving them. The policy is published on the Fund's corporate website.

Board Remuneration and Remuneration Policy

As Axis-REIT is externally managed by ARMB, the Fund itself has no employees, and the Directors sit on the Board of ARMB. The Manager, strategically led by the Board, ensures that it appoints experienced and well-qualified personnel to handle its day-to-day operations. All Directors and employees of the Manager are remunerated by the Manager and not by the Fund. The Manager is a privately-owned company.

Details of the Remuneration Committee, which is responsible for the determination of the remuneration policy framework of the Manager's Directors, are set out in the Remuneration Committee section below.

In line with the Board's remuneration policy, which is documented in the Board Charter of the Manager, the Remuneration Committee reviews the annual remuneration proposals presented by the Executive Committee. The Chairman of the Remuneration Committee, who is an Independent Non-Executive Director, brings his experience and exposure to facilitate the review of the remuneration proposals. The Board perceives that the Chairman of the Remuneration Committee contributes to the independent element of the review process.

There was no change in the Board's remuneration policy in FYE2022, but the policy (contained in the Board Charter) was enhanced in January 2023 to state that the Board's remuneration framework should consider the Fund's financial performance as well as the achievement of agreed targets in respect of non-financial KPIs.

The Remuneration Committee carried out its annual process of reviewing the remuneration packages of the CEO and other Directors. In reviewing the CEO's remuneration, the Remuneration Committee considered the CEO's leadership, performance and contributions to Axis-REIT as the key assessment indicators. Directors' Fees are reviewed based on market factors, and the Committee also took into consideration the ESG efforts and achievements of the Manager throughout FYE2022. All recommendations were then submitted to the Board for its final decision, and abstentions from voting by interested Directors were recorded by the Company Secretary.

All remuneration matters at Senior Management level are reviewed and determined by the Executive Committee, and where required, on a case-to-case basis, the Board's guidance and/or approval is sought.

A brief overview of the Directors' remuneration (comprising salaries, other emoluments, fees, meeting allowances and benefits-in-kind) in respect of FYE2022 is presented below:

Range of Remuneration Per Annum	Executive Directors	Non-Executive Directors
RM50,000 - RM200,000	-	2
RM200,001 - RM400,000	1	5
RM400,001 - RM600,000	-	-
RM600,001 and above	1	-

Note: Details of Directors' and Senior Management's individual remunerations are not disclosed as the Directors and Senior Management personnel are remunerated by the Manager, which is a privately-owned company. The Manager believes that the overview presented above is sufficient for public disclosure, and that the non-disclosure of individual remunerations is essential to protect the interests of the Manager and its officers.

Board Committees and their Roles

The Board delegates certain functions to the Board Committees to assist in discharging its duties. These delegated functions are as follows:

- Manages the business of the Manager and Axis-RE accordance with the vision and mission established approved by the Board
- Oversees and monitors the day-to-day business activiti the Manager and Axis-REIT
- Oversees the internal talent development and so leadership succession planning

REMUNERATION COMMITTEE

- Recommends to the Board the policy framework for remuneration of the Executive and Non-Executive Dire of the Board, as well as Senior Management officers (if a
- Reviews the remuneration framework from time to time ensure that the Manager attracts and retains individuat the highest calibre

The Board Committees are guided by their respective Terms of Reference. The Terms of Reference of the Audit Committee, Nomination Committee and Remuneration Committee are available for reference on Axis-REIT's corporate website.



The Audit Committee has the duty to ensure that the financial robust.

The Audit Committee Report, which contains a summary of activities carried out by the Committee during FYE2022, is set out as a separate section in this Report

Remuneration Committee

As the Directors of the Manager are remunerated by the Manager and not by the Fund, the Executive Committee of the Manager plays an important role in presenting proposals to the Remuneration Committee. In this regard, Dato' Abas Carl Gunnar Bin Abdullah and Mr Stephen Tew Peng Hwee @ Teoh Peng Hwee, who are members of the Remuneration Committee, also represent the Executive Committee in presenting remuneration proposals to the Remuneration Committee, under the scrutiny of its Independent Chairman.

The Board had determined the composition of the Remuneration Committee to be as described above, and accepted its departure from the recommended composition stated in the MCCG. To the Board, the views of the Executive Committee are essential in the deliberation process, especially in reviewing the remuneration proposal for the CEO. This is because the Executive Committee oversees the primary management activities and business of Axis-REIT and thus, has a better understanding of the performance and contributions of the CEO.

Corporate Governance Overview Statement

	AUDIT COMMITTEE
IT in and ies of enior	 Assists the Board in ensuring that a balanced and understandable assessment of Axis-REIT's financial position and prospects is presented to the investing public Assists the Board in the areas of internal controls, risk management and governance processes of Axis-REIT and the Manager
r the ectors any) ne, to als of	 Ensures that the Manager recruits, retains and develops the best available executive and non-executive directors Reviews succession at Board level Assesses the Board's structure, size and composition Evaluates the Directors' mix of skills, expertise and level of competencies

The Audit Committee has the duty to ensure that the financial reporting systems, internal controls and risk management systems of the Manager are

Nomination Committee

The chair of the Nomination Committee, who is the Senior Independent Director of the Board, plays an important role in fostering strong relationships and balance across the Board.

The Nomination Committee held 2 meetings in FYE2022.

The first meeting was held in April 2022 to consider the proposed appointment of new Independent, Non-Executive Directors as part of our Board refreshment practices. Candidates were identified from external sources, and taking cognisance of ARMB's gender and diversity policy, two female candidates were shortlisted.

The Nomination Committee, at this meeting:

Activit	ies	Outcome	
(i)	Considered the proposed revisions to the Recruitment Criteria and reviewed the proposed new Fit and Proper Policy	Recommended to the Board to revise the Recruitment Criteria by removing the general section on fit and proper, following the proposed adoption of a stand-alone Fit and Proper Policy	
(ii)	In respect of the proposed appointment of the new Independent, Non-Executive Directors:(iia) Requested the attendance of the CEO to review the background and relevant information about the shortlisted candidates gleaned by the CEO from interviews with each candidate	 Obtained a better understanding of the candidates to facilitate the Committee's assessment and decision. 	
	 (iib) Assessed the potential candidates, taking into consideration the following criteria: Their skill sets, experience, competencies and time commitments Their fit and properness (including compliance with the fit and proper requirement stipulated in the SC's Licensing Handbook) Their independence of management and absence of any business relationship that could interfere with the exercise of independent judgement, in addition to meeting the set criteria of independence prescribed by regulators. 	the Board for appointment as Independent, Non-Executive Directors.	

At the second meeting held in October 2022, the Nomination Committee undertook the following activities, which are its annual affairs:

Activities	Outcome	
(i) Reviewed the assessment results of the performance evaluation carried out on the Board, Directors and Board Committees as compiled by ACG	, , , , , , , , , , , , , , , , , , , ,	

Activities

- (ii) Assessed and adopted the criteria for the annual a Directors (including the assessment of Independent employed by ACG in their assessment processes
- (iii) Reviewed the existing composition of the Board, effectiveness of the Board and Board Committees

- (iv) Reviewed succession plans at Board level(v) Assessed the training needs of the Directors
- (vi) Reviewed the term of office and performance Committee in accordance with Paragraph 15.20 of th
- (vii) Assessed the retiring Directors based on evaluations

Assessment of Independent Directors

The Board undertook its annual evaluation of all its 5 Independent Directors (including 3 whose tenures have exceeded 9 years), based on the results of the assessment that was facilitated by ACG. ACG's report had found that the Independent Directors remained objective and independent in expressing their views and in participating in deliberations and decision-making of the Board and Board Committees.

In accordance with the Board Charter, the 2 newly-appointed Independent Directors will serve on the Board for 9 years, in line with best practices recommended under the MCCG.

The 3 Independent Directors, whose tenures have exceeded 9 years, were retained as Independent Directors with the approval of the shareholder of the Manager during its AGM in March 2022. The Board had assessed each of the said Independent Directors based on additional evaluation criteria, and recommended their retention as Independent Directors for the shareholder's decision.

The mechanism provided under the MCCG in relation to the two-tier voting process for the re-appointment of Independent Directors (whose tenures have exceeded 9 years) is not applicable to the Manager because the Manager is a wholly-owned subsidiary of a private company.

Attendance at Board and Board Committee Meetings in FYE2022

The Appendix accompanying this Statement presents the details of each Director's attendance at Board and Board Committee meetings in FYE2022.

Corporate Governance Overview Statement

	Outcome
assessment of at Directors) as	 The assessment was enhanced: to gauge the Directors' understanding and commitment to the agreed ESG plans and targets (2022-2023) to assess the fit and properness of each Director against the Fit and Proper Policy.
as well as the	No changes to the composition of the Board or Board Committees were recommended. Although the MCCG best practice recommends that the Chairman of the Board should not be a member of any other Board Committee, the Board decided to maintain the current composition of the Audit Committee and the Nomination Committee, where the Chairman of the Board is also a member. This was based on the assessment that the Chairman has demonstrated no impairment to his objectivity in the respective roles he plays at both the Board and Board Committee levels.
	No new recommendations were raised.
	The Manager is committed to arranging annual in-house training sessions for the Directors and Senior Management.
of the Audit he MMLR	No exception was noted from the assessment results.
s conducted	Recommending the re-election of the retiring Directors for the shareholder's approval at the Manager's AGM in 2023.

Directors' Training

The Board ensures that its members attend appropriate continuing education programmes to stay updated on relevant developments, and to enhance their skills and strengthen their participation in Board deliberations.

The Company Secretary assists the Nomination Committee in compiling and disseminating information on the relevant and available training topics for consideration and selection by the Directors and Audit Committee members. The Company Secretary also compiles details of training programmes attended by Directors for reporting to the Nomination Committee and the Board accordingly.

All the Directors of the Manager complied with the requisite training requirements in FYE2022. Details of the programmes and courses attended are presented in the accompanying Appendix.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

An Effective Audit Committee

The Audit Committee plays an important role in the governance structure of the Manager, and this Committee discharged its duties in accordance with its Terms of Reference throughout FYE2022.

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Details on how the Audit Committee had discharged its duties in *FYE2022 are presented in the Audit Committee Report*

Assessment of the External Auditors

One of the tasks that is delegated to the Audit Committee is the annual assessment of the Fund's External Auditors for re-engagement.

The Company Secretary assists the Audit Committee in this evaluation through the application of 2 evaluation tools that have been approved and adopted by the Audit Committee. The tools comprise an interview with the Partner-in-Charge at the external audit firm, and an evaluation checklist that is completed by Senior Management. The tools are designed to address the following criteria:

- · Calibre of the external audit firm
- Quality of the audit process, scope and planning
- Effectiveness of the audit communications
- · Auditors' independence and objectivity
- Auditors' suitability for re-appointment

The Audit Committee evaluates the outcome of these assessments in determining the suitability of the External Auditors for re-appointment.

The Audit Committee also holds private engagements with the External Auditors without the presence of Senior Management. These meetings provide a platform for the Audit Committee to gauge the working relationship between the External Auditors and management, as well as the level of independence demonstrated by the External Auditors.

During the year under review, the Audit Committee evaluated the results of the assessments, and recommended the re-engagement of KPMG PLT as Axis-REIT's External Auditors for FYE2022, and this was submitted to the Trustee for approval. The re-appointment of the External Auditors of Axis-REIT is not subject to the approval of Unitholders.

Risk Management and Internal Control Systems

Effective risk management is a fundamental part of the Manager's business strategy. It ensures that there are no adverse disruptions to the Manager's pursuit and accomplishment of Axis-REIT's business goals and objectives, and mitigates any potential loss that may negatively impact the Unitholders of Axis-REIT.

Risk management is embedded in the day-to-day operations as well as the executive functions of the Manager. The barometer for risk management is the Risk Register, which was formulated by the Manager to capture and periodically monitor key risk areas. The Audit Committee reviews the Risk Register on a quarterly basis for reporting to the Board.

Details on the risk management framework of the Manager are contained in the Statement on Risk Management and Internal Control

Axis-REIT's internal audit function is outsourced to an independent consultancy firm, Baker Tilly Monteiro Heng Governance Sdn Bhd, which carries out the audit review based on an approved internal audit plan. The Internal Auditors report directly to the Audit Committee, presenting and discussing their internal audit reports at the quarterly Audit Committee meetings. The Audit Committee, in turn, conveys all findings and observations from the internal audit reviews to the Board on a guarterly basis.

Details on the internal audit activities are also contained in the Statement on Risk Management and Internal Control

Assessment of the Effectiveness and Independence of the Internal Audit Function

The Audit Committee also conducts an annual assessment on the effectiveness and independence of the internal audit function. The evaluation is based on the results of the Company Secretary's interview with the team leader of the internal audit function, applying an assessment tool that has been approved and adopted by the Audit Committee.

The Audit Committee was satisfied that:

- (i) The internal audit team members are free from any relationships and/or conflicts of interest which could impair their objectivity and independence
- The internal audit firm allocated sufficient staff and resources for the internal audit functions of the Manager
- (iii) Based on the audit fieldwork, the timeliness of the deliverables to the Manager and comprehensiveness of reporting to the Audit Committee in FYE2022, there were no deficiencies in the internal audit function
- (iv) There has been no change to the internal audit approach applied in FYE2022, and the internal audit function of the Manager is carried out in accordance with the industry's best practices, benchmarked against the applicable practices in the International Standards for the Professional Practice of Internal Auditing
- (v) The team leader from Baker Tilly Monteiro Heng Governance Sdn Bhd, Mr Kuan Yew Choong, who is in charge of the internal audit function of the Manager, is independent, experienced, and gualified to render his internal audit services. He is a Fellow Member of the Association of Chartered Certified Accountants and a Chartered Member of the Institute of Internal Auditors Malaysia

The engagement of the Internal Auditors, including their professional fees, are also reviewed and renewed annually. In its review, the Audit Committee considers the performance of the Internal Auditors' past services, their level of independence in carrying out their internal audit work, and their working relationship with management.

PRINCIPLE C-INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL **RELATIONSHIP WITH STAKEHOLDERS**

Disclosure and Communication with Unitholders and the Investing Community

The Manager has established a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. The Manager achieves this through timely and full disclosure of all material information relating to Axis-REIT by way of public announcements on Bursa Securities' website, through the Fund's corporate website at www.axis-reit.com.my, as well as through press releases, analyst briefings and retail investor roadshows.

Corporate Governance Overview Statement

Corporate Website

The Manager has a dedicated section for corporate governance on Axis-REIT's corporate website, providing information such as the Board Charter, Code of Conduct, Whistle-Blowing Policy and Terms of Reference. The Manager has dedicated personnel responsible for updating the Fund's corporate website with pertinent and relevant information in a regular and timely manner.

The Fund also uses the corporate website to publish its Integrated Annual Reports and notices of meetings to Unitholders, in accordance with the provisions of the Deed.

Investor Relations

The Board is committed to promoting effective communication and proactive engagements with Unitholders and the investing community through ARMB's Investor Relations department. The department is guided by the Fund's Investor Relations and Corporate Disclosure Policy, which is also accessible on Axis-REIT's corporate website.

In order to keep the investing public aware of the timing of the release of Axis-REIT's quarterly financial results, the Manager announced the targeted date for such releases (Targeted Date) 5 market days prior to each Board meeting in FYE2022. Following each announcement of the Targeted Date, a black-out period would commence. During this period, the CEO and management are not allowed to meet and/or be involved in any communications or arrangements that are related to investor relations until the quarterly financial results are announced and disseminated to the investing public.

The Manager views the preservation of price-sensitive information as highly important to prevent any leakage of information, whether inadvertently or intentionally.



Details on communications with Unitholders, the investing community, analysts and fund managers are covered on pages 68 to 71

Other Stakeholder Engagements and Relationship Management

The Manager also places emphasis in engaging other stakeholders such as its employees, the tenants of Axis-REIT, and local communities. These engagements contribute to the business decision-making process as they provide insights and ideas in meeting stakeholders' expectations and sustainable goals. The Marketing & Sustainability Manager is responsible for the various stakeholder engagement initiatives and activities.

AGM and Unitholders' Meetings

AGMs and Unitholders' meetings are the primary forums where Unitholders are presented with quality information for a better appreciation of the goals and objectives of Axis-REIT, the milestones achieved during the year, the challenges faced, as well as the prospects of the Fund. Concurrently, these sessions also serve as a platform for Unitholders to bring their expectations and concerns to the attention of the Manager.

Axis-REIT held its Tenth AGM on 28 April 2022, on a virtual basis, in accordance with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers, issued by the SC.

The AGM notice was issued within the prescribed timeframe together with the 2021 Integrated Annual Report, which was released on 28 February 2022. Ample time was allocated for Unitholders to read through the 2021 Integrated Annual Report and consider the resolutions that would be tabled at the AGM. Sufficient explanatory notes were also given in the AGM notice to facilitate Unitholders' consideration of the resolutions for which their approval was sought.

The virtual AGM, held from the broadcast venue, was administered by Boardroom Share Registrars Sdn Bhd using remote participation and electronic voting (RPEV) facilities. This enabled all eligible participants to log in to the portal, view the live webcast of the AGM, listen to the proceedings, submit their questions and cast their votes electronically.

At the AGM, the Manager presented Axis-REIT's financial performance for FYE2021, together with an update on the Fund's activities and progress, the impact of the pandemic on its business and operations, and the prospects for FYE2022. Unitholders had the opportunity to submit any questions relating to the agenda of the AGM ahead of the meeting via a designated email address, with procedures for doing so clearly set out in the AGM's administrative guide. The questions received via email were addressed at the AGM itself by the CEO. The CEO also attended to questions submitted via the online portal during the AGM and questions that were not attended to at the AGM itself were managed via email responses to the relevant Unitholders.

The minutes of the Tenth AGM is available on Axis-REIT's corporate website

On 15 December 2022, Axis-REIT held a Unitholders' Meeting which was convened specifically to seek Unitholders' approval for the allotment of new Units to the major Unitholders of Axis-REIT, namely, the Employees Provident Fund Board and Kumpulan Wang Persaraan (Diperbadankan), pursuant to the proposed placement exercise undertaken by Axis-REIT. This meeting was also held on a virtual basis using the RPEV facilities. The conduct of the meeting and the question-and-answer procedures before and during the Unitholders' meeting were carried out in the same manner as the Tenth AGM.



More details of the attendance records at AGMs since 2018 are presented on page 68

The minutes of the Unitholders' meeting is available on Axis-REIT's corporate website

Compliance Statement

The Board is satisfied that the Manager has substantially applied the principles and best practice recommendations prescribed under the MCCG in its management of Axis-REIT during FYE2022. This Statement has been tabled and approved by the Board of Directors on 19 January 2023.

APPENDIX

Attendance at Board and Board Committee Meetings in FYE2022

	Meeting Attendance				
	Board of Directors	Executive Committee	Audit Committee	Nomination Committee	Remuneration Committee
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	4/4		4/4	2/2	
Dato' Abas Carl Gunnar Bin Abdullah (Alternate Director: Alex Lee Lao)	4/4	10/10			1/1
Stephen Tew Peng Hwee @ Teoh Peng Hwee (Alternate Director: Maxine Teoh Sui Vern)	4/4	10/10			1/1
Leong Kit May	4/4	10/10			
Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor	4/4			2/2	1/1
Mohd Sharif Bin Hj Yusof	4/4		4/4	2/2	
Alvin Dim Lao (Alternate Director: Jancis Anne Que Lao)	3/4		4/4		
Lim Keng Hwee (Appointed on 1 June 2022)	2/2		2/2		
Devika A/P K Sothinathan (Appointed on 1 June 2022)	2/2		2/2		

Directors' Training in FYE2022

Director

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin

Dato' Abas Carl Gunnar Bin Abdullah Tew Peng Hwee @ Teoh Peng Hwee

Leong Kit May

Corporate Governance Overview Statement

Date	Events
19 October 2022	Cyber Security Awareness
17 November 2022	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees
19 October 2022	Cyber Security Awareness
19 October 2022	Cyber Security Awareness
5 – 7 January 2022	CGS-CIMB 14th Annual Malaysia Virtual Corporate Day
25 January 2022	Financial Benchmark Reforms in Malaysia
8 March 2022	Maybank International Women's Day 2022
22 March 2022	Macro Outlook and Environmental Sustainability
28 March 2022	Investment Treaty Protection: A Malaysian & Singaporean Perspective
26 April 2022	Q1 2022 Real Estate Market Perspective
8 June 2022	Invest ASEAN 2022 Malaysia Live
23 June 2022	CIMB Market Outlook 2H22: Dented but Not Derailed
24 August 2022	Maybank Invest ASEAN 2022: Sustainability Business Series - Shaping a Green Islamic Capital Market
9 September 2022	Scope 3 Financed Emissions: What are they and how are they measured?

APPENDIX

Director	Date	Events	
Leong Kit May	18 October 2022	Third Annual Malaysian REIT Forum 2022 - M-REITs and the Road Ahead	
	19 October 2022	Cyber Security Awareness	
	15 November 2022	Smart and Sustainable Property & Facility Management	
Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor	3 March 2022	TCFD Climate Disclosure	
	15 March 2022	Property Industry Survey 2H 2021 And Market Outlook 2022	
	24 March 2022	Regional Housing Conference	
	11 April 2022	Anti-Bribery and Corruption Compliance	
	8 June 2022	CEO@Faculty Programme 1.0: Learn from the Pros	
	14 July 2022	Green Build Conference, GBC 2022 Accelerating Sustainability in Malaysia's Real Estate Sector	
	25 July 2022	Sustainability Insights and Climate Change / Industry Outlook: Sustainability in Real Estate and Construction	
	3 – 4 October 2022	Khazanah Megatrends Forum 2022	
	11 October 2022	Building with Biodiversity for The Built Environment: 3 Case Studies	
	19 October 2022	Cyber Security Awareness	
	19 October 2022	Cyber Security Awareness	
Mohd Sharif bin Hj Yusof	17 November 2022	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	
	27 January 2022	JP Morgan Philippine Conference	
	3 February 2022	Credit Suisse Finding Alpha Conference	
	9 – 10 March 2022	CLSA ASEAN Forum	
	24 March 2022	Regis Roundtable Series	
	9 June 2022	JP Morgan APAC Agriculture Conference	
	10 June 2022	Nomura Investment Forum Asia	
Alvin Dim Lao	5 August 2022	Maybank ASEAN Conference	
	11 August 2022	PSE STAR Investor Day	
	19 October 2022	Cyber Security Awareness	
	7 November 2022	Corporate Governance: SEC Updates and Economic Briefing	
	14 – 15 November 2022	UBS PH Consumer Conference	
	12 – 14 July 2022	Mandatory Accreditation Programme	
	19 October 2022	Cyber Security Awareness	
Lim Keng Hwee	7 November 2022	MIA Webinar – Restructuring Your Company's Debt in Post-Pandemic Times	
	17 November 2022	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	
	29 November 2022	MIA Webinar – Key compliance issues on Annual Returns, Accounts, Audit and AGM	

APPENDIX

Director	Date	Events	
Devika A/P K Sothinathan	12 – 14 July 2022	Mandatory Accreditation Programme	
	26 – 27 July 2022	SSM National Conference 2022 on Corporate Governance and Sustainability	
	5 August 2022	Directors' Duties and Climate Change	
	26 – 28 September 2022	International Directors Summit	
	19 October 2022	Cyber Security Awareness	
	2 November 2022	Understanding the requirements in Bursa's enhanced sustainability reporting framework	
	17 November 2022	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	
Alex Lee Lao	19 October 2022	Cyber Security Awareness	
	7 November 2022	Corporate Governance: SEC Updates and Economic Briefing	
	19 October 2022	Cyber Security Awareness	
Jancis Anne Que Lao	7 November 2022	Corporate Governance: SEC Updates and Economic Briefing	
Maxine Teoh Sui Vern	6 April 2022	Key Provisions and Compliance Requirements under Companies Act 2016	
	25 April 2022	Resolving Boardroom and Shareholders Disputes	
	18 July 2022	Interest Scheme 2016: Duties & Responsibilities of Trustees	
	2 August 2022	Compliance with Guidelines for the Reporting Framework for Beneficial Ownership of Legal Persons	
	19 October 2022	Cyber Security Awareness	

Corporate Governance Overview Statement

AUDIT COMMITTEE REPORT

The Audit Committee plays a critical role in the corporate governance process of the Fund, carrying selected delegated oversight responsibilities from the Board to ensure that the interests of the Unitholders of Axis-REIT are safeguarded.

1. COMPOSITION OF THE AUDIT COMMITTEE

During FYE2022, the composition of the Audit Committee was increased from 3 Non-Executive members to 5, following the appointment of two new female members to the Committee on 1 June 2022. 4 Audit Committee members (including the Chairman) are Independent Non-Executive Directors of the Board. One of the Audit Committee members has an alternate director.

Following the above change, the composition of the Audit Committee at the end of FYE2022 was as follows:

Chairman:

- (a) Mohd Sharif Bin Hi Yusof
 - Senior Independent Non-Executive Director

Members:

- (b) YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin
 - Independent Non-Executive Chairman
- (c) Alvin Dim Lao
 - Non-Independent Non-Executive Director (Alternate Director: Ms Jancis Anne Que Lao)
- (d) Lim Keng Hwee
 - Independent Non-Executive Director (appointed on 1 June 2022)
- (e) Devika A/P K Sothinathan
- Independent Non-Executive Director (appointed on 1 June 2022)

2. TERMS OF REFERENCE

The Audit Committee has a set of Terms of Reference that guides the discharge of its roles and responsibilities. The Terms of Reference was updated in FYE2022 to incorporate improvements recommended by the Internal Auditors.



The Audit Committee's Terms of Reference are available on the corporate website of Axis-REIT at <u>www.axis-reit.com.my</u>

3. AUDIT COMMITTEE MEETINGS

The Audit Committee held 4 meetings in FYE2022. Details of the attendance at the Audit Committee meetings are presented in the Corporate Governance Overview Statement of this Report. The meeting dates were determined in advance to ensure the availability of each member. Meeting papers were circulated to all the Audit Committee members within five business days prior to the meetings via email and hard copy.

4. SUMMARY OF ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The primary role of the Audit Committee is to monitor, oversee, review and evaluate the effectiveness and adequacy of the Manager's financial management and reporting system, as well as the risk management and internal control environment in which the Manager operates in managing Axis-REIT. The Audit Committee is also responsible for overseeing the external and internal audit functions, conflict of interest situations and related party transactions (RPT).

In carrying out its duties and responsibilities in FYE2022, the Audit Committee undertook the following:

Financial Reporting:

- (a) Reviewed, at every quarterly meeting held in FYE2022, the quarterly financial results for public release to ensure adherence to legal and regulatory reporting requirements before recommending the same to the Board for approval.
- (b) Reviewed the audited financial statements of Axis-REIT for FYE2021, which were prepared in accordance with the Deed of Axis-REIT, the applicable SC rules and guidelines, MFRS and IFRS, prior to recommending them to the Board for approval.

The audited financial statements of Axis-REIT for FYE2021 were issued and circulated to the Unitholders in February 2022, in line with regulatory requirements.

The results of the FYE2021 audit conducted on Axis-REIT were presented by the External Auditors, KPMG PLT, to the Audit Committee for review at the meeting held on 19 January 2022. Significant audit matters such as valuation of investment properties, revenue recognition and compliance with Axis-REIT's Sukuk covenants, were discussed.

FOCUS AREA:

As with the audited financial statements of FYE2020, the disclosures in Axis-REIT's audited financial statements for FYE2021 also included an emphasis on the unknown future impact that the COVID-19 pandemic may have on the real estate market.

(c) Reviewed the key audit matter and other audit focus areas in respect of FYE2021. There was no change to the key audit matter in the audited financial statements for FYE2021 as compared to the previous year.

The valuation of investment properties was the most significant audit area for Axis-REIT, given that investment properties represented the single largest category of assets on the Fund's statement of financial position as at 31 December 2021. In their audit review procedures, the External Auditors reviewed the valuation processes adopted by the Manager, and assessed the appropriateness of the valuation methodologies used by considering their respective merits based on the occupancy status and/or conditions of each property.

FOCUS AREA:

The External Auditors continued to engage with the Fund's panel of valuers to understand how they had factored in the implications of the COVID-19 pandemic and market uncertainties in the valuations of certain properties in FYE2021.

(d) Kept abreast of newly effective MFRS and auditing standards in FYE2022 through updates from the External Auditors.

External Audit:

(a) At its meeting held on 20 April 2022, evaluated the suitability and independence of KPMG PLT against the predetermined evaluation criteria.

Following a satisfactory assessment, the Audit Committee recommended the re-appointment of KPMG PLT as External Auditors of the Fund for FYE2022 to the Board, for the onward recommendation to the Trustee of Axis-REIT.



Further details on the Assessment of the External Auditors are set out in the Corporate Governance Overview Statement.

Audit Committee Report

NEW IN FYE2022:

Pursuant to KPMG PLT's partner rotation system, a new Audit Engagement Partner took over the audit of the Fund's financial statements for FYE2022.

- (b) Received the External Auditors' confirmation of their firm's independence in accordance with the terms of all relevant professional and regulatory requirements.
- (c) Ensured that KPMG PLT were duly registered with the Audit Oversight Board (AOB) of the SC based on the verification carried out by the Company Secretary on the AOB's Register of Auditors available on the SC's website.
- (d) Reviewed the External Auditor's audit plan for FYE2022, the audit approach, and reporting requirements prior to the commencement of audit work for the year under review. The valuation of investment properties was identified as the potential key audit matter in the audit process for FYE2022. The review was held at a meeting with the External Auditors held on 19 October 2022.

Audit and Non-audit Fees:

- (a) Reviewed the FYE2022 proposed audit fees for Axis-REIT and its wholly-owned subsidiary, Axis REIT Sukuk Berhad (ARSB), a special-purpose vehicle established for the issuance of Sukuk, an Islamic financing instrument. The proposal was then submitted for recommendation to the Board, prior to seeking the approval from the Trustee of Axis-REIT.
- (b) Considered the non-audit fees applicable to Axis-REIT and ARSB in respect of FYE2022, for recommendation to the Board and their onward submission for approval from the Trustee of Axis-REIT. The non-audit fees were in respect of:

Non-audit services by KPMG PLT:

- (i) A review of the Statement on Risk Management and Internal Control
- (ii) The provision of independent scrutineer services at the general meetings of Axis-REIT
- (iii) A review of the Finance Service Coverage Ratio in relation to the Sukuk Programme established under ARSB

Non-audit services by KPMG Management & Risk Consulting Sdn Bhd, an affiliated firm of KPMG PLT:

(i) The provision of advisory services in relation to Axis-REIT's integrated reporting for FYE2022

Audit Committee Report

The details of the audit and non-audit fees for FYE2022 are disclosed below:

Fees applicable to Axis-REIT		Fees applicable to ARSB		
Audit	Non-Audit	Audit	Non-Audit	
RM137,000	RM123,400^	RM10,000	RM11,000^^	

^ An amount of RM103,400 is in respect of the consultancy fee for services rendered in connection with integrated reporting paid to a firm affiliated to KPMG PLT ^^ Fee for the review of the Finance Service Coverage Ratio in relation to the Sukuk Programme established under ARSB

In reviewing the non-audit fees, the Audit Committee also considered if the provision of non-audit services would impede the independence of KPMG PLT as the External Auditors of Axis-REIT. Following a review of the nature of the non-audit services rendered, the Audit Committee was satisfied that KPMG's provision of non-audit services would not pose any threat to the independence of KPMG PLT as the External Auditors of the Fund.

(c) Noted KPMG's 2021 Transparency Report which is available on KPMG's website.

Internal Audit:

(a) Undertook guarterly reviews of the internal audit reports and follow-up review reports with the Internal Auditors, and ensured that action plans recommended were agreed upon and implemented by Management on a timely basis.



A summary of the activities of the (outsourced) internal audit function carried out in FYE2022 are contained in the Statement on Risk Management and Internal Control

- (b) Reviewed the new engagement proposal for 2022/2023 presented by the Internal Auditors, and recommended their re-engagement to carry out the internal audit services in respect of the 2022/2023 audit cycles to the Board. The review was conducted at the meeting held on 20 April 2022.
- Reviewed the internal audit fees applicable for the 2022/2023 audit cycles before recommending their approval to the Board. (c)
- (d) Reviewed the internal audit plan for the 2022/2023 audit cycles with the Internal Auditors, which cover 4 audit cycles and 4 follow-up reviews. The Audit Committee also reviewed and agreed with the methodologies (risk-driven approach) that will be employed by the Internal Auditors. The agreed internal audit plan is reassessed every quarter and where necessary, adjustments are made to ensure critical issues are attended to, where the expertise of the Internal Auditors is required.

NEW IN FYE2022:

The Internal Auditors were engaged to conduct a visit to the development site of the current construction project at Bukit Raja Distribution Centre 2 for the purpose of undertaking a review of the contractor's compliance with ESG requirements (including human rights and labour practices). The audit was carried out in the last quarter of FYE2022.

Risk Management and Others:

(a) Undertook quarterly reviews of the Risk Management Report which contains the detailed Risk Register that was prepared by Management.



Details of the risk management processes of the Manager are contained in the Statement on Risk Management and Internal Control

(b) Undertook quarterly reviews of the list of RPTs and recurrent RPTs (RRPTs) involving interests of related parties.

- 2022, and the Integrated Annual Report was issued in February 2022.
- (d)

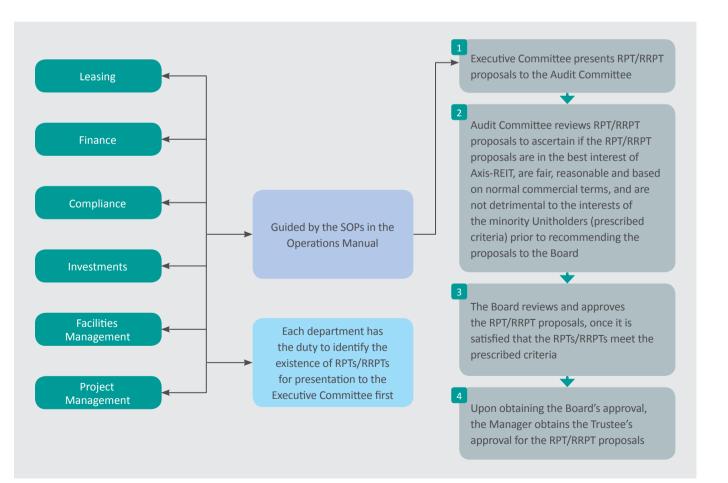
🗸 FOCUS AREA:

In FYE2022, the Audit Committee considered the risks of flood on the properties of Axis-REIT and sought clarification on the Manager's plans in ensuring that the property portfolio is adequately insured and that flood mitigation plans had been formulated to address such climate-related risks.

5. REVIEW OF RELATED PARTY TRANSACTIONS

Principally and pursuant to the SC's Guidelines on Listed REITs, the Manager has the duty to ensure that all RPTs, dealings, investments and appointments are made on terms that are the best available for the Fund, and which are no less favourable to the Fund than an arm's length transaction between independent parties. The Manager must also manage any and all situations where a conflict of interest arises.

The diagram below depicts the control mechanism for monitoring RPTs and RRPTs. The control mechanism is governed by the standard operating procedures (SOPs) contained in the Operations Manual.



Audit Committee Report

(c) Reviewed and recommended to the Board, the inclusion of the Audit Committee Report and Statement on Risk Management and Internal Control in the 2021 Integrated Annual Report of Axis-REIT. The review, among others, was to ensure that the reports contained informative and meaningful disclosures in line with prescribed regulatory requirements. The review was undertaken at the meeting held on 19 January

Reviewed, at each guarterly meeting, Axis-REIT's income distributions which were made in accordance with the Fund's distribution policy, to ensure the adequacy of the realised income for each distribution prior to recommending the proposal to the Board.

Audit Committee Report

A Director who has interest in a particular RPT/RRPT, whether directly or indirectly, will abstain from deliberation and voting on the transaction at the relevant Board Committee or Board meetings.

All Directors are required to provide declaration letters of their interest(s) and disclosures of conflict-of-interest situation(s) on a guarterly basis, and summaries of all declarations are tabled at each Board meeting, properly documented and kept in the statutory records of the Manager.

During FYE2022, the Audit Committee reviewed all RPTs and RRPTs presented by Management. There were no material RPTs or RRPTs requiring Unitholders' approval.

6. RELATIONSHIP WITH THE EXTERNAL AUDITORS AND INTERNAL AUDITORS

The Board, via the Audit Committee, maintains a formal and transparent relationship with the External Auditors as well as the Internal Auditors. The Audit Committee has direct and unrestricted access to both the External and Internal Auditors. During FYE2022. the Audit Committee met twice with the External Auditors without the presence of Management. The aim of the meetings, which were held on 19 January 2022 and 19 October 2022, were to discuss issues, problems and reservations (if any) that the External Auditors wished to highlight to the Committee. A private session was also held on 19 October 2022 between the Audit Committee and the Internal Auditors for the same purpose.

Both the External and Internal Auditors had been extended good cooperation from Management and they were able to access information to carry out their functions effectively.

7. ANNUAL ASSESSMENT OF THE AUDIT COMMITTEE

The Audit Committee assessed its own performance against its Terms of Reference by completing the assessment form prepared by the Company Secretary. The form was then submitted for evaluation by the Nomination Committee. This was undertaken on 18 October 2022, in compliance with Paragraph 15.20 of the MMLR. The assessment results were satisfactory to the Nomination Committee and the same was subsequently reviewed by the Board.

The Board, upon due assessment at its meeting on 19 October 2022, was satisfied that each member of the Audit Committee and the Audit Committee as a whole, had carried out their duties diligently and effectively, in accordance with the Audit Committee's Terms of Reference.

8. INTERNAL AUDIT FUNCTION

The internal audit function of the Manager is outsourced to an independent consultancy firm, Baker Tilly Monteiro Heng Governance Sdn Bhd. The outsourced Internal Auditors have the professional duty to assist the Board to review the system of internal control, risk management and governance practices of the Manager in managing Axis-REIT. Where necessary, the Internal Auditors, upon completion of the audit cycle, may make recommendations for improvements to the existing processes and procedures. Their internal audit scope (risk-driven approach) encompasses a financial control review, compliance review, risk assessment and governance review on the identified auditable areas. The annual internal audit plan is tabled to the Audit Committee for approval prior to commencement of audit field work.



Details of the internal audit activities are contained in the Statement on Risk Management and Internal Control

The Audit Committee had, on 19 October 2022, conducted the annual assessment on the effectiveness and independence of the internal audit function, and the outcome of the assessment was also reported to the Board.

Details relating to the assessment of the effectiveness and independence of the internal audit function are disclosed in the Corporate Governance Overview Statement

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant To Paragraph 15.26(b) Of The Main Market Listing Requirements The Board of Directors (Board) of Axis REIT Managers Berhad, being the management company (Manager) of Axis Real Estate Investment Trust (Axis-REIT or Fund) is committed to maintaining a sound and effective system of internal control to safeguard the interests of the Unitholders of Axis-REIT and the investments and assets of Axis-REIT. The Board is ultimately responsible for the risk management and internal control systems of the Manager in managing Axis-REIT and it is assisted by the Audit Committee of the Manager who has the delegated function to oversee these areas.

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Continuous Monitoring of the risks posed by 2019 Novel Coronavirus (COVID-19) pandemic

The Manager has remained vigilant in managing the risks posed by this pandemic, not only on the business operations, but also on the health and safety of its staff and the tenants of multi-tenanted properties of Axis-REIT, whereby Axis-REIT has continued to provide monthly sanitization and disinfection services to the multi-tenanted properties throughout the year under review.

In line with the Government's announcement on the transition into endemic stage with effect from 1 April 2022 and the relaxation of Standard Operating Procedures, the segregation of employees into three different locations, which was put into practice since October 2021, had ceased from 1 April 2022 onwards and all employees have returned to work at their locations.

Although the Government has uplifted the requirement to wear face masks indoors effective from September 2022, the Manager still encourages employees and visitors of the tenants to the buildings to wear face masks as a precautionary measure. On this, the Manager continued to provide face masks and Covid-19 antigen rapid test kits (for weekly self-test) to all its staff as a health and safety measure to ensure a safe working environment.

In managing the property portfolio, the Manager closely monitored the rental collection process as it has impact on the financial performance of Axis-REIT.

Business Continuity Plan

The Manager, as a Capital Market Services License Holder, is required to comply with the Securities Commission Malaysia (SC)'s Guiding Principles on Business Continuity where the Manager has the obligation to report and keep the SC updated on the status of any Business Continuity Planning (BCP) action plans put in place. With the transition into endemic stage and the relaxation of Standard Operating Procedures, the BCP

remains relevant to help the Manager ensure the continuity of business operations and fulfilment of business obligations should there be incidents that may disrupt the normal day-to-day operations.

Operations Manual

The Manager has policies and procedures encapsulated in the Operations Manual that are tailored to the needs of the respective departments, which provide an overview of the Manager's responsibilities in relation to the management of Axis-REIT. All employees of the Manager are committed to being guided by the Operations Manual to ensure consistency of operational procedures and practices within the organisation.

The Manager had, during FYE2022, made the following updates/revisions to the Operations Manual:

- (i) Incorporated flexibility for the delegation of administrative tasks by head of departments to employees within their departments when business continuity plan is activated; and
- (ii) other amendments arising from internal audit reviews and recommendations.

Financial Controls and Business Management

The Board of the Manager had, at its meeting held in January 2022, approved the annual budget for FYE2022 which underwent a targetsetting process carried out by each department with detailed reviews at all levels of operations. The Manager had been guided by the approved budget in managing Axis-REIT throughout FYE2022. Monthly financial updates had also been provided to the Directors in order to give timely assessments of the Fund's performance and prospects. The management team of the Manager (Management) closely monitored the Fund's actual financial performance at all levels on a monthly basis.

At a strategy workshop held in November 2022, the Manager assessed its strategic focus and key activities implemented in FYE2022 against agreed action plans formulated last year. Based on the outcome of the said workshop, the Manager formulated action plans for the next two years (2023-2024) and also established certain targets. More details on

Statement on Risk Management and Internal Control

Pursuant To Paragraph 15.26(b) Of The Main Market Listing Requirements

this Corporate Sustainability Strategy 2023-2024 are contained on pages 94 to 101 of the Integrated Report 2022.

The Manager also has a policy on financial limits and approving authority for its operating and capital expenditure. All major operating and capital expenditure in respect of FYE2022 had been recommended by the Executive Committee of the Manager and approved by the Board of the Manager prior to implementation. There has been no change in the authority limits established by the Manager in respect of FYE2022.

Virtual management meetings chaired by the Chief Executive Officer (CEO) and attended by all heads of department (HODs) and management staff were held to review operational activities, management issues, financial performance and business development proposals, including the deliberation of relevant strengths, weaknesses, opportunities and threats faced by the Manager in managing Axis-REIT. In addition, 12 separate operations meetings were also held virtually in FYE2022 by the Facilities Management team and Property Manager to discuss the facilities management issues in relation to Axis-REIT's properties.

The Executive Committee of the Manager meets with Management at least every guarter to review, assess and discuss business updates, investment proposals and financial performance, as well as to resolve key operational, financial and other key management issues faced by Management. During FYE2022, a total of 10 meetings were held. Significant issues were highlighted and discussed at Board meetings for the Board's ultimate decisions.

The Yardi Voyager system (YARDI system) is a synchronised platform for capturing and processing data related to tenant and debt management, payment processing, financial reporting, advanced budgeting and finance, as well as job costing.

Pursuant to the Manager's capital management strategy, the Manager had on 4 January 2023 successfully implemented and completed placement exercises totalling 100,000,000 new units of Axis-REIT, which was exercised from the general mandate to issue new units obtained from the Unitholders of Axis-REIT at the last annual general meeting held on 28 April 2022 and the specific approval obtained from the Unitholders of Axis-REIT at the Unitholders' meeting held on 15 December 2022 for placement of such new units to major Unitholders. The net proceeds raised from the placement will be utilised to pare down the short-term financing of Axis-REIT and to provide the financial headroom for future acquisitions and development projects.

Asset Tagging

The asset tagging exercise is expected to improve the identification and tracking of the fixed assets within Axis-REIT's property portfolio. In 2022, the asset tagging exercise was carried out and completed at Axis Mega Distribution Centre. The asset tagging exercise will be carried out progressively to the other properties of Axis-REIT.

Investment Controls

The Board of the Manager reviews, evaluates and decides on strategic investment proposals covering acquisitions and disposals as recommended by the Executive Committee of the Manager. Management has in place procedures to identify potential acquisitions and to assess the viability of these proposed acquisitions prior to recommending to the Board for consideration and decision. Due diligence processes are also in place to ensure that Axis-REIT acquires yield-accretive assets that will enhance the property portfolio of the Fund. Disposal processes are also in place to ensure that the interests of the Unitholders of Axis-REIT are always safeguarded. Management also monitors monthly the property yield, portfolio efficiency and occupancy levels of each property in Axis-REIT's portfolio. In its effort to address environmental, social and governance (ESG) considerations, the Manager had incorporated environmental site assessments within its investment decision policies.

Tenant Relationship Management

The Manager has a customised online tenant management portal known as *Hello Axis* that facilitates the communication of announcements. general feedback, property maintenance requests and form downloads by tenants. This tenant portal reduces the manual paper flow between landlord and tenant, and is a green initiative towards environmental sustainability. It provides a platform for the facilities and leasing teams to track feedback and complaints from tenants, to address and rectify issues raised by tenants, and to ensure action plans and follow up measures are carried out to a satisfactory level and in a timely manner. Axis-REIT has also continued to carry out tenant satisfaction surveys via a third-party service provider to gauge tenants' awareness of its efforts to continuously improve tenant relationships. These initiatives were taken by the Manager to improve the facility management services rendered to tenants, as well as to strengthen tenant relationships as a factor in safeguarding the future rental income of Axis-REIT.

Risk Management and Risk Register

Risk management is part of Management's day-to-day operations. It facilitates the timely response to evolving business risks, whether arising from factors within Axis-REIT, or from changes in the business environment in which Axis-REIT operates. The Risk Register assists Management in its risk management processes to identify risks, consider the likelihood of a risk occurring, the impact of a particular risk if it materialises, and the action plans to mitigate the identified risks.

The Risk Register follows the relevant guidance from the International Organization for Standardization (ISO) 31000 - Risk Management -Principles & Guidelines. The diagram below shows the risk management processes as encapsulated in the procedures underlying the Risk Register:



The Manager has carried out a quarterly update of the Risk Register which focuses on business, real estate management, financial, compliance, information technology, environmental and risk management systems. The Risk Register segregates risk areas based on departmental components. The HODs are responsible for their respective risk components and report directly to the CEO on risk issues and mitigating factors. Updates were made to the Risk Register on a quarterly basis capturing data arising from management analysis, management action plans and monitoring activities undertaken by each HOD on an on-going basis. All updates were compiled by the Head of Compliance, who assists the CEO in this area, for reporting purposes. The Risk Management Report, which comprises an executive summary and the detailed Risk Register, were presented to the Audit Committee and Board at their quarterly meetings. The Audit Committee reviewed the Risk Management Report at each of its meetings held in FYE2022, and the same was tabled to the Board.

The following provides some insights into how the Manager monitored and managed identified key risks affecting Axis-REIT on an on-going basis during FYE2022:

- In considering ESG factors in risk assessment process, the Manager has, among others.
- explored with financial institutions on sustainability linked financing. The Manager has successfully obtained and accepted the sustainability linked financings for Axis-REIT;
- appointed an energy consultant to assist in the target setting for environmental indicators i.e. energy, greenhouse gas, water reduction targets. The target setting was carried out in the strategy workshop. Details of the targets set are contained on page 96 of the Integrated Report 2022.
- The Supplier Code of Conduct was updated in January 2022 to incorporate commitment to human rights and labour practices and again further enhanced in July 2022 to state the channel for reporting any non-compliance with the Supplier Code of Conduct.
- The Whistle-Blowing Policy was revised in July 2022 to set out the investigation procedures for the Manager to monitor incidents relating to human rights issues.

Statement on Risk Management and Internal Control

Pursuant To Paragraph 15.26(b) Of The Main Market Listing Requirements

Internal Audit Function and its Activities

Based on the agreed internal audit plan, the outsourced Internal Auditors had assisted the Manager in reviewing the internal control systems relating to Axis-REIT's operations, procedures and processes. The Internal Auditors had reviewed and reported the results of the audit to the Audit Committee on the following internal audit work carried out during FYE2022:

- 1. Internal audit review on building safety and security management:
- 2. Internal audit review on leasing and tenant termination procedures;
- Internal audit review on licensing requirements for the property 3. manager of Axis-REIT and property valuation controls and procedures: and
- 4. Internal audit review on corporate governance

There were no material weaknesses or deficiencies noted from the internal audit reviews mentioned above.

Internal audit follow-up reviews were also carried out by the Internal Auditors on previous audit reviews for reporting to the Audit Committee on a quarterly basis.

The costs incurred by the Manager for the outsourced Internal Audit Function in respect of FYE2022 amounted to RM70.000. The Audit Committee, in its review of this Statement, was satisfied that there were no significant control deficiencies noted during the financial year under review that had a material impact on Axis-REIT's financial performance or business operations.

Appraisal of the System of Risk Management and Internal Controls

The Board of the Manager had appraised the adequacy, effectiveness and integrity of the system of risk management and internal controls framework that was in place during the financial year under review up to the date of approval of this Statement. The Board of the Manager has received assurance from the CEO and Chief Financial Officer that the risk management and internal control system set in place by the Manager, in relation to managing the operations of Axis-REIT, is operating adequately and effectively, in all material aspects.

Review of This Statement

The Board of the Manager has ensured that this Statement is reviewed in accordance with Paragraph 15.23 of the Main Market Listing Requirements for inclusion in the Integrated Annual Report of Axis-REIT for FYE2022.

This Statement has been approved by the Board on 21 February 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

In Preparing the Annual Audited Financial Statements

In accordance with Paragraph 15.26(a) of the MMLR of Bursa Securities, the Board is pleased to report that the financial statements of Axis-REIT for FYE2022 have been drawn up in accordance with the provisions of the Fourth Principal Deed constituting Axis-REIT dated 17 January 2020, the SC's Guidelines on Listed REITs, applicable securities laws and applicable approved accounting standards in Malaysia, so as to give a true and fair view of the state of affairs of Axis-REIT as at 31 December 2022 and of the results of its operations and cash flows for the year then ended.

The Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- considered that all relevant approved accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors have a general responsibility for taking such steps to safeguard the assets of Axis-REIT, and to detect and prevent fraud as well as other irregularities.

Financial Statements

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MANAGER'S REPORT

Axis REIT Managers Berhad, as the management company (Manager) of Axis Real Estate Investment Trust (Axis-REIT or Fund), has the pleasure of presenting this report together with the audited financial statements of Axis-REIT for the financial year ended 31 December 2022 (FYE2022).

Axis-REIT was formed to own and invest primarily in industrial and office real estate. The primary investment objectives of Axis-REIT are:

- a) To provide unitholders of Axis-REIT (Unitholders) with a stable and growing distribution of income; and
- b) To achieve long-term growth in the net asset value (NAV) per unit of the Fund.

The Manager is pleased to report that the Fund has been successful in achieving its investment objectives as set out above and there was no change in the investment objectives of Axis-REIT in respect of FYE2022.

There was also no significant change in the state of affairs of Axis-REIT during the financial year under review up to the date of this report. The Manager will remain cautious of the impact of the Covid-19 in the endemic stage and will ensure close monitoring is in place.

The Manager is committed to the pursuit of the Fund's investment objectives via the following management strategies which had incorporated environmental, social and governance factors:

- a) Facilities management strategy
- b) Real estate strategy
- c) Development strategy
- Capital management strategy d)
- Investment strategy e)
- f) Governance strategy

There was no change in the strategies and policies employed during the financial year under review as compared to that of the preceding year.

DIRECTORS

The Directors of the Manager who have held office during FYE2022 until the date of this report are as follows:

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin Dato' Abas Carl Gunnar Bin Abdullah Tew Peng Hwee @ Teoh Peng Hwee Leong Kit May Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor Mohd Sharif Bin Hj Yusof Alvin Dim Lao Alex Lee Lao (Alternate Director to Dato' Abas Carl Gunnar Bin Abdullah) Jancis Anne Que Lao (Alternate Director to Alvin Dim Lao) Maxine Teoh Sui Vern (Alternate Director to Tew Peng Hwee @ Teoh Peng Hwee) Lim Keng Hwee (appointed on 1 June 2022) Devika A/P K Sothinathan (appointed on 1 June 2022)

DIRECTORS' BENEFITS

As at the end of FYE2022, there did not subsist any arrangement to which the Manager is a party, where the arrangement enables any Director or all Directors of the Manager to acquire benefits by way of the acquisition of units in, or debentures of Axis-REIT, nor did such arrangement subsist at any time during the financial year.

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive any benefit by reason of a contract made by the Fund or a related corporation with the Director, or with a firm in which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 22 of the audited financial statements of Axis-REIT.

DIRECTORS' INTERESTS

The interests of the Directors of the Manager in the units of Axis-REIT in respect of FYE2022 are as follows:



Direct interest:

Dato' Abas Carl Gunnar Bin Abdullah YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanud Tew Peng Hwee @ Teoh Peng Hwee Alex Lee Lao Leong Kit May Jancis Anne Que Lao Maxine Teoh Sui Vern Devika A/P K Sothinathan ^

Indirect interest:

Dato' Abas Carl Gunnar Bin Abdullah *

Alex Lee Lao **

Notes

- (Deed)
- Save as disclosed above, the other Directors of the Manager did not have any interest, whether direct or indirect, in the units of Axis-REIT (ii)
- ^ Units held by Devika A/P K Sothinathan as at the date of her appointment as director of the Manager i.e. 1 June 2022. (iii)
- * Deemed interested in the direct unitholdings of his spouse, Datin Kuyas Emiloglu (also known as Ka Ya-Shih), and daughter, Amanda Tan Myhre
- (v) ** Deemed interested in the direct unitholdings of his brothers, Lao, Yin Yong Lee and Leon Lee Lao

MANAGER'S FEES

The Manager receives a fee equivalent to 1.0% per annum of the NAV of Axis-REIT, calculated on a monthly basis and payable to the Manager monthly in arrears. There will be no payment due to the Manager by way of remuneration for its services upon the subscription for the purchase or sale of units in Axis-REIT or upon any distribution of income and capital.

Any increase in the Manager's fee above 1.0% per annum must be approved by the Trustee of Axis-REIT and Unitholders by way of a majority resolution (consisting of not less than two-thirds of Unitholders voting thereat) passed at a Unitholders' meeting convened in accordance with the Deed.

For the financial year under review, the total Manager's fee was RM25,442,000, representing 1.0% per annum of the NAV of Axis-REIT for the period from 1 January 2022 to 31 December 2022.

The Manager is also entitled to an acquisition and disposal fee of 1.0% and 0.5% respectively based on the purchase and disposal considerations of real estate assets upon the completion of such transactions. For the financial year under review, there were four acquisitions completed by Axis-REIT resulting in a total acquisition fee of RM4,793,000 being paid to the Manager.

Manager's Report

	Number of units					
_	As at 1.1.2022/ Appointment	Numbe		As at		
	Date '000 Units	Acquired '000 Units	Sold '000 Units	31.12.2022 '000 Units		
	24,221	149	-	24,370		
ddin	20	-	-	20		
	57,200	351	351	57,200		
	57,696	354	-	58,050		
	43	-	-	43		
	2,916	15	-	2,931		
	8	-	-	8		
	10	-	-	10		
	10,432	64	-	10,496		
	3,190	17	-	3,207		

(i) The information above was prepared based on the Directors' disclosures made pursuant to the provisions of the Fourth Principal Deed dated 17 January 2020 constituting Axis-REIT

Manager's Report

Save for the expenses incurred for the general overheads and costs of services which the Manager is expected to provide, or falling within the normal expertise of the Manager, the Manager has the right to be reimbursed for fees, costs, charges, expenses and outgoings incurred by it that are directly related and necessary to the business of the Fund.

SOFT COMMISSION

The Manager did not receive any soft commissions from any dealer or broker by virtue of transactions conducted for the Fund during the financial year under review.

OTHER INFORMATION

Before the financial statements of Axis-REIT were prepared, the Manager took reasonable steps:

- i) to ascertain that appropriate action had been taken in relation to writing off bad debts and making provisions for doubtful debts and was satisfied that all known bad debts had been written off and that adequate provisions had been made for doubtful debts; and
- ii) to ensure that all current assets which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of Axis-REIT, had been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to a substantial extent; and
- ii) that would render the values attributed to the current assets in Axis-REIT's financial statements misleading; and
- iii) which have arisen that would render adherence to the existing method of valuation of assets or liabilities of Axis-REIT misleading or inappropriate; and
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of Axis-**REIT** misleading.

As at the date of this report, there does not exist:

- i) any charge on the assets of Axis-REIT that has arisen since the end of the financial year and which secures the liabilities of any other person; and
- ii) any contingent liability in respect of Axis-REIT that has arisen since the end of the financial year.

In the opinion of the Manager:

- i) no contingent liability or other liability of Axis-REIT has become enforceable, or is likely to become enforceable within the 12-month period after the end of FYE2022 which, in the opinion of the Manager, will or may affect the ability of Axis-REIT to meet its obligations as and when they fall due; and
- ii) the results of the operations of Axis-REIT for the FYE2022 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, that is likely to substantially affect the results of the operations of Axis-REIT for the financial year in which this report is made.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to continue in office.

Signed for and on behalf of the Manager of Axis-REIT, Axis REIT Managers Berhad, in accordance with a resolution of the Board of Directors.

Tew Peng Hwee @ Teoh Peng Hwee Director

Leong Kit May Chief Executive Officer/Executive Director

21 February 2023

Manager's Report

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Investment properties	4	4,186,020	3,614,230
Equipment	5	1,859	2,410
		4,187,879	3,616,640
Current assets			
Receivables, deposits and prepayments	6	24,279	26,166
Cash and cash equivalents	7	43,515	195,954
Total current assets		67,794	222,120
Total assets		4,255,673	3,838,760
Financed by:			
Unitholders' funds			
Unitholders' capital	8	1,945,655	1,934,322
Reserves		626,184	592,999
Total unitholders' funds		2,571,839	2,527,321
Non-current liabilities			
Tenants' deposits		68,664	61,548
Deferred tax liabilities	9	14,480	12,797
Financing	10	733,480	624,177
		816,624	698,522
Current liabilities			
Tenants' deposits		18,414	21,110
Payables and accruals	11	36,256	31,391
Financing	10	812,540	560,416
Total current liabilities		867,210	612,917
Total liabilities		1,683,834	1,311,439
Total unitholders' funds and liabilities		4,255,673	3,838,760
Net asset value ("NAV")			
- Before income distribution		2,571,839	2,527,321
- After income distribution		2,533,362#	2,491,747
Number of units in circulation ('000 units)		1,641,054	1,634,524
NAV per unit (RM)			
- Before income distribution		1.5672	1.5462
- After income distribution		1.5439#	1.5221

NAV and NAV per unit after reflecting 2022 fourth interim income distribution of 2.09 sen per unit paid on 20 January 2023 and 2022 final income distribution of 0.24 sen per unit payable on 28 February 2023.

STATEMENT OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Revenue	12	284,471	246,195
Property operating expenses	13	(39,128)	(33,314)
Net property income		245,343	212,881
Profit and other income		797	804
Change in fair value of investment properties	4.1.1	24,438	63,197
Fair value change on Islamic derivatives		2,027	1,746
Net gain/(loss) on financial liabilities measured at amortised cost		4,654	(1,705)
Net property income and investment income		277,259	276,923
Manager's fees	1(b)	25,442	21,650
Trustee's fees	1(c)	1,199	1,121
Audit fees		147	143
Non-audit fees			
- KPMG PLT		31	32
- Local affiliate of KPMG PLT		103	130
Tax agent's fees		18	17
Net remeasurement of loss allowance		1,225	44
Depreciation of equipment	5	591	640
Administrative expenses		2,201	2,398
Islamic financing costs		52,973	45,701
Valuation fees		1,279	1,008
Non-property expenses		85,209	72,884
Net income before tax		192,050	204,039
Tax expense	14	(1,683)	(3,675)
Net income for the year and total comprehensive income for the year attributable to unitholders		190,367	200,364
Net income for the year is made up as follows:			
Realised			
- Net income before lease incentive adjustment		158,183	137,353
- Lease incentive adjustment (non-distributable)		(633)	(1,142)
		157,550	136,211
Unrealised			
- Change in fair value of investment properties, as per valuation	4.1	27,819	67,787
- Net gain/(loss) on financial liabilities measured at amortised cost		4,654	(1,705
- Provision for deferred tax on change in fair value of investment properties		(1,683)	(3,675
- Fair value change on Islamic derivatives		2,027	1,746
		32,817	64,153
		190,367	200,364
Basic/diluted earnings per unit (sen)	15	11.62	13.80
Basic/diluted earnings per unit (before Manager's fees) (sen)	15	13.17	15.29

The notes on pages 196 to 247 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022 (continued)

		2022	2021
Not income distribution	Note	RM'000	RM'000
Net income distribution First, Second, Third and Fourth interim income distributions totalling 9.51 sen per unit paid on 15 June 2022, 30 August 2022, 30 November 2022 and 20 January 2023, respectively (2021: First, Second, Third and Fourth interim income distributions totaling 9.11 sen per unit paid on 31 May 2021, 30 August 2021, 30 November 2021 and 14 January 2022, respectively)		155,906	131,774
Final income distribution of 0.24 sen per unit payable on 28 February 2023 (2021: Final income distribution of 0.38 sen per unit paid on 28 February 2022).		4,179	6,211
	16	160,085	137,985
Distribution per unit			
- Gross (sen) - interim		9.51	9.11
- final		0.24	0.38
	16	9.75	9.49
- Net (sen) * - interim		9.51	9.11
- final		0.24	0.38
	16	9.75	9.49

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

	Withholding tax rate	
	2022	2021
Resident corporate	Nil^	Nil^
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

^ Tax flow through; thus no withholding tax

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE YEAR ENDED 31 DECEMBER 2022

At 1 January 2021
Net income for the year
Total comprehensive income for the year
Contributions by and distributions to unitholders
Issuance of units
Issuing expenses
Distributions to unitholders
Total transactions with unitholders
At 31 December 2021/1 January 2022
Net income for the year
Total comprehensive income for the year
Contributions by and distributions to unitholders
Issuance of units
Issuing expenses
Distributions to unitholders
Total transactions with unitholders
At 31 December 2022

	Distributable	Non-distributable	
Total unitholders' capital RM'000	Realised income RM'000	Unrealised income RM'000	Total unitholders' funds RM'000
1,595,506	31,493	496,005	2,123,004
-	136,211	64,153	200,364
-	136,211	64,153	200,364
342,518	-	-	342,518
(3,702)	-	-	(3,702)
-	(134,863)	-	(134,863)
 338,816	(134,863)	-	203,953
1,934,322	32,841	560,158	2,527,321
-	157,550	32,817	190,367
-	157,550	32,817	190,367
11,493	-	-	11,493
(160)	-	-	(160)
-	(157,182)	-	(157,182)
11,333	(157,182)	-	(145,849)
1,945,655	33,209	592,975	2,571,839

Note 8

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Cash flows from operating activities			
Net income before tax		192,050	204,039
Adjustments for:			
Islamic financing costs		52,973	45,701
Profit income		(797)	(801)
Gain on disposal of equipment		-	(3)
Change in fair value of investment properties	4	(27,819)	(67,787)
Depreciation of equipment	5	591	640
Net (gain)/loss on financial liabilities measured at amortised cost		(4,654)	1,705
Net remeasurement of loss allowance		1,225	44
Fair value change on Islamic derivatives		(2,027)	(1,746)
Operating income before changes in working Capital		211,542	181,792
Changes in working capital:			
Receivables, deposits and prepayments		2,442	14,955
Payables and accruals		5,112	(14,475)
Tenants' deposits		9,074	8,791
Net cash generated from operating activities		228,170	191,063
Cash flows from investing activities			
Profit income received		797	801
Proceed from disposal of equipment		-	5
Acquisition of investment properties	4	(486,690)	(226,950)
Enhancement and development of investment properties	4	(57,281)	(39,253)
Acquisition of equipment	5	(40)	(182)
Decrease/(Increase) in pledged Islamic deposits		5,860	(8,789)
Net cash used in investing activities		(537,354)	(274,368)
Cash flows from financing activities			
Cash flows from financing activities Islamic financing cost paid		(51,476)	(44,648)
		(51,476) 469,971	(44,648) (138,018)
Islamic financing cost paid			
Islamic financing cost paid Proceeds from/(Repayment of) financing		469,971	(138,018)
Islamic financing cost paid Proceeds from/(Repayment of) financing (Redemption of)/Proceeds from issuance of Islamic Medium Term Notes ("Sukuk")		469,971 (110,000)	(138,018) 209,414
Islamic financing cost paid Proceeds from/(Repayment of) financing (Redemption of)/Proceeds from issuance of Islamic Medium Term Notes ("Sukuk") Repayment of finance lease liabilities		469,971 (110,000) (41)	(138,018) 209,414 (39)
Islamic financing cost paid Proceeds from/(Repayment of) financing (Redemption of)/Proceeds from issuance of Islamic Medium Term Notes ("Sukuk") Repayment of finance lease liabilities Income distribution paid to unitholders		469,971 (110,000) (41) (157,182)	(138,018) 209,414 (39) (134,863)

Casr	n and cash equivalents at 1 January
Casł	n and cash equivalents at 31 December
(i)	Cash and cash equivalents
	Cash and cash equivalents included in the statement o
	Cash and bank balances
	Islamic deposits placed with licensed banks

Less: Islamic deposits placed with licensed banks

- pledged

The notes on pages 196 to 247 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2022 (continued)

Note	2022 RM'000	2021 RM'000
	(146,579)	147,357
	170,610	23,253
(i)	24,031	170,610

of cash flows comprise the following statement of financial position amounts:

Note	2022 RM'000	2021 RM'000
7	22,451	23,502
7	21,064	172,452
	43,515	195,954
7	(19,484)	(25,344)
	24,031	170,610

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Axis Real Estate Investment Trust ("Axis-REIT") is a Malaysia-domiciled real estate investment trust constituted pursuant to the Fourth Principal Deed dated 17 January 2020 ("the Deed") between Axis REIT Managers Berhad ("the Manager") and RHB Trustees Berhad ("the Trustee"). The Deed is regulated by the Securities Commission Act, 1993, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, the Listing Requirements of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings. Axis-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 its registered office and principal place of business are as follows:

Registered office 802, 8th Floor, Block C Kelana Square 17, Jalan SS7/26 47301 Petaling Jaya Selangor Darul Ehsan

Principal place of business Penthouse, Menara Axis No. 2, Jalan 51A/223 46100 Petaling Java Selangor Darul Ehsan

The financial statements as at and for the financial year ended 31 December 2022 comprise the financial statements of Axis-REIT and its wholly owned subsidiary, Axis REIT Sukuk Berhad, a company incorporated in Malaysia, whose principal activity is to raise financing for and on behalf of Axis-REIT.

Axis-REIT is principally engaged in investing in a diverse portfolio of properties with the primary objective of achieving an attractive level of return from rental income and long-term capital growth. There has been no significant change in the nature of this activity during the year.

Axis-REIT was formally admitted to the Main Board of Bursa Malaysia Securities Berhad on 3 August 2005.

Axis-REIT entered into several service agreements in relation to the management of Axis-REIT and its property operations. The fee structure of these services is as follows:

(a) Property management fees

The Property Manager, Axis Property Services, is entitled to a fee in respect of the management of the investment properties owned by Axis-REIT as provided for in the Deed. The fee is based on a certain graduated scale as provided for in the provisions of the revised Valuers, Appraisers and Estate Agents Act, 1981 as required by the Securities Commission's Guidelines on Listed Real Estate Investment Trusts. The property management fees are payable monthly in arrears.

(b) Manager's fees

Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1% (2021: 1%) per annum of the Net Asset Value of Axis-REIT, calculated on a monthly accrual basis and payable monthly in arrears. The Manager's fees for the year ended 31 December 2022 of RM25,442,000 (2021: RM21,650,000) is 1% (2021: 1%) of the monthly Net Asset Value.

The Manager is also entitled to receive an acquisition fee or a disposal fee of 1% or 0.5% (2021: 1% or 0.5%) of the purchase price or the disposal price, respectively, of any investment property purchased or disposed directly or indirectly by Axis-REIT which is payable after the completion of the acquisition or the disposal. The acquisition fees for the financial year ended 31 December 2022 is RM4,793,000 (2021: RM2,232,000) which was 1% of the purchase price. The acquisition fees are included in the acquisition cost of the investment properties acquired (Note 4).

1. GENERAL (CONTINUED)

(c) Trustee's fees

Pursuant to the Deed, the Trustee is entitled to receive a fee of 0.05% (2021: 0.05%) per annum of the Net Asset Value of Axis-REIT calculated on a monthly accrual basis and payable monthly in arrears. During the current financial year, the fee is adjusted from 0.05% to 0.03% per annum effective from 1 October 2022. The Trustee's fees for the year ended 31 December 2022 is RM1,199,000 (2021: RM1.121.000).

These financial statements were approved by the Board of Directors of the Manager on 21 February 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of Axis-REIT have been prepared in accordance with the Deed, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by Axis-REIT:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Disclosures of Accounting Policies

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, Leases Lease Liability in a Sale and Leaseback
- ٠ Liabilities as Current or Non-current

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

or Contribution of Assets between an Investor and its Associate or Joint Venture

Axis-REIT plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- periods beginning on or after 1 January 2023.
- after 1 January 2024.

Notes to the Financial Statements

Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and

Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale

from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual

from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or

2. BASIS OF PREPARATION (CONTINUED)

Statement of compliance (continued) (a)

Axis-REIT does not plan to apply MFRS 17, Insurance Contracts, Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information, that are effective for annual periods beginning on or after 1 January 2023, as they are not applicable to Axis-REIT.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of Axis-REIT.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 3 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of Axis-REIT. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than as disclosed in Note 4 - Investment properties.

SIGNIFICANT ACCOUNTING POLICIES 3.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

Subsidiaries (i)

Axis-REIT has established a special purpose company, Axis REIT Sukuk Berhad, for the purpose of raising financing on behalf of Axis-REIT. Axis REIT Sukuk Berhad is consolidated as if it is a subsidiary of Axis-REIT.

Subsidiaries are entities, including structured entities, controlled by Axis-REIT. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Axis-REIT controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued) (a)

(i) Subsidiaries (continued)

Axis-REIT also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Transactions eliminated on consolidation (ii)

eliminated in preparing the financial statements of Axis-REIT.

(b) Financial instruments

Recognition and initial measurement (i)

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, Axis-REIT becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless Axis-REIT changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Profit income is recognised by applying the effective profit rate to the gross carrying amount except for credit impaired financial assets (see Note 3(g)(i)) where the effective profit rate is applied to the amortised cost.

Fair value through profit or loss (b)

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes Islamic derivative financial assets. On initial recognition, Axis-REIT may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the Financial Statements

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued) (b)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through profit or loss (continued)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values. Net gains or losses, including any profit or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 3(g)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are Islamic derivatives and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, Axis-REIT may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if:

- (i) doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about Axis-REIT is provided internally on that basis to Axis-REIT's key management personnel; or
- (iii) a contract contains one or more embedded Islamic derivatives and the host is not a financial asset/liability in the scope of MFRS 9, where the embedded Islamic derivatives significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with gains or losses, including any Islamic financing costs, recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, Axis-REIT recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) Financial instruments (continued)
 - (ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

(b) Amortised cost

using the effective profit method.

Islamic financing costs and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or is transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Axis-REIT currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Investment properties

Investment properties carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised financing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Notes to the Financial Statements

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (continued) (c)

Investment properties carried at fair value (continued)

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by Axis-REIT as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, Axis-REIT added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(d) Equipment

(i) Recognition and measurement

Items of equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The gain and loss on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment and is recognised net within profit or loss.

Subsequent costs (ii)

The cost of replacing a component of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to Axis-REIT, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of equipment from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Office equipment, furniture and fittings
- Car park machines
- Software

appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Axis-REIT assesses whether:

- substitution right, then the asset is not identified;
- of use; and
- ٠ predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, Axis-REIT allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which Axis-REIT is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

Axis-REIT recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the Financial Statements

10 years 10 years 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as

the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive

the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period

the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Axis-REIT's incremental financing rate. Generally, Axis-REIT uses their incremental financing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that Axis-REIT is reasonably certain to exercise; and
- penalties for early termination of a lease unless Axis-REIT is reasonably certain not to terminate early.

Axis-REIT excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

Axis-REIT has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Axis-REIT recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When Axis-REIT acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, Axis-REIT makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, Axis-REIT applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When Axis-REIT is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which Axis-REIT applies the exemption described above, then it classifies the sublease as an operating lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective profit method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in Axis-REIT's estimate of the amount expected to be payable under a residual value guarantee, or if Axis-REIT changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

Axis-REIT recognises lease payments term as part of "revenue".

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and Islamic deposits placed with banks and highly liquid Shariah-compliant investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged Islamic deposits, if any.

(g) Impairment

(i) Financial assets

Axis-REIT recognises loss allowances for expected credit losses on financial assets measured at amortised cost and tenancy contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

Axis-REIT measures loss allowances at an amount equal to lifetime expected credit loss which are the expected credit losses that result from all possible default events over the expected life of the asset, except for cash and cash equivalents. The credit risk of cash and cash equivalents which have not increased significantly since initial recognition are measured at 12-month expected credit loss.

The maximum period considered when es REIT is exposed to credit risk.

Axis-REIT estimates the expected credit lo credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

Notes to the Financial Statements

Axis-REIT recognises lease payments received under operating leases as income on a straight-line basis over the lease

The maximum period considered when estimating expected credit losses is the maximum contractual period over which Axis-

Axis-REIT estimates the expected credit losses on trade receivables and tenancy contract assets with reference to historical

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment (continued)

(i) Financial assets (continued)

At each reporting date, Axis-REIT assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when Axis-REIT determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Axis-REIT's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for investment properties that are measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issuing expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Units

Units are classified as equity.

(i) Provisions

A provision is recognised if, as a result of a past event, Axis-REIT has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

- (j) Revenue and other income
 - (i) Rental income

Rental income consists of income from the leasing of investment properties.

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives are recognised as an integral part of the total rental income, over the term of the lease.

(ii) Car park income

Car park income is recognised upon collection for daily parking and over time when services are delivered for season parking.

(iii) Other income

Other income consists of income from services, signage rental, compensation charges and other associated income. Other income is recognised over time when services are delivered.

(iv) Profit income

Profit income is recognised as it accrues using the effective profit method in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Expenses

(i) Property expenses

Property expenses consist of property management fees, quit rent and assessment, and other property outgoings in relation to investment properties where such expenses are the responsibility of Axis-REIT.

Property management fees are recognised on an accrual basis using the applicable formula, as stipulated in Note 1(a).

(ii) Manager's fees

Manager's fees are recognised on an accrual basis using the applicable formula, as stipulated in Note 1(b).

(iii) Trustee's fees

Trustee's fees are recognised on an accrual basis using the applicable formula, as stipulated in Note 1(c).

(I) Islamic financing costs

Islamic financing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective profit method.

Islamic financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of Islamic financing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, Islamic financing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of Islamic financing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific Islamic financing pending their expenditure on qualifying assets is deducted from the Islamic financing costs eligible for capitalisation.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income tax (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(c), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Earnings per unit

Axis-REIT presents basic earnings per unit ("EPU").

of units in circulation during the year.

Diluted EPU is determined by adjusting the net income for the year attributable to unitholders of Axis-REIT and the weighted average number of units outstanding, for the effects of all dilutive potential units.

(o) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, Axis-REIT uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Axis-REIT can access at the measurement date. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: unobservable inputs for the asset or liability.

Axis-REIT recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements

Basic EPU is calculated by dividing the net income for the year attributable to unitholders of Axis-REIT by the weighted average number

4. INVESTMENT PROPERTIES

	2022 RM'000	2021 RM'000
Land and buildings at fair value:		
At 1 January	3,614,230	3,280,240
Acquisitions	486,690	226,950
Enhancements	14,697	39,104
Development	42,584	149
Change in fair value	27,819	67,787
At 31 December	4,186,020	3,614,230

Included in acquisitions during the year is RM4,793,000 (2021: RM2,232,000) which relates to acquisition fees paid to the Manager (Note 1(b)).

Included in enhancements are costs incurred for the lease extension for a further 30 years for D21 Logistics Warehouse amounting to Nil (2021: RM19,817,000).

	Tomuro	Torm	Remaining			Occupancy rates	Fair value	Cost of investment	Percentage of fair value to Net Asset
Property	of land	of lease (Years)	of lease (Years)	Location	Existing use	as al 31.12.2022 %	as al 31.12.2022 RM'000	as at 31.12.2022 RM'000	value as al 31.12.2022 %
Menara Axis (c)	Leasehold	66	43	Petaling Jaya	Commercial office	47.7	112,500	91,655	4.4
Crystal Plaza (b)	Leasehold	66	37	Petaling Jaya	Commercial office	92.0	113,000	73,378	4.4
Axis Business Park (a) ^	Leasehold	66	38	Petaling Jaya	Office/Industrial	81.7	121,900	102,120	4.7
Infinite Center (f) ^	Leasehold	66	43	Petaling Jaya	Office/Industrial	96.5	45,400	37,424	1.8
Wisma Kemajuan (d) ^	Leasehold	66	43	Petaling Jaya	Office/Industrial	67.7	67,000	37,960	2.6
Axis Business Campus (e) ^	Leasehold	66	45	Petaling Jaya	Office/Industrial	74.8	80,700	63,411	3.1
Axis Shah Alam Distribution Centre 1 (c) ^^	Freehold	ı	·	Shah Alam	Manufacturing facilities	100.0	40,700	22,507	1.6
Axis Hypermarket @ Sungai Petani (j) ^	Freehold	ı	ı	Sungai Petani	Hypermarket	100.0	52,000	39,117	2.0
FCl Senai (d) ^	Leasehold	60	45	Senai, Johor	Manufacturing facilities	100.0	26,500	12,693	1.0
Fonterra HQ (b)	Freehold	ı	ı	Shah Alam	Office/Industrial	84.7	23,000	11,264	0.9
Quattro West (e) ^	Leasehold	66	50	Petaling Jaya	Commercial office	100.0	61,000	51,593	2.4
Strateq Data Centre (e) ^	Leasehold	66	46	Petaling Jaya	Office/Industrial	100.0	68,000	42,927	2.6
D21 Logistics Warehouse (a) ^	Leasehold	60	33	Tanjung Pelepas	Logistics warehouse	100.0	43,600	49,648	1.7
Niro Warehouse (d)	Leasehold	60	29	Pasir Gudang	Logistics warehouse	100.0	29,200	17,051	1.1
Pasir Gudang Logistics Warehouse 1 (d)	Leasehold	60	45	Pasir Gudang	Logistics warehouse	100.0	23,000	13,820	0.0
Axis Vista (c)	Leasehold	66	44	Petaling Jaya	Office/Industrial	100.0	60,000	37,753	2.3
Axis Northport Distribution Centre 1 (b) ^	Leasehold	66	80	Klang	Logistics warehouse	100.0	91,500	67,076	3.6
Bukit Raja Distribution Centre (f)	Freehold	·	ı	Klang	Logistics warehouse	100.0	117,000	80,854	4.5
Seberang Prai Logistics Warehouse 1 (g) ^	Leasehold	60	31	Seberang Prai	Logistics warehouse	100.0	24,900	17,821	1.0

INVESTMENT PROPERTIES (CONTINUED)

2022

2022 (continued)

Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2022	Fair value as at 31.12.2022 RM'000	Cost of investment as at 31.12.2022 RM'000	Percentage of fair value to Net Asset Value as at 31.12.2022 %
Seberang Prai Logistics Warehouse 2 (g) ^	Leasehold	60	31	Seberang Prai	Logistics warehouse	100.0	9,880	7,384	0.4
Axis Hypermarket @ Johor (c) ^	Freehold	ı	ı	Johor Bahru	Hypermarket	100.0	107,000	76,997	4.2
Axis Mega Distribution Centre (c) ^^	Leasehold	66	69	Kuala Langat	Logistics warehouse	100.0	316,500	259,315	12.3
Axis Technology Centre (a) ^	Leasehold	66	45	Petaling Jaya	Office/Industrial	75.5	64,700	53,702	2.5
D8 Logistics Warehouse (d) ^	Leasehold	60	33	Johor Bahru	Logistics warehouse	100.0	40,300	31,773	1.6
Bayan Lepas Distribution Centre (i) ^	Leasehold	60	40	Bayan Lepas	Logistics warehouse	100.0	67,000	50,952	2.6
Seberang Prai Logistics Warehouse 3 (k)	Leasehold	60	30/46	Seberang Prai	Logistics warehouse	100.0	77,000	64,282	3.0
Emerson Industrial Facility Nilai (h) ^	Leasehold	66	73	Nilai	Manufacturing facilities	100.0	44,000	27,509	1.7
Wisma Academy Parcel (a) ^	Leasehold	66	40	Petaling Jaya	Office/Industrial	78.4	75,000	77,326	2.9
The Annex (f) ^	Leasehold	66	40	Petaling Jaya	Office/Industrial	60.4	21,740	13,624	0.8
Axis Industrial Facility 1 @ Shah Alam (c)	Leasehold	66	63	Shah Alam	Manufacturing facilities	77.6	50,000	53,813	1.9
Axis Shah Alam Distribution Centre 3 (d)	Freehold	ı	I	Shah Alam	Logistics warehouse	100.0	198,000	187,914	<i>T.</i> 7
Axis Steel Centre @ SiLC (d) ^ Freehold	Freehold	ı	ı	Nusajaya	Manufacturing facilities	100.0	163,000	155,949	6.3
Axis Shah Alam Distribution Centre 2 (b) ^	Leasehold	66	44	Shah Alam	Logistics warehouse	100.0	50,000	47,614	1.9
Beyonics i-Park Campus Block A (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	19,000	14,469	0.7

INVESTMENT PROPERTIES (CONTINUED)

4

2022 (continued)

						Occupancy		Cost of	Percentage Cost of of fair value
			Remaining			rates	Fair value	investment	to Net Asset
	Tenure	Term	term			as at	as at	as at	Value as at
Property	of land	of lease	of lease	of lease Location	Existing use	31.12.2022	31.12.2022	31.12.2022	31.12.2022
		(Years)	(Years)			%	RM'000	RM'000	%
Beyonics i-Park Campus Block B (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	17,000	13,115	0.7
Beyonics i-Park Campus Block C (a) ^	Freehold	·	ı	Johor Bahru	Manufacturing facilities	100.0	15,000	12,055	9.0
Beyonics i-Park Campus Block D (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	29,000	22,504	1.1
Axis Industrial Facility @ Rawang (m)	Freehold	I	ı	Rawang	Manufacturing facilities	100.0	60,000	51,513	2.3

Notes to the Financial Statements

Kerry Warehouse (d)	Leasehold	60	51	Johor Bahru	Logistics warehouse	100.0	39,500	33,821	1.5
Wasco Facility @ Kuantan (c) ^	Leasehold	66	87	Kuantan	Manufacturing facilities	100.0	159,000	157,619	6.2
Axis Aerotech Centre @ Subang (c)	Leasehold	49	44	Subang	Manufacturing facilities	100.0	92,000	72,868	3.6
Axis Shah Alam Distribution Centre 4 (b) ^^	Freehold	ı	ı	Shah Alam	Logistics warehouse	100.0	93,500	84,639	3.6
Indahpura Facility 1 (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	8,200	7,343	0.3
Beyonics i-Park Campus Block E (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	37,000	32,099	1.4
Senawang Industrial Facility (f) ^^	Freehold	ı	ı	Senawang	Logistics warehouse	100.0	24,700	19,134	1.0
Nusajaya Tech Park Facility 1 (a) ^	Freehold	ı	ı	lskandar Puteri, Johor	Manufacturing facilities	100.0	42,000	42,773	1.6
Nusajaya Tech Park Facility 2 (a) ^	Freehold	ı	ı	lskandar Puteri, Johor	Manufacturing facilities	100.0	15,500	14,105	0.6
Axis Facility @ Batu Kawan (l) Leasehold	Leasehold	30	27	Simpang Ampat, Penang	Logistics warehouse	100.0	19,000	14,706	0.7

(continued) 2022 (

						Occupancy		Cost of	Percentage of fair value
			Remaining			rates	Fair value	investment	to Net Asset
Property	Tenure of land	Term of lease	term of lease	Location	Existing use	as at 31.12.2022	as at 31.12.2022	as at 31.12.2022	Value as at 31.12.2022 %
Axis Facility 2 @ Nilai (f) ^^	Leasehold	66	67	Nilai, Negeri Sembilan	Manufacturing facilities	100.0	51,600	50,920	2.0
Axis Facility 2 @ Bukit Raja (e)	Leasehold	66	67	Klang	Manufacturing facilities	ı	44,400	43,761	1.7
D37c Logistics Warehouse (d) ^^	Leasehold	41	33	Tanjung Pelepas	Logistics warehouse	100.0	66,200	66,094	2.6
Axis Shah Alam Distribution Centre 5 (b) ^	Leasehold	66	52	Shah Alam	Logistics warehouse	100.0	96,000	96,330	3.7
Axis Industrial Facility 2 @ Shah Alam (a)	Leasehold	66	55	Shah Alam	Manufacturing facilities	100.0	14,700	12,256	0.6
Indahpura Facility 2 (d)	Freehold	ı	I	Johor Bahru	Manufacturing facilities	100.0	9,000	8,733	0.3
Indahpura Facility 3 (d)	Freehold	ı	·	Johor Bahru	Office/Industrial	100.0	7,000	6,821	0.3
Beyonics i-Park Campus Block F (d)	Freehold	ı	I	Johor Bahru	Manufacturing facilities	100.0	15,000	13,276	0.6
Bukit Raja Distribution Centre 2 (c)	Freehold	ı	I	Klang	Manufacturing facilities	ı	163,500	163,926	6.4
Xin Hwa Warehouse @ Pasir Gudang (d)	Leasehold	60	52/54	Pasir Gudang	Logistics warehouse	100.0	77,000	76,388	3.0
Pasir Gudang Logistics Warehouse 2 (c)	Leasehold	30	29	Pasir Gudang	Logistics warehouse	100.0	36,000	32,679	1.4
Indahpura Facility 4 (j)	Freehold	I	I	Johor Bahru	Manufacturing facilities	100.0	18,200	16,687	0.7
DW1 Logistics Warehouse (e) Leasehold	Leasehold	38	32	Tanjung Pelepas	Logistics warehouse	100.0	391,000	395,642	15.2
Axis Industrial Facility 1 @ Meru (d)	Freehold	ı	ı	Klang	Manufacturing facilities	100.0	41,000	41,682	1.6
Total							4,186,020	3,596,184	

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

1

- valuation.
- (d) investment method of valuation.
- valuation.
- (g) Appraisers & Estate Agents Malaysia using the cost method of valuation.
- (i)

Notes to the Financial Statements

(a) Axis Industrial Facility 2 @ Shah Alam, Indahpura Facility 1, Wisma Academy Parcel, Axis Business Park, Beyonics i-Park Campus Block A, B, C, D and E, Axis Technology Centre, Nusajaya Tech Park Facility 1 and 2, and D21 Logistics Warehouse were valued on 18 July 2022, 26 July 2022, 2 August 2022, 8 August 2022, 13 September 2022, 13 September 2022, 23 September 2022, 19 October 2022, 19 October 2022 and 27 October 2022, respectively by Rahim & Co. International Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation, except for Axis Industrial Facility 2 @ Shah Alam and Axis Technology Centre which were based on the cost method of valuation.

(b) Axis Northport Distribution Centre 1, Fonterra HQ, Axis Shah Alam Distribution Centre 4, Axis Shah Alam Distribution Centre 5, Axis Shah Alam Distribution Centre 2, and Crystal Plaza were valued on 18 July 2022, 1 August 2022, 5 September 2022, 5 September 2022, 13 October 2022 and 21 October 2022, respectively by PA International Property Consultants (KL) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of

(c) Axis Hypermarket @ Johor, Menara Axis, Axis Shah Alam Distribution Centre 1, Wasco Facility @ Kuantan, Axis Aerotech Centre @ Subang, Axis Vista, Pasir Gudang Logistics Warehouse 2, Axis Industrial Facility 1 @ Shah Alam, Axis Mega Distribution Centre and Bukit Raja Distribution Centre 2 were valued on 13 July 2022, 21 July 2022, 2 August 2022, 5 August 2022, 14 September 2022, 15 September 2022, 28 October 2022, 31 October 2022, 2 November 2022 and 15 December 2022, respectively by Savills (Malaysia) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation except for Axis Vista which was based on the comparison method of valuation.

Wisma Kemajuan, Axis Shah Alam Distribution Centre 3, Axis Industrial Facility 1 @ Meru, Pasir Gudang Logistics Warehouse 1, Niro Warehouse, Indahpura Facility 2, Indahpura Facility 3, FCI Senai, Kerry Warehouse, Beyonics i-Park Campus Block F, Xin Hwa Warehouse @ Pasir Gudang, D8 Logistics Warehouse, D37c Logistics Warehouse and Axis Steel Centre @ SiLC were valued on 15 July 2022, 18 July 2022, 25 July 2022, 28 July 2022, 28 July 2022, 2 August 2022, 2 August 2022, 3 August 2022, 15 September 2022, 20 September 2022, 18 October 2022, 26 October 2022, 26 October 2022 and 27 October 2022, respectively by CBRE WTW Valuation & Advisory Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the

(e) Axis Business Campus, Strateq Data Centre, DW1 Logistics Warehouse, Quattro West and Axis Facility 2 @ Bukit Raja were valued on 14 July 2022, 20 September 2022, 20 October 2022, 21 October 2022 and 29 November 2022, respectively by First Pacific Valuers Property Consultants Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation except for Axis Business Campus which was based on the comparison method of valuation and Axis Facility 2 @ Bukit Raja which was based on the cost method of valuation.

(f) Bukit Raja Distribution Centre, Axis Facility 2 @ Nilai, The Annex, Senawang Industrial Facility and Infinite Center were valued on 4 August 2022, 13 September 2022, 14 October 2022, 20 October 2022 and 24 November 2022, respectively by KGV International Property Consultants (M) Sdn. Bhd. an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation except for The Annex which was based on the cost method of

Seberang Prai Logistics Warehouse 1 and 2 were valued on 19 September 2022 and 19 September 2022, respectively by KGV International Property Consultants (PG) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers,

(h) Emerson Industrial Facility Nilai was valued on 25 July 2022 by PPC International Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.

Bayan Lepas Distribution Centre was valued on 3 August 2022 by Henry Butcher Malaysia (Penang) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation.

4. INVESTMENT PROPERTIES (CONTINUED)

- (j) Axis Hypermarket @ Sungai Petani and Indahpura Facility 4 were valued on 15 July 2022 and 20 September 2022, respectively by Knight Frank Malaysia Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (k) Seberang Prai Logistics Warehouse 3 was valued on 17 October 2022 by Savills (Penang) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (I) Axis Facility @ Batu Kawan was valued on 2 November 2022 by VPC Alliance (Kajang) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (m) Axis Industrial Facility @ Rawang was valued on 20 October 2022 by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation.
- ^ These properties are charged to financial institutions for revolving credit and term financing facilities granted to Axis-REIT (Note 10).
- ^^ These properties are pledged as security for the Islamic Medium Term Notes ("Sukuk") (Note 10).

CONTINUED)	
ESTMENT PROPERTIES (C	
INVESTMENT P	

4

2021

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						Occupancy		Cost of	Cost of fair value
			Remaining	2		rates	Fair value	investment to Net Asset	to Net Asset
	Tenure	Term	term			as at	as at	as at	Value as at
Property	of land	of lease	of lease	Location	Existing use	31.12.2021	31.12.2021	31.12.2021	31.12.2021
		(Years)	(Years)			%	RM'000	RM'000	%
Menara Axis (c)	Leasehold	66	44	Petaling Jaya	Commercial office	76.2	112,500	91,320	4.5
Crystal Plaza (a)	Leasehold	66	38	Petaling Jaya	Commercial office	45.8	113,000	73,263	4.5
Axis Business Park (e) ^	Leasehold	66	39	Petaling Jaya	Office/Industrial	80.6	121,100	102,120	4.8
Infinite Center (b) ^	Leasehold	66	44	Petaling Jaya	Office/Industrial	97.3	45,000	37,075	1.8
Wisma Kemajuan (d) ^	Leasehold	66	44	Petaling Jaya	Office/Industrial	70.7	66,000	37,960	2.6
Axis Business Campus (e) ^	Leasehold	66	46	Petaling Jaya	Office/Industrial	74.8	80,700	63,411	3.2
Axis Shah Alam Distribution	Freehold	ı	ı	Shah Alam	Manufacturing	100.0	40,500	22,507	1.6

Centre 1 (j) ^^	5				facilities	2	000/01	1000/22) i
Axis Hypermarket @ Sungai Petani (k) ^	Freehold	ı	ı	Sungai Petani	Hypermarket	100.0	49,000	38,973	1.9
FCl Senai (a) ^	Leasehold	60	46	Senai, Johor	Manufacturing facilities	100.0	25,600	12,693	1.0
Fonterra HQ (f)	Freehold			Shah Alam	Office/Industrial	84.7	22,800	11,264	0.9
Quattro West (h) ^	Leasehold	66	51	Petaling Jaya	Commercial office	100.0	60,000	51,515	2.4
Strateq Data Centre (b) ^	Leasehold	66	47	Petaling Jaya	Office/Industrial	100.0	68,000	42,927	2.7
D21 Logistics Warehouse (a) ^<	Leasehold	60	34	Tanjung Pelepas	Logistics warehouse	100.0	42,100	48,263	1.7
Niro Warehouse (a)	Leasehold	60	30	Pasir Gudang	Logistics warehouse	100.0	29,200	17,051	1.2
Pasir Gudang Logistics Warehouse 1 (a)	Leasehold	60	46	Pasir Gudang	Logistics warehouse	100.0	22,700	13,814	0.9
Axis Vista (c) 🗛	Leasehold	66	45	Petaling Jaya	Office/Industrial	100.0	58,000	35,228	2.3
Axis Northport Distribution Centre 1 (b) ^^	Leasehold	66	81	Klang	Logistics warehouse	100.0	91,500	67,076	3.6
Bukit Raja Distribution Centre (a) ^^	Freehold	ı	ı	Klang	Logistics warehouse	100.0	113,000	80,217	4.5
Seberang Prai Logistics Warehouse 1 (g) ^	Leasehold	60	32	Seberang Prai	Logistics warehouse	100.0	24,600	17,821	1.0

2021 (continued)

	Tenure	Term	Remaining term			Occupancy rates as at	Fair value as at	Cost of investment as at	Percentage of fair value to Net Asset Value as at
Property	of land	of lease (Years)	of lease (Years)	Location	Existing use	31.12.2021 %	31.12.2021 RM'000	31.12.2021 RM'000	31.12.2021 %
Seberang Prai Logistics Warehouse 2 (g) ^	Leasehold	60	32	Seberang Prai	Logistics warehouse	100.0	9,840	7,384	0.4
Axis Hypermarket @ Johor (a) ^^ *	Freehold	ı	I	Johor Bahru	Hypermarket	100.0	106,000	76,997	4.2
Axis Mega Distribution Centre (a) ^^	Leasehold	66	70	Kuala Langat	Logistics warehouse	100.0	316,000	258,693	12.5
Axis Technology Centre (i) ^	Leasehold	66	46	Petaling Jaya	Office/Industrial	52.1	64,000	53,121	2.5
D8 Logistics Warehouse (a) ^	Leasehold	60	34	Johor Bahru	Logistics warehouse	100.0	40,100	31,711	1.6
Bayan Lepas Distribution Centre (g) ^	Leasehold	60	41	Bayan Lepas	Logistics warehouse	100.0	65,000	50,952	2.6
Seberang Prai Logistics Warehouse 3 (k)	Leasehold	60	31/47	Seberang Prai	Logistics warehouse	100.0	76,000	63,920	3.0
Emerson Industrial Facility Nilai (h) ^	Leasehold	66	74	Nilai	Manufacturing facilities	100.0	42,000	27,443	1.7
Wisma Academy Parcel (a) ^	Leasehold	66	41	Petaling Jaya	Office/Industrial	72.0	75,000	77,326	3.0
The Annex (f) ^	Leasehold	66	41	Petaling Jaya	Office/Industrial	60.4	21,500	13,580	0.9
Axis Industrial Facility 1 @ Shah Alam (c) *	Leasehold	66	64	Shah Alam	Manufacturing facilities	100.0	53,300	53,646	2.1
Axis Shah Alam Distribution Centre 3 (d)	Freehold		I	Shah Alam	Logistics warehouse	100.0	198,000	187,500	7.8
Axis Steel Centre @ SiLC (d) ^	Freehold	ı	ı	Nusajaya	Manufacturing facilities	100.0	163,000	155,949	6.4
Axis Shah Alam Distribution Centre 2 (b)	Leasehold	66	45	Shah Alam	Logistics warehouse	100.0	48,350	47,048	1.9
Beyonics i-Park Campus Block A (a) ^	Freehold	ı	I	Johor Bahru	Manufacturing facilities	100.0	19,000	14,469	0.8
Beyonics i-Park Campus Block B (a) ^	Freehold	ı	I	Johor Bahru	Manufacturing facilities	100.0	17,000	13,115	0.7

INVESTMENT PROPERTIES (CONTINUED)

4

2021 (continued)

						Occupancy		Cost of	Percentage Cost of fair value
			Remaining			rates	Fair value	investment	to Net Asset
	Tenure	Term	term			as at	as at	as at	Value as at
Property	of land	of lease	of lease	Location	Existing use	31.12.2021	31.12.2021	31.12.2021	31.12.2021
		(Years)	(Years)			%	RM'000	RM'000	%
Beyonics i-Park Campus	Freehold	ı	ı	Johor Bahru	Manufacturing	100.0	15,000	11,934	0.6
Block C (a) ^					facilities				
Beyonics i-Park Campus	Freehold	ı	I	Johor Bahru	Manufacturing	100.0	29,000	22,504	1.1
Block D (a) ^					facilities				
Axis Industrial Facility @	Freehold	ı	ı	Rawang	Manufacturing	100.0	50,000	51,450	2.0
Rawang (c)					facilities				
Kerry Warehouse (a)	Leasehold	60	52	Johor Bahru	Logistics	100.0	39,500	33,821	1.6
					warehouse				

Notes to the Financial Statements

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Axis Aerotech Centre @ Subang (c)	Leasehold	49	45	Subang	Manufacturing facilities	100.0	91,000	73,075	3.6
Axis Shah Alam Distribution Centre 4 (b) ^^	Freehold	·	ı	Shah Alam	Logistics warehouse	100.0	93,000	84,270	3.7
Indahpura Facility 1 (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	8,200	7,343	0.3
Beyonics i-Park Campus Block E (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	37,000	32,099	1.5
Senawang Industrial Facility (f) ^^	Freehold	·	ı	Senawang	Logistics warehouse	100.0	24,640	18,933	1.0
Nusajaya Tech Park Facility 1 (a)	Freehold	I	ı	lskandar Puteri, Johor	Manufacturing facilities	100.0	42,000	42,773	1.7
Nusajaya Tech Park Facility 2 (a)	Freehold	·	ı	lskandar Puteri, Johor	Manufacturing facilities	100.0	15,500	14,105	0.6
Axis Facility @ Batu Kawan (l) Leasehold	Leasehold	30	28	Simpang Ampat, Penang	Logistics warehouse	100.0	19,000	14,706	0.8
Axis Facility 2 @ Nilai (h) ^^	Leasehold	66	68	Nilai, Negeri Sembilan	Manufacturing facilities	100.0	51,000	50,920	2.0

2021 (continued)

Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2021	Fair value as at 31.12.2021 RM/000	Cost of investment as at 31.12.2021 RM'000	Percentage of fair value to Net Asset Value as at 31.12.2021 %
Axis Facility 2 @ Bukit Raja (b)	Leasehold	66	68	Klang	Manufacturing facilities	100.0	39,000	37,654	1.5
D37c Logistics Warehouse (e) ^^	Leasehold	41	34	Tanjung Pelepas	Logistics warehouse	100.0	66,200	66,094	2.6
Axis Shah Alam Distribution Centre 5 (b) ^	Leasehold	66	53	Shah Alam	Logistics warehouse	100.0	95,000	96,330	3.8
Axis Industrial Facility 2 @ Shah Alam (a) *	Leasehold	66	56	Shah Alam	Manufacturing facilities	100.0	13,800	12,256	0.5
Indahpura Facility 2 (d)	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	000'6	8,733	0.4
Indahpura Facility 3 (d)	Freehold	ı	ı	Johor Bahru	Office/Industrial	100.0	7,000	6,821	0.3
Beyonics i-Park Campus Block F (d)	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	15,000	13,277	0.6
Bukit Raja Distribution Centre 2 (e)	Freehold	ı	I	Klang	Manufacturing facilities	100.0	122,000	121,756	4.8
Xin Hwa Warehouse @ Pasir Leasehold Gudang (d)	Leasehold	60	53/55	Pasir Gudang	Logistics warehouse	100.0	75,000	76,388	3.0
Total							3,614,230	3,052,213	

4. INVESTMENT PROPERTIES (CONTINUED)

- based on the investment method and comparison method of valuation, respectively.
- (b) Estate Agents Malaysia using the investment method of valuation.
- (c) based on the comparison method of valuation.
- (d) investment method of valuation.
- comparison method of valuation.
- which was based on the investment method of valuation.
- (g) Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation.
- of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.

Notes to the Financial Statements

Notes to the Financial Statements

(a) D8 Logistics Warehouse, Beyonics i-Park Campus Block E, Pasir Gudang Logistics Warehouse 1, Axis Mega Distribution Centre, Axis Industrial Facility 2 @ Shah Alam, Wisma Academy Parcel, FCI Senai, Niro Warehouse, Kerry Warehouse, Bukit Raja Distribution Centre, Axis Hypermarket @ Johor, Nusajaya Tech Park Facility 1, Beyonics i-Park Campus Block A, B, C and D, Indahgura Facility 1, Crystal Plaza, D21 Logistics Warehouse and Nusajava Tech Park Facility 2 were valued on 24 August 2021, 26 August 2021, 27 August 2021, 13 September 2021, 15 September 2021, 20 September 2021, 5 October 2021, 2 November 2021, 2 November 2021, 10 November 2021, 16 November 2021, 17 November 2021, 19 November 2021, 19 November 2021, 23 November 2021, 24 November 2021 and 1 December 2021, respectively by Rahim & Co. International Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation, except for Axis Industrial Facility 2 @ Shah Alam which was based on the cost method of valuation and Axis Mega Distribution Centre comprising phase 1 site, which is the developed portion known as Nestle Distribution Centre and phase 2 site, which is the undeveloped portion of the remaining land

Axis Shah Alam Distribution Centre 2, Axis Shah Alam Distribution Centre 5, Infinite Center, Axis Northport Distribution Centre 1, Axis Facility 2 @ Bukit Raja, Strateq Data Centre and Axis Shah Alam Distribution Centre 4 were valued on 23 August 2021, 23 August 2021, 27 August 2021, 21 September 2021, 21 September 2021, 1 November 2021 and 9 November 2021, respectively by PA International Property Consultants (KL) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers &

Menara Axis, Wasco Facility @ Kuantan, Axis Aerotech Centre @ Subang, Axis Vista, Axis Industrial Facility 1 @ Shah Alam and Axis Industrial Facility @ Rawang were valued on 16 August 2021, 22 September 2021, 29 October 2021, 26 November 2021, 1 December 2021 and 14 December 2021, respectively by Savills (Malaysia) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation except for Axis Vista which was

Indahpura Facility 2, Indahpura Facility 3, Axis Steel Centre @ SiLC, Wisma Kemajuan, Beyonics i-Park Campus Block F, Axis Shah Alam Distribution Centre 3 and Xin Hwa Warehouse @ Pasir Gudang were valued on 13 August 2021, 13 August 2021, 22 September 2021, 1 November 2021, 1 November 2021, 30 November 2021 and 7 December 2021, respectively by C H Williams Talhar & Wong Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the

(e) D37c Logistics Warehouse, Axis Business Park, Axis Business Campus and Bukit Raja Distribution Centre 2 were valued on 1 July 2021, 5 August 2021, 14 September 2021 and 9 November 2021, respectively by First Pacific Valuers Property Consultants Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation except for Axis Business Campus and Bukit Raja Distribution Centre 2 which were based on the

(f) The Annex, Fonterra HQ and Senawang Industrial Facility were valued on 2 September 2021, 17 September 2021 and 10 November 2021, respectively by KGV International Property Consultants (M) Sdn. Bhd. an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation except Senawang Industrial Facility

Seberang Prai Logistics Warehouse 1 and 2 and Bayan Lepas Distribution Centre were valued on 7 September 2021 and 18 November 2021, respectively by Henry Butcher Malaysia (Penang) Sdn. Bhd., an independent firm of professional valuers, registered with the

(h) Axis Facility 2 @ Nilai, Quattro West and Emerson Industrial Facility Nilai were valued on 20 August 2021, 3 November 2021 and 26 November 2021, respectively by PPC International Sdn. Bhd., an independent firm of professional valuers, registered with the Board

4. INVESTMENT PROPERTIES (CONTINUED)

- Axis Technology Centre was valued on 25 November 2021 by Nawawi Tie Leung Property Consultants Sdn. Bhd., an independent firm (i) of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation.
- (i) Axis Shah Alam Distribution Centre 1 was valued on 7 September 2021 by Knight Frank Malaysia Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (k) Axis Hypermarket @ Sungai Petani and Seberang Prai Logistics Warehouse 3 were valued on 15 September 2021 and 30 November 2021, respectively by Savills (Penang) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (I) Axis Facility @ Batu Kawan was valued on 7 October 2021 by VPC Alliance (Kajang) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- These properties are charged to financial institutions for revolving credit and term financing facilities granted to Axis-REIT (Note 10).
- These properties are pledged as security for the Islamic Medium Term Notes ("Sukuk") (Note 10). ^
- \checkmark Fixed land lease of 30 years until 23 March 2025 with an option to renew for a further term of 30 years. During 2021, the option has been exercised and the lease is extended for further 30 years until 23 March 2055.
- * Axis Hypermarket @ Johor, Axis Industrial Facility 1 @ Shah Alam and Axis Industrial Facility 2 @ Shah Alam are formerly known as Tesco Bukit Indah, Axis MRO Hub and Axis Industrial Facility @ Shah Alam, respectively.

The following are recognised in profit or loss in respect of investment properties:

		2022	2021
	Note	RM'000	RM'000
Revenue	12	284,471	246,195
Property operating expenses	13	(39,128)	(33,314)
Change in fair value of investment properties	4.1.1	24,438	63,197

4.1 Fair value information

As at 31 December 2022, the fair value of investment properties amounting to RM4,186,020,000 (2021: RM3,614,230,000) is categorised as Level 3 in accordance with MFRS 13, using unobservable inputs.

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

Level 3 fair value

The following table shows a reconciliation of Level 3 fair value:

	1	
τ	1 January	

Acquisitions

Enhancements

Development

Gains and losses recognised in profit or loss Change in fair value - unrealised

At 31 December

4.1.1 The change in fair value as presented in the profit or loss of RM24,438,000 (2021: RM63,197,000) is after offsetting unbilled lease income receivable amounting to RM3,381,000 (2021: RM4,590,000).

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique

a) The investment method considers income expense data relating to the subject prop being valued and estimates value through capitalisation process. Capitalisation rel to income (usually a net income figure) a defined value type by converting an inc amount into a value estimate. This pro may consider direct relationships (know capitalisation rates), yield or discount (reflecting measures of return on investme or both. In general, the principle of substitu holds that the income stream which produced the highest return commensurate with a gi level of risk leads to the most probable value figure.

Note	2022 RM'000	2021 RM'000
	3,614,230	3,280,240
	486,690	226,950
	14,697	39,104
	42,584	149
	4,158,201	3,546,443
4.1.1	27,819	67,787
	4,186,020	3,614,230

	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
e and pperty ugh a elates and a come occess vn as rates nent), cution duces given	 Risk-adjusted term capitalisation rates ranging from 5.50% - 7.25% (2021: 5.50% - 7.25%). Risk-adjusted reversion capitalisation rates of 5.75% - 7.50% (2021: 5.75% - 7.50%). 	 The estimated fair value would increase (decrease) if: Risk-adjusted term capitalisation rates were lower (higher). Risk-adjusted reversion capitalisation rates were lower (higher).

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

Valu	ation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
b)	The comparison method considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, the property being valued is compared with sales of similar properties that have been transacted in the open market. Listing and offering may also be considered. Valuation under this method may be significantly affected by the timing and the characteristics (such as location, accessibility, design, size and condition) of the property transactions used for comparison.	• Adjusted land value ranging from RM297 per sq. ft. to RM393 per sq. ft. (2021: RM71 per sq. ft. to RM383 per sq. ft.).	 The estimated fair value would increase (decrease) if: Adjusted land value per sq. ft. was higher (lower).
c)	The cost method considers the summation of the value components of the land and cost of building. The value components of land are estimated based on location, plot size, accessibility and other relevant factors. The cost of building is determined based on current estimates of reconstruction cost less depreciation or replacement cost less depreciation, obsolescence and existing physical condition of the building. The reconstruction or replacement cost of building is derived from estimates of current market prices for materials, labour and present construction techniques. Valuation under this	 Land value ranging from RM30 per sq. ft. to RM245 per sq. ft. (2021: RM52 per sq. ft. to RM270 per sq. ft). Main floor area cost ranging from RM45 per sq. ft. to RM255 per sq. ft. (2021: RM40 per sq. ft. to RM250 per sq. ft.). Depreciation rates ranging from 2.0% to 70% (2021: 1.5% to 70%). 	 The estimated fair value would increase (decrease) if: Land value were higher (lower). Main floor area cost were higher (lower). Depreciation rates were lower (higher).

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

Valuation processes applied by Axis-REIT for Level 3 fair value

The fair value of investment properties is determined by external, independent valuers registered with the Securities Commission, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. A valuation is carried out on each property within Axis-REIT's investment property portfolio once every calendar year.

Highest and best use

Axis-REIT's investment properties are office/industrial buildings, logistics warehouses, hypermarkets and manufacturing facilities located in Malaysia. These properties are at their highest and best use, as there are no other factors to suggest that a different use would maximise the value of these investment properties.

cancellable leases is as follows:

Less than one year
One to two years
Two to three years
Three to four years
Four to five years
More than five years
Total undiscounted lease payment receivable

Significant estimation uncertainty and judgements

for materials and labour.

method may be significantly affected by the location of the property and the market prices

In the previous financial year, the valuation reports obtained from certain external valuers included a material valuation uncertainty paragraph to highlight that, given the unprecedented set of circumstances on which to base a judgement due to the unknown future impact that the 2019 Novel Coronavirus ("COVID-19") pandemic, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. As a result of this, the external valuers have recommended to keep the valuation of these properties under frequent review.

In the current financial year, these material valuation uncertainty paragraphs have been either removed by the valuers from their reports or modified to state that their valuations now have a lesser degree of material uncertainty. However, a degree of caution is still attached to certain valuations and that, given the unknown impact of COVID-19 in the endemic stage, frequent reviews are still recommended.

Notes to the Financial Statements

Axis-REIT leases out its investment properties under operating leases. The future minimum lease payment receivable under non-

2022 RM'000	2021 RM'000
268,955	224,291
249,606	174,043
199,477	143,589
171,477	110,234
161,761	104,717
882,894	639,272
1,934,170	1,396,146

5. EQUIPMENT

	Office equipment, furniture and fittings RM'000	Car park machines RM'000	Software RM'000	Total RM'000
Cost				
At 1 January 2021	1,550	3,813	905	6,268
Additions	65	117	-	182
Disposal	(15)	-	-	(15)
At 31 December 2021/ 1 January 2022	1,600	3,930	905	6,435
Additions	11	29	-	40
At 31 December 2022	1,611	3,959	905	6,475
Accumulated depreciation At 1 January 2021	333	2,486	579	3,398
Depreciation for the year	159	390	91	640
Disposal	(13)	-	-	(13)
At 31 December 2021/ 1 January 2022	479	2,876	670	4,025
Depreciation for the year	160	341	90	591
At 31 December 2022	639	3,217	760	4,616
Carrying amounts				
At 1 January 2021	1,217	1,327	326	2,870
At 31 December 2021/1 January 2022	1,121	1,054	235	2,410
At 31 December 2022	972	742	145	1,859

Leased equipment

At 31 December 2022, the net carrying amount of leased equipment was RM156,000 (2021: RM180,000).

RECEIVABLES, DEPOSITS AND PREPAYMENTS 6.

		2022	2021
	Note	RM'000	RM'000
Trade			
Trade receivables		6,479	8,107
Tenancy contract assets	6.1	2,943	3,576
		9,422	11,683
Non-trade			
Other receivables		3,850	3,004
Deposits	6.2	3,269	6,638
Prepayments		5,958	4,841
Islamic derivative assets	6.3	1,780	-
		14,857	14,483
		24,279	26,166

- agreements.
- Axis-REIT to achieve an approximate mix of fixed and floating rates exposure in line with its policy.

7. CASH AND CASH EQUIVALENTS

Cash and bank balances

Islamic deposits placed with licensed banks

Included in Islamic deposits placed with licensed banks is an amount of RM300,000 (2021: RM300,000) which is pledged for banking facilities granted to Axis-REIT (Note 10) and an amount of RM19,184,000 (2021: RM25,044,000) which is maintained in the Finance Service Reserve Accounts with a licensed bank to cover the minimum financing costs for term financing granted to Axis-REIT and the Sukuk issued by Axis-REIT's special purpose company, Axis REIT Sukuk Berhad (Note 10).

Notes to the Financial Statements

6.1 Tenancy contract assets relate to Axis-REIT's rights to rental income for premises that have been occupied by tenants but not yet billed at the reporting date. Rental income is recognised on a straight-line basis, including lease incentive for rent-free period, which is not part of earnings available for distribution. Rental will be billed in accordance with the billing terms as set out in the tenancy

6.2 Included in deposits is Nil (2021: RM3,726,000) paid for potential new acquisitions of investment properties.

6.3 The Islamic derivatives (profit rate swaps) consist of two separate contracts with notional amounts of RM110,000,000 and RM110,000,000, respectively (2021: a profit rate swap with notional contract amount of RM50,000,000). Profit rate swaps are used by

2022 RM'000	2021 RM'000
22,451	23,502
21,064	172,452
43,515	195,954

8. TOTAL UNITHOLDERS' FUNDS

8.1 Unitholders' capital

	2022 Number of units '000	2021 Number of units '000
Issued and fully paid units with no par value classified as equity instruments:		
At 1 January	1,634,524	1,442,331
Issued for cash	-	188,043
Issued under Income Distribution Reinvestment Plan ("IDRP")	6,530	4,150
At 31 December	1,641,054	1,634,524
	2022	2021

	2022	2021
	RM'000	RM'000
ssued and fully paid units with no par value classified as equity instruments:		
At 1 January	1,934,322	1,595,506
New units issued:		
6,529,923 units @ RM1.76 per unit (2021: 188,042,597 units @ RM1.78 per unit and		
4,150,222 units @ RM1.88 per unit)	11,493	342,518
Issuing expenses	(160)	(3,702)
At 31 December	1,945,655	1,934,322

8.2 Unitholdings of substantial unitholders, Directors of the Manager and their related parties

The following are details of the units and value held by substantial unitholders, Directors of the Manager and their related parties.

	2022		2021		
	Number of units '000	Market value RM'000	Number of units '000	Market value RM'000	
Axis-REIT's substantial unitholders' direct unitholding:					
Lembaga Tabung Haji	86,745	155,274	85,902	166,650	
Kumpulan Wang Persaraan (Diperbadankan)	147,162	263,420	144,711	280,739	
Employees Provident Fund Board	256,878	459,812	276,790	536,973	
Axis-REIT's substantial unitholders' indirect unitholding:					
Kumpulan Wang Persaraan (Diperbadankan) (i)	32,251	57,729	33,005	64,030	

8. TOTAL UNITHOLDERS' FUNDS (CONTINUED)

Directors of	the Manager - direct unitholding:
Dato' Aba	as Carl Gunnar Bin Abdullah
	ku Dato' Seri Shahabuddin
	iku Besar Burhanuddin
Tew Peng	Hwee @ Teoh Peng Hwee
Alex Lee I	Lao (ii)
Leong Kit	May
Jancis An	ne Que Lao (iii)
Maxine Te	eoh Sui Vern (iv)
Devika A/	'P K Sothinathan (v)
Directors of	the Manager - indirect unitholding:
Dato' Aba	as Carl Gunnar Bin Abdullah (vi)
Dato' Aba Alex Lee I	
Alex Lee I Direct unith	Lao (vii)
Alex Lee L Direct unith Directors	Lao (vii) oldings of close family members of t of the Manager:
Alex Lee L Direct unith Directors	Lao (vii) oldings of close family members of t of the Manager: ras Emiloglu (also known as Ka Ya-Shi
Alex Lee L Direct unith Directors Datin Kuy	Lao (vii) holdings of close family members of t of the Manager: ras Emiloglu (also known as Ka Ya-Shi Lao
Alex Lee I Direct unith Directors Datin Kuy Leon Lee	Lao (vii) oldings of close family members of t of the Manager: ras Emiloglu (also known as Ka Ya-Shi Lao rong Lee
Alex Lee I Direct unith Directors Datin Kuy Leon Lee Lao, Yin Y Tan Siew	Lao (vii) oldings of close family members of t of the Manager: ras Emiloglu (also known as Ka Ya-Shi Lao rong Lee
Alex Lee I Direct unith Directors Datin Kuy Leon Lee Lao, Yin Y Tan Siew Jeanette I	Lao (vii) holdings of close family members of t of the Manager: ras Emiloglu (also known as Ka Ya-Shi Lao Yong Lee Geok
Alex Lee I Direct unith Directors Datin Kuy Leon Lee Lao, Yin Y Tan Siew Jeanette I	Lao (vii) holdings of close family members of t of the Manager: ras Emiloglu (also known as Ka Ya-Shi Lao Yong Lee Geok Ivy Robertson Lomax Tan Myhre
Alex Lee I Direct unith Directors Datin Kuy Leon Lee Lao, Yin Y Tan Siew Jeanette I Amanda	Lao (vii) holdings of close family members of t of the Manager: vas Emiloglu (also known as Ka Ya-Shi Lao Yong Lee Geok Ivy Robertson Lomax Tan Myhre Lao
Alex Lee I Direct unith Directors Datin Kuy Leon Lee Lao, Yin Y Tan Siew Jeanette I Amanda [–] John Lee Dean Lee	Lao (vii) holdings of close family members of t of the Manager: vas Emiloglu (also known as Ka Ya-Shi Lao Yong Lee Geok Ivy Robertson Lomax Tan Myhre Lao
Alex Lee I Direct unith Directors Datin Kuy Leon Lee Lao, Yin Y Tan Siew Jeanette I Amanda [–] John Lee Dean Lee Edward Ta	Lao (vii) holdings of close family members of t of the Manager: ras Emiloglu (also known as Ka Ya-Shi Lao Yong Lee Geok Ivy Robertson Lomax Tan Myhre Lao Lao
Alex Lee I Direct unith Directors Datin Kuy Leon Lee Lao, Yin Y Tan Siew Jeanette I Amanda [–] John Lee Dean Lee Edward Ta	Lao (vii) holdings of close family members of t of the Manager: ras Emiloglu (also known as Ka Ya-Shi Lao fong Lee Geok Ivy Robertson Lomax Tan Myhre Lao Lao eoh Eu Shang han Myhre

- Held by fund managers of Kumpulan Wang Persaraan (Diperbadankan). (i)
- (ii) Alex Lee Lao is an alternate director to Dato' Abas Carl Gunnar Bin Abdullah Jancis Anne Que Lao is an alternate director to Alvin Dim Lao.

(iii) Maxine Teoh Sui Vern is an alternate director to Tew Peng Hwee @ Teoh Peng Hwee. (iv)

(v) Devika A/P K Sothinathan has been appointed as a director of the Manager effective from 1 June 2022. (vi) Deemed interested in the direct unitholdings of his spouse, Datin Kuyas Emiloglu (also known as Ka Ya-Shih) and his daughter, Amanda Tan Myhre.

(vii) Deemed interested in the direct unitholdings of his brothers, Lao, Yin Yong Lee and Leon Lee Lao.

RM1.79 per unit (2021: RM1.94 per unit).

Notes to the Financial Statements

2022 2021 Number of units Market value Number of units Market value RM'000 **'**000 RM'000 **'**000 24,370 43,622 24,221 46,989 20 36 20 39 102,388 57,200 110,968 57,200 58,050 103,910 57,696 111,930 83 43 77 43 2,931 5,246 2,916 5,657 8 14 8 16 10 18 -10,496 18,788 10,432 20,238 3,207 5,741 3,190 6,189 the ih) 10,422 18,655 10,359 20,096 2,348 4,203 2,336 4,532 859 1,538 854 1,657 842 1,507 836 1,622 255 456 255 495 73 74 132 142 1,202 2,152 1,202 2,332 4,382 2,448 2,433 4,720 2 1 2 1 54 97 54 105 97 54 105 54 209 374

8.2 Unitholdings of substantial unitholders, Directors of the Manager and their related parties (continued)

The market value of the units was determined by multiplying the number of units with the market price as at 30 December 2022 of

DEFERRED TAX LIABILITIES 9.

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to investment properties.

For investment properties that are expected to be realised through sale, the measurement of deferred tax asset or liability pertaining to the investment property will be based on the Real Property Gains Tax ("RPGT") rate. It is the business model of Axis-REIT to hold investment properties to earn rental income and for long-term capital growth. Hence, there are no expected disposals of investment properties held for less than 6 years.

Movement in temporary differences during the year

	At 1.1.2021 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31.12.2022 RM'000
Investment properties	9,122	3,675	12,797	1,683	14,480

10. FINANCING

	Note	2022 RM'000	2021 RM'000
Non-current			
Islamic Medium Term Notes ("Sukuk")	10.1	450,000	450,000
Finance lease liabilities	10.2	19	60
Term financing – secured	10.3	285,750	175,750
Transaction costs			
- Sukuk	10.1	(742)	(895)
- Term financing - secured	10.3	(1,547)	(738)
		733,480	624,177
Current			
Revolving credit - secured	10.4	812,500	365,500
Finance lease liabilities	10.2	40	40
Islamic Medium Term Notes ("Sukuk")	10.1	-	110,000
Term financing - secured	10.3	-	85,000
Transaction costs			
- Sukuk	10.1	-	(68)
- Term financing - secured	10.3	-	(56)
		812,540	560,416
		1,546,020	1,184,593

10. FINANCING (CONTINUED)

10.1 Islamic Medium Term Notes ("Sukuk")

out as follows.

First Sukuk

On 13 July 2012, Axis REIT Sukuk Berhad issued RM110.0 million Sukuk in nominal value pursuant to the Sukuk Programme.

The First Sukuk of RM110.0 million was issued to re-finance Axis-REIT's existing financing facilities. The First Sukuk, which comprised four tranches had obtained long-term ratings of AAA, AA1, AA2 and AA3, respectively from RAM Rating Services Berhad ("RAM") on 4 July 2012. The expected maturity date was 10 years from the issuance date and the legal maturity date was 12 years from the issuance date. The First Sukuk amounting to RM110.0 million was redeemed on 13 July 2022.

The transaction costs relating to the First Sukuk issuance of RM110.0 million which amounted to RM1.277 million were amortised and charged to profit or loss over the expected tenure of the First Sukuk of 10 years.

The First Sukuk was secured over the investment properties as indicated in Note 4 to the financial statements and other securities as advised by the legal counsel of CIMB Investment Bank Berhad ("the Lead Manager") and mutually agreed between Axis-REIT, Axis REIT Sukuk Berhad and the Lead Manager. These have been discharged during the financial year ended 31 December 2022.

Third Sukuk

On 7 January 2019, Axis REIT Sukuk Berhad, issued RM240.0 million Sukuk in nominal value pursuant to the Sukuk Programme.

The Third Sukuk of RM240.0 million was issued to re-finance Axis-REIT's existing financing facilities. The Third Sukuk, which is unrated, has an expected maturity date of 7 years from the issuance date and the legal maturity date is 9 years from the issuance date.

The transaction costs relating to the Third Sukuk issuance of RM240.0 million which amounted to RM579,000 are amortised and charged to profit or loss over the expected tenure of the Third Sukuk of 7 years.

The Third Sukuk is secured over an investment property as indicated in Note 4 to the financial statements and other securities as advised by the legal counsel of the Lead Manager and mutually agreed between Axis-REIT, Axis REIT Sukuk Berhad and the Lead Manager.

Fourth Sukuk

On 15 September 2021, Axis REIT Sukuk Berhad, issued RM210.0 million Sukuk in nominal value pursuant to the Sukuk Programme.

The Fourth Sukuk of RM210.0 million was issued to re-finance Axis-REIT's existing financing facilities. The Fourth Sukuk, which is unrated, comprises two tranches. The expected maturity dates are 10 years for RM80.0 million and 7 years for RM130.0 million from the issuance date and the legal maturity dates are 11 years and 8 years, respectively, from the issuance date.

The transaction costs relating to the Fourth Sukuk issuance of RM210.0 million which amounted to RM586,000 are amortised and charged to profit or loss over the expected tenures of the Fourth Sukuk of 10 years and 7 years, respectively.

The Fourth Sukuk is secured over the investment properties as indicated in Note 4 to the financial statements and other securities as advised by the legal counsel of the Lead Manager and mutually agreed between Axis-REIT, Axis REIT Sukuk Berhad and the Lead Manager.

Notes to the Financial Statements

Axis-REIT's wholly owned subsidiary, Axis REIT Sukuk Berhad, has an Islamic Medium Term Note Programme ("Sukuk Programme") of up to RM3.0 billion in nominal value. It is a perpetual programme that commenced on 13 July 2012. Details of the Sukuk issued are set

10. FINANCING (CONTINUED)

10.2 Finance lease liabilities

Finance lease liabilities are subject to financing costs at 3.5% (2021: 3.5%) per annum.

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2022 RM'000	Finance costs 2022 RM'000	Present value of minimum lease payments 2022 RM'000	Future minimum lease payments 2021 RM'000	Finance costs 2021 RM'000	Present value of minimum lease payments 2021 RM'000
Less than one year	47	7	40	47	7	40
Between one and five years	23	4	19	70	10	60
	70	11	59	117	17	100

10.3 Term financing - secured

The term financing is secured over investment properties as indicated in Note 4 to the financial statements.

The term financing which matured on 14 May 2022, has been repaid during the financial year. The remaining term financing are repayable on 28 January 2025, 31 March 2026, 28 March 2028 and 12 July 2032, respectively. The related transaction costs are amortised over the tenure ranging between 3 to 10 years.

10.4 Revolving credit – secured

The revolving credit is secured over the investment properties as indicated in Note 4 to the financial statements.

10.5 Reconciliation of movement of financing to cash flows arising from financing activities

	At 1.1.2021 RM'000	Net changes from financing cash flows RM'000	Others RM'000	At 31.12.2021/ 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Others RM'000	At 31.12.2022 RM'000
Sukuk	349,394	209,414	229	559,037	(110,000)	221	449,258
Finance lease liabilities	139	(39)	-	100	(41)	-	59
Term financing - secured	151,150	108,508	298	259,956	23,977	270	284,203
Revolving credit - secured	611,500	(246,526)	526	365,500	445,994	1,006	812,500
Total liabilities from financing activities	1,112,183	71,357	1,053	1,184,593	359,930	1,497	1,546,020

11. PAYABLES AND ACCRUALS

Current Trade Trade payables Non-trade

Other payables and accrued expenses Islamic derivative liabilities

monthly in arrears.

12. REVENUE

Rental income from investment properties

- Rental income billed in accordance with tenancy co
- Lease incentive adjustment
- Unbilled lease income receivable

Revenue from contracts with customers

- Car park income
- Other income

13. PROPERTY OPERATING EXPENSES

Assessment
Service contracts and maintenance
Property management fees
Property management reimbursements
Utilities
Others

Notes to the Financial Statements

Note	2022 RM'000	2021 RM'000
	19,843	8,421
11.1	16,275	22,586
6.3	138	384
	16,413	22,970
	36,256	31,391

11.1 Included in other payables and accrued expenses are amounts due to the Manager and the Property Manager of RM2,152,000 (2021: RM2,149,000) and RM849,000 (2021: RM761,000), respectively. These amounts are unsecured, interest-free and payable

	2022 RM'000	2021 RM'000
ontracts	262,268	234,221
	(633)	(1,142)
	3,381	4,590
	265,016	237,669
	5,079	4,075
	14,376	4,451
	19,455	8,526
	284,471	246,195

Note	2022 RM'000	2021 RM'000
	6,445	5,555
	11,086	9,535
1(a)	5,671	4,921
	3,841	3,546
	4,095	2,674
	7,990	7,083
	39,128	33,314

14. TAX EXPENSE

		2022	2021
	Note	RM'000	RM'000
Deferred tax expense			
- Current year	9	1,683	3,675
Total tax expense		1,683	3,675
Reconciliation of tax expense			
Net income before tax	_	192,050	204,039
Income tax using Malaysian tax rate of 24% (2021: 24%)		46,092	48,969
Non-deductible expenses		1,616	1,239
Effect of fair value change on investment properties which is not subject to tax		(4,934)	(8,344)
Effect of exemption from income tax	14.1	(42,774)	(41,864)
		-	-
Real Property Gains Tax ("RPGT")			
Cumulative fair value gain on investment properties subject to RPGT		1,683	3,675
		1,683	3,675

14.1 Pursuant to the amendment to Section 61A of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of a real estate investment trust or property trust fund is distributed to its unitholders, the total income of the real estate investment trust or property trust fund for that year of assessment shall be exempted from tax.

15. EARNINGS PER UNIT

Basic earnings per unit

The calculation of basic earnings per unit is based on income after taxation attributable to unitholders for the year of RM190,107,000 (2021: RM200,364,000) and the weighted average number of units in circulation during the year of 1,638,102,155 (2021: 1,451,867,807).

Diluted earnings per unit

Axis-REIT does not have any convertible notes or unit options in issue that would give rise to dilutive potential units.

16. DISTRIBUTION TO UNITHOLDERS

Distribution to unitholders is from the following sources:

Net property income
- current year
- prior year
Profit and other income
Less: Non-property expenses
Adjustments to earnings available for distribution:
- depreciation of equipment
- net measurement of loss allowance
- other non-cash items
Less: Undistributed income
Gross distribution per unit (sen)
,

Net distribution per unit (sen)

17. MANAGEMENT EXPENSE RATIO

Management Expense Ratio ("MER") (%)

The calculation of MER is based on the total fees incurred by Axis-REIT, including Manager's fees, Trustee's fees, auditors' fees, tax agent's fees and administrative expenses, to the average Net Asset Value during the year calculated on a quarterly basis. Comparison of the MER of Axis-REIT with other real estate investment trusts which use different bases of calculation may not be an appropriate comparison.

2022	2021
RM'000	RM'000
245,343	212,881
239	187
797	804
246,379	213,872
(85,209)	(72,884)
161,170	140,988
591	640
1,225	44
(2,748)	(3,448)
160,238	138,224
(153)	(239)
160,085	137,985
9.75	9.49
9.75	9.49

2022	2021
1.22	1.25

18. OPERATING SEGMENTS

Segment information is presented based on the information reviewed by the Board of Directors of the Manager for performance assessment and resource allocation. For the purpose of the assessment of segment performance, the Board of Directors of the Manager have focused on its investment properties. This forms the basis of identifying the operating segments of Axis-REIT under MFRS 8, Operating Segments.

As the investment properties are similar in terms of economic characteristics and nature of services, the Board of Directors of the Manager are of the view that Axis-REIT has only one reportable segment, namely leasing of investment properties as already presented in the statement of financial position and statement of profit or loss and other comprehensive income.

Accordingly, no operating segment information has been prepared as Axis-REIT has only one reportable segment.

No geographical segment information has been prepared as all of the investment properties of Axis-REIT are located in Malaysia.

19. FINANCIAL INSTRUMENTS

19.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

- Financial assets measured at amortised cost ("FAAC"); (a)
- Financial liabilities measured at amortised cost ("FLAC"); and (b)
- (c) Fair value through profit or loss ("FVTPL").

	Carrying amount	FAAC/ (FLAC)	FVTPL
	RM'000	(FLAC) RM'000	RM'000
2022			
Financial assets			
Receivables and deposits	15,378	13,598	1,780
Cash and cash equivalents	43,515	43,515	-
	58,893	57,113	1,780
Financial liabilities			
Tenants' deposits	(87,078)	(87,078)	-
Payables and accruals	(36,256)	(36,118)	(138)
Financing	(1,546,020)	(1,546,020)	-
	(1,669,354)	(1,669,216)	(138)
2021			
Financial assets			
Receivables and deposits	17,749	17,749	-
Cash and cash equivalents	195,954	195,954	-
	213,703	213,703	-
Financial liabilities			
Tenants' deposits	(82,658)	(82,658)	-
Payables and accruals	(31,391)	(31,007)	(384)
Financing	(1,184,593)	(1,184,593)	-
	(1,298,642)	(1,298,258)	(384)

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.2 Net gains and losses arising from financial instruments

Net gains/(losses) on: Fair value through profit or loss Financial assets measured at amortised cost Financial liabilities measured at amortised cost Total

19.3 Financial risk management

Axis-REIT has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk ٠

19.4 Credit risk

Credit risk is the risk of a financial loss to Axis-REIT if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. Axis-REIT's exposure to credit risk arises principally from its trade receivables from tenants. Axis-REIT performs annual credit evaluation of its tenants and generally does not require collateral other than tenants' deposits.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, Axis-REIT assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full after taking into consideration tenants' deposits) when there is no realistic prospect of recovery. This is generally the case when Axis-REIT determines the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to the previous year.

Exposure to credit risk, credit quality and collateral

amount in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Axis-REIT uses ageing analysis to monitor the credit quality of receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Notes to the Financial Statements

2022 RM'000	2021 RM'000
2,027	1,746
(428)	757
(48,319)	(47,406)
(46,720)	(44,903)

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The exposure of credit risk for trade receivables as at the end of the reporting period amounts to RM6,479,000 (2021: RM8,107,000). After taking into consideration loss allowances recognised and other evidence that supports recoverability, the exposure is adequately collateralised by tenants' deposits.

Recognition and measurement of impairment losses

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for receivables and tenancy contract assets as at 31 December 2022.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Past due 1 - 30 days	1,494	-	1,494
Past due 31 - 60 days	1,172	-	1,172
Past due 61 - 90 days	1,173	-	1,173
	3,839	-	3,839
Credit impaired			
Past due more than 90 days	4,628	(1,988)	2,640
Trade receivables	8,467	(1,988)	6,479
Tenancy contract assets	2,943	-	2,943
	11,410	(1,988)	9,422
2021			
Past due 1 - 30 days	1,960	-	1,960
Past due 31 - 60 days	849	-	849
Past due 61 - 90 days	9	-	9
	2,818	-	2,818
Credit impaired			
Past due more than 90 days	6,052	(763)	5,289
Trade receivables	8,870	(763)	8,107
Tenancy contract assets	3,576	-	3,576
	12,446	(763)	11,683

There are trade receivables on which Axis-REIT has not recognised any loss allowance as these are collateralised by tenants' deposits.

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.4 Credit risk (continued)

Receivables (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

Balance at 1 January

Net remeasurement of loss allowance

Balance at 31 December

Trade receivables that are individually determined to be impaired relate to tenants who are in significant financial difficulties and have defaulted in payments. For the purpose of quantifying individual impairment, Axis-REIT utilises the deposits received to first set-off against the longest outstanding receivables and the remaining balance is impaired in full. The allowance account in respect of receivables is used to record impairment losses. Unless Axis-REIT is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Cash and cash equivalents

The cash and cash equivalents are placed with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

material and hence, it is not provided for.

19.5 Liquidity risk

Liquidity risk is the risk that Axis-REIT will not be able to meet its financial obligations as they fall due. Axis-REIT's exposure to liquidity risk arises principally from its payables and accruals, tenants' deposits and financing.

The Manager monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance Axis-REIT's 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 Listed Real Estate Investment Trusts concerning limits on total financing.

amounts.

Notes to the Financial Statements

2022 RM'000	2021 RM'000
763	719
1,225	44
1,988	763

These banks and financial institutions have low credit risks. Consequently, Axis-REIT is of the view that the loss allowance is not

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different

19.5 Liquidity risk (continued)

Maturity analysis

end of the reporting period based on undiscounted contractual the maturity profile of Axis-REIT's financial liabilities as at the arises 1 The table below sumr payments:

	Carrying amount RM'000	Contractual profit rate %	Contractual cash flows RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Financial liabilities 2022							
Non-derivative financial liabilities							
Payables and accruals	36,118	ı	36,118	36,118	ı	ı	I
Tenants' deposits*	87,078	I	103,054	18,414	19,150	21,312	44,178
Revolving credit - secured	812,500	2.65 - 3.99	815,072	815,072			ı
Term financing - secured	284,203	2.67 - 4.20	347,696	10,707	10,707	146,888	179,394
Finance lease liabilities	59	3.50	70	47	23	I	I
Sukuk	449,258	3.68 - 4.65	538,332	19,154	19,154	275,138	224,886
	1,669,216		1,840,342	899,512	49,034	443,338	448,458
Derivative financial liabilities							
Islamic derivatives	138	I	138	138	ı	I	ı
	1.669.354		1.840.480	899,650	49,034	443,338	448.458

* The carrying amount of tenants' deposits has been discounted using the imputed profit rate of 3.37% (2021: 2.96%) per annum.

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.5 Liquidity risk (continued)

Maturity analysis

reporting period based on undiscounted contractual end of the the maturity profile of Axis-REIT's financial liabilities as at the arises 1 The table below sumn payments:

	Carrying	Contractual	Contractual	Less than			More than
	amount	profit rate	cash flows	1 year	1 - 2 years	2 - 5 years	5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities							
2021							
Non-derivative							
financial liabilities							

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31,007

31,007

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31,007

and accruals

ables

Pa)

Notes to the Financial Statements

Tenants' deposits*	82,658		93,981	21,110	11,501	22,815	38,555
Revolving credit - secured	365,500	2.65 - 2.89	366,334	366,334	ı	ı	ı
Term financing - secured	259,956	2.67 - 4.20	283,531	91,366	5,103	135,675	51,387
Finance lease liabilities	100	3.50	117	47	47	23	·
Sukuk	559,037	3.68 - 4.65	669,914	131,765	19,148	286,188	232,813
	1,298,258		1,444,884	641,629	35,799	444,701	322,755
Derivative financial liabilities							
Islamic derivatives	384	I	384	384	I	I	ı
	1,298,642		1,445,268	642,013	35,799	444,701	322,755

The carrying amount of tenants' deposits has been discounted using the imputed profit rate of 3.37% (2021: 2.96%) per an

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.6 Market risk

Market risk is the risk that changes in market prices such as interest rates that will affect Axis-REIT's financial position or cash flows.

The interest rate is a general economic indicator that will have an impact on Axis-REIT's financial position or cash flows regardless whether it is an Islamic real estate investment trust or otherwise.

Interest rate risk

Axis-REIT's exposure to changes in interest rates relates primarily to its financial assets which have an exposure to interest rates, such as Islamic deposits and financial liabilities which have an exposure to interest rates, such as Sukuk, term financing, revolving credit and finance lease liabilities. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which the profit income and financing costs could be affected by adverse movements in interest rates.

Risk management objectives, policies and processes for managing the risk

Axis-REIT has Islamic derivatives (profit rate swaps) with two separate notional contract amounts of RM110,000,000 and RM110,000,000, respectively (2021: a profit rate swap with notional contract amount of RM50,000,000) in order to achieve an approximate mix of fixed and floating rates exposure that is deemed acceptable for Axis-REIT. The swaps mature in June 2025 and July 2032, respectively.

Exposure to interest rate risk

The interest rate profile of Axis-REIT's financial instruments which have an exposure to interest rates, based on carrying amounts as at the end of the reporting period was:

	2022 RM'000	2021 RM'000
Financial assets		
Fixed rate instrument		
Islamic deposits placed with licensed banks	21,064	172,452
Financial liabilities		
Fixed rate instruments		
Finance lease liabilities	59	100
Term financing – secured	59,250	144,250
Sukuk	450,000	560,000
	509,309	704,350
Floating rate instruments		
Term financing – secured	226,500	116,500
Revolving credit – secured	812,500	365,500
	1,039,000	482,000

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.6 Market risk (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis (a)

rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis

or loss by the amounts shown below.



Floating rate instruments Profit rate swaps

2021 Floating rate instruments Profit rate swap

Notes to the Financial Statements

Axis-REIT does not account for any fixed rate financial liabilities at fair value through profit or loss, and Axis-REIT does not designate Islamic derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit

Pro	ofit or loss
100 bp increase RM'000	100 bp decrease RM'000
(10,390)	10,390
2,200	(2,200)
(4,820)	4,820
500	(500)

Fair value information 19.7

and short-term financing approximate their fair values due and accruals equivalents, receivables and deposits, payables ese financial instruments. of th cash and Sh g of ter ounts shortrelatively s am carrying the r Гhе 2

their f with 1 together value is disclosed, fair which 1 for value . fair at carried not and those positior value at fair valu f financial p nent of carried staten instruments the .⊆ shown i financial i amounts s analyses carrying a below The table bo values and o

	Lall			5	Lall					
		carried at fair value	air value			not carried	not carried at fair value		Total fair	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	value	amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022										
Financial assets										
Islamic derivatives		1,780		1,780					1,780	1,780
Financial liabilities										
Tenants' deposits	ı	ı		ı	ı	I	87,078	87,078	87,078	87,078
Islamic derivatives		138		138		1	'	1	138	138
Financing	ı	ı	ı	ı	ı	ı	1,557,451	1,557,451	1,557,451	1,545,961
Finance lease										
liabilities	ı	ı	ı	ı	ı	ı	69	69	69	59
	ı	138		138	ı		1,644,598	1,644,598	1,644,736	1,633,236
2021										
Financial liabilities										
Tenants' deposits	·	·	·	ı	ı	'	82,658	82,658	82,658	82,658
Islamic derivatives		384	ı	384					384	384

Financial liabilities										
Tenants' deposits	·		·	·	·	ı	82,658	82,658	82,658	82,658
Islamic derivatives	·	384	,	384		ı	,		384	384
Financing	ı	ı	ı	ı	ı	I	1,188,868	1,188,868 1,188,868	1,188,868	1,184,493
Finance lease										
liabilities	ı	I		1		I	113	113	113	100
	'	384	'	384		'	1,271,639	1,271,639 1,271,639 1,272,023 1,267,635	1,272,023	1,267,635

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.7 Fair value information (continued)

Level 2 fair value

Islamic derivatives

measurement date.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either directions).

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Туре

Tenants' deposits, financing and finance lease liabilities Discounted cash flows using a rate based on the current market rate of Islamic financing facilities of Axis-REIT at the reporting date.

The discount rates used above have incorporated the credit risk of Axis-REIT and the liquidity risk of the instruments. The inputs for these risks are unobservable because there are no identical or similar instruments to benchmark to.

20. CAPITAL MANAGEMENT

Axis-REIT's objectives when managing capital is to maintain a strong capital base and safeguard Axis-REIT's ability to continue as a going concern, so as to maintain the confidence of unitholders, creditors and the market; and to sustain future development of the business. The Directors of the Manager monitor and maintain an optimal financing ratio that complies with regulatory requirements.

The Directors of the Manager continuously monitor the financing level and consider undertaking new placement exercise to raise capital when it anticipates the need for funding, taking into consideration the investor appetite in the capital market. This internal financing threshold is below that allowed by the Securities Commission's Guidelines on Listed Real Estate Investment Trusts of 50%. In 2020, the Securities Commission had announced a temporary increase in the financing ratio for listed real estate investment trusts, raising the limit to 60% until 31 December 2022.

fair

Notes to the Financial Statements

Notes to the Financial Statements

The fair value of profit rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of the contracts and using market profit rates for similar instruments at the

Description of valuation technique and inputs used

20. CAPITAL MANAGEMENT (CONTINUED)

The financing ratio of Axis-REIT at the end of the reporting period were as follows:

		2022	2021
	Note	RM'000	RM'000
Total financing	10	1,546,020	1,184,593
Total assets value		4,255,673	3,838,760
Financing ratio (%)		36.33	30.86

There was no change in Axis-REIT's approach to capital management during the financial year.

21. CAPITAL COMMITMENTS

	2022 RM'000	2021 RM'000
Significant capital expenditure commitments		
Investment properties		
Contracted but not provided for and payable:		
- Within one year	192,521	34,800

22. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to Axis-REIT if Axis-REIT has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Axis-REIT and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of Axis-REIT either directly or indirectly. The key management personnel include all the Directors of the Manager and the Trustee, and certain members of senior management of the Manager and the Trustee.

22. RELATED PARTIES (CONTINUED)

Significant related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

Acquisition of investment properties from related partie Deposit paid for the proposed acquisition of investment Directors of the Manager

Rental income received and receivable from companies Manager

The above transactions have been entered into in the normal course of business and have been established based on negotiated terms and conditions.

23. SUBSEQUENT EVENT

On 3 January 2023, Axis-REIT issued 100,000,000 new units for cash amounting to RM175,000,000. The new units were listed on the Main Market of Bursa Malaysia Securities Berhad on 4 January 2023.

	2022 RM'000	2021 RM'000
ies of the Directors of the Manager	16,300	28,195
nt properties from related parties of the		
s controlled by certain Directors of the	-	326
s controlled by certain Directors of the	4,897	5,526

STATEMENT BY THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 190 to 247 are drawn up in accordance with the Fourth Principal Deed dated 17 January 2020, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Axis Real Estate Investment Trust at 31 December 2022 and of its financial performance and cash flows for the financial year ended on that date.

For and on behalf of the Manager, Axis REIT Managers Berhad, Signed on behalf of the Board of Directors of the Manager in accordance with a resolution of the Directors of the Manager:

STATUTORY DECLARATION

I, Ng Choy Tip, the Officer of Axis REIT Managers Berhad primarily responsible for the financial management of Axis Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 190 to 247, 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.

Subscribed and solemnly declared by the abovenamed Ng Choy Tip (MIA Number: 40667), at Petaling Jaya in the state of Selangor Darul Ehsan on 21 February 2023.

Ng Choy Tip

Before me:

Tew Peng Hwee @ Teoh Peng Hwee Director

Leong Kit May Director

Petaling Jaya,

Date: 21 February 2023

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AXIS REAL ESTATE INVESTMENT TRUST

(ESTABLISHED IN MALAYSIA)

We have acted as Trustee of Axis Real Estate Investment Trust ("Axis-REIT") for the financial year ended 31 December 2022. In our opinion and to the best of our knowledge, Axis REIT Managers Berhad ("the Manager") has managed Axis-REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Fourth Principal Deed ("the Deed") dated 17 January 2020, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts and applicable securities laws during the financial year then ended.

We have ensured that valuation has been carried out on all the properties of Axis-REIT in accordance with the Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2022 are in line with and are reflective of the objectives of Axis-REIT. Five distributions have been declared for the financial year ended 31 December 2022 as follows:

- 1) 1st interim income distribution of 2.42 sen per unit paid on 15 June 2022;
- 2) 2nd interim income distribution of 2.55 sen per unit paid on 30 August 2022;
- 3) 3rd interim income distribution of 2.45 sen per unit paid on 30 November 2022;
- 4) 4th interim income distribution of 2.09 sen per unit paid on 20 January 2023; and
- 5) Final income distribution of 0.24 sen per unit payable on 28 February 2023.

For and on behalf of the Trustee, RHB Trustees Berhad (Company No.: 200201005356 (573019-U))

Tony Chieng Siong Ung Director

Kuala Lumpur,

Date: 21 February 2023

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AXIS REAL ESTATE INVESTMENT TRUST

(ESTABLISHED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Axis Real Estate Investment Trust ("Axis-REIT"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in net asset value and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 190 to 247.

In our opinion, the financial statements give a true and fair view of the financial position of Axis-REIT as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of Axis-REIT in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matter

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of Axis-REIT for the current financial year. This matter was addressed in the context of our audit of the financial statements of Axis-REIT as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of investment properties

Refer to Note 4 to the financial statements.

The key audit matter:

Axis-REIT owns a portfolio of 62 investment properties comprising office/industrial buildings, logistics warehouses, hypermarkets and manufacturing facilities located in Malaysia. Investment properties represent the single largest category of assets on the statement of financial position at RM4,186,020,000 as at 31 December 2022.

These investment properties are stated at their fair values based on independent external valuations.

Independent Auditors' Report to the Unitholders Of Axis Real Estate Investment Trust (Established in Malaysia)

The key audit matter: (continued)

The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied i.e. a small change in the assumptions can have a significant impact to the valuation.

In the current financial year, the valuation reports obtained from certain external valuers state that their valuations have a lesser degree of material uncertainty compared to the previous financial year during the 2019 Novel Coronavirus ("COVID-19") pandemic. However, a degree of caution is still attached to these valuations and that, given the unknown impact of COVID-19 in the endemic stage, frequent reviews are still recommended

This is a key audit matter as some of the key assumptions are based on unobservable inputs and hence, significant judgement is required to evaluate the unobservable inputs.

How the matter was addressed in our audit:

We assessed the processes of Axis REIT Managers Berhad ("the Manager") for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.

We evaluated the qualifications and competency of the external valuers based on their membership of a recognised professional body. We also examined the terms of engagement the valuers entered into with the Manager to determine whether there were any matters that might have affected the valuers' objectivity or placed limitations on their scope of work.

We assessed the appropriateness of the valuation methodologies used by considering their respective merits based on the occupancy status and/ or condition of each property. We tested the data applied in the valuers' computation of market value under the investment method by checking to lease agreements and other supporting documents. We challenged the capitalisation rates used in the valuation by comparing them against historical rates and available industry data. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

We discussed with the external valuers who have included the paragraph on valuation uncertainty in their valuation reports to understand how they have considered the implications of COVID-19 in the endemic stage and market uncertainties in their valuation.

We also considered the adequacy of disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of Axis-REIT is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of Axis-REIT and our auditors' report thereon.

Our opinion on the financial statements of Axis-REIT does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of Axis-REIT, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of Axis-REIT or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements of Axis-REIT

The Manager is responsible for the preparation of the financial statements of Axis-REIT so as to give a true and fair view in accordance with the Fourth Principal Deed dated 17 January 2020, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of Axis-REIT that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of Axis-REIT, the Manager is responsible for assessing Axis-REIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate Axis-REIT or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements of Axis-REIT

Our objectives are to obtain reasonable assurance about whether the financial statements of Axis-REIT as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- i) involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) but not for the purpose of expressing an opinion on the effectiveness of the internal control of Axis-REIT.
- iii) the Manager.
- iv) continue as a going concern.
- v)
- vi) audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report to the Unitholders Of Axis Real Estate Investment Trust (Established in Malavsia)

Identify and assess the risks of material misstatement of the financial statements of Axis-REIT, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by

Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Axis-REIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of Axis-REIT or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Axis-REIT to cease to

Evaluate the overall presentation, structure and content of the financial statements of Axis-REIT, including the disclosures, and whether the financial statements of Axis-REIT represent the underlying transactions and events in a manner that gives a true and fair view.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Axis-REIT to express an opinion on the financial statements of Axis-REIT. We are responsible for the direction, supervision and performance of the group

Independent Auditors' Report to the Unitholders Of Axis Real Estate Investment Trust (Established in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements of Axis-REIT (continued)

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of Axis-REIT for the current year and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the unitholders of Axis-REIT, as a body, in accordance with the trust deed of Axis-REIT and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT (LLP0010081-LCA & AF 0758) **Chartered Accountants**

Petaling Jaya, Selangor

Date: 21 February 2023

Florence Chua Lei Choon Approval Number: 03347/01/2024 J **Chartered Accountant**

PROPERTY PORTFOLIO DETAILS

	Net Property Income		Property Valuation				Land Tenure					
No.	Property	Revenue (RM'000)	Property Operating Expense (RM'000)	Net Property Income (RM'000)	Carrying Value Before Revaluation (RM'000)	Carrying Value After Revaluation (RM'000)	Unrealised Gain/(Loss) (RM'000)	Total Investment Outlay (Including enhancements and development) (RM'000)	Accumulated Revaluation Gain/(Loss) (RM'000)	Tenure of land	Remaining Term of Lease (Years)	Age of Building (Years)
1	Menara Axis	5,349	2,162	3,187.00	112,834	112,500	(334)	91,655	20,845	Leasehold	43	18
2	Axis Business Campus	4,129	1,441	2,688.00	80,700	80,700	0	63,411	17,289	Leasehold	45	28-37
3	Axis Business Park	9,732	2,755	6,977.00	121,100	121,900	800	102,120	19,780	Leasehold	38	20-24
4	Axis Technology Centre	2,791	1,156	1,635.00	64,582	64,700	118	53,702	10,998	Leasehold	45	12-32
5	Axis Vista	3,391	617	2,774.00	60,524	60,000	(524)	37,753	22,247	Leasehold	44	49
6	Crystal Plaza	9,384	1,808	7,576.00	113,114	113,000	(114)	73,378	39,622	Leasehold	37	27
7	Infinite Center	4,346	1,262	3,084.00	45,349	45,400	51	37,424	7,976	Leasehold	43	36
8	Quattro West	4,890	1,516	3,374.00	60,078	61,000	922	51,593	9,407	Leasehold	50	40
9	Strateq Data Centre	5,424	488	4,936.00	68,000	68,000	0	42,927	25,073	Leasehold	46	23
10	The Annex	265	233	32.00	21,544	21,740	196	13,624		Leasehold	40	40
11	Wisma Academy Parcel	6,631	2,287	4,344.00	75,000	75,000	0	77,326	(2,326)	Leasehold	40	26
12	Wisma Kemajuan	4,842	1,937	2,905.00	66,000	67,000	1,000	37,960	29,040	Leasehold	43	29
13	Axis Aerotech Centre @ Subang	6,968	264	6,704.00	90,793	92,000	1,207	72,868	19,132	Leasehold	44	4
14	Axis Mega Distribution Centre	20,515	2,339	18,176.00	316,622	316,500	(122)	259,315	57,185	Leasehold	69	5
15	Axis Industrial Facility 1 @ Shah Alam	3,995	1,699	2,296.00	53,468	50,000	(3,468)	53,813	(3,813)	Leasehold	63	30
16	Axis Shah Alam Distribution Centre 1	2,501	190	2,311.00	40,500	40,700	200	22,507	18,193	Freehold	NA	28
17	Axis Shah Alam Distribution Centre 2	3,782	397	3,385.00	48,916	50,000	1,084	47,614	2,386	Leasehold	44	38
18	Axis Shah Alam Distribution Centre 3	15,569	2,232	13,337.00	198,414	198,000	(414)	187,914	10,086	Freehold	NA	8-15
19		6,975	508	6,467.00	93,369	93,500	131	84,639	8,861	Freehold	NA	10-31

Property Portfolio Details

		Net	Property Inco	ome			Property Valua	ation			Land Tenure	
No.	Property	Revenue (RM'000)	Property Operating Expense (RM'000)	Net Property Income (RM'000)	Carrying Value Before Revaluation (RM'000)	Carrying Value After Revaluation (RM'000)	Unrealised Gain/(Loss) (RM'000)	Total Investment Outlay (Including enhancements and development) (RM'000)	Accumulated Revaluation Gain/(Loss) (RM'000)	Tenure of land	Remaining Term of Lease (Years)	Age of Building (Years)
20	Axis Northport Distribution Centre 1	5,714	509	5,205.00	91,500	91,500	0	67,076	24,424	Leasehold	80	31
21	Bukit Raja Distribution Centre	7,066	324	6,742.00	113,637	117,000	3,363	80,854	36,146	Freehold	NA	16-28
22	Fonterra HQ	1,450	189	1,261.00	22,800	23,000	200	11,264	11,736	Freehold	NA	23
23	Axis Industrial Facility @ Rawang	3,941	597	3,344.00	50,063	60,000	9,937	51,513	8,487	Freehold	NA	12-21
24	Emerson Industrial Facility Nilai	3,301	242	3,059.00	42,066	44,000	1,934	27,509	16,491	Leasehold	73	15-24
25	Senawang Industrial Facility	1,712	72	1,640.00	24,841	24,700	(141)	19,134	5,566	Freehold	NA	23
26	Axis Facility @ Batu Kawan	1,634	104	1,530.00	19,000	19,000	0	14,706	4,294	Leasehold	27	3
27	Bayan Lepas Distribution Centre	5,794	994	4,800.00	65,000	67,000	2,000	50,952	16,048	Leasehold	40	22
28	Axis Hypermarket @ Sungai Petani	3,042	185	2,857.00	49,144	52,000	2,856	39,117	12,883	Freehold	NA	15
29	Seberang Prai Logistics Warehouse 1	1,451	103	1,348.00	24,600	24,900	300	17,821	7,079	Leasehold	31	21
30	Seberang Prai Logistics Warehouse 2	573	62	511.00	9,840	9,880	40	7,384	2,496	Leasehold	31	26
31	Seberang Prai Logistics Warehouse 3	6,883	663	6,220.00	76,362	77,000	638	64,282	12,718	Leasehold	30/46	17-19
32	Wasco Facility @ Kuantan	14,317	1,103	13,214.00	158,000	159,000	1,000	157,619	1,381	Leasehold	87	8-20
33	Axis Steel Centre @ SiLC	14,202	585	13,617.00	163,000	163,000	0	155,949	7,051	Freehold	NA	12
34	Beyonics i-Park Campus - Block A	1,362	172	1,190.00	19,000	19,000	0	14,469	4,531	Freehold	NA	7
35	Beyonics i-Park Campus - Block B	1,234	146	1,088.00	17,000	17,000	0	13,115	3,885	Freehold	NA	7

	Net Property Income		Property Valuation				Land Tenure					
No.	Property	Revenue (RM'000)	Property Operating Expense (RM'000)	Net Property Income (RM'000)	Carrying Value Before Revaluation (RM'000)	Carrying Value After Revaluation (RM'000)	Unrealised Gain/(Loss) (RM'000)	Total Investment Outlay (Including enhancements and development) (RM'000)	Accumulated Revaluation Gain/(Loss) (RM'000)	Tenure of land	Remaining Term of Lease (Years)	Age of Building (Years)
36	Beyonics i-Park Campus - Block C	1,126	139	987.00	15,122	15,000	(122)	12,055	2,945	Freehold	NA	7
37		2,117	243	1,874.00	29,000	29,000	0	22,504	6,496	Freehold	NA	7
38	Beyonics i-Park Campus - Block E	2,666	285	2,381.00	37,000	37,000	0	32,099	4,901	Freehold	NA	5
39	D8 Logistics Warehouse	2,887	274	2,613.00	40,162	40,300	138	31,773	8,527	Leasehold	33	14
40	D21 Logistics Warehouse	3,444	334	3,110.00	43,486	43,600	114	49,648	(6,048)	Leasehold	33	18
41	FCI Senai	2,011	299	1,712.00	25,600	26,500	900	12,693	13,807	Leasehold	45	15
42	Indahpura Facility 1	546	82	464.00	8,200	8,200	0	7,343	857	Freehold	NA	6
43	Kerry Warehouse	3,101	289	2,812.00	39,500	39,500	0	33,821	5,679	Leasehold	51	9
44	Niro Warehouse	1,864	163	1,701.00	29,200	29,200	0	17,051	12,149	Leasehold	29	19
45	Nusajaya Tech Park Facility 1	3,518	389	3,129.00	42,000	42,000	0	42,773	(773)	Freehold	NA	5
46	Nusajaya Tech Park Facility 2	1,110	157	953.00	15,500	15,500	0	14,105	1,395	Freehold	NA	6
47	Pasir Gudang Logistics Warehouse 1	1,624	233	1,391.00	22,705	23,000	295	13,820	9,180	Leasehold	45	17
48	Axis Hypermarket @ Johor	7,790	552	7,238.00	106,000	107,000	1,000	76,997	30,003	Freehold	NA	12
49	Axis Facility 2 @ Nilai	3,744	130	3,614.00	51,000	51,600	600	50,920	680	Leasehold	67	7
50	Axis Facility 2 @ Bukit Raja	2,091	143	1,948.00	45,107	44,400	(707)	43,761	639	Leasehold	67	36
51	D37c Logistics Warehouse	5,149	340	4,809.00	66,200	66,200	0	66,094	106	Leasehold	33	4
52	Axis Shah Alam Distribution Centre 5	6,203	602	5,601.00	95,000	96,000	1,000	96,330	(330)	Leasehold	52	31
53	Axis Industrial Facility 2 @ Shah Alam	840	100	740.00	13,800	14,700	900	12,256	2,444	Leasehold	55	40

Property Portfolio Details

Property Portfolio Details

		Net	Property Inco	ome	Property Valuation				Land Tenure			
No.	Property	Revenue (RM'000)	Property Operating Expense (RM'000)	Net Property Income (RM'000)	Carrying Value Before Revaluation (RM'000)	Carrying Value After Revaluation (RM'000)	Unrealised Gain/(Loss) (RM'000)	Total Investment Outlay (Including enhancements and development) (RM'000)	Accumulated Revaluation Gain/(Loss) (RM'000)	Tenure of land	Remaining Term of Lease (Years)	Age of Building (Years)
54	Indahpura Facility 2	636	55	581.00	9,000	9,000	0	8,733	267	Freehold	NA	4
55	Indahpura Facility 3	578	78	500.00	7,000	7,000	0	6,821	179	Freehold	NA	4
56	Beyonics i-Park Campus - Block F	1,206	84	1,122.00	15,000	15,000	0	13,276	1,724	Freehold	NA	2
57	Bukit Raja Distribution Centre 2	7,534	614	6,920.00	164,169	163,500	(669)	163,926	(426)	Freehold	NA	23
58	Xin Hwa Warehouse @ Pasir Gudang	5,208	587	4,621.00	75,000	77,000	2,000	76,388	612	Leasehold	52/54	4-6
59	Pasir Gudang Logistics Warehouse 2	2,557	395	2,162.00	32,679	36,000	3,321	32,679	3,321	Leasehold	29	18-27
60	Indahpura Facility 4	1,014	56	958.00	16,687	18,200	1,513	16,687	1,513	Freehold	NA	1
61	DW1 Logistics Warehouse	18,278	1,155	17,123.00	395,642	391,000	(4,642)	395,642	(4,642)	Leasehold	32	3
62	Axis Industrial Facility 1 @ Meru	214	9	205.00	41,682	41,000	(682)	41,682	(682)	Freehold	NA	15-25
	Total	284,211	39,128	245,083	4,158,201	4,186,020	27,819	3,596,184	589,836			

UNITHOLDERS' STATISTICS

Analysis of Unitholdings as per the Record of Depositors As at 31 January 2023

Issued and fully paid up Units: 1,741,054,038 Units (voting right: 1 vote per Unit)

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units Held	% of Unitholdings
Less than 100	791	6.46%	15,399	Neg
100 - 1,000	3,196	26.08%	1,742,293	0.10%
1,001 - 10,000	5,715	46.64%	23,179,817	1.33%
10,001 - 100,000	2,004	16.36%	55,772,538	3.20%
100,001 to less than 5% of issued units	545	4.45%	1,354,177,895	77.78%
5% and above of issued units	2	0.02%	306,166,096	17.59%
	12,253	100.00%	1,741,054,038	100.00%

30 LARGEST UNITHOLDERS

Name of Unitholders

1	EMPLOYEES PROVIDENT FUND BOARD
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)
3	AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM B
4	LEMBAGA TABUNG HAJI
5	TEW PENG HWEE @ TEOH PENG HWEE
6	ALEX LEE LAO
7	EMPLOYEES PROVIDENT FUND BOARD (NOMURA)
8	AMANAHRAYA TRUSTEES BERHAD - PUBLIC ITTIKAL SEQ
9	EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)
10	AMANAHRAYA TRUSTEES BERHAD - PUBLIC SMALLCAP F
11	EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)
12	PERMODALAN NASIONAL BERHAD
13	EXEMPT AN FOR AIA BHD.
14	URUSHARTA JAMAAH SDN. BHD. (2)
15	JPMCB NA FOR VANGUARD EMERGING MARKETS STOCH
16	CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SH
17	HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE M
18	MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND
19	PAMB FOR PRULINK EQUITY FUND
20	HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE M
21	JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STO
22	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD
23	PERTUBUHAN KESELAMATAN SOSIAL
24	DATO' ABAS CARL GUNNAR BIN ABDULLAH
25	AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM M
26	PBTB FOR TAKAFULINK DANA EKUITI
асс	cording to securities accounts on a non-consolidated basis

	No. of Units	%
	Held ^	
	159,003,693	9.13%
	147,162,403	8.45%
UMIPUTERA	77,403,700	4.45%
	76,732,615	4.41%
	57,199,925	3.29%
	54,238,718	3.12%
	39,016,291	2.24%
UEL FUND	31,637,342	1.82%
	31,488,049	1.81%
FUND	27,666,890	1.59%
	25,613,654	1.47%
	22,115,098	1.27%
	20,454,565	1.17%
	18,000,000	1.03%
K INDEX FUND	17,629,900	1.01%
ARIAH GROWTH OPPORTUNITIES FUND	17,522,449	1.01%
IALAYSIA BERHAD	17,146,200	0.98%
)	16,601,250	0.95%
	15,930,434	0.91%
1ALAYSIA BERHAD (LIFE PAR)	15,868,531	0.91%
CK INDEX FUND	15,689,600	0.90%
	14,985,724	0.86%
	14,595,541	0.84%
	14,262,626	0.82%
1ALAYSIA	14,005,900	0.80%
	12,470,772	0.72%

Unitholders' Statistics

	Name of Unitholders	No. of Units Held ^	%
27	AMANAHRAYA TRUSTEES BERHAD - PUBLIC ISLAMIC SELECT TREASURES FUND	12,187,189	0.70%
28	AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM BUMIPUTERA 3 - DIDIK	11,746,028	0.67%
29	URUSHARTA JAMAAH SDN. BHD. (AHAM AM 2)	11,172,115	0.64%
30	AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM BUMIPUTERA 2	10,574,200	0.61%
		1,020,121,402	58.59%

^ according to securities accounts on a non-consolidated basis

MAJOR UNITHOLDERS (10% and above)

Name of Meior Unithelders	Direct Int	terest	Indirect Interest		
Name of Major Unitholders	No. of Units	%	No. of Units	%	
EMPLOYEES PROVIDENT FUND BOARD	294,811,490	16.93%	-	-	
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	147,162,403	8.45%	34,601,514^^	1.99%	
AA Hald by Evend Advances of Kunnen Jan Manen Devenue of (Dinerked and					

^^ Held by Fund Managers of Kumpulan Wang Persaraan (Diperbadankan)

DIRECTORS' INTERESTS

Nome of Divertory (Alternate Divertory	Direct Inte	erest	Indirect Interest		
Name of Directors/Alternate Directors	No. of Units	%	No. of Units	%	
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar					
Burhanuddin (Director)	20,000	Neg	-	-	
Dato' Abas Carl Gunnar Bin Abdullah (Director)	24,369,829	1.40%	10,496,327*	0.60%	
Stephen Tew Peng Hwee @ Teoh Peng Hwee (Director)	57,199,925	3.29%	-	-	
Leong Kit May (Director)	43,408	Neg	-	-	
Mohd Sharif Bin Hj Yusof (Director)	-	-	-	-	
Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor					
(Director)	-	-	-	-	
Alvin Dim Lao (Director)	-	-	-	-	
Lim Keng Hwee (Director)	-	-	-	-	
Devika A/P K Sothinathan (Director)	10,468	Neg	-	-	
Alex Lee Lao (Alternate Director)	58,050,242	3.33%	3,206,901**	0.18%	
Jancis Anne Que Lao (Alternate Director)	2,930,885	0.17%	-	-	
Maxine Teoh Sui Vern (Alternate Director)	7,500	Neg	-	-	

* Deemed interested in the direct unitholdings of his spouse and daughter, Datin Kuyas Emiloglu (also known as Ka Ya-Shih) and Amanda Tan Myhre in Axis-REIT ** Deemed interested in the direct unitholdings of his brothers, Lao, Yin Yong Lee and Leon Lee Lao in Axis-REIT

Remarks

These Unitholders' Statistics have been prepared as at 31 January 2023 in line with the requirements of Bursa Securities where such information is to be made up to a date not earlier than 6 weeks from the date of the AGM notice

PROPERTY MARKET OVERVIEW 2022

MARKET INDICATIONS

In 2022, Malaysia focused on reviving from the black swan event of the COVID-19 pandemic. With an overall high vaccination rate, the announcement of transitions to endemicity and the reopening of international borders in April 2022, most businesses were back to normalcy by 2H/2022. However, the heightened Russia-Ukraine War brought fresh challenges, such as rising energy and food prices.

Despite this pressure, the quarterly GDP was recorded between RM360.2 billion to RM382.9 billion during Q1-Q3/2022, supported by higher domestic demand as businesses and economic activities resumed a recovery in the labour market as well as the services and manufacturing sectors. The Malaysian economy expanded by 9.3% in the first three quarters of 2022.

The labour market conditions have improved remarkably since early 2022. The unemployment rate consistently increased to 4.1%, 3.9% and 3.7% in the first three guarters of 2022 compared to 4.6% at the end-2021, driven by solid job growth.

Headline inflation, as measured by the Consumer Price Index (CPI), increased within the range of 2.2 to 4.5% during Q1-Q3/2022, driven mainly by the base effect from the discount on electricity bills implemented in 2021 as well as sustained increases in core and price-volatile inflation. The CPI increased from 124.5 in December 2021 to 129.0 in November 2022.

Bank Negara Malaysia (BNM) adjusted the degree of monetary accommodation by increasing the Overnight Policy Rates (OPR) four times since May 2022 by 25 bps each to 2.75% as of December 2022 to tackle rising inflationary pressures. The move also helped to pre-emptively manage the risk of excessive demand on price pressures.

The Business Conditions Index (BCI) remained broadly stable at 99.8 points in Q3/2022, with no significant changes recorded on q-o-q (96.2 in Q2/2022) and y-o-y (97.0 in Q3/2021). On a positive note, Malaysia's Industrial Production Index (IPI) registered a 10.8% growth y-o-y in September 2022, supported by robust mining, manufacturing, and electricity output.

Approved Investment, 2020 to Q1-Q3/2022

Malaysia

- Number of Approved Projects
- Domestic Investment (RM Million)
- Foreign Investment (RM Million)
- Total Capital Investment (RM Million)

Source: Malaysian Investment Development Authority (MIDA)

For the period of Q1-Q3/2021, Malaysia recorded 2,786 approved projects worth RM193.7 billion, resulting in a 2.5% y-o-y growth from the corresponding period last year (Q1-Q3/2021: RM189.0 billion). Out of the total approved investment, 58.5% (RM113.3 billion) was allocated to the service sector, followed by the manufacturing sector (33.5%, RM64.9 billion) and the primary sector (8.0%, RM15.5 billion).

In terms of sources of investments, foreign direct investment (FDI) remained the major contributor, at 67.5% (RM130.7 billion), while domestic direct investment (DDI) contributed 32.5% (RM63 billion). Of the total investments approved, China dominated foreign investments totalling RM49.2 billion, followed by the United States (RM16.9 billion), Netherlands (RM16.5 billion), Germany (RM9.2 billion) and Singapore (RM8.7 billion).

According to the World Bank, continuing multi-year investment projects will provide additional support for economic growth. In addition, tourismrelated activities by domestic and international travellers are expected to recover gradually. As per the Ministry of Finance, GDP growth in 2022 is likely to exceed the earlier projection of 6.5 - 7.0%, with an expected moderation in growth to 4.0% in 2023.



2020	2021	Q1-Q3/2022
4,758	4,568	2,786
103,199.1	100,817.0	63,044.2
64,197.0	208,583.5	130,657.3
167,396.1	309,400.4	193,701.5

INDUSTRIAL SECTOR OVERVIEW

The manufacturing sector remained one of the key components contributing to Malaysia's GDP growth and has managed to attract a total capital investment of RM64.9 billion in Q1-Q3/2022, albeit a decrease of 37.5% y-o-y from RM103.9 billion registered in Q1-Q3/2021. With the reopening of international borders on 1 April 2022, the coherence of government policies and the normalisation of economic activity has supported the continued performance of the manufacturing sector. However, market uncertainties and persistent issues such as domestic labour shortages, macroeconomic instability and the conflict between Russia-Ukraine are weighing on manufacturing growth, even with pent-up demand amid the pandemic.

In this context, FDIs accounted for about 77.4% (RM50.2 billion) of total capital investment in Q1-Q3/2022, while domestic investment contributed to the remaining 22.6% (RM14.7 billion). In terms of FDI value, Germany appeared to be the highest FDI contributor country (11 approved projects, RM8.6 billion, followed by the Republic of Korea (2 approved projects, RM6.2 billion) and The Netherlands (9 approved projects, RM5.9 billion).

Likewise, the top three industrial contributors to the RM64.9 billion in total approved investments were the electrical and electronics industry (34.8% share, RM22.6 billion), followed by the transport equipment industry (11.6% share, RM7.5 billion) and petroleum products (including Petrochemicals) (8.5% share, RM5.5 billion).

The global trend of digitalisation and globalisation, bolstered by the chips shortage issue, has benefitted the growth in the Electrical and Electronic (E&E) sector. Besides, the Petrochemical industry, affected mainly by the ongoing Russia-Ukraine war, has disrupted the supply trade flow. It has eventually boosted the industries with pent-up demand for petroleum, petrochemicals, and palm oil.

The reopening of international borders positively impacted the national economy by attracting more foreign investment. This is reflected in the GDP growth driven by strong internal and external demand, increased economic activity, and continued high e-commerce penetration in the country.

Manufacturing Sector: Investment Overview, 2020 to Q3/2022

Malaysia	2020	2021	Q3/2022
Number of Approved Projects	1,050	702	588
Domestic Investment (RM Million)	34,683.10	15,489.30	14,681.50
 Foreign Investment (RM Million) 	56,579.90	179,598.60	50,192.10
Total Capital Investment (RM Million)	91,263.10	195,087.90	64,873.60

Source: Malaysia Investment Development Authority (MIDA)

INDUSTRIAL MARKET

1.0 GREATER KUALA LUMPUR

1.1 Industrial Sector

Greater KL registered a 60.5% y-o-y decrease in approved total capital investments, from RM19.73 billion in 2020 to RM7.79 billion in 2021, in tandem with the drop in approved projects in Selangor during the same period. Manufacturing activities have been badly impacted by the nationwide lockdown from June to October 2021 in curbing the spread of Covid-19, which resulted in a fall in all manufacturing-related investment projects.

However, as of Q1-Q3/2022, 208 manufacturing projects worth RM9.83 billion were approved in WP Kuala Lumpur and Selangor. supported by the recovery in most economic sectors and the restored confidence amongst foreign investors.

Greater Kuala Lumpur: Approved Manufacturing Projects, 2020 to Q3/2022

	2	2020		2021		Q3/2022	
State	No. of Projects	Total Capital Investment (RM Million)	No. of Projects	Total Capital Investment (RM Million)	No. of Projects	Total Capital Investment (RM Million)	
WP Kuala Lumpur	17	1,306.5	17	278.4	9	121.7	
Selangor	324	18,425.2	247	7,511.0	199	9,704.0	
Greater KL	341	19,731.7	264	7,789.4	208	9,825.7	

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in Greater KL in 2022 include:

- sq ft.
- •
- and serviced apartments.
- relevant after-sales services to its customers.
- operation of customer network in Asia Pacific.
- manufacturing, training research centres and development labs.

Property Market Overview 2022

Ninja Van Malaysia has unveiled its new most considerable warehouse construction spanning across 260,000 sq ft located in Shah Alam in 2022. This expansion will have the capacity to process over 400,000 parcels daily.

In January 2022, Axis REIT agreed to lease the upcoming re-developed Bukit Raja Distribution Centre 2, a 620,096 sq ft warehouse, to Shopee Express for 15 years. The facility is expected to be completed and handover to Shopee Express by 31 August 2023.

Can-One Bhd, via its wholly-owned subsidiary - TOGO Greenland Sdn Bhd, partnered with Worldklang Group Property Development Sdn Bhd in developing its two parcels of freehold land totalling 67.92 acres in Kapar. The initial plan was to construct 86 units of semi-detached factories, 44 units of terrace factories and a hostel with a gross development value of RM478.8 million. Scheduled for completion by 2027, the site aims to transform into a new one-stop industrial park in Klang.

Xin Hwa Holdings Berhad invested approximately RM100 million to establish an e-fulfilment centre in Shah Alam to support the booming e-commerce market. The facilities comprise a 7-storey office and a 3-storey warehouse with a total built-up of 300,000

OCB Bhd partnered with WorldKlang Group Property Development Sdn Bhd in a property development project known as "Excellent Technology Park @ KIIP Kapar" with a total investment value of RM247.6 million on 36.92 acres of freehold land in Kapar. The industrial development will consist of 34 units of semi-detached factories upon its completion.

OCR Group Bhd and Magna Prima Bhd agreed to co-develop an integrated e-commerce logistics hub on a 20-acre leasehold land in Section 15, Shah Alam, with a total gross development value of RM1.5 billion. The development will be developed over phases from 2023, comprising a mixture of retail and commercial spaces, including multi-storey integrated e-commerce spaces

CSH Alliance Bhd acquired a 1.07-acre industrial land along Jalan Tandang, Petaling Jaya, for RM10 million to set up a 4S (sales, service, spare parts, and body and paint) services centre and showroom for its Electrical Vehicle (EV) models and providing

Ericsson, an ICT provider, expanded its regional distribution capacity by commissioning a new facility with a floor area of 68,000 sq ft, located at Cainiao Aeropolis Electronic World Trade Platform (eWTP) Hub at KLIA's Cargo Village in Sepang to support the

Alongside the Rancangan Selangor Pertama (RS-1) 2021-2025, the government of Selangor revealed the plan to develop a 2,000acre Selangor International Aero Park (SAP) in Sepang to meet the growing demand of aerospace industry players in Malaysia. The park is intended to be a free trade zone. It will cater to MRO, aircraft maintenance & retrofitting activities, engines and aero

- NTT Ltd announced its 6th data centre construction in Cyberjaya, known as Cyberjaya 6 (CBJ6), to cater to hyperscalers and high-• end enterprises with a power capacity load of 22MW (combined with its CBJ5 data centre). RM224.55 million will be invested by NTT Ltd for its sixth data centre.
- Siab Holdings Berhad (SIAB) to construct its storage facilities by acquiring a leasehold of vacant industrial land of 1.55 acres for ٠ RM4.33 million.
- Australia's The Arnott's Group (TAG) launched its Asia hub in Kuala Lumpur in line with its expansion plans in setting up its • regional powerhouse. TAG's three-stage expansion plans include an RM155 million investment in a manufacturing hub and the recruitment of over 200 talents.
- Nippon Express (Malaysia) Sdn Bhd (NX Malaysia) opened a new warehouse measuring 63,507 sq ft in the Free Commercial ٠ Zone (FCZ) of Kuala Lumpur International Airport for business expansion and cargo storage space to support the growing cargo demand.
- The Employees Provident Fund (EPF) and Ally Logistics Property had partnered to develop a smart warehouse in Bukit Raja on ٠ 27-acre freehold land. Upon completion by Q3/2024, the warehouse will have 1.8 million sq ft of space (100,000 pallet positions of storage) which will be fully leased to Ally Logistics Property (ALP) under a 15-years master lease agreement.
- 20 Cube Logistics Pte Ltd expanded its Malaysia Distribution Center located in Port Klang Free Zone (PKFZ) to a 250,000 sq ft storage space (with 20,000 pallet storage positions) to support its offshore warehousing business in Asia Pacific.
- Rivertree Group to venture into industrial development with its 1st project Esteem Business Park in Meru, Klang, which will • span a 10.03-acre freehold land and be developed over 2 phases with a GDV of RM180 million. Upon completion, the park offers a total of 39 industrial units. 19 units were soft-launched in June 2022 under Phase 1, and the remaining 20 units under Phase 2 will be launched in Q2/2023.
- UMW Group's Equipment Division opened its new integrated Equipment Division Customer Center (EDCC) in Kota Kemuning to house its heavy and industrial equipment and industrial power business on its 1.2 acres of land with 25,000 sq ft shop floor as well as 10,000 sq ft of office space.
- Dassault Aviation subsidiary, ExecuJet MRO Services Malaysia, began constructing its new purpose-built maintenance, repair and overhaul (MRO) centre with a gross floor area of 149,500 sq ft scheduled for completion in Q4/2023. The facility with investment value of RM100 million is located at Sultan Abdul Aziz Shah Airport in Subang to cater to more business aviation aircraft in the Asia Pacific region.
- Cochlear Limited announced the expansion of its global manufacturing facility in Kuala Lumpur, which involves an investment of ٠ more than RM30 million. The new facility will have about 50,000 sq ft of space.

1.1.1 Overview

	In duratula l	20	20	20	21	Q3/2022 ^(p)		
State	Industrial Property Type	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million	
WP	Vacant Plot	0	0.00	2	3.91	3	13.86	
Kuala Lumpur	Terraced	38	56.83	53	89.33	58	126.94	
	Semi-Detached	8	42.18	8	40.10	4	19.55	
	Detached	11	86.93	14	91.92	24	307.21	
	Industrial Complex	23	10.03	17	7.29	20	7.80	
	Others	5	3.24	3	2.61	1	0.99	
	Total	85	199.21	97	235.16	110	476.35	
Selangor	Vacant Plot	360	3,440.25	400	3,727.65	428	2,511.61	
	Terraced	714	724.38	888	912.97	933	892.90	
	Semi-Detached	287	1,175.63	430	1,567.46	421	1,717.36	
	Detached	151	1,827.63	187	2,582.49	188	2,177.24	
	Industrial Complex	38	17.23	7	38.49	9	4.18	
	Others	51	105.87	40	88.18	41	245.14	
	Total	1,601	7,290.99	1,952	8,917.24	2,020	7,548.43	
Greater KL	Vacant Plot	360	3,440.25	402	3,731.56	431	2,525.47	
	Terraced	752	781.21	941	1,002.30	991	1,019.84	
	Semi-Detached	295	1,217.81	438	1,607.56	425	1,736.91	
	Detached	162	1,914.56	201	2,674.41	212	2,484.45	
	Industrial Complex	61	27.26	24	45.78	29	11.98	
	Others	56	109.11	43	90.79	42	246.13	
	Total	1,686	7,490.20	2,049	9,152.40	2,130	8,024.78	

Note: (p) = Preliminary data

In 2021, there were 2,049 industrial property transactions worth RM9.15 billion within Greater KL, recording an increase of 22.2% in transaction value and 21.5% in transaction volume y-o-y (2020: RM7.49 billion; 1,686 transactions). Improvements in industrial transaction activities were mainly supported by strong buying interests in the industrial sector and active acquisitions for future expansion by investors.

Subsequently, 2,130 transactions valued at RM 8.02 billion were recorded as of Q3/2022, with terraced factories/warehouses representing the highest share of 991 units (46.5% share), followed by vacant plots (20.2% share, 431 units), semi-detached factories/warehouses (20.0% share, 425 units), detached factories/warehouses (10.0% share, 212 units), "others" category (2.0% share, 42 unit) and industrial complexes/units (1.3% share, 29 units).

Property Market Overview 2022

WP Kuala Lumpur and Selangor: Industrial Property Volume and Value of Transactions. 2020 to O3/2022^(p)

In terms of transaction value by property types, vacant plots aggregated the highest transacted sum at RM2,525.47 million in Q3/2022, followed by detached factories/warehouses at RM2,484.45 million, semi-detached factories/warehouses at RM1,736.91 million, terraced factories/warehouses at RM1,019.84 million, "others" category at RM246.13 million and industrial complexes/units at RM11.98 million.

Specifically, WP Kuala Lumpur's industrial property transaction value was recorded at RM235.16 million in 2021, increasing 18.0% from RM199.21 million in 2020. This is in line with a 14.1% increase in transaction volume to 97 units in 2021 (2020: 85 units). As of Q3/2022, the aggregate transaction volume was recorded at 110 units with a combined transaction value of RM476.35 million.

Selangor's industrial market activity also showed improvements, recording a 22.3% y-o-y increase in total transaction value from RM7.29 billion in 2020 to RM8.92 billion in 2021, corresponding with a 21.9% increase in transaction volume to 1,952 cases in 2021 (2020: 1,601 cases). The aggregate transacted value as of Q3/2022 stood at RM7.55 billion on 2,020 transactions.

1.1.2 Supply: Existing and Future

WP Kuala Lumpur and Selangor: Supply of Industrial Properties by Type, 2020 to Q3/2022

State	Industrial Property Type		Existing Supply (No. of Units)	Future Supply (No. of Units)		
		2020	2021	Q3/2022	Incoming	Planned
▶ WP	Terraced	2,545	2,545	2,545	0	37
Kuala Lumpur	Semi-Detached	412	412	412	0	0
·	Detached	511	511	511	0	0
	Flatted Factory	1,670	1,670	1,670	0	0
	Industrial Complex	0	0	0	0	0
	Cluster	0	0	0	0	0
	Total	5,138	5,138	5,138	0	37
Selangor	Terraced	28,647	28,785	28,919	333	363
	Semi-Detached	6,694	6,826	6,926	368	732
	Detached	5,273	5,356	5,407	302	473
	Flatted Factory	263	264	264	464	0
	Industrial Complex	107	108	108	1	4
	Cluster	0	0	0	92	93
	Total	40,984	41,339	41,624	1,560	1,665
Greater KL	Terraced	31,192	31,330	31,464	333	400
	Semi-Detached	7,106	7,238	7,338	368	732
	Detached	5,784	5,867	5,918	302	473
	Flatted Factory	1,933	1,934	1,934	464	0
	Industrial Complex	107	108	108	1	4
	Cluster	0	0	0	92	93
	Total	46,122	46,477	46,762	1,560	1,702

In Greater KL, the existing supply of industrial properties stood at 46,762 units as of Q3/2022, with the majority consisting of terraced factories (67.3% share, 31,464 units), followed by semi-detached factories (15.7% share, 7,338 units) and detached factories (12.7% share, 5,918 units). On the other hand, the bulk of Greater KL's 3,262 units in the supply pipeline was mainly semi-detached factories (33.7% share, 1,100 units), followed by detached factories (23.8% share, 775 units) and terraced factories (22.5% share, 733 units).

In WP Kuala Lumpur, the cumulative supply has remained unchanged since 2020 at 5,138 units. Terraced factories dominated the industrial supply in WP Kuala Lumpur at 2,545 units (49.5% share), followed by flatted factories at 1,670 units (32.5% share), detached factories at 511 units (9.9% share) and semi-detached factories at 412 units (8.0% share). There is a planned supply of 37 terraced factories as of Q3/2022.

In Selangor, the existing cumulative supply of industrial properties stood at 41,624 units as of Q3/2022, predominantly of the terraced factories type (69.5% share, 28,919 units), followed by semi-detached factories (16.6% share, 6,926 units) and detached factories (13.0% share, 5,407 units). On the other hand, the bulk of Selangor's 3,225 units in the pipeline were mainly semi-detached factories (34.1% share, 1,100 units), followed by detached factories (24.0% share, 775 units) and terraced factories (21.6% share, 696 units).

WP Kuala Lumpur and Selangor: Supply of Industrial Properties by District, 2020 to Q3/2022

State	District / Mukim		Existing Supply (No. of Units)	Future Supply (No. of Units)		
		2020	2021	Q3/2022	Incoming	Planned
WP	Bandar Kuala Lumpur	227	227	227	0	C
Kuala Lumpur	Bandar Petaling Jaya	0	0	0	0	(
Lampar	Mukim Ampang	0	0	0	0	(
	Mukim Batu	3,046	3,046	3,046	0	(
	Mukim Cheras	0	0	0	0	(
	Mukim Hulu Kelang	0	0	0	0	(
	Mukim Kuala Lumpur	488	488	488	0	22
	Mukim Petaling	1,295	1,295	1,295	0	(
	Mukim Setapak	82	82	82	0	15
	Total	5,138	5,138	5,138	0	37
Selangor	Gombak	4,688	4,742	4,802	87	106
	Hulu Langat	7,363	7,391	7,391	6	18
	Hulu Selangor	4,334	4,334	4,393	59	134
	Klang	8,438	8,632	8,760	413	833
	Kuala Langat	569	569	591	147	215
	Kuala Selangor	251	257	261	287	303
	Petaling	14,378	14,413	14,413	498	(
	Sabak Bernam	35	35	35	27	:
	Sepang	928	966	978	36	53
	Total	40,984	41,339	41,624	1,560	1,66

Source: National Property Information Centre (NAPIC)

Source: National Property Information Centre (NAPIC)

Property Market Overview 2022

As of Q3/2022, the existing 5,138 industrial units in WP Kuala Lumpur were predominantly located in Mukim Batu (59.3% share, 3,046 units), followed by Mukim Petaling (25.2% share, 1,295 units) and Mukim Kuala Lumpur (9.5% share, 488 units). Of the 37 units of planned supply, 22 units will be located in Mukim Kuala Lumpur, whereas the remaining 15 units to be situated in Mukim Setapak.

In terms of geographical distribution, the top three districts which represented almost 73% of Selangor's existing industrial supply as of Q3/2022 are Petaling (34.6% share, 14,413 units), followed by Klang (21.0% share, 8,760 units) and Hulu Langat (17.8% share, 7,391 units). Of the 3,225 units in the future supply pipeline, the majority of the industrial property supply will be located in Klang (38.6% share, 1,246 units), followed by Kuala Selangor (18.3%, 590 units) and Petaling (15.4% share, 498 units).

1.1.3 Capital Values

The list below reflects the general capital values of selected industrial properties in Selangor.

Selangor: Selected Industrial Property Transactions in 2022

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
1	H.S.(D) 63081, PT 17942, Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor	Industrial Land	4.31	LH	12 January 2022	8.4	Pecca Leather Sdn Bhd
2	HS(D) 58960, PT 4 (New Lot 26), Bandar Batu 26, Beranang, Daerah Ulu Langat, Selangor	Industrial Land with Building	9.00	LH	28 January 2022	23.0	Anabatic Sdn. Bhd
3	Subang Jaya, Selangor	Industrial Lands	5.96	-	15 February 2022	65.6	Mapletree Logistics Trust
4	H.S.(D) 139744, PT 69171, Mukim Kapar, Daerah Klang, Selangor	Industrial Lands	2.90	FH	31 March 2022	25.3	SenHeng Electric (KL) Sdn Bhd
5	HSD 164275 Lot PT 6, Seksyen 28, Bandar Petaling Jaya, Daerah Petaling, Selangor	Industrial Land with Building	2.00	LH	7 April 2022	20.0	Jentayu Sustainables Berhad
6	H.S.(D) 5732, PT 10568, Mukim Ijok, Daerah Kuala Selangor, Selangor	Development Land	60.81	LH	22 April 2022	74.2	Sunsuria Residence Sdn Bhd
7	Lot 54, Title No. Pajakan Negeri 10300, Seksyen 20, Bandar Petaling Jaya, Daerah Petaling, Selangor	Industrial Land	1.07	LH	20 May 2022	10.0	Alliance EV Sdn Bhd
8	Sungai Way PJ, Selangor	Industrial Land with Building	3.63	FH	23 June 2022	60.1	Sunway REIT
9	Seksyen U1, 6, Jalan Pemaju U1/15, Hicom- glenmarie Industrial Park, Shah Alam, Selangor	Industrial Land with Building	1.18	FH	5 July 2022	20.2	KGW Logistics (M) Sdn Bhd
10	Selangor Halal Hub, Port Klang, Klang, Selangor	Industrial Land	10.07	LH	7 July 2022	30.7	Oleon Port Klang Sdn Bhd

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
11	Lot 5, Lot 3A, PT 154141, Jalan Perigi Nenas 7/3, Pulau Indah Industrial Park, Port Klang, Klang, Selangor	Industrial Land	15.11	LH	12 July 2022	78.7	KIP REIT
12	H.S.(D) 24277, PT 3501, Mukim Kapar, Daerah Klang, Selangor	Industrial and with Building	7.98	LH	29 July 2022	47.1	Amsteel Mills Sdr Bhd
13	No. 16, Taman Perindustrian Semanja Puncak Alam, Mukim Ijok, Daerah Kuala Selangor, Selangor	Industrial Land	9.32	LH	1 August 2022	30.5	Magnitude Resources Sdn. Bhd
14	Pajakan Negeri 20510, Lot 21687, Bandar Sultan Sulaiman, Daerah Klang, Selangor	Industrial Land	11.90	LH	16 August 2022	38.4	TPC Land Sdn Bho
15	Lot BBR3-i10/06, Mukim Kapar, Daerah Klang, Selangor	Industrial Land	2.88	FH	17 August 2022	16.5	Brite-Tech Corporation Sdn Bhd
16	UMW High-Value Manufacturing Park (UMW HVM Park), Serendah, Selangor	Industrial Land	140.00	LH	30 August 2022	304.9	LONGI (Kuching) Sdn. Bhd
17	PM 432, Lot 13833, Tempat Batu 34, Jalan Dengkil/Banting, Mukim Dengkil, Daerah Sepang, Selangor	Industrial Land	1.55	LH	15 September 2022	4.3	SIAB (M) Sdn Bhd
18	Lot 6119, Jalan Haji Salleh Batu 51/2 off Jalan Meru, Klang, Selangor	Industrial Land	6.16	FH	23 September 2022	41.0	AXIS REIT
19	HS(D) 153771, PT 73964, Jalan Bestari 2A/KU 7, Taman Perindustrian Kapar Bestari, Kapar, Klang	Industrial Land with Building	1.24	FH	26 October 2022	14.7	K Seng Seng Corporation Berhad
20	H.S. (D) 5726, PT 10562, Mukim Ijok, Daerah Kuala Selangor, Selangor	Industrial Land	9.81	LH	1 November 2022	36.0	SKB Shutters Corporation Berhad
21	Lot 5, Persiaran Raja Muda, Seksyen 16, Shah Alam, Selangor	Industrial Land with Building	6.00	LH	7 November 2022	41.0	Amazing Blitz Sdn Bhd
22	Lot 15, Jalan RP3, Rawang Industrial Estate, Rawang, Selangor	Industrial Land with Building	1.90	FH	10 November 2022	13.8	Ban Hee Metal Sdn Bhd

Property Market Overview 2022

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
23	Geran 297363 Lot 40; Geran 297364 Lot 41; Geran 297365 Lot 42, all in Mukim Kapar, Daerah Klang, Selangor	Development Land	948.83	FH	1 December 2022	618.0	Sime Darby Property (Bukit Tunku) Sdn Bhd
24	PT 11517, HS(M)9686, Mukim Kajang, Daerah Hulu Langat, Selangor	Industrial Land with Building	6.82	LH	21 December 2022	31.0	YSP Industries (M) Sdn Bhd
25	H.S.(D). No. 165675, P.T. No. 84377, Mukim Kapar, Daerah Klang, Selangor	Industrial Land with Building	1.23	FH	29 December 2022	12.2	PTT Synergy Group Berhad

Note: (1)FH = Freehold; LH = Leasehold

1.1.4 Rental Values

The monthly asking rental of selected detached industrial properties in Sungai Besi-Chan Sow Lin ranged between RM2.40 per sq ft and RM3.20 per sq ft per month.

Meanwhile, within the established industrial areas of Section 13, Section 19 and Section 51A in Petaling Jaya, the monthly asking rentals for detached factories and warehouses ranged from RM2.20 per sq ft to RM3.00 per sq ft per month.

Detached factories and warehouses in Temasva Glenmarie and Hicom Glenmarie Industrial Park command monthly asking rentals of RM1.80 per sq ft to RM2.40 per sq ft. In contrast, the monthly asking rentals of similar premises ranged from RM1.60 per sq ft to RM2.00 per sq ft in Section 15 and Section 26 of the Shah Alam industrial area.

Monthly asking rentals for detached factories and warehouses in Subang Hi-Tech Industrial Park could be found within the range of RM1.60 per sq ft to RM2.20 per sq ft.

Asking rentals of selected industrial areas in Port Klang ranged between RM1.20 per sq ft and RM1.80 per sq ft per month. In Kawasan Perindustrian Bukit Raja, the monthly asking rental ranged slightly higher between RM1.50 per sq ft and RM2.30 per sq ft.

Selected industrial properties in Rawang command monthly asking rentals of RM1.00 per sq ft to RM1.20 per sq ft in Bukit Beruntung and RM1.50 per sq ft to RM1.90 per sq ft in Taman Industri Integrasi.

In Balakong, monthly asking rentals ranged between RM1.10 per sq ft and RM1.50 per sq ft in Kawasan Perindustrian Balakong and RM1.50 per sq ft to RM2.20 per sq ft per month in Taming Jaya Industrial Park.

The asking rentals of detached industrial properties in the industrial estates of Bukit Angkat, Kajang, ranged from RM1.40 per sq ft to RM1.60 per sq ft per month. In contrast, the monthly asking rentals ranged between RM1.00 per sq ft and RM1.50 per sq ft in Semenyih.

2.0 JOHOR

2.1 Industrial Sector

For Q1-Q3/2022, Johor recorded 117 approved manufacturing projects with a total investment value of RM8.85 billion, almost a twofold increase from RM4.64 billion registered in O1-O3/2021.

Johor: Approved Manufacturing Projects, 2020 to Q3/2022 Johor

Number of Approved Projects

Total Capital Investment (RM Million)

Source: Malaysia Investment Development Authority (MIDA)

Several notable announcements on the investment and expansion plans of industrial facilities in Johor during the year included:

- acre site in Tanjung Adang, which is planned to be completed by early 2023.
- ٠ culture to enhance the area's value proposition.
- •
- sensory area in Senai
- of RM300 million in developing its regional hub in the Asia Pacific region.
- •
- ٠ completed in 2024 with a gross floor area of 450,000 sq ft.
- Nusajaya Technology Park with an investment value of RM160 million.
- •
- 2023.

Property Market Overview 2022

2020	2021	Q3/2022
232	134	117
6,784.3	6,953.2	8,845.1

The Port of Tanjung Pelepas (PTP) plans to invest RM750 million in expanding its cargo capacity. The expansion involves an 81-

Iskandar Investment Berhad (IIB) pre-planned to set aside 2,900 acres of prime land in Iskandar Puteri to be developed into an "integrated sustainable living" over six phases in the future. The said development will bring commerce, residences, nature, and

Insulet Corporation, a leader in tubeless insulin pump technology, is constructing its new manufacturing facility with an estimated 400,000 sq ft of space in i-Tech Valley, which is expected to start operation in mid-2024.

The Hershey Company, a chocolate manufacturer, has opened its new Research and Development (R&D) Centre with a total gross floor area of 10,400 sq ft. It will house research & development laboratories, packaging development facilities and a

Wiwynn Corporation, a Taiwan-based cloud IT company, has kickstarted its Phase 2 development in Senai Airport City with a sum

YTL Data Center Holdings Pte Ltd (YTL DC) has announced the construction of its first 72-megawatt (MW) of its 500MW data centre campus in Johor, which will be tenanted by Sea Data Centre (JDC1). The data centre will be ready to serve by the first guarter of 2024. A total of 275 acres of the industrial site will be allocated for data centre development.

Xin Hwa plans to construct a two-phase integrated logistics solutions hub in Pasir Gudang on a 44-acre industrial land with an investment value of RM50 million (Phase 1). Phase 1 of the warehouse will begin construction in 2023 and is expected to be

A global tier-one aerospace company, GKN Aerospace, has set up an aero-engine parts repair and research facility in Johor's

AME Elite Consortium Bhd is constructing its 6th facility to expand HQPack Sdn Bhd in i-Park@Indahpura, which will feature a total net lettable area of 100,000 sq ft comprising warehouse and office block, which will slate to complete by H2/2023.

Paris Baguette, a global bakery chain owned by the SPC Group of South Korea, is investing in a halal-certified bakery manufacturing and distribution centre in Nusajaya Tech Park with a total investment sum of RM130 million, which will begin operation in June

- JLand Group Sdn Bhd (JLG) has signed a memorandum of understanding (MOU) with Mitsui & Co Ltd for their joint ventures projects in developing a Hyperscale Data Centre, as well as a renewable energy (RE) facility in the form of a Captive Solar Farm to power the data centres in Sedenak Tech Park (STeP) in Johor.
- Tiong Nam Logistics Holdings Bhd entered into a joint venture (JV) agreement with JLand Group Sdn Bhd (JLG) to develop a hightech logistics industrial park on a 300-acre piece of land at Sedenak Technology Valley, Johor. The development comprises readybuilt and customised warehouses, factories, commercial buildings, and integrated logistics infrastructure for global businesses. The construction is expected to begin in 2025.

2.2 Industrial Property Market

2.2.1 Overview

Johor: Industrial Property Volume and Value of Transactions, 2020 to Q3/2022^(p)

	2020		2	021	Q3/2022	
Industrial Property Type	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)
Vacant Plot	152	612.90	227	891.76	232	617.75
Terraced	184	146.96	184	126.39	193	125.27
Semi-Detached	166	325.62	172	325.65	242	463.27
Detached	106	702.38	178	1,182.18	108	1,426.93
Industrial Complex	2	321.20	0	0.00	0	0.00
• Others	30	59.89	49	63.14	44	93.32
Total	640	2,168.95	810	2,589.12	819	2,726.54

Source: National Property Information Centre (NAPIC)

Note: (p) = preliminary data

In Johor, the total industrial property transaction value in 2021 was recorded at RM2,589.12 million, a growth of 19.4% compared with RM2,168.95 million in 2020. Likewise, the transaction volume increased by 26.6% from 640 units in 2020 to 810 units in 2021. Strong demand from the logistics and warehousing segment has benefited the acquisition activities, supporting the improvement of transaction activities in Johor.

Subsequently, 819 transactions with RM2,726.54 million were recorded in Q1-Q3/2022; semi-detached factories/warehouses recorded the highest share of volume transacted at 242 units (29.5% share), followed by vacant plots (28.3% share, 232 units), terraced factories/warehouses (23.6% share, 193 units), detached factories/warehouses (13.2% share, 108 units) and "others" category (5.4% share, 44 units).

In terms of transaction value by property types, detached factories/warehouses aggregated the highest sum at RM1,426.93 million in Q1-Q3/2022, followed by vacant plots at RM617.75 million, semi-detached factories/warehouses at RM463.27 million, terraced factories/warehouses at RM125.27 million, and the "others" category at RM93.32 million.

2.2.2 Supply: Existing and Future

As of Q3/2022, the cumulative supply of industrial properties in Johor was reported at 18,718 units, an increase of 193 units from 2021 (18,525 units). Of the newly-added units, 175 were located in Johor Bahru, 10 were in Kulai, 7 were in Batu Pahat, whereas the remaining 1 unit was situated in Pontian.

Johor: Supply of Industrial Properties by Type, 2020 to Q3/2021

		-,				
State	Industrial Property Type		Existing Supply (No. of Units)	Future Supply (No. of Units)		
	Property Type	2020	2021	Q3/2022	Incoming	Planned
Johor	Terraced	8,038	8,063	8,131	188	113
	Semi-Detached	4,628	4,766	4,788	224	302
	Detached	4,016	4,047	4,078	146	219
	Flatted Factory	0	0	0	0	0
	Industrial Complex	425	425	425	2	4
	Cluster	972	1,224	1,296	156	172
	Total	18,079	18,525	18,718	716	810

Source: National Property Information Centre (NAPIC)

In terms of distribution by industrial property type, the existing supply was predominantly terraced factories (43.4% share, 8,131 units), followed by semi-detached factories (25.6% share, 4,788 units) and detached factories (21.8%, 4,078 units). Semi-detached factories make up most of the future supply (224 units incoming, 302 units planned), followed by detached factories (146 units incoming, 219 units planned) and cluster factories (156 units incoming, 172 units planned).

Johor Bahru is expected to remain the leading district with the largest share of industrial properties in the foreseeable future. It hosted at least 60% of the state's industrial supply as of Q3/2022. Likewise, the top three districts for the 1,526 units of future supply were mainly Johor Bahru (63.4% share, 967 units), Kulai (14.6% share, 223 units) and Kota Tinggi (10.0% share, 152 units).

Johor: Supply of Industrial Properties by District, 2020 to Q3/2022

District

Batu Pahat	
Johor Bahru	
Kluang	
Kota Tinggi	
Kulai	
Mersing	
• Muar	
Pontian	
Segamat	
Tangkak	
Total	

Source: National Property Information Centre (NAPIC)

Property Market Overview 2022

Existing Supply Future Supply (No. of Units) (No. of Units) 2020 2021 Q3/2022 Incoming Planned 38 1,520 1,532 1,539 14 11,283 11,685 11,860 409 558 987 987 987 43 0 395 395 395 62 90 2.424 2,456 2,466 132 91 69 69 69 0 0 173 173 26 21 173 507 508 507 1 27 513 513 513 5 9 208 208 208 0 0 18,079 18,525 18,718 716 810

2.2.3 Capital Values

Tabulated below are the general capital values of selected industrial properties in Johor.

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
1	No 89A, Jalan i-Park 1/6, Kawasan Perindustrian I-park, Kulai, Johor	Factory & Office	2.26	FH	22 February 2022	16.3	AXIS REIT
2	Plots DW1 and DW2, Jalan Tanjung A/2, Distripark A, Pelabuhan Tanjung Pelepas, Gelang Patah, Johor	Industrial Land with Building	18.40	LH	11 April 2022	390.0	AXIS REIT
3	i-Park @ Senai Airport City, i-Park @ Indahpura, i-Park @ SILC and District 6 @ SILC, Johor	Factories, Warehouses & Dormitory	-	FH	19 July 2022	557.0	AME REIT
4	Jalan Industri Saleng 3, Senai, Johor	Vacant Land	8.00	FH	5 August 2022	12.2	Attractive Venture (JB) Sdn Bhd
5	16, Jalan Firma 2/1, Kawasan Perindustrian Tebrau 1, Johor	Factories & Office	1.72	FH	12 August 2022	10.8	Seng Li Marketing Sdn Bhd
6	Geran Mukim 292, Lot 513, Mukim Senai, Daerah Kulai, Johor	Vacant Land	8.84	FH	16 August 2022	14.2	OKA Concrete Industries Sdn Bhd
7	Jalan Industri 6, Industrial Area Pekan Nenas, Mukim Jeram Batu, Daerah Pontian, Johor	Factories & Office	4.95	FH	12 October 2022	45.0	Shimano Components (Malaysia) Sdn Bhd
8	No. 1, Jalan Sagai 3, Taman Pasir Putih, Sime Darby Business Park, Pasir Gudang, Johor	Factory & Office	6.60	FH	28 October 2022	33.8	Palmtop Vegeoil Products Sdn Bhd
9	Geran 80943, Lot 2699, Mukim Plentong, Daerah Johor Bahru, Johor	Vacant Land	104.5	FH	9 November 2022	71.5	SJ Securities Sdn Bhd
10	Geran Mukim 699, Lot 300, Mukim Plentong, Daerah Johor Bahru, Johor	Vacant Land	9.75	FH	9 November 2022	9.5	SJ Securities Sdn Bhd
11	Senai Airport City, Johor	Industrial Land	9.72	FH	20 November 2022	23.3	Fifty Sdn Bhd
12	No.13&14 (Plot 15&16), Kawasan Perindustrian i-Park, Bandar Indahpura, Kulai, Johor No.60, (Plot 43), Jalan i-Park SAC 6, Taman Perindustrian i-Park SAC, Senai, Johor	Factories	-	FH	5 December 2022	69.3	RHB Trustees Berhad

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
13	Mukim Tanjung Kupang, Johor Bahru, Johor Mukim Pulai, Johor Bahru, Johor	Development Land	234.5	FH	15 December 2022	289.2	Nusajaya Tech Park Sdn Bhd
Source:	NAPIC & Savills Research						
Note: (1	⁾ FH=Freehold; LH=Leasehold						
Rental Values							
In 2022, the average asking rentals for detached factories in Pasir Gudang ranged from RM1.00 per sq ft to RM1.50 per sq ft per month; in contrast, similar units in Pelabuhan Tanjung Pelepas were going from RM1.50 per sq ft to RM2.00 per sq ft per month.							

In Gelang Patah, the asking rentals ranged from RM0.90 per sq ft to RM1.40 sq ft per month, whereas Nusa Cemerlang, Nusajaya (SILC) commanded monthly asking rental of RM1.00 per sq ft to RM1.60 per sq ft per month.

ft per month.

In Senai, the general asking rentals ranged from RM1.10 per sq ft to RM1.30 per sq ft per month, while in Kawasan Perindustrian Senai. iPark @ Senai City, on the other hand, commanded a higher monthly asking rental of RM1.40 per sq ft to RM1.80 per sq ft per month. The similar industrial properties in iPark @ Indahpura commanded asking rentals of RM1.20 per sq ft to RM1.50 per sq ft per month.

3.0 PENANG

3.1 Industrial Sector

2.2.4

(Q3/2021: 81 projects worth RM2.87 billion).

Penang: Approved Manufacturing Projects, 2020 Penang

Number of Approved Projects

Total Capital Investment (RM Million)

Source: Malaysia Investment Development Authority (MIDA)

In 2022, notable industrial sector announcements in Penang included:

- business hub expected to be completed in 10 years.
- ٠ upon completion in June 2023.

Property Market Overview 2022

The monthly asking rentals in Taman Perindustrian Cemerlang, Ulu Tiram, ranged between RM0.80 per sq ft and RM1.20 per sq

Penang attracted 99 projects worth RM9.23 billion as of Q3/2022, indicating an improvement in investments compared to the last year

to Q3/2022	
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2020	2021	Q3/2022
166	111	99
14,113.0	76,223.7	9,232.8

Titijaya Land Berhad has signed an MoU with Penang Development Corporation (PDC) to develop Medi-Tech City, a 230-acre land in Batu Kawan, for a Gross Development Value (GDV) of RM9.9 billion. The development includes a hi-tech medical city and

Titijaya Land Berhad and DHL Supply Chain (M) Sdn Bhd will co-develop a 20-acre mixed development site that will be fully equipped with automated storage and retrieval system (ASRS) and automated guided vehicles (ABVs) robotics technology in Bayan Lepas with an investment value of RM200 million. The modern logistics complex will lease to DHL Properties (M) Sdn Bhd

- YBS International Bhd is expanding its manufacturing plant in Penang Science Park, which will span across a 4-acre factory on a • 10-acre industrial land which will complete in 2022.
- DHL Express Malaysia has relocated from its previous Prai facility to a larger facility in Batu Kawan Industrial Park due to increased • demand for international shipping. The new facilities comprise 25,680 sq ft of warehouse and office spaces with an investment value of RM13 million.
- QES Group Berhad is constructing a new manufacturing facility in Batu Kawan with a floor area of 100,000 sq feet which expect • to begin operation in 2023 to serve the demand from the Southeast Asia market.
- TF-AMD Microelectronics Sdn Bhd has announced a plan to expand its manufacturing facility at Batu Kawan with nearly RM2 ٠ billion of capital investment spanning across 1.5 million sq ft of space on a 14-acre industrial land which is expected to complete in 2023.
- ٠ TTM Technologies is setting up a new plant by investing RM550 million in constructing a highly automated plant built upon a 27-acre piece of land in Penang Science Park, which will be ready by mid-2023.
- AME Elite Consortium Bhd and Majestic Builders will jointly develop 175.98 acres of an integrated industrial park in Seberang • Perai Tengah with a gross development value of RM1 billion through their special purpose vehicle (SPV), Suling Hill Development Sdn Bhd.
- RGT Berhad is expanding its current manufacturing facilities and machinery in Bukit Minyak and acquiring new companies for its ٠ automation segment with RM100 million worth of investment. The expansion includes an extension of the production floor, a new warehouse and additional floor space.
- Electronic Manufacturing Services (EMS) provider EG Industries Bhd announced to build of its first fully automated Lights Out ٠ Smart Factory on a 6-acre industrial land in Batu Kawan with a built-up area of 22,500 sq m. The project will commence in 2024 with an investment sum of RM180 million.
- ASE Electronics (M) Sdn Bhd (ASEM) is constructing its new semiconductor assembly and testing facility comprised of 2 buildings (Plant 4 and 5) with a built-up area of 982,000 square feet in Bayan Lepas. This project has a capital investment of RM341 million. The new facility is expected to be completed in 2025.
- South Korean manufacturer, Simmtech is set to accelerate the expansion of its production line in Penang with a second phase ٠ investment of RM221 million, which is expected to be completed by the first guarter of 2023.

3.2 Industrial Property Market

3.2.1 Overview

Industrial	2020		2021		Q3/2022	
Property Type	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)
Vacant Plot	82	129.45	116	388.24	79	461.43
Terraced	115	98.09	138	114.31	137	103.52
Semi-Detached	92	192.94	103	232.28	91	241.91
Detached	47	369.61	74	769.18	58	406.02
Industrial Complex	8	4.01	20	99.77	25	12.32
• Others	18	21.53	13	8.86	9	2.37
Total	362	815.63	464	1,612.64	399	1,227.57

Source: National Property Information Centre (NAPIC) Note: (p) = Preliminary data

In Penang, total industrial property transactions in 2021 were valued at RM1,612.64, a significant increase of 97.7% compared to RM815.63 million recorded in 2020. In contrast, transaction volume grew by 28.2% from 362 units in 2020 to 464 units in 2021. Overall, Penang's industrial activities are well supported by a robust industry ecosystem underpinned by solid demand for semiconductors, logistics, manufacturing and medical suppliers.

In Q1-Q3 2022, 399 industrial property transactions worth RM1,227.57 million were recorded, of which terraced factories/ warehouses recorded the highest share of volume at 137 units (34.3% share), followed by semi-detached factories/warehouses (22.8% share, 91 units), vacant plots (19.8% share, 79 units), detached factories/warehouses (14.5% share, 58 units), industrial complexes/units (6.3% share, 25 units) and "others" (2.3% share, 9 units).

Property Market Overview 2022

Penang: Industrial Property Volume and Value of Transactions, 2020 to Q3/2022^(p)

3.2.2 Supply: Existing and Future

Penang's cumulative supply of industrial properties stood at 9,647 units as of Q3/2022. The majority of the current supply consists of terraced factories (53.5% share, 5,157 units), followed by detached factories (20.2% share, 1,952 units) and semidetached factories (20.1% share, 1,938 units).

Penang: Supply of Industrial Properties by Type, 2020 to Q3/2022

Industrial Bronorty Type	Existing Supply (No. of Units)			Future Supply (No. of Units)	
Property Type	2020	2021	Q3/2022	Incoming	Planned
Terraced	5,117	5,171	5,157	26	0
Semi-Detached	1,850	1,886	1,938	104	128
Detached	1,941	1,950	1,952	24	10
Flatted Factory	511	511	511	0	0
Industrial Complex	71	71	72	0	0
Cluster	17	17	17	0	0
Total	9,507	9,606	9,647	154	138

Source: National Property Information Centre (NAPIC)

On the other hand, the bulk of Penang's 292 units in the pipeline were mainly semi-detached factories (79.5% share, 232 units), followed by detached factories (11.6% share, 34 units) and terraced factories (8.9% share, 26 units).

In the context of the incoming supply, the 154 units in the pipeline were predominantly semi-detached factories (67.5% share, 104 units), followed by terraced (16.9% share, 26 units) and detached factories (15.6% share, 24 units). These incoming products are mainly located in Seberang Perai Tengah (96 units), Barat Daya (22 units), and Seberang Perai Utara (20 units), followed by Seberang Perai Selatan (16 units).

The 138 units under planned supply comprised semi-detached factories (92.8% share, 128 units) and detached factories (7.2% share, 10 units). Likewise, 52 of these units are located in Seberang Perai Tengah, 49 units from Seberang Perai Utara and 37 units in Seberang Perai Selatan.

Seberang Perai Tengah and its neighbouring districts of Seberang Perai Utara and Selatan collectively host 82.2% (7,931 units) of the state's total industrial properties. Given land scarcity in Penang Island, the Penang state government is looking at expanding Batu Kawan Industrial Park 2 (BKIP 2) with 1,500 acres of industrial land and Batu Kawan Industrial Park 3 (BKIP 3) with 600 acres of industrial land to meet the surging demand for industrial land in the coming years. As such, the majority of the 292 units in the supply pipeline are located in Seberang Perai Tengah (50.7% share, 148 units), followed by Seberang Perai Utara (23.6%, 69 units) and Seberang Perai Selatan (18.2% share, 53 units) as well.

Penang: Supply of Industrial Properties by District, 2020 to Q3/2022

District

Barat Daya
Seberang Perai Selatan
Seberang Perai Tengah
Seberang Perai Utara
Timur Laut
Total
Notional Descents Information Contro (NADIC)

Source: National Property Information Centre (NAPIC)

3.2.3 Capital Values

The table below lists selected industrial property transactions in Penang in 2022.

Penang: Selected Industrial Property Transaction, 2022

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
1	NO. 1135 (Plot 360), Lorong Perindustrian Bukit Minyak, Pulau Pinang	Factory & Office	1.70	LH	5 January 2022	13.5	Grand Venture Technology
2	No. 9, Medan Bayan Lepas, Technoplex, Bayan Lepas Industrial Park Phase 4, Bayan Lepas, Pulau Pinang	Factory & Office	2.00	LH	16 March 2022	38.0	SRM Integration (Malaysia) Sdn Bhd
3	No. 1564, MK12, Jalan Nafiri, Kawasan Perusahaan Valdor, Sungai Jawi, Pulau Pinang	Factory & Office	12.62	FH	7 June 2022	80.0	CapitaLand Malaysia Trust
4	Mukim 19, Daerah Seberang Perai Tengah, Pulau Pinang	Vacant Land	175.98	FH	18 August 2022	130.0	Suling Hill Development
5	No. 523, Jalan Ayer Puteh, Mukim 4, Balik Pulau, Pulau Pinang	Factory & Office	-	FH	20 September 2022	5.8	Meng Shin Garment Sdn Bhd & Keow Bee Garment Sdn Bhd
6	No. 2728, Tingkat Perusahaan 4A, Kawasan Perusahaan Perai, Perai, Pulau Pinang	Factory & Office	3.21	LH	28 September 2022	19.0	XFS Sdn Bhd

Property Market Overview 2022

District, 2020 to Q3/2022						
	Existing Supply (No. of Units)			Future Supply (No. of Units)		
	2020	2021	Q3/2022	Incoming	Planned	
	882	883	884	22	0	
	944	1,021	1,075	16	37	
	5,361	5,382	5,382	96	52	
	1,488	1,488	1,474	20	49	
	832	832	832	0	0	
	9,507	9,606	9,647	154	138	

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
7	Geran 29012, Lot 5785, Mukim Barat Daya, Daerah Pulau Pinang, Pulau Pinang	Vacant Land	1.05	FH	9 November 2022	7.5	Atta Global Group Bhd
	HS(D) 25191, PT 6572, Mukim Barat Daya, Daerah Pulau Pinang, Pulau Pinang	Vacant Land	2.94	LH	9 November 2022	9.5	
	HS(D) 25241, PT 6602, Mukim Barat Daya, Daerah Pulau Pinang, Pulau Pinang	Vacant Land	2.00	LH	9 November 2022	11.0	
6 S P G 6 S	Geran Mukim 511, Lot 668, Mukim 06, Daerah Seberang Perai Tengah,	Vacant Land	0.91	FH	1 December 2022	17.31	ZW Packaging Sdn Bhd
	Pulau Pinang Geran Mukim 512, Lot 669, Mukim 06, Daerah Seberang Perai Tengah, Pulau Pinang	Vacant Land	3.77	FH	1 December 2022	_	
9	Plot No. 12 & 13, Hilir Sungai Keluang 3, Bayan Lepas Free Industrial Zone Phase 4, Bayan Lepas, Pulau Pinang	Industrial Land with Building	2.07	LH	2 December 2022	25.5	FoundPac Technologies Sdn Bhd

Note: (1) FH = Freehold; LH = Leasehold

3.3.3 Rental Values

In 2022, detached factories in Bayan Lepas Industrial Park command monthly asking rentals within the range of RM2.00 per sq ft to RM4.50 per sq ft.

The monthly asking rentals for detached premises in Bukit Tengah Industrial Park ranged from RM1.00 per sq ft to RM1.60 per sq ft, whereas Prai Industrial Estate ranged from RM1.80 per sq ft to RM2.00 per sq ft.

Similar industrial properties in Bukit Minyak Industrial Park and Penang Science Park command asking rental rates within the range of RM1.50 per sq ft to RM 2.00 per sq ft.

4.0 PAHANG

4.1 Industrial Sector

In 2021, Pahang approved 14 manufacturing projects instead of 30 approved projects in 2020. However, the total capital investment registered more than a two-fold increase to RM10.49 billion in 2021 from RM4.78 billion in 2020. As of Q3/2021, the state had attracted a total capital investment of circa RM2.53 billion with 10 approved manufacturing projects recorded.

Pahang: Approved Manufacturing Projects, 2020 to Q3/2022

Ра	hang	

Number of Approved Projects

Total Capital Investment (RM Million)

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in Pahang include:

- ٠ Green Technology Park (GTP).
- medium industrial logistics and warehousing, residential and commercial components.
- ٠ value of RM1 billion.
- billion.
- ٠
- to be completed within 20 months after the initial public offering.

Property Market Overview 2022

2020	2021	Q3/2022
30	14	10
4,784.5	10,490.4	2,527.6

Nextgreen Global Berhad has invested a total sum of RM162 million in developing its tissue factories in Green Technology Park, which is expected to complete in 2023. The construction of the factories is in line with the zero-waste development concept of

IJM Corp Bhd will co-develop a mixed development and logistics hub in Kuantan with China Harbour Engineering Company Ltd (CHEC) to develop Malaysia-China Kuantan International Logistics Park (MCKILP) on a 640-acres land comprising of light and

Perbadanan Setiausaha Kerajaan (PSK) will collaborate with Ciptaan Gabungan Global Sdn Bhd (Golden Prosperous International Pte Ltd) from Singapore about a 40-hectare manganese alloy production plant project in Gebeng, Kuantan, with an investment

TGA Solutions Sdn Bhd (TGAS) has signed an agreement with Pekan Power Plant Sdn Bhd for a proposed development of a 1,200MW electric power plant covering an area of 40.5 hectares in Tanjung Agas, Pekan, with an investment value of RM4.21

MHT Silica Sdn. Bhd. (MSSB) has signed a lease agreement with the state government Pahang Development Corporation (PKNP) to construct a silica factory on a 6.70-hectare land in Tanjung Gelang with an initial investment value of up to RM200 million.

Nasdaq-bound Graphjet Technology Sdn Bhd has signed a letter to build an RM400 million production facility in Phase 3 of the Malaysia-China Kuantan Industrial Park (MCKIP). The new 8.09-hectare integrated plant (upstream and downstream) is expected

4.2 Industrial Property Market

4.2.1 Overview

Pahang: Industrial Property Volume and Value of Transactions, 2020 to Q3/2022^(p)

Industrial	20)20	20)21	Q3/	2022
Property Type	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)
Vacant Plot	67	93.64	93	60.13	81	29.50
Terraced	23	10.74	28	11.13	39	17.01
Semi-Detached	16	10.25	9	7.66	14	11.26
Detached	15	61.19	12	38.02	14	52.52
Industrial Complex	0	0.00	0	0.00	0	0.00
• Others	11	7.36	14	5.66	12	8.96
Total	132	183.18	156	122.60	160	119.25

Source: National Property Information Centre (NAPIC)

Note: ^(p) = Preliminary data

In 2021, the aggregate value of industrial property transactions in Pahang registered a yearly decrease of 33.1% to RM122.60 million from RM183.18 million in 2020. However, the volume of transactions improved by 18.2%, from 132 to 156 transactions during the same period. The decline in aggregate transaction value was observable in all industrial property types, except for terraced factories/warehouses, which saw an increase from 23 transactions worth RM10.74 million in 2020 to 28 transactions worth RM11.13 million in 2021.

Subsequently, 160 transactions worth RM119.25 million were recorded as of Q3/2022, of which vacant plots recorded the highest share of volume at 81 units (50.6% share), followed by terraced factories/warehouses (24.4% share, 39 units), semidetached factories/warehouses (8.8% share, 14 units), detached factories/warehouses (8.8% share, 14 units), and "others" (7.4% share, 12 units).

In terms of transactions value by property types, detached factories/warehouses aggregated the highest sum at RM52.52 million as of Q3/2022, followed by vacant plots at RM29.50 million, terraced factories/warehouses at RM17.01 million, semi-detached factories/warehouses at RM11.26 million and the "others" category of factories at RM8.96 million.

4.2.2 Supply: Existing and Future

Pahang: Supply of Industrial Properties by Type, 2020 to Q3/2022

Industrial		Existing Supply (No. of Units)		Future (No. of	•••
Property Type	2020	2021	Q3/2022	Incoming	Planned
Terraced	2,312	2,312	2,365	47	174
Semi-Detached	406	412	412	0	16
Detached	787	787	797	2	27
Flatted Factory	0	0	0	0	0
Industrial Complex	73	73	73	0	3
Cluster	0	0	0	0	0
Total	3,578	3,584	3,647	49	220

Source: National Property Information Centre (NAPIC)

The cumulative supply of industrial properties in Pahang stood at 3,647 units as of Q3/2022, an increase of 41 units and 22 units in Rompin and Kuantan, respectively, from the previous year. The top three districts with the largest share of the existing supply were Kuantan (52.1% share, 1,899 units), followed by Temerloh (20.7% share, 755 units) and Rompin (7.1% share, 258 units). Likewise, the top three destinations for the 269 units of future supply are Kuantan (45.7% share, 123 units), Jerantut (19.3% share, 52 units) and Bentong (11.9% share, 32 units).

In terms of supply breakdown by property type, the bulk of the existing supply in Q3/2022 comprised 2,365 terraced factories, representing 64.8% of the total existing supply. This is followed by detached factories (21.9% share, 797 units), semi-detached factories (11.3%, 412 units) and industrial complexes (2.0%, 73 units).

factories and 3 industrial complexes.

Pahang: Supply of Industrial Properties by District, 2020 to Q3/2022

District		Existing Supply (No. of Units)	Future Supply (No. of Units)		
	2020	2021	Q3/2022	Incoming	Planned
Bentong	118	118	118	32	0
Bera	59	59	59	0	30
Cameron Highlands	38	38	38	0	0
> Jerantut	206	206	206	5	47
• Kuantan	1,871	1,877	1,899	10	113
Lipis	105	105	105	0	0
Maran	67	67	67	0	1
Pekan	61	61	61	1	9
Raub	81	81	81	0	4
Rompin	217	217	258	0	13
Temerloh	755	755	755	1	3
Total	3,578	3,584	3,647	49	220

Source: National Property Information Centre (NAPIC)

Property Market Overview 2022

Amongst the 269 units of future supply, 221 units were terraced factories, followed by 29 detached factories, 16 semi-detached

4.2.3 Capital Values

Listed below are selected transactions in 2022.

Pahang: Selected Industrial Property Transaction, 2022

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
1	No. 53, 3 ¾ Mile, Jalan Bentong Kuala Lumpur, Bentong, Pahang	Industrial Land with Building	5.82	FH	14 June 2022	12.0	Magnitude Resources Sdn Bhd
2	PT No. 20054 (Lot 136A), Jalan Gebeng 3/2, Kawasan Perindustrian Gebeng, Kuantan, Pahang	Industrial Land with Building	3.42	LH	4 August 2022	9.4	Dynaciate Engineering Sdn Bhd
3	Lot No. 5/129 and 6/129, Jalan Gebeng 2/13, Kawasan Perindustrian Gebeng, Kuantan, Pahang	Industrial Land with Building	8.5	LH	24 August 2022	21.0	United Sapphire Sdn Bhd
Source	Gebeng, Kuantan, Pahang						

Note: (1)FH = Freehold; LH = Leasehold

4.2.4 Rental Values

Monthly asking rentals for detached factories generally ranged between RM1.00 per sq ft to RM1.60 per sq ft within the Kuantan district. Likewise, monthly asking rentals in Semambu Industrial Park ranged from RM1.00 per sq ft to RM1.60 per sq ft. In contrast, Kuantan Industrial Area commanded monthly asking rentals of RM1.20 per sq ft to RM1.50 per sq ft.

5.0 NEGERI SEMBILAN

5.1 Industrial Sector

In 2021, 30 manufacturing projects worth around RM2.90 billion were approved in Negeri Sembilan, recording a 53.0% decrease from 2020 in capital invested. Conversely, the state recorded 28 approved manufacturing projects during Q1-Q3/2022 with a total capital investment of RM7.02 billion, a notable increase from RM1.69 billion recorded in Q1-Q3/2021.

Negeri Sembilan: Approved Manufacturing Projects, 2020 to Q3/2022

Negeri Sembilan	2020	2021	Q3/2022
Number of Approved Projects	48	30	28
Total Capital Investment (RM Million)	6,178.6	2,901.2	7,020.6

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in 2022 include:

- ٠ Dynaciate Group Berhad has acquired a 4.913-acre plot of commercial land for its future development of venturing into warehouses and hubs for a logistics business with a consideration of RM13 million.
- Cement Industries of Malaysia (Cima) has invested a development sum of RM120 million in developing a waste heat recovery • system factory in Bahau, Negeri Sembilan, which is expected to complete in 2024.

- billion, which will start operation in 2025 in Tuanku Jaafar Industrial Park.
- RM18.24 million.
- Green Valley (MGV), a green industrial park.
- semiconductor facility in Negeri Sembilan.
- Hub in Negeri Sembilan.
- 5.2 Industrial Property Market

5.2.1 Overview

Negeri Sembilan: Industrial Property Volume and Value of Transactions, 2020 to Q3/2022^(p)

Industrial	20	020	20	021	Q3/	2022
Property Type	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)
Vacant Plot	133	206.02	96	276.16	168	217.35
Terraced	108	44.64	122	50.76	142	56.24
Semi-Detached	47	56.11	66	136.93	81	173.94
Detached	28	207.71	28	229.94	20	92.57
Industrial Complex	0	0.00	1	8.00	1	23.90
• Others	3	1.01	4	1.40	3	0.43
Total	319	515.49	317	703.19	415	564.43

Source: National Property Information Centre (NAPIC) Note: ^(p) = Preliminary data

Property Market Overview 2022

South Korean manufacturer Samsung SDI Co Ltd is developing a new manufacturing plant with a development sum of RM7

Farm Fresh Bhd (FFB) has acquired an 8.05-acre of industrial land in Seremban to construct its new manufacturing hub for

Hong Seng Consolidated Bhd has issued a letter of intent (LoI) to Invest Negeri Sembilan to form a strategic partnership for developing five parcels of leasehold land in Seremban, Negeri Sembilan measuring approximately 284.75 acres into Malaysia

Metalmach Micro Technology Sdn Bhd (MMT) and Future Hover Industrial Co Ltd (Future Hover) will invest RM1 billion in a

Ajinomoto (M) Bhd (AMB) officially opened its new certified green smart factory on an 18.6-hectare site in Bandar Enstek Halal

In Negeri Sembilan, 317 industrial properties worth RM703.19 million changed hands in 2021, an increase of 36.4% in transaction value compared to its preceding year recorded at RM515.49 million, whereas the transaction volume decreased by 0.6% from 319 units in 2020 to 317 units in 2021. The majority of the categories reported increased value transacted during the same period. The decline in volume was mainly attributed to the fall in vacant plot transactions from 133 units recorded in 2020 to 96 units transacted in 2021.

Subsequently, 415 transactions were recorded with RM564.43 million in Q3/2022; vacant plots recorded the highest share of volume at 168 units (40.5% share), followed by terraced factories/warehouses (34.2% share, 142 units), semi-detached factories/warehouses (19.5% share, 81 units), detached factories/warehouses (4.8% share, 20 units), "others" category of factories (0.7% share, 3 units) and industrial complexes/units (0.2% share, 1 unit).

In terms of transaction value by property types, vacant plots aggregated the highest sum at RM217.35 million in Q3/2022. This is followed by semi-detached factories/warehouses at RM173.94 million, detached factories/warehouses at RM92.57 million, terraced factories/warehouses at RM56.24 million, industrial complexes/units at RM23.90 million and the "others" category of factories at RM0.43 million.

5.2.2 Supply: Existing and Future

Negeri Sembilan: Supply of Industrial Properties by Types, 2020 to Q3/2022

Туре		Existing Supply (No. of Units)	,		Supply Units)
	2020	2021	Q3/2022	Incoming	Planned
Terraced	3,712	3,734	3,734	69	187
Semi-Detached	852	854	872	88	124
Detached	743	747	747	11	287
Flatted Factory	0	0	0	0	0
Industrial Complex	221	221	221	0	0
Cluster	0	0	0	0	0
Total	5,528	5,556	5,574	168	598

Source: National Property Information Centre (NAPIC)

As of Q3/2021, the cumulative supply of existing industrial properties in Negeri Sembilan stood at 5,574, a slight increase of 18 semi-detached units in Seremban from the previous year. The majority of the current supply was contributed by terraced factories (67.0% share, 3,734 units), followed by semi-detached factories (15.6% share, 872 units) and detached factories (13.4% share, 747 units). On the other hand, the bulk of Negeri Sembilan's 766 units in the pipeline were mainly detached factories (38.9% share, 298 units), followed by terraced factories (33.4% share, 256 units) and semi-detached factories (27.7% share, 212 units).

In terms of geographical distribution, the top three districts which represented almost 92% of Negeri Sembilan's existing industrial supply as of Q3/2022 are Seremban (81.0% share, 4,515 units), Jempol (5.6% share, 312 units) and Port Dickson (5.1% share, 282 units). Of the 766 units in the future supply pipeline, the majority of industrial supply is located in Seremban (91.6% share, 684 units), followed by Jempol (8.4% share, 63 units) and Tampin (2.5% share, 19 units) as well.

Negeri Sembilan: Supply of Industrial Prop

District Jelebu Jempol Kuala Pilah Port Dickson Rembau Seremban Tampin Total

Source: National Property Information Centre (NAPIC)

5.2.3 Capital Values

Negeri Sembilan: Selected Industrial Property Transactions in 2022

No.	Location	Property Details	Land Area (acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM million)	Buyer
1	Bandar Baru Enstek, Seremban, Negeri Sembilan	Industrial Land	8.05	FH	30 June 2022	18.2	The Holstein Milk Company (M) Sdn Bhd
2	Sendayan Tech Valley, Sendayan, Negeri Sembilan	Industrial Land	3.97	FH	20 September 2022	7.5	PeterLabs Sdn Bhd

5.2.4 Rental Values

In 2021, the monthly asking rentals for detached factories in Senawang ranged between RM0.90 per sq ft and RM1.30 per sq ft, whereas similar units in Nilai commanded a rental range of RM1.00 per sq ft to RM1.50 per sq ft per month.

6.0 INDUSTRIAL MARKET OUTLOOK

The industrial sector has shown resilience throughout the pandemic, fueled by e-commerce growth and the continued global trend of digitalisation and globalisation, which has benefitted the growth of e-commerce, stimulating the demand for warehouses and logistics space. The buoyant market for logistics services is witnessed by the growing interest in space expansion and active acquisitions by logistics players, Real Estate Investment Trusts (REITs) and Third-Party Logistics (3PL).

The industrial and logistics sectors will remain favourable despite global headwinds due to market uncertainties with ongoing issues such as labour shortages, unstable macroeconomic conditions and geopolitical tensions. Given the fast-paced digitalisation and Industry 4.0 transformation, there is a more significant demand shift from conventional warehouses to high-specification industrial warehouses and facilities supported by the promising outlook in logistics sectors driven by e-commerce growth.

Property Market Overview 2022

pertie	s by District, 2	020 to Q3/2022				
		Existing Supply (No. of Units)	Future Supply (No. of Units)			
	2020	2021	Q3/2022	Incoming	Planned	
	5	5	5	0	0	
	312	312	312	25	38	
	159	159	159	0	0	
	282	282	282	0	0	
	35	35	35	0	0	
	4,469	4,497	4,515	143	541	
	266	266	266	0	19	
	5,528	5,556	5,574	168	598	

Notable industrial property transactions in Negeri Sembilan in 2022 are shown below.

OFFICE MARKET

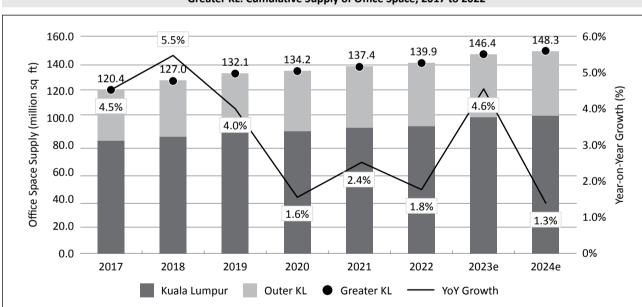
7.0 GREATER KUALA LUMPUR

7.1 Supply: Existing and Future

As of 2022, Greater Kuala Lumpur's office supply amounted to 139.9 million sq ft, a 1.8% year-on-year growth from 137.4 million sq ft in 2021. Collectively, about two-thirds (66.8%, 93.5 million sq ft) of the current total supply is located in Kuala Lumpur (KL), and the remaining (33.2%, 46.4 million sq ft) is in the Outer KL region.

The KL region's office supply observed a 1.5% year-on-year growth in 2022, an addition of 1.4 million sq ft in office space from 92.1 million sq ft in 2021. Notable office completions recorded during this period include Affin HQ @ Tun Razak Exchange (0.62 million sq ft), Pavilion Embassy Corporate Suites (0.41 million sq ft) and the 0.38 million sq ft The Stride Strata Office @ BBCC (Bukit Bintang City Centre).

Meanwhile, 1.1 million sq ft of new office space was added to Outer KL in 2022, a 2.4% growth from 45.3 million sq ft in 2021. Notable additions in 2022 include Menara KWSP @ Kwasa Damansara (0.48 million sq ft) and HCK Tower @ Empire City (0.56 million sq ft).



Greater KL: Cumulative Supply of Office Space, 2017 to 2022

Source: Savills Research

Note: e = estimate

The incoming 8.4 million sq ft of space in Greater KL's office supply pipeline is projected to increase the current office supply to 148.3 million sq ft by 2024, with an expected CAGR of 3.0% between 2022 and 2024. Overall, 86.9% (7.3 million sq ft) of the incoming office supply will be in KL by 2024, with the remaining 1.1 million sq ft in Outer KL.

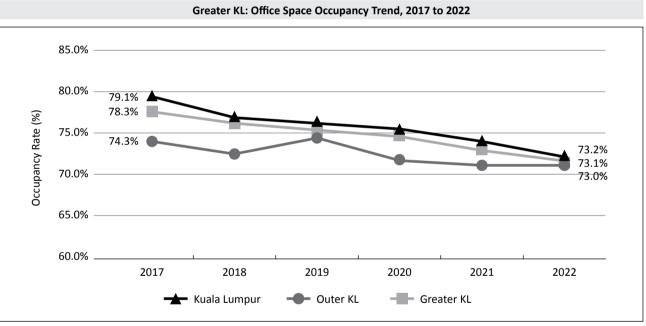
By 2023, Greater KL expects an additional 6.5 million sq ft of new office space, which equates to a 4.6% year-on-year increase from the current supply in 2022. Of this, 6.3 million sq ft of space will be in KL, with the remaining 0.2 million sq ft in Outer KL. Notable incoming office developments in KL include Merdeka 118 (1.65 million sq ft), Corporate Towers & Corporate Suites @ Pavilion Damansara Heights (1.37 million sq ft), TNB HQ @ Jalan Bangsar (0.64 million sq ft) and Senada Offices @ KLGCC (0.20 million sq ft).

Meanwhile, Greater KL will have another 1.9 million sq ft of new office space by 2024, with a supply growth of 1.3% from 2023. Specifically, 1.0 million sq ft of office space is expected in KL, whilst the remaining 0.9 million sq ft will be in the Outer KL region. Notable incoming office supply in 2024 includes Office Towers @ Atwater, Section 13 (0.37 million sq ft) and CP2 @ Sunway South Quay (0.55 million sq ft).

7.2 Occupancy Rates

The Greater KL office market recorded an occupancy rate of 73.1% in 2022, a marginal increase of 0.4% from 72.8% in 2021. In Outer KL, a 73.2% occupancy was recorded in 2022, a slight increase of 3.1% from the 71.0% occupancy observed in 2021. Notable tenant movement in 2022 includes the relocation of KWSP (also known as EPF or Employee's Provident Fund) from its older headquarters at Jalan Raja Laut to the newly completed Menara KWSP @ Kwasa Damansara with 0.48 million sq ft of space.

Overall, encouraging occupancy rates were observed amongst the recently completed office buildings in Greater KL, notably Menara KWSP @ Kwasa Damansara and Menara Affin @ TRX, which both registered over 70% occupancy rates. Occupancy rates are predicted to rise in the near term as leasing activities gain traction in the endemic phase.

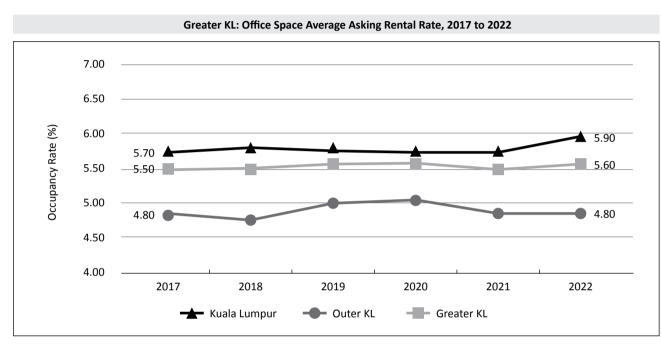


Source: Savills Research

Property Market Overview 2022

7.3 Rental Rates

Marginal changes were noted in Greater KL's rental throughout 2017 to 2022, with an average asking rental rate of RM5.60 per sq ft per month in 2022. Kuala Lumpur recorded the highest average asking rental rate in Greater KL at RM5.90 per sq ft per month. Meanwhile, Outer KL's average asking rental rate in 2022 maintained from 2021, at RM4.80 per sq ft per month.



Source: Savills Research

The sustained office supply growth over the past few years, coupled with weaker demand in the market, especially from the oil and gas sector, has established a tenant-led office market where tenants are able to demand better incentives from landlords in the event they relocate. Landlords are faced with the risks of reduced income streams. They are forced to offer competitive rental rates with generous rental waivers and rent-free periods amidst inflationary pressures and rising business costs.

7.4 Capital Values

The office investment market in Greater KL witnessed the transaction of seven en-bloc offices with a total combined Net Lettable Area (NLA) of about 0.90 million sq ft, for a total combined value of RM710 million in 2022. Three transactions were recorded in the Outer KL region at a total transacted value of RM282 million.

The highest transaction in value was recorded in Q2/2022, with the disposal of Quill 9 to Neo Platinum Berhad, an SPV seeking to securitise real estate, at RM200 million (RM715 psf). Other notable transactions include the acquisition of Bangunan KWSP Kuala Lumpur for RM62 million by TIME DotCom Berhad's wholly owned subsidiary, AIMS Data Centre Sdn Bhd, to expand their operational facilities by repurposing the said building into a data centre. Besides, Q2/2022 also saw the disposal of Bangunan AHP in TTDI (Taman Tun Dr Ismail) by Amanahraya Trustees Berhad for RM86 million.

Greater KL: Major Office Transactions in 2022

Year	Buildings	Region	NLA (sq ft)	Price	Price (RM psf)	Buyer
	Bangunan KWSP Changkat Raja Chulan	KL City	110,524	RM62 mil	RM561	AIMS Data Centre Sdn. Bhd.
	Block N, Jaya One	Outer KL	28,578	RM20 mil	RM696	Luxchem Corporation Berhad
	Bangunan AHP	KL Suburban	96,154	RM86 mil	RM894	Kuala Sentral Point Sdn. Bhd.
2022	Quill 9	Outer KL	279,877	RM200 mil	RM715	Neo Platinum Berhad
	Faber Imperial Court	KL City	141,468	RM245 mil*	n.a.	Achi Jaya Plantations Sdn. Bhd.
	Menara AmFirst	Outer KL	158,450	RM62 mil	RM391	Forever Backup Sdn. Bhd.
	Wisma TM, Taman Desa	KL Suburban	86,000	RM35 mil	RM410	JAG Land Sdn. Bhd.

Source: Savills Research

Note: *Details of the sale include a 398-key Sheraton Imperial hotel and Faber Imperial Court with an NLA of 0.14 million sq ft

8.0 OFFICE MARKET OUTLOOK

A positive outlook is expected in Greater KL's office market, underpinned by increased office leasing activities, albeit in the form of very tenant-friendly deals. Despite the challenges faced due to inflationary pressures on rentals and rising business costs, improvements in occupancy rates were observed in 2022 as the nation transitioned to the endemic phase in 1H/2022. With the election of a new Prime Minister in November 2022, it is hoped that this will improve economic conditions and investor sentiment, which is expected to lead to greater demand for office space from local and foreign companies over time.

In 2022, most corporate occupiers were either back to the office or have moved into hybrid or flexible working arrangements where employees are spending a significant portion of their time in the office compared to the pandemic-affected years of 2020 and 2021; furthermore, with research from Savills and others appearing to confirm that instituting flexible working arrangements does not necessarily lead to proportional reductions in the demand for office space, prospects for the office market are much more optimistic than they were 12 or 24 months ago.

Overall, it is evident that it will take some time to overcome the structural imbalances in the Greater KL office market, and tenants will continue to enjoy favourable leasing conditions in the interim. Flight-to-quality tenant movements and repurposing office buildings as feasible business options are continuously expected. The newly installed government's success or failure is one of the critical factors that will impact the office sector's prospects in the near term.

Property Market Overview 2022

HYPERMARKET SEGMENT

9.0 JOHOR

9.1 Supply: Existing

The cumulative supply of hypermarkets in Johor stood at 5.53 million sq ft as of Q3/2022, unchanged from the total supply registered in 2021.

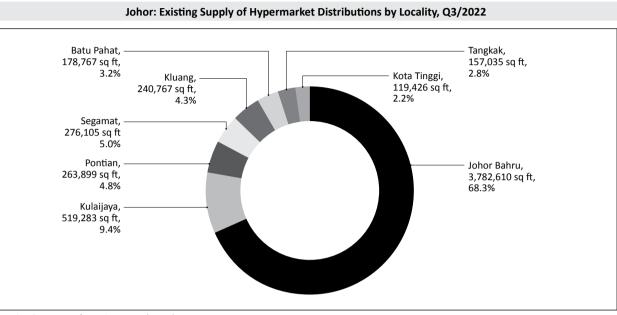
Johor: Existing Supply of Hypermarkets, 2020 to Q3/2022

	2	020	2	021	Q3,	/2022
Locality	No. of Properties	Estimated NLA (sq ft)	No. of Properties	Estimated NLA (sq ft)	No. of Properties	Estimated NLA (sq ft)
Johor Bahru	28	3,782,610	28	3,782,610	28	3,782,610
Kulaijaya	4	519,283	4	519,283	4	519,283
Kota Tinggi	2	119,426	2	119,426	2	119,426
Pontian	3	263,899	3	263,899	3	263,899
Batu Pahat	2	178,767	2	178,767	2	178,767
Muar	0	0	0	0	0	0
Kluang	3	240,767	3	240,767	3	240,767
Mersing	0	0	0	0	0	0
Segamat	4	254,125	4	276,105	4	276,105
Tangkak	1	157,035	1	157,035	1	157,035
Total	47	5,515,912	47	5,537,892	47	5,537,892

Source: National Property Information Centre (NAPIC)

The majority (68.3%) of Johor's current hypermarket supply is located within Johor Bahru, which consists of 28 hypermarkets with a total space of 3.78 million sq ft. This is followed by the locality of Kulaijaya, with four hypermarkets representing 9.4% of Johor's total supply, with an entire space of 519,283 sq ft.

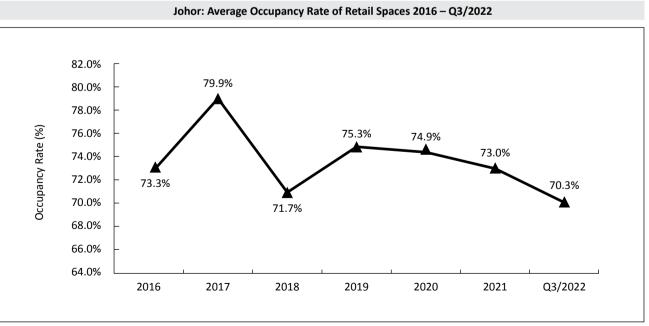
The localities of Segamat, Pontian and Kluang constitute 5.0%, 4.8%, and 4.3% share of the total hypermarket space, respectively, whilst Kota Tinggi, Tangkak, and Batu Pahat collectively host the remaining 8.2% of Johor's hypermarket supply.



Source: National Property Information Centre (NAPIC)

9.2 Occupancy

and Kluang.



Sources: National Property Information Centre (NAPIC)

Property Market Overview 2022

The average occupancy rates of shopping complexes (including shopping centres, arcades, and hypermarkets) in Johor registered a decline from 73.0% in 2021 to 70.3% as of Q3/2022, led by decreases in occupancy rates within the localities of Johor Bahru Batu Pahat

9.3 Rental Rates

Johor: Rental Rates of Selected Hypermarkets, 2021 to 1H/2022

Hypermarket	Floor / Level	Average Floor Area	-	ntal q ft/month)
		(sq ft.)	2021	1H2022
Central Town Prime Area				
AEON BIG	Ground	161 - 969	4.30 - 20.50	4.30 - 20.50
Central Town Secondary Area				
Econsave Taman Kota Emas	Ground	280 - 388	8.60 - 14.30	8.60 - 14.30
Pasaraya Borong NSK	Ground	205 - 2,992	3.00 - 11.90	3.00 - 11.90
	First	474 - 2,723	5.00 - 7.50	5.00 - 7.50
Suburban Prime Area				
Giant Southern City	Ground	226 - 248	8.70 - 20.50	8.70 - 20.50
Giant Tampoi	Ground	108 - 807	3.50 - 34.20	3.50 - 34.20
Aeon Big	Ground	269 - 1,453	3.40 - 10.60	3.40 - 10.60
Suburban Secondary Area				
Pasaraya Pandan	Ground	205 - 291	10.30 - 16.70	10.30 - 16.70
Mydin Pelangi Indah	Ground	258 - 1,496	3.90 - 15.90	3.90 - 15.90
	First	463 - 3,111	4.80 - 17.20	4.80 - 17.20
Lotus's Eco Tropic	Ground	183 - 6,254	2.20 - 18.00	2.20 - 18.00
Lotus's Desa Tebrau	Ground	118 - 1,905	2.40 - 23.90	2.40 - 23.90
	First	108 - 13,100	1.60 - 32.50	1.60 - 32.50
Lotus's Mutiara Rini	Ground	140 - 2,379	2.70 - 32.80	2.70 - 32.80
	First	484	8.60	8.60
Lotus's Seri Alam	Ground	129 - 2,368	2.00 - 28.00	2.00 - 28.00
Lotus's Extra Plentong	Ground	334 - 1,195	2.60 - 5.40	2.60 - 5.40
	First	388 - 1,378	2.80 - 9.20	2.80 - 9.20
Lotus's Bukit Indah	Ground	108 - 1,959	4.70 - 15.50	4.70 - 15.50
	First	538 - 13,067	2.00 - 8.60	2.00 - 8.60
Lotus's Setia Tropika	Ground	194 - 1,292	1.80 - 21.80	1.80 - 21.80
Giant Plentong	Ground	140 - 2,454	7.80 - 53.90	7.80 - 53.90
	First	161 - 3,531	2.00 - 21.70	2.00 - 21.70
Lotus's Kulai	Mezzanine	764 - 2,153	2.00 - 26.80	2.00 - 26.80
	First	409 - 667	4.80 - 7.40	4.80 - 7.40
Econsave Taman Daiman Jaya	Ground	140 - 258	8.50 - 15.50	8.50 - 15.50
Lotus's Parit Raja	First	269 - 1,507	2.10 - 12.00	2.60 - 10.80

Source: National Property Information Centre (NAPIC) & Savills Research

There is no apparent rent growth across the hypermarkets between 2021 and the first half of 2022, with the highest rental attained by Giant Plentong, located within the secondary suburban area, at RM53.90 per sq ft per month. Comparatively, Giant Tampoi in the prime suburban area fetched a lower monthly rental at RM34.20 per sq ft per month.

10.0 KEDAH

10.1 Supply: Existing

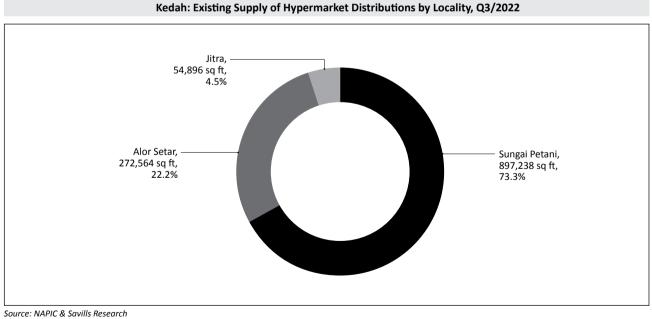
As of Q3/2022, the cumulative space supply of hypermarkets in Kedah was reported at 1.22 million sq ft, a 6.7% increase from the total supply in 2021 attributed to the addition of a Lotus's Hypermarket in Sungai Petani, measuring 126,348 sq ft and a decrease of 49,654 sq ft in Alor Setar's hypermarket supply.

Kedah: Existing Supply of Hypermarkets, 2020 to Q3/2022

Locality	2020		2021		Q3/2022	
	No. of Properties	Estimated NLA (sq ft)	No. of Properties	Estimated NLA (sq ft)	No. of Properties	Estimated NLA (sq ft)
Alor Setar	4	322,788	4	322,218	3	272,564
Sungai Petani	6	770,890	6	770,890	7	897,238
▶ Jitra	1	54,896	1	54,896	1	54,896
KEDAH	11	1,148,574	11	1,148,003	10	1,224,698

Source: National Property Information Centre (NAPIC) & Savills Research

Sungai Petani has the highest supply of hypermarket space, hosting about 73.3% (897,238 sq ft) of Kedah's total hypermarket, followed by Alor Setar (22.2%, 272,564 sq ft) and Jitra (4.5%, 54,896 sq ft) respectively.

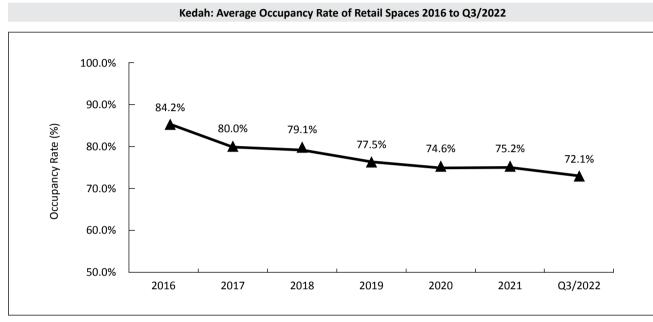


Property Market Overview 2022

Ground-level rental rates in AEON Big, located within the central town prime area, ranged from RM4.30 per sq ft to RM20.50 per sq ft per month. In contrast, in the central town secondary area, ground-level rentals in Econsave Taman Kota Emas held the highest at a rental rate of RM14.30 per sq ft per month, whilst the lowest is in Pasaraya Borong NSK at RM3.00 per sq ft per month.

10.2 Occupancy

As of Q3/2022, the average occupancy rate of the shopping complex in Kedah (inclusive of shopping centres, arcades and hypermarkets) stood at 72.1%, a 4.1% decline from the occupancy rates achieved in 2021. Overall, Kedah's retail occupancy rates have declined by about 14.4% from 84.2% in 2016.



Source: National Property Information Centre (NAPIC)

10.3 Rental Rates

Selected hypermarkets in Kota Setar, Kedah command rental rates within the range of RM1.50 per sq ft to RM18.49 per sq ft per month as of 1H/2022, with ground floor units in Lotus's Merging achieving the highest rental range of RM6.23 per sq ft to RM18.49 per sq ft per month, followed by ground units in Mydin, Kota Setar which was renting within the range of RM6.90 per sq ft to RM15.15 per sq ft per month.

In Kubang Pasu, rental rates of ground floor units in Lotus's Jitra ranged from RM1.90 per sq ft to RM7.50 per sq ft per month, unchanged from the reported figures in 2021.

Hypermarket	Floor / Level	Average Floor Area	Rental Range (RM per sq ft / month)	
		(sq ft.)	2021	1H2022
Kota Setar				
Mydin	Ground	86 - 592	6.90 - 15.10	6.90 - 15.10
Lotus's Mergong	Ground	226 - 646	6.20 - 18.50	6.20 - 18.50
	First	377 - 646	8.40 - 12.70	8.40 - 12.70
Lotus's Stargate	Ground	301 - 1,023	1.50 - 5.00	1.00 - 5.00
Kubang Pasu				
Lotus's Jitra	Ground	592 - 2,260	1.90 - 7.50	1.90 - 7.50

Source: National Property Information Centre (NAPIC) & Savills Research

11.0 HYPERMARKET MARKET OUTLOOK

Malaysia's eventual transition into the endemic phase has shored up consumer sentiment during the first quarter of 2022, as reflected in its Consumer Sentiment Index (CSI) of 108.9 points, a remarkable 12.0% q-o-q increase from 97.2 points registered in Q4/2021. However, as of Q3/2022, the consumer sentiment index decreased to 98.4 points, driven mainly by uncertainties in the domestic and global economy, with many financial experts predicting a possible recession in 2023.

As the Department of Statistics Malaysia (DOSM) reported, total retail sales in Malaysia increased by 24.2% year on year (y-o-y) to RM542.9 billion in the first ten months of 2022. Retail sales in supermarkets or convenience stores and personal items (i.e., clothing, beauty & wellness, and household equipment) contributed the largest share in total sales value.

Amongst others, the recent announcement on the increase of GST from 7% to 8% by the Singaporean government is likely to encourage more retail spending in Johor, which will, directly and indirectly, benefit the hypermarket sector driven by demand from Singaporeans and Malaysians working in Singapore.

The supermarket and hypermarket segment are expected to continue to have strong demand from consumers, in tandem with the reduced frequency of eating out and purchasing big-ticket items, given the reduced spending power due to rising inflationary pressures and price hikes on goods and services. Also, consumers are expected to carry on cooking more at home, a habit which was likely adopted during the Pandemic of the recent past.

Property Market Overview 2022

ESG PERFORMANCE DATA

Economic Performance Data

Performance Indicators	2020	2021	2022
Tenant Satisfaction			
Overall Hello Axis Service Request Satisfaction Rating	4.32	4.32	4.22
Hello Axis Service Request Satisfaction Rating by Building Type			
Multi-tenant	3.96	4.11	4.44
Single-tenant	4.67	4.53	4.00
Annual Tenant Satisfaction Survey Score (Average)	7.40	7.31	7.49
Occupancy Rate (%)	91	96	95
Quality Assets & Services - New Acquisitions			
Number of Due Diligence Exercises Conducted	5	2	2
Responsible Supply Chain Management			
Local Suppliers			
Total Procurement Spent on Local Suppliers (RM million)	11.4	19.4	57.3
Percentage Spent on Local Suppliers (%)	100	100	100
Supplier Training			
Total Number of Training Programmes Offered to Suppliers	18	15	31
Total Number of Attendees	98	148	396
Total Number of Training Hours	54	45	93
Screening of Suppliers against ESG Criteria (%)	-	100	100

Environmental Performance Data

Performance Indicators	2020	2021	2022
Total Common Area (sq. ft)	909,811	909,811	914,849
Energy & Carbon Footprint			
Energy Consumption			
Total Energy Consumption (MJ)	13,780,129	13,812,083	14,195,516
Fuel Consumption (MJ)	-	51,177	44,069
Purchased Electricity (MJ)	13,780,129	13,760,906	14,151,447
Energy Intensity (MJ/sq. ft)	15.15	15.18	15.52
GHG Emissions			
Total Scope 1 and Scope 2 Emissions (tCO ₂ eq)	2,565	2,565	2,637
Scope 1 Emissions (tCO ₂ eq/L)	-	4	3
Scope 2 Emissions (tCO ₂ eq/kWh)	2,565	2,561	2,634
GHG Emissions Intensity (tCO ₂ eq/sq. ft)	0.00282	0.00282	0.00288
Water Management			
Total Water Consumption (m ³) ¹	77,413	61,670	97,649
Water Intensity (m³/sq. ft)	1.28	1.06	1.49

Note:

1. The source of water withdrawal is municipal potable water

Environmental Performance Data		
Performance Indicators		
Waste Management		
Total Waste Disposed to Landfill (kg)		
Total Waste Diverted from Disposal (kg)		
Paper		
Glass/Metal/Aluminium		
Plastic		
E-waste		
Percentage Waste Diverted from Disposal (%)		
Total Construction Waste Reused/Recycled (kg)		

Social Performance Data

Performance Indicators
Occupational Health and Safety
Workplace Injury Cases
Fatalities
Lost Time Injuries
Restricted Work Cases/Medical Treatment
First Aid
Lost Time Incident Rate
Workplace Non-injury Cases
Fire/Explosion
Property/Equipment Damage
Environmental Pollution
Summons Received
Non-compliance Incidents/Fines
Non-compliance with HSE Policy
Non-compliance with applicable laws and regulations
Amount in fines incurred for regulatory non-compliance
Absentee Rate by Gender (%)
Female
Male
Talent Development
Total Training Hours
Total Training Hours by Gender
Female
Male
Total Training Hours by Employment Category
Senior Management
Middle Management
Executive
Non-Executive

ESG Performance Data

2020	2021	2022
2020	LULI	2022
-	-	964,010
-	900	35,754
-	438	19,768
-	184	7,421
-	196	4,284
-	82	4,281
-	-	3.71
-	-	5,301,650

	2020	2021	2022
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
	0	0	0
e (RM)	0	0	0
	1.00	0.91	1.04
	1.00	1.04	2.50
	317.0	425.5	657.7
	185.0	276.0	289.1
	132.0	149.5	368.6
	96.0	234.0	236.5
	32.0	52.0	83.0
	134.0	132.5	277.0
	55.0	7.0	61.2

ESG Performance Data

Social Performance Data

Tailent Development	Performance Indicators	2020	2021	2022
Average Training Hours pr Employee4.05.66.4Average Training Hours by Gender3.33.03.0Average Training Hours by Employment Category8.73.33.1Average Training Hours by Employment Category3.03.07.5Ander Akongement3.03.07.5Middle Monagement3.03.07.5Non-Securive3.01.001.00Employees needwing Performance and Career Development Reviews by Gender (%)1.001.00Deversity Endormance and Career Development Reviews by Gender (%)1.001.00Securive1.001.001.00Deversity Endormance and Career Development Reviews by Gender (%)1.001.00Securive1.001.001.00Deversity Endormance and Career Development Reviews by Gender (%)1.001.00Securive1.001.001.00Middle Monagement1.001.001.00Middle Monagement1.001.001.00Midde Monagement1.001.001.00Kende1.001.001.00Made1.001.001.00Made1.001.001.00Nor-Securive1.001.001.00Securit1.001.001.00Securit1.001.001.00Securit1.001.001.00Securit1.001.001.00Securit1.001.001.00Securit <t< td=""><td></td><td></td><td></td><td></td></t<>				
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≤3085530-50262928				
<i>30-50</i> 26 29 28		8	5	5

Performance Indicators	2020	2021	20
Diversity & Inclusion			
Non-Executive			
≤30	4	4	
30-50	15	16	
≥50	8	8	
Percentage of Employees Who Are Contractors or Temporary Employees (%)	6	7	
New Hires by Gender (%)			
Female	1²	0	
Male	5	3	
New Hires by Age Group (%)			
≤30	4 ²	0	
30-50	3 ²	3	
≥50	0	0	
Turnover Rate by Gender (%)			
Female	0	1	
Male	0	5	
Turnover Rate by Age Group (%)			
≤30	0	1	
30-50	0	1	
≥50	0	4	
Total Number of Employees Taking Parental Leave Entitlements by Gender			
Female	2	1	
Male	1	1	
Ratio of Basic Salary and Remuneration of Male to Female Employee by Employee Category			
Senior Management	1:1	1:1	
Middle Management	1:1	1:1	
Executive	1:0.8	1:0.8	1:
Non-Executive	1:0.7	1:0.8	1:
Community Activity & Partnership			
Community Investment (RM)	100,000	200,000	192,9

ESG Performance Data

ESG Performance Data

Governance Performance Data

Performance Indicators	2020	2021	2022
Business Ethics			
Number of Compliance Breaches or Misconduct	0	0	0
Number of Whistleblowing Reports or Complaints Received	0	0	0
Percentage of Employees who Attended Anti-bribery and Corruption-related Training (%)	100	-	100
Cybersecurity and Data Protection			
Incidents of Cybersecurity Breaches	1	0	0
Number of Substantiated Complaints Concerning Breaches of Privacy and Losses of Personal Data	0	0	0

FREQUENTLY ASKED QUESTIONS (FAQ)

How often does Axis-REIT make an income distribution?

Since 1 January 2009, Axis-REIT has changed its income distribution policy from semi-annual payments to guarterly payments that are payable within one month from the book closure date. In the event of an IDRP being applied in conjunction with an income distribution, the income distribution will be paid no later than five market days after one month from the book closure date. However, in certain circumstances such as the issuance of new Units by Axis-REIT during the year, it may be necessary for a special income distribution to be declared and paid at a different period in order to attribute income distribution to existing Unitholders. This is to avoid any dilution as a result of the enlarged Unitholders' capital.

How is this income distribution paid?

Payments are made via direct credit/cheques to each Unitholder with an attached Distribution Tax Voucher detailing the entitlement and the gross/net amount payable.

• Are there different types of income distributions?

Yes. At the Fund level, the source from which income is distributed could be derived from:

- a. The current year's realised income before taxation;
- b. The current year's tax-exempt income, if any;
- c. A portion of 'Accumulated Retained Earnings' that has been taxed;
- d. A portion of 'Accumulated Retained Earnings' that consists of tax-exempt income.
- What is the tax treatment of Unitholders?

Pursuant to the amended Section 109D (2) of the Income Tax Act, 1967 under the Finance Act 2009 which was gazetted on 8 January 2009, the following withholding tax rates would be applicable on the distribution of income which is tax-exempt at Axis-REIT's level:

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

Withholding tax rate

Type of Unitholder	2020	2021	
Resident corporate	Nil^	Nil^	
Resident non-corporate	10%	10%	
Non-resident individual	10%	10%	
Non-resident corporate	24%	24%	
Non-resident institution	10%	10%	

^ Resident corporate Unitholders will enjoy tax transparency but will be subject to the prevailing corporate tax rate.

How do I calculate my distribution?

2022 Nil^ 10% 10% 24% 10%

The total income distribution for the financial year 2022, was 9.75 sen per Unit, of which 2.18 sen was derived from the utilisation of capital allowances, industrial building allowances and tax-exempt profit income, which is not subject to tax.

	Assumption: 10,000 Axis-REIT Units		
Type of Unitholder	Gross distribution (RM)	Net distribution to Unitholders after deduction of withholding tax (RM)	
Resident corporate*	975.00	975.00	
Resident non-corporate	975.00	899.30	
Non-resident individual	975.00	899.30	
Non-resident corporate	975.00	793.32	
Non-resident institution	975.00	899.30	

* Resident corporate Unitholders will enjoy tax transparency but will be subject to the prevailing corporate tax rate.

What is my net distribution yield for 2022?

For the financial year 2022, the total distribution was 9.75 sen per unit.

Type of Unitholder	Net distribution yield based on IPO price of RM0.625*	Net distribution yield based on closing price of RM1.79 on 31 December 2022
Resident corporate	15.60%	5.45%
Resident non-corporate	14.39%	5.02%
Non-resident individual	14.39%	5.02%
Non-resident corporate	12.69%	4.43%
Non-resident institution	14.39%	5.02%

* Restated from RM1.25 to reflect the Unit Split.

Where can a Unitholder view the Deed of Axis-REIT?

The Deed is available for inspection during ordinary business hours at the principal place of business of the Manager and at the principal place of business of the Trustee.

Frequently Asked Questions (FAQ)

What is the total number of Axis-REIT Units currently in issue?

A total of 1,641,054,038 Units were in circulation as at 31 December 2022.

How can new Units be issued?

The Manager may, from time to time, recommend an increase in the number of Units by way of a rights or bonus issue to existing Unitholders in proportion to their holdings of Units, or by way of placement to any person, as consideration for their subscription or such other methods as may be permitted under the SC's Guidelines on Listed REITs. The issuance of new Units is an avenue for Axis-REIT to finance acquisitions or to balance the financing-equity matrix of the Fund.

Any issuance of new Units in Axis-REIT will be subject to the prior approval of the Trustee and Unitholders in the manner stipulated in the Deed, and subject to the applicable laws and requirements.

What are my rights as a Unitholder?

> The key rights of Unitholders include rights to receive income and other distributions attributable to the Units held, receive the fund reports of Axis-REIT, and participate in the termination of Axis-REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Axis-REIT less any liabilities, in accordance with their proportionate interests in Axis-REIT. Unitholders are also entitled to vote on resolutions tabled at meetings of Unitholders.

How can the Deed be amended?

> Any amendment to the Deed involving a material change to the investment objectives of Axis-REIT, or materially or adversely affecting the rights of the Unitholders, may only be approved by a resolution of not less than two-thirds (2/3) of the Unitholders passed at a meeting of Unitholders duly convened and held in accordance with the Deed. In cases where any amendment to the Deed does not require Unitholders' approval, no amendment may be made to the Deed unless the Trustee and the Manager certify, in their opinion, that the amendment does not materially prejudice the interests of Unitholders and does not operate to release (to any material extent) the Trustee or the Manager from any responsibility to the Unitholders.

When does Axis-REIT need to hold its AGM?

The AGM of Axis-REIT shall be held once in every calendar year within 4 months of the Fund's financial year end, and not more than 15 months after the last preceding AGM was held. At the AGM, the Manager shall lay before the Unitholders, the annual audited

financial statements of Axis-REIT made up to a date not more than four months before the date of the AGM.

Who may convene a meeting of Unitholders?

Either the Trustee or the Manager may convene a meeting of Unitholders at any time, subject to the provisions of the Deed. Unitholders may requisite for a meeting of Unitholders by submitting to the Manager an application to be made by not fewer than 50, or one tenth, whichever is lesser, of all Unitholders. Subject to the provisions of the Deed, the Manager will have to convene a meeting of Unitholders within 21 days after such requisition is submitted to the Manager at its registered office.

Can the Manager vote at Unitholders' meetings of Axis-REIT?

No, unless it is a meeting held for the proposed removal of the Manager. However, related parties (as defined in the Deed) of the Manager may vote, provided that they have no interest in the outcome of the transaction laid before the meeting for approval (which is different from the interests of other Unitholders).

Why was Axis-REIT reclassified into an Islamic REIT?

Axis-REIT was reclassified into an Islamic REIT:

- a. To widen its investor base to include local Islamic funds and also to develop investor interest from foreign Islamic funds;
- b. To expedite its asset growth with new strategic partners; and
- c. To become the first Office/Industrial REIT on a global platform which complied with the SC's Guidelines on Islamic REITs at that time.

What are the salient compliance requirements of an Islamic REIT pursuant to the SC's ICMPS Guidelines?

The salient compliance requirements are that:

- a. Rental obtained from non-compliant activities must not exceed the 20% benchmark as determined by the Shariah Advisory Council (SAC) of the SC;
- b. An Islamic REIT is not permitted to own real estate in which all the tenants operate Shariah non-compliant activities even if the percentage of rental based on turnover is below the 20% benchmark;
- c. All forms of investments, deposits and financing instruments of an Islamic REIT must comply with the Shariah principles; and
- d. An Islamic REIT must use Takaful schemes to insure its real estate, unless Takaful is not available or commercially viable.

Is an Islamic REIT permitted to own (purchase) real estate in which the tenant(s) operate(s) mixed activities that are compliant and non-compliant according to the Shariah principles?

An Islamic REIT is permitted to own (purchase) real estate in which its tenant(s) operate(s) mixed activities that are compliant and non-compliant, according to Shariah principles. However, the management company of the Islamic REIT must perform some additional compliance assessments before acquiring real estate that has tenant(s) that operate(s) mixed activities.

What are non-permissible activities?

> Rental activities that are classified as non-permissible as determined by the SAC are:

- (a) conventional banking and lending;
- (b) conventional insurance;
- (c) gambling;
- (d) liquor and liquor-related activities;
- (e) pork and pork-related activities:
- (f) non-halal food and beverages;
- (g) tobacco and tobacco-related activities;
- (h) stockbroking or share trading in Shariah non-compliant securities;
- Shariah non-compliant entertainment; and
- other activities deemed non-compliant according to Shariah (i) principles.
- Must Axis-REIT comply with additional requirements prescribed by the SC for Islamic REITs?

Yes. Previously, the SC's Guidelines on Listed REITs essentially provided Shariah guidance on the investment and business activities of Islamic REITs. On 28 November 2022, the SC consolidated all the existing Shariah requirements which were previously set out in various SC guidelines, into one single regulatory document i.e. the ICMPS Guidelines, to govern those offering Islamic capital market products and services. The Shariah requirements had been removed from the SC's Guidelines on Listed REITs and Axis-REIT must comply with the ICMPS Guidelines effective from 28 November 2022 onwards.

Frequently Asked Questions (FAQ)

GLOSSARY

<ir></ir>	Framework International <ir> Framework</ir>
AEIs	Asset Enhancement Initiatives
AFM	Axis Facilities Management Sdn Bhd
AGM	Annual General Meeting
ARMB or the Manager	Axis REIT Managers Berhad, being the Manager of Axis-REIT
Axis-REIT/the Fund/the Trust	Axis Real Estate Investment Trust
Bursa Securities	Bursa Malaysia Securities Berhad
CDS	Central Depository System
Deed	The Fourth Principal Deed dated 17 January 2020 executed between the Trustee and the Manager constituting Axis-REIT
DPU	Distribution per Unit
ESG	Environmental, Social and Governance
FYE	Financial Year Ended/Ending
GDP	Gross Domestic Product
GHG	Greenhouse Gases
Financing ratio	Financing to Total Assets
IAR2022	Integrated Annual Report 2022
IDRP	Income Distribution Reinvestment Plan
Islamic REITs	REITs that comply with the applicable Shariah principles, concepts and rulings endorsed by the SAC
MER	Management Expense Ratio
NAV	Net Asset Value
NLA	Net Lettable Area, which consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building
p.a.	Per annum
Property Manager	Axis Property Services
Q	Quarter
REIT(s)	Real Estate Investment Trust(s)
RM and sen	Ringgit Malaysia and sen, respectively
SAC	Shariah Advisory Council
SC	Securities Commission Malaysia
SC's Guidelines on Islamic Capital Market Products and Services/ICMPS Guidelines	Guidelines on Islamic Capital Market Products and Services issued by the SC on 28 November 2022, as may be amended from time to time
SC's Guidelines on Listed REITs	Guidelines on Listed Real Estate Investment Trusts issued by the SC on 15 March 2018, as may be amended from time to time
TCFD	Task Force on Climate-related Financial Disclosures
Trustee of Axis-REIT/the Trustee	RHB Trustees Berhad, being the Trustee of Axis-REIT
Unit(s)	Undivided interest(s) in Axis-REIT as constituted by the Deed
Unit Split	Subdivision of every one existing Unit into two Units that was completed on 9 September 2015
Unitholder(s)	Holder(s) of the Units
WALE	Weighted Average Lease Expiry

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh (11th) Annual General Meeting (AGM) of Axis Real Estate Investment Trust (Axis-REIT) will be convened and held on a virtual basis through live streaming and online remote voting from the broadcast venue, Boardroom, Penthouse, Menara Axis, No. 2, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 20 April 2023 at 10.00 a.m. (Malaysia time), for the following purposes:

ORDINARY BUSINESS

To receive the Audited Financial Statements for the financial year ended 31 December 2022 of Axis-REIT together with the Reports attached thereon.

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions of Axis-REIT:

ORDINARY RESOLUTION NO. 1 PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW UNITS IN AXIS-REIT (UNITS) OF UP TO 20% OF THE TOTAL NUMBER OF UNITS ISSUED IN AXIS-REIT, TO FACILITATE A PLACEMENT EXERCISE (PROPOSED RENEWAL OF AUTHORITY)

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), and subject to requisite approvals being obtained, approval be hereby given to the Directors of Axis REIT Managers Berhad (Manager) to allot and issue new Units, to facilitate Axis-REIT in raising funds via a placement exercise (Proposed Placement), at any time to any such persons, upon such terms and conditions as they may, in their absolute discretion, deem fit and in the best interest of Axis-REIT, provided that the aggregate number of new Units to be issued pursuant to this resolution, when aggregated with the number of Units issued during the preceding 12 months, does not exceed 20% of the total number of Units issued in Axis-REIT;

THAT such authority, once renewed, shall continue to be in force until:

- (i)
- (ii)

whichever is the earliest;

THAT such new Units to be issued under the Proposed Placement (Placement Units) shall, upon allotment and issue, rank equally in all respects with the Units already in existence except that the Placement Units will not be entitled to any distributable income, right, benefit, entitlement and/ or any other distribution that may be declared, made or paid before the date of allotment and issue of the Placement Units;

AND THAT authority be and is hereby given to the Directors of the Manager and RHB Trustees Berhad (Trustee) (acting for and on behalf of Axis-REIT), to give effect to the Proposed Renewal of Authority including but not limited to the creation of the requisite new Units and with full powers to assent to any condition, modification, variation, arrangement and/or amendment in relation to the Proposed Renewal of Authority as they may deem fit in the best interest of Axis-REIT and/or as may be imposed by the relevant authorities AND FURTHER THAT the Directors of the Manager and the Trustee (acting for and on behalf of Axis-REIT), are to implement, finalise, complete and do all such acts and things (including executing such documents as may be required) in relation to the Proposed Renewal of Authority."

the conclusion of the next AGM of Axis-REIT following this AGM where the Proposed Renewal of Authority is passed, at which time the authority will lapse, unless by a resolution passed by the Unitholders at that AGM, such authority is renewed; or the Proposed Renewal of Authority is revoked or varied by a resolution passed by the Unitholders at a Unitholders' meeting,

Notice of Eleventh Annual General Meeting

ORDINARY RESOLUTION NO. 2

PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE UP TO 120,664,323 NEW UNITS IN AXIS-REIT FOR THE PURPOSE OF THE INCOME DISTRIBUTION REINVESTMENT PLAN (IDRP) THAT PROVIDES THE UNITHOLDERS OF AXIS-REIT THE OPTION TO REINVEST THEIR INCOME DISTRIBUTION IN NEW UNITS (PROPOSED RENEWAL OF IDRP AUTHORITY)

"THAT pursuant to the approval from the Unitholders obtained on 21 August 2015 for, among others, the renewal of the authority to allot and issue new Units for the purpose of the IDRP, approval be and is hereby given for the renewal of the authority for the Board to allot and issue new Units from time to time pursuant to the IDRP upon such terms and conditions as they may, in their absolute discretion, deem fit and in the best interest of Axis-REIT, provided that the aggregate number of the new Units to be issued pursuant to this resolution does not exceed 120,664,323 new Units;

THAT such authority, once renewed, shall continue to be in force until:

- the conclusion of the next AGM of Axis-REIT following this AGM where the Proposed Renewal of IDRP Authority is passed, at which time the (i) authority will lapse, unless by a resolution passed by the Unitholders at that AGM, such authority is renewed; or
- (ii) the Proposed Renewal of IDRP Authority is revoked or varied by a resolution passed by the Unitholders at a Unitholders' meeting,

whichever is the earliest;

THAT such new Units to be issued under the Proposed Renewal of IDRP Authority shall, upon allotment and issue, rank equally in all respects with the Units already in existence except that the Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distribution that may be declared, made or paid before the date of allotment and issue of such Units;

AND THAT authority be and is hereby given to the Directors of the Manager and the Trustee (acting for and on behalf of Axis-REIT), to give effect to the Proposed Renewal of IDRP Authority including but not limited to the creation of the requisite new Units and with full powers to assent to any condition, modification, variation, arrangement and/or amendment in relation to the Proposed Renewal of IDRP Authority as they may deem fit in the best interest of Axis-REIT and/or as may be imposed by the relevant authorities AND FURTHER THAT the Directors of the Manager and the Trustee (acting for and on behalf of Axis-REIT), are to implement, finalise, complete and do all such acts and things (including executing such documents as may be required) in relation to the Proposed Renewal of IDRP Authority."

By Order of the Board of AXIS REIT MANAGERS BERHAD (200401010947 (649450-W)) Management company of Axis Real Estate Investment Trust

Rebecca Leong Siew Kwan Chartered Secretary (SSM PC No. 202008000587) (MAICSA 7045547)

Petaling Jaya 28 February 2023

Notes

- (1) A Unitholder shall be entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at any meeting of Unitholders and shall be entitled to appoint up to 2 persons, whether a Unitholder or not, as its proxy to attend and vote. As the 11th AGM will be conducted on a virtual basis, an individual Unitholder who is unable to attend and vote via the Remote Participation and Electronic Voting facilities, at the AGM, can appoint the Chairman of the meeting as his/her proxy.
- (2) Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at the meeting and shall be entitled to appoint up to 2 persons (whether a Unitholder or not) as its proxy to attend and vote.
- If the Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (Authorised Nominee), it may appoint at least 1 proxy (but no more (3) than 2) in respect of each securities account it holds with units of Axis-REIT (Units) standing to the credit of the said securities account
- If the Unitholder is an exempt Authorised Nominee which holds Units for multiple beneficial owners in 1 securities account (Omnibus Account), there is no limit to the number of proxies (4) which the exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (5) The proxy(ies) so appointed by a corporate Unitholder, an Authorised Nominee or an exempt Authorised Nominee need not be the Chairman of the meeting But where 2 proxies are appointed, the appointment shall be invalid unless the proportions of holdings to be represented by each proxy are specified in the Instrument of Proxy. (6)
- (7) Only a depositor whose name appears in the Record of Depositors of Axis-REIT as at 13 April 2023 shall be reaarded as a Unitholder and entitled to attend, speak (in the form of realtime submission of typed-texts) and vote at the 11th AGM or appoint proxy(ies) in the manner as indicated above.
- The Instrument of Proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Instrument of Proxy must (8) be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- To be valid, the original Instrument of Proxy duly completed and signed must be deposited at the office of the Registrars at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay (9) Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting (facsimile copy or soft copy of the Instrument of Proxy would be disregarded).

Additional Information:

Please refer to the Administrative Guide for Unitholders which is available on the corporate website of Axis-REIT at https://www.axis-reit.com.my/investor/agm.php for more details of the virtual 11th AGM. The Instrument of Proxy is also available for download from the same link.

EXPLANATORY NOTES ON:

Ordinary Business

There shall be no voting on the Ordinary Business of this AGM given that the laying of the Audited Financial Statements for the financial year ended 31 December 2022 of Axis-REIT together with the Reports attached thereon, before the Unitholders at this AGM is meant for discussion only. This is in accordance with Paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

Other than the aforesaid Ordinary Business, there is no other ordinary business to be transacted at this AGM.

Special Business – Ordinary Resolution No. 1 : Proposed Renewal of Authority

- (a) 20% of the total number of Units issued in Axis-REIT.
- financial headroom for future investments.

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The Manager proposes to renew the authority to allot and issue up to 20% of the total number of Units issued in Axis-REIT, to facilitate Axis-REIT in raising funds via the Proposed Placement. The Proposed Renewal of Authority will empower the Directors with the flexibility to allot and issue new Units at any time via the Proposed Placement to any such persons, upon such terms and conditions as they may, in their absolute discretion, deem fit and in the best interest of Axis-REIT, provided that the aggregate number of new Units to be issued pursuant to the Proposed Renewal of Authority, when aggregated with the number of Units issued during the preceding 12 months, does not exceed

The Directors of the Manager had implemented a placement exercise pursuant to the general mandate, which was procured and approved by the Unitholders at the Tenth AGM of Axis-REIT convened and held on 28 April 2022, where 100,000,000 new Placement Units were issued and listed on Bursa Securities on 4 January 2023. The proceeds raised from this placement exercise were utilised to partly repay Axis-REIT's existing bank financing (including finance cost payable), which were taken up to finance acquisitions of real estate and also to provide

Notice of Eleventh Annual General Meeting

- (c) With the Proposed Renewal of Authority, delays and further costs involved in convening separate Unitholders' meetings to approve such issue of new Units to raise funds can be avoided. The Manager will have the flexibility to raise funds via the Proposed Placement for Axis-REIT, as and when such need arises. The proceeds, after deducting the estimated expenses, to be raised from the issuance of the Placement Units, may be used, at the Directors' absolute discretion, for:
 - (i) repayment of Axis-REIT's existing bank financing (including finance cost payable), which are taken up to finance acquisitions of real estate;
 - (ii) future investments;
 - (iii) capital expenditure, including development costs; and
 - (iv) working capital purposes.

Special Business - Ordinary Resolution No. 2 : Proposed Renewal of IDRP Authority

- (a) The Manager proposes to renew the authority to allot and issue up to 120,664,323 new Units, representing approximately 6.93% of the existing issued fund size of Axis-REIT of 1,741,054,038 Units, for the purpose of the IDRP. The Proposed Renewal of IDRP Authority will empower the Directors with the flexibility to allot and issue new Units at any time under the IDRP, provided that the aggregate number of Units to be issued pursuant to the Proposed Renewal of IDRP Authority does not exceed 120,664,323 new Units.
- (b) The Unitholders had, at the Tenth AGM of Axis-REIT convened and held on 28 April 2022 approved, among others, the authority to allot and issue up to 127,194,246 new Units pursuant to the IDRP. Axis-REIT had applied the IDRP to the first interim income distribution for the period from 1 January 2022 to 31 March 2022 (2022 First Interim Income Distribution) which was declared on 20 April 2022 (2022 IDRP) where a total of 6,529,923 new Units were issued under the 2022 IDRP on 15 June 2022. The new Units issued pursuant to the 2022 First Interim Income Distribution were listed on the Main Market of Bursa Securities on 16 June 2022.
- (c) Taking into account the 6,529,923 Units which had been issued under 2022 IDRP in conjunction with the 2022 First Interim Income Distribution, the remaining number of new Units that can be allotted and issued pursuant to the Proposed Renewal of IDRP Authority will be up to 120,664,323 new Units, subject to the Unitholders' approval being obtained at the forthcoming AGM for the Proposed Renewal of IDRP Authority.
- (d) The proceeds raised from the 6,529,923 Units which had been issued under the 2022 IDRP in conjunction with the 2022 First Interim Income Distribution (after deducting the related issuing expenses), were utilised to refurbish and/or renovate the properties of Axis-REIT.
- (e) Any proceeds to be raised from the issuance(s) of new Units pursuant to the Proposed Renewal of IDRP Authority, if such authority is renewed at the forthcoming AGM, shall be utilised for the following purposes:
 - (i) Asset enhancement initiatives, which include the refurbishment and/or renovation of properties as well as payment of premiums/ considerations for the extension of lease periods of leasehold properties and leases in the portfolio of Axis-REIT; and/or
 - (ii) any other purpose that the Manager and the Trustee deem fit and in the best interest of the Unitholders.

Personal Data Notice

Axis REIT Managers Berhad, being the management company of Axis-REIT is committed to ensure the processing of personal data by us is in accordance with the Personal Data Protection Act 2010. The personal data processed by us may include your name, contact details, mailing address, any other personal data derived from any documentation and such other necessary data regarding yourself and/or your dealings with us. Your personal data may be collected from information you may have provided us, information from third parties and information in the public domain. We may use or disclose your personal data to any person we may engage for the purpose of the issuance of the Notice of AGM, processing of the Instrument of Proxy, convening of the AGM of Axis-REIT and for any other purposes that is required or permitted by any law, regulations, guidelines and/or relevant regulatory authorities.

For more information regarding the use of your personal data by us, please read our Privacy Notice which is available on Axis-REIT's website at www.axis-reit.com.my.

RE	AL
(A real estate investm	ner

Contact No.:

INSTRUMENT OF PROXY

Central Depository System Account No.	No. of Units held in Axis-REIT
Contact No	
et (Avie DEIT) hereby appoints the following:	

*I/We (full name of individual/corporation) *MyKad/Passport No./Registration No Email address
of (address)
being a Unitholder of Axis Real Estate Investment Trust (Ax
Full Name (In block letters):
Address:

*OR failing him/her / AND,

Full Name (In block letters):		MyKad/Passport No.:	Proportion of Unitholdings	
			No. of Units	Percentage (%)
Address:				
Email address: Contact No.:				

or failing him/her, *the Chairman of the meeting, as my/our proxy/proxies to attend, speak (in the form of real-time submission of typed-texts) and vote for me/us on my/our behalf at the Eleventh Annual General Meeting (11th AGM) of Axis-REIT to be convened on a virtual basis through live streaming and online remote voting at the broadcast venue at Boardroom, Penthouse, Menara Axis, No. 2, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 20 April 2023, at 10.00 a.m. (Malaysia time), or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following ordinary resolutions:

VOTING INSTRUCTIONS

NO.	RESOLUTION
Ordinary Resolution No. 1	Proposed Renewal of Aut
Ordinary Resolution No. 2	Proposed Renewal of IDF

Please indicate with an "X" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he/she thinks fit.

Dated this day of 2023

* Strike out whichever is not desired.



nt trust constituted under the laws of Malaysia)

xis-REIT) hereby appoints the following:

MyKad/Passport No.:	Proportion of Unitholdings	
	No. of Units	Percentage (%)

	FOR	AGAINST
thority		
RP Authority		

.....

Signature of Unitholder OR Common Seal

Notes:

- (1) A Unitholder shall be entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at any meeting of Unitholders and shall be entitled to appoint up to 2 persons, whether a Unitholder or not, as its proxy to attend and vote. As the 11th AGM will be conducted on a virtual basis, an individual Unitholder who is unable to attend and vote via the Remote Participation and Electronic Voting facilities, at the AGM, can appoint the Chairman of the meeting as his/her proxy.
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- (4) If the Unitholder is an exempt Authorised Nominee which holds Units for multiple beneficial owners in 1 securities account (Omnibus Account), there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

- (5) The proxy(ies) so appointed by a corporate Unitholder, an Authorised Nominee or an exempt Authorised Nominee need not be the Chairman of the meeting.
- (6) But where 2 proxies are appointed, the appointment shall be invalid unless the proportions of holdings to be represented by each proxy are specified in the Instrument of Proxy.
- (7) Only a depositor whose name appears in the Record of Depositors of Axis-REIT as at 13 April 2023 shall be regarded as a Unitholder and entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at the 11th AGM or appoint proxy(ies) in the manner as indicated above.
- (8) The Instrument of Proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Instrument of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (9) To be valid, the original Instrument of Proxy duly completed and signed must be deposited at the office of the Registrars at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting (facsimile copy or soft copy of the Instrument of Proxy would be disregarded).

Additional Information:

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AFFIX STAMP

Management Company of Axis Real Estate Investment Trust Axis REIT Managers Berhad c/o Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan Malaysia

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Axis REIT Managers Berhad (200401010947 (649450-W)) As the Manager of Axis-REIT

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