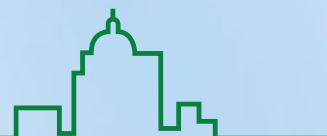




GROWING TODAY SHAPING TOMORROW

Integrated Annual Report
2023



12th

ANNUAL GENERAL MEETING



VIRTUAL to be broadcast from:

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

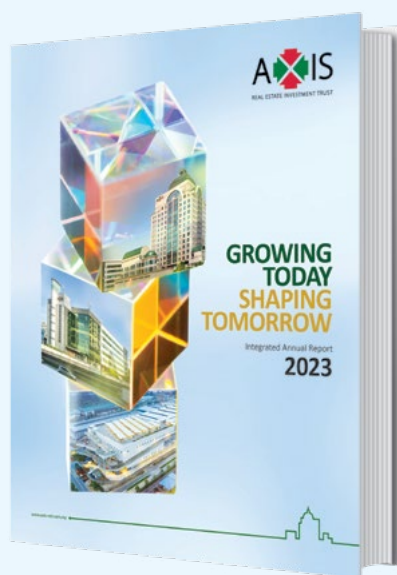


DATE & TIME

Thursday
25 April 2024
10.00 a.m.
(Malaysia time)



RATIONALE



“Growing Today, Shaping Tomorrow”, the theme of our Integrated Annual Report 2023, encapsulates our commitment to ensure that the initiatives we invest in today will shape the development of a resilient and sustainable business that creates long-term value for our stakeholders.

The cover features captivating isometric cubes of our properties, which, together with our industry leading property and asset management expertise, are the building blocks of Axis-REIT’s strength as a leading industrial real estate investment trust in Malaysia.



OUR PORTFOLIO

As at 31 December 2023



OUR PROPERTY MAP



OFFICE



3



OFFICE/INDUSTRIAL



12



MANUFACTURING FACILITY



21



LOGISTICS WAREHOUSE



24



HYPERMARKET






2

62

Total
Properties

NUMBER OF PROPERTIES BY REGION

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

CENTRAL REGION



Office

Crystal Plaza
Menara Axis
Quattro West



Office/Industrial

Axis Business Campus
Axis Business Park
Axis Industrial Facility 1 @ Shah Alam
Axis Technology Centre
Axis Vista
Fonterra HQ
Infinite Center
Strateq Data Centre
The Annex
Wisma Academy Parcel
Wisma Kemajuan



Manufacturing Facility

Axis Aerotech Centre @ Subang
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



Logistics Warehouse

Axis Facility 2 @ Bukit Raja
Axis Mega Distribution Centre
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
Bukit Raja Distribution Centre
Bukit Raja Distribution Centre 2
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



Hypermarket

Axis Hypermarket @ Sungai Petani

EAST COAST REGION



Manufacturing Facility

Wasco Facility @ Kuantan

SOUTHERN REGION



Office/Industrial

Indahpura Facility 3



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



Hypermarket

Axis Hypermarket @ Johor

CENTRAL REGION



Office



CRYSTAL PLAZA

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

CARRYING VALUE

RM113.0 million

NET LETTABLE AREA

205,176 sq. ft.

PURCHASE PRICE

RM56.4 million

OCCUPANCY RATE

92.49%

PORTFOLIO DETAILS:

Acquisition Date

3 August 2005

Total Investment Outlay

RM74.6 million

Number of Car Park (bays)

250

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 AREA	PURCHASE PRICE	OCCUPANCY RATE
178,471 sq. ft.	RM71.4 million	53.90%

PORTFOLIO DETAILS:

Acquisition Date

3 August 2005

Total Investment Outlay

RM91.7 million

Number of Car Park (bays)

250

Major Tenants

- DHL Asia Pacific Shared Services Sdn Bhd
- Malvern Pathology Labs Sdn Bhd
- Orient Overseas Container Line (Malaysia) Sdn Bhd
- Philips Malaysia Sdn Bhd
- The University of Nottingham in Malaysia Sdn Bhd



QUATTRO WEST

No. 4, Lorong Persiaran Barat,
46100 Petaling Jaya, Selangor

CARRYING VALUE

RM61.8 million

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

PORTFOLIO DETAILS:

Acquisition Date

30 November 2007

Total Investment Outlay

RM52.2 million

Number of Car Park (bays)

130

Major Tenants

- Etika Sdn Bhd
- Kenanga Investment Bank Bhd
- Media Mulia Sdn Bhd
- MIMS Medica Sdn Bhd
- Roca Malaysia Sdn Bhd



AXIS BUSINESS CAMPUS

Lot 13A & 13B, Jalan 225, Section 51A
46100 Petaling Jaya, Selangor

CARRYING VALUE

RM81.3 million

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 Outlay

RM63.4 million

Number of Car Park (bays)

441

Major Tenants

- [Carl Zeiss Sdn Bhd](#)
- [FJ Benjamin \(M\) Sdn Bhd](#)
- [Grabcar Sdn Bhd](#)
- [Krohne \(M\) Sdn Bhd](#)



AXIS BUSINESS PARK

No. 10, Jalan Bersatu 13/4, Section 13
46200 Petaling Jaya, Selangor

CARRYING VALUE

RM121.9 million

NET LETTABLE AREA

329,767 sq. ft.

PURCHASE PRICE

RM84.6 million

OCCUPANCY RATE

86.70%

PORTFOLIO DETAILS:

Acquisition Date

3 August 2005

Total Investment Outlay

RM102.1 million

Number of Car Park (bays)

432

Major Tenants

- [ClickAsia Sdn Bhd](#)
- [FUJIFILM Business Innovation Asia Pacific Pte Ltd](#)
- [Hitachi eBworx Sdn Bhd](#)
- [Zitron Enterprise \(M\) Sdn Bhd](#)



Office/Industrial



AXIS INDUSTRIAL FACILITY 1 @ SHAH ALAM

No. 3, Jalan Keluli 15/16, Section 15
40200 Shah Alam, Selangor

CARRYING VALUE

RM51.0

 million

**NET LETTABLE
AREA**

159,939 sq. ft.

**PURCHASE
PRICE**

RM52.5 million

**OCCUPANCY
RATE**

75.07%

PORTFOLIO DETAILS:

Acquisition Date

18 December 2014

Total Investment Outlay

RM54.0 million

Number of Car Park (bays)

88

Major Tenants

- Asia Pacific Aircraft Component Services Sdn Bhd
- Posim Petroleum Marketing Sdn Bhd



AXIS TECHNOLOGY CENTRE

No. 13, Jalan 225, Section 51A
46100 Petaling Jaya, Selangor

CARRYING VALUE

RM65.6

 million

**NET LETTABLE
AREA**

170,730 sq. ft.

**PURCHASE
PRICE**

RM49.0 million

**OCCUPANCY
RATE**

91.76%

PORTFOLIO DETAILS:

Acquisition Date

15 November 2010

Total Investment Outlay

RM54.0 million

Number of Car Park (bays)

318

Major Tenants

- 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



Office/Industrial



AXIS VISTA

No. 11, Jalan 219, Section 51A
46100 Petaling Jaya, Selangor

CARRYING VALUE

RM62.0 million

NET LETTABLE
AREA

118,557 sq. ft.

PURCHASE
PRICE

RM32.0 million

OCCUPANCY
RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

9 December 2008

Total Investment Outlay

RM37.8 million

Number of Car Park (bays)

**

Major Tenants

- DirectD Retail & Wholesale Sdn Bhd
- Mitsubishi Electric Sales Malaysia Sdn Bhd
- Sports Direct Malaysia Sdn Bhd



FONTERRA HQ

No. 23, Jalan Delima 1/1, Subang Hi-Tech Industrial
Park, Batu Tiga, 40000 Shah Alam, Selangor

CARRYING VALUE

RM23.0 million

NET LETTABLE
AREA

35,710 sq. ft.

PURCHASE
PRICE

RM7.2 million

OCCUPANCY
RATE

84.71%

PORTFOLIO DETAILS:

Acquisition Date

16 November 2007

Total Investment Outlay

RM11.3 million

Number of Car Park (bays)

*

Major Tenants

- Fonterra Brands (Malaysia) Sdn Bhd

*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



Office/Industrial



INFINITE CENTER

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

CARRYING VALUE

RM45.5 million

NET LETTABLE AREA

140,417 sq. ft.

PURCHASE PRICE

RM25.5 million

OCCUPANCY RATE

97.32%

PORTFOLIO DETAILS:

Acquisition Date
3 August 2005

Total Investment Outlay
RM37.4 million

Number of Car Park (bays)
182

Major Tenants

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



Office/Industrial



STRATEQ DATA CENTRE

No.12 Jalan Bersatu 13/4, Section 13
46200 Petaling Jaya, Selangor

CARRYING VALUE

RM68.0 million

NET LETTABLE
AREA

104,903 sq. ft.

PURCHASE
PRICE

RM37.0 million

OCCUPANCY
RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

25 January 2008

Total Investment Outlay

RM42.9 million

Number of Car Park (bays)

*

Major Tenants

- Strateq Data Centre Sdn Bhd



THE ANNEX

No. 4, Jalan 19/1, Section 19
46300 Petaling Jaya, Selangor

CARRYING VALUE

RM21.7 million

NET LETTABLE
AREA

45,400 sq. ft.

PURCHASE
PRICE

RM12.0 million

OCCUPANCY
RATE

60.35%

PORTFOLIO DETAILS:

Acquisition Date

1 October 2012

Total Investment Outlay

RM13.7 million

Number of Car Park (bays)

31

Major Tenants

- Sports Garage Sdn Bhd

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



Office/Industrial



WISMA ACADEMY PARCEL

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

CARRYING VALUE

RM75.0 million

**NET LETTABLE
AREA**

235,040 sq. ft.

**PURCHASE
PRICE**

RM73.0 million

**OCCUPANCY
RATE**

80.64%

PORTFOLIO DETAILS:

Acquisition Date

1 October 2012

Total Investment Outlay

RM77.3 million

Number of Car Park (bays)

407

Major Tenants

- **Achieva Technology Sdn Bhd**
- **Ban Leong Technologies Sdn Bhd**
- **Dataprep (Malaysia) Sdn Bhd**
- **Ingram Micro Malaysia Sdn Bhd**



WISMA KEMAJUAN

No. 2, Jalan 19/1B, Section 19
46300 Petaling Jaya, Selangor

CARRYING VALUE

RM67.0 million

**NET LETTABLE
AREA**

198,777 sq. ft.

**PURCHASE
PRICE**

RM29.0 million

**OCCUPANCY
RATE**

70.95%

PORTFOLIO DETAILS:

Acquisition Date

16 December 2005

Total Investment Outlay

RM38.0 million

Number of Car Park (bays)

254

Major Tenants

- **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



AXIS AEROTECH CENTRE @ SUBANG

Jalan Aeroangkasa 4,
Seksyen U3, 40150 Shah Alam, Selangor

CARRYING VALUE

RM93.0 million

**NET LETTABLE
AREA**

178,979 sq. ft.

**TOTAL INVESTMENT
OUTLAY**

RM72.9 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

7 February 2018

Number of Car Park (bays)

*

Major Tenants

- Upeca Aerotech Sdn Bhd



AXIS FACILITY 2 @ NILAI

Lot No. 749, Kawasan Perindustrian Nilai II,
71800 Nilai, Negeri Sembilan Darul Khusus

CARRYING VALUE

RM52.6 million

**NET LETTABLE
AREA**

246,500 sq. ft.

**PURCHASE
PRICE**

RM50.0 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

28 February 2020

Total Investment Outlay

RM50.9 million

Number of Car Park (bays)

*

Major Tenants

- K-Plastics Industries Sdn Bhd

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



Manufacturing Facility



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 AREA

282,152 sq. ft.

PURCHASE PRICE

RM42.0 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

15 November 2016

Total Investment Outlay

RM51.5 million

Number of Car Park (bays)

*

Major Tenants

- Shuangfei Wire Harness Sdn Bhd



AXIS INDUSTRIAL FACILITY 1 @ MERU

Lot 6119, Jalan Haji Salleh/KU8, Batu 5 1/2, Pekan Meru, 41050 Klang, Selangor

CARRYING VALUE

RM41.0

 million

NET LETTABLE AREA

193,015 sq. ft.

PURCHASE PRICE

RM41.0 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

2 December 2022

Total Investment Outlay

RM41.7 million

Number of Car Park (bays)

*

Major Tenants

- Jemaramas Jaya Sdn Bhd



Manufacturing Facility



AXIS INDUSTRIAL FACILITY 2 @ SHAH ALAM

Lot 16, Jalan Pengapit 15/19, Seksyen 15,
40200 Shah Alam, Selangor

CARRYING VALUE

RM17.0 million

**NET LETTABLE
AREA**

41,061 sq. ft.

**PURCHASE
PRICE**

RM11.9 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

3 December 2020

Total Investment Outlay

RM12.3 million

Number of Car Park (bays)

*

Major Tenants

- GT-Max Construction Sdn Bhd



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

RM41.0 million

**NET LETTABLE
AREA**

110,406 sq. ft.

**PURCHASE
PRICE**

RM18.5 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

31 July 2007

Total Investment Outlay

RM22.5 million

Number of Car Park (bays)

*

Major Tenants

- Upeca Aerotech Sdn Bhd

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



Manufacturing Facility



EMERSON INDUSTRIAL FACILITY NILAI

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

CARRYING VALUE

RM46.0 million

NET LETTABLE AREA

291,642 sq. ft.

PURCHASE PRICE

RM26.5 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

30 August 2012

Total Investment Outlay

RM27.5 million

Number of Car Park (bays)

*

Major Tenants

- Emerson Process Management Manufacturing (M) Sdn Bhd



Logistics Warehouse



AXIS FACILITY 2 @ BUKIT RAJA

No 4, Solok Waja 3, Kawasan Perindustrian Bukit Raja, 41050 Klang, Selangor

CARRYING VALUE

RM52.0 million

NET LETTABLE AREA

150,692 sq. ft.

PURCHASE PRICE

RM37.0 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

17 March 2020

Total Investment Outlay

RM47.7 million

Number of Car Park (bays)

*

Major Tenants

- Atlas Lines Services (M) Sdn Bhd



Logistics Warehouse



AXIS MEGA DISTRIBUTION CENTRE

Lot 7316 (PT 3609), Persiaran Sijangkang Utama,
42500 Telok Panglima Garang, Selangor

CARRYING VALUE

RM406.0 million

PURCHASE PRICE
(Land Only)
RM85.0 million

PORTFOLIO DETAILS:
Acquisition Date
15 October 2010

Total Investment Outlay
RM347.0 million

NUMBER OF
CAR PARK (BAYS)
*

	NET LETTABLE AREA	OCCUPANCY RATE	MAJOR TENANTS
Phase 1	515,000 sq. ft.	100%	• Nestlé Products Sdn Bhd
Phase 2	Approximately 509,035 sq. ft. upon completion	DEVELOPMENT IN PROGRESS Target completion 1Q 2024	

*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



Logistics Warehouse



AXIS NORTHPORT DISTRIBUTION CENTRE 1

Lot 19, Lebuhraya Hishamuddin 1, Selat Klang Utara
42000 Pelabuhan Klang, Selangor

CARRYING VALUE

RM96.4

 million

NET LETTABLE AREA

339,194 sq. ft.

PURCHASE PRICE

RM65.0 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

20 October 2009

Total Investment Outlay

RM68.1 million

Number of Car Park (bays)

*

Major Tenants

- [Northport \(Malaysia\) Bhd](#)



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

RM52.0

 million

NET LETTABLE AREA

164,400 sq. ft.

PURCHASE PRICE

RM45.0 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

31 March 2015

Total Investment Outlay

RM47.6 million

Number of Car Park (bays)

**

Major Tenants

- [Tele-Paper \(M\) Sdn Bhd](#)
- [Total Logistics Services \(M\) Sdn Bhd](#)



Logistics Warehouse



AXIS SHAH ALAM DISTRIBUTION CENTRE 3

Lot No. 22202, Jalan Gambus 33/4, Off Jalan Bukit
Kemuning, Batu 8.5, 40400 Shah Alam, Selangor

CARRYING VALUE

RM199.0 million

NET LETTABLE AREA

689,219 sq. ft.

PURCHASE PRICE

RM183.0 million

OCCUPANCY RATE

96.20%

PORTFOLIO DETAILS:

Acquisition Date

18 December 2014

Total Investment Outlay

RM190.0 million

Number of Car Park (bays)

**

Major Tenants

- [LF Logistics Services \(M\) Sdn Bhd](#)
- [Furi Global Sdn Bhd](#)
- [J&T Distribution Solution Sdn Bhd](#)



AXIS SHAH ALAM DISTRIBUTION CENTRE 4

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

CARRYING VALUE

RM97.5 million

NET LETTABLE AREA

262,000 sq. ft.

PURCHASE PRICE

RM87.0 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

4 June 2018

Total Investment Outlay

RM88.7 million

Number of Car Park (bays)

*

Major Tenants

- [J&T Express \(Malaysia\) Sdn Bhd](#)

*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



Logistics Warehouse



AXIS SHAH ALAM DISTRIBUTION CENTRE 5

Lot 45 (177) Jalan Utas 15/7, Seksyen 15,
40200 Shah Alam, Selangor

CARRYING VALUE

RM98.0

 million

**NET LETTABLE
AREA**

285,249 sq. ft.

**PURCHASE
PRICE**

RM95.0 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

10 November 2020

Total Investment Outlay

RM96.3 million

Number of Car Park (bays)

*

Major Tenants

- [One Total Logistics \(M\)](#)
[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
AREA**

456,435 sq. ft.

**PURCHASE
PRICE**

RM71.8 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

14 December 2009

Total Investment Outlay

RM81.0 million

Number of Car Park (bays)

*

Major Tenants

- [LF Logistics Services \(M\)](#)
[Sdn Bhd](#)



Logistics Warehouse



BUKIT RAJA DISTRIBUTION CENTRE 2

No 3, Jalan Keluli Satu, Kawasan Perindustrian
Bukit Raja Selatan, 40000 Shah Alam, Selangor

CARRYING VALUE

RM268.0 million

**NET LETTABLE
AREA**
620,096 sq. ft.

**TOTAL INVESTMENT
OUTLAY**
RM236.4 million

**OCCUPANCY
RATE**
100%

PORTFOLIO DETAILS:

Acquisition Date

31 March 2021

Purchase Price

(before development)

RM120.0 million

Number of Car Park (bays)

*

Major Tenants

- SPX Xpress (Malaysia) Sdn Bhd (formerly known as Shopee Express Malaysia Sdn Bhd)



SENAWANG INDUSTRIAL FACILITY

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

CARRYING VALUE

RM26.1 million

**NET LETTABLE
AREA**
148,011 sq. ft.

**PURCHASE
PRICE**
RM18.5 million

**OCCUPANCY
RATE**
100%

PORTFOLIO DETAILS:

Acquisition Date

5 December 2018

Total Investment Outlay

RM19.1 million

Number of Car Park (bays)

*

Major Tenants

- Denso Wiper Systems (Malaysia) Sdn Bhd

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

NORTHERN REGION



Logistics Warehouse



AXIS FACILITY @ BATU KAWAN

PMT 770, Jalan Cassia Selatan 6/4, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang

CARRYING VALUE

RM19.8 million

TOTAL INVESTMENT OUTLAY

RM14.7 million

NET LETTABLE AREA

44,000 sq. ft.

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

19 December 2019

Number of Car Park (bays)

*

Major Tenants

- Federal Express Services (M) Sdn Bhd



Logistics Warehouse



BAYAN LEPAS DISTRIBUTION CENTRE

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

CARRYING VALUE

RM70.0 million

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

- DHL Properties (Malaysia) Sdn Bhd

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



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
AREA

106,092 sq. ft.

PURCHASE
PRICE

RM17.4 million

OCCUPANCY
RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

5 March 2010

Total Investment Outlay

RM17.8 million

Number of Car Park (bays)

*

Major Tenants

- [LF Logistics Services \(M\)](#)
[Sdn Bhd](#)

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
AREA

41,893 sq. ft.

PURCHASE
PRICE

RM6.9 million

OCCUPANCY
RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

5 March 2010

Total Investment Outlay

RM7.4 million

Number of Car Park (bays)

*

Major Tenants

- [LF Logistics Services \(M\)](#)
[Sdn Bhd](#)



Logistics Warehouse



SEBERANG PRAI LOGISTICS WAREHOUSE 3

No. 74, Lorong Perusahaan Utama 4, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang

CARRYING VALUE

RM85.0 million

NET LETTABLE AREA

395,225 sq. ft.

PURCHASE PRICE

RM59.0 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

15 February 2012

Total Investment Outlay

RM64.4 million

Number of Car Park (bays)

*

Major Tenants

- Schenker Logistics (Malaysia) Sdn Bhd



Hypermarket



AXIS HYPERMARKET @ 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

7 September 2007

Total Investment Outlay

RM39.2 million

Number of Car Park (bays)

*

Major Tenants

- TF Value-Mart Sdn Bhd

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

EAST COAST REGION



Manufacturing Facility



WASCO FACILITY @ KUANTAN

Sub Lot 2, Kawasan Perindustrian MIEL Gebeng, KM25, Jalan Kuantan-Kemaman P.O. Box 240, 25720 Kuantan, Pahang

CARRYING VALUE

RM162.0 million

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)
*

Major Tenants

- Wasco Coatings Malaysia Sdn Bhd

SOUTHERN REGION



Office/Industrial



INDAHPURA FACILITY 3

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

CARRYING VALUE

RM7.5 million

NET LETTABLE AREA

24,950 sq. ft.

PURCHASE PRICE

RM6.7 million

OCCUPANCY RATE

100%

PORTFOLIO DETAILS:

Acquisition Date
26 February 2021

Total Investment Outlay
RM6.8 million

Number of Car Park (bays)
*

Major Tenants

- Perodua Sales Sdn Bhd

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



Manufacturing Facility



AXIS STEEL CENTRE @ SiLC

No. 27, Jalan SiLC 1/5, Kawasan Perindustrian SiLC
79200 Nusajaya, Johor

CARRYING VALUE

RM159.0 million

**NET LETTABLE
AREA**

688,011 sq. ft.

**PURCHASE
PRICE**

RM153.5 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

30 December 2014

Total Investment Outlay

RM155.9 million

Number of Car Park (bays)

*

Major Tenants

- Chai & Chai Trading
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

RM19.5 million

**NET LETTABLE
AREA**

67,260 sq. ft.

**PURCHASE
PRICE**

RM14.2 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

28 January 2016

Total Investment Outlay

RM14.5 million

Number of Car Park (bays)

*

Major Tenants

- Beyonics Precision
(Malaysia) Sdn Bhd



Manufacturing Facility



BEYONICS I-PARK CAMPUS - BLOCK B

No. 96, Jalan i-Park 1/10, Kawasan Perindustrian
i-Park, 81000 Bandar Indahpura, Kulaijaya, Johor

CARRYING VALUE

RM17.6 million

**NET LETTABLE
AREA**

60,967 sq. ft.

**PURCHASE
PRICE**

RM12.9 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

28 January 2016

Total Investment Outlay

RM13.1 million

Number of Car Park (bays)

*

Major Tenants

- Beyonics Precision
(Malaysia) Sdn Bhd



BEYONICS I-PARK CAMPUS - BLOCK C

No. 97, Jalan i-Park 1/10, Kawasan Perindustrian
i-Park, 81000 Bandar Indahpura, Kulaijaya, Johor

CARRYING VALUE

RM16.0 million

**NET LETTABLE
AREA**

55,476 sq. ft.

**PURCHASE
PRICE**

RM11.7 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

28 January 2016

Total Investment Outlay

RM12.1 million

Number of Car Park (bays)

*

Major Tenants

- Beyonics Precision
(Malaysia) Sdn Bhd

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



Manufacturing 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

RM30.4 million

**NET LETTABLE
AREA**

104,606 sq. ft.

**PURCHASE
PRICE**

RM22.1 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

28 January 2016

Total Investment Outlay

RM22.5 million

Number of Car Park (bays)

*

Major Tenants

- Beyonics Precision
(Malaysia) Sdn Bhd



BEYONICS I-PARK CAMPUS - BLOCK E

No. 93, Jalan i-Park 1/10, Kawasan Perindustrian
i-Park, 81000 Bandar Indahpura, Kulaijaya, Johor

CARRYING VALUE

RM38.5 million

**NET LETTABLE
AREA**

132,706 sq. ft.

**PURCHASE
PRICE**

RM31.5 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

9 August 2018

Total Investment Outlay

RM32.1 million

Number of Car Park (bays)

*

Major Tenants

- Beyonics Precision
(Malaysia) Sdn Bhd



Manufacturing Facility



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

RM17.0 million

**NET LETTABLE
AREA**

57,545 sq. ft.

**PURCHASE
PRICE**

RM12.98 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

3 March 2021

Total Investment Outlay

RM13.3 million

Number of Car Park (bays)

*

Major Tenants

- Beyonics Precision (Malaysia) Sdn Bhd



FCI SENAI

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

CARRYING VALUE

RM26.5 million

**NET LETTABLE
AREA**

136,619 sq. ft.

**PURCHASE
PRICE**

RM12.3 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

15 November 2007

Total Investment Outlay

RM12.7 million

Number of Car Park (bays)

*

Major Tenants

- FCI Connectors Malaysia Sdn Bhd

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



Manufacturing Facility

**INDAHPURA FACILITY 1**

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

CARRYING VALUE

RM9.0 million

**NET LETTABLE
AREA**

33,448 sq. ft.

**PURCHASE
PRICE**

RM7.2 million

**OCCUPANCY
RATE**

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

**INDAHPURA FACILITY 2**

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

CARRYING VALUE

RM9.3 million

**NET LETTABLE
AREA**

35,339 sq. ft.

**PURCHASE
PRICE**

RM8.5 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:**Acquisition Date**

12 January 2021

Total Investment Outlay

RM8.7 million

Number of Car Park (bays)

*

Major Tenants

- KES International Sdn Bhd



Manufacturing Facility



INDAHPURA FACILITY 4

No. 89A, Jalan i-Park 1/6, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai Johor.

CARRYING VALUE

RM18.3 million

NET LETTABLE
AREA

59,955.91 sq. ft.

PURCHASE
PRICE

RM16.3 million

OCCUPANCY
RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

8 March 2022

Total Investment Outlay

RM16.7 million

Number of Car Park (bays)

*

Major Tenants

- HQPack Sdn Bhd



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
AREA

104,694 sq. ft.

PURCHASE
PRICE

RM42.0 million

OCCUPANCY
RATE

100%

PORTFOLIO DETAILS:

Acquisition Date

30 September 2019

Total Investment Outlay

RM42.8 million

Number of Car Park (bays)

*

Major Tenants

- GKN Engine Systems
Component Repair
Sdn Bhd

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



Manufacturing Facility



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
AREA**

42,068 sq. ft.

**PURCHASE
PRICE**

RM13.8 million

**OCCUPANCY
RATE**

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



Logistics Warehouse



D8 LOGISTICS WAREHOUSE

Lot D8, Jalan Tanjung A/4, Distripark A, Port of
Tanjung Pelepas, Gelang Patah, 81560 Johor.

CARRYING VALUE

RM40.5 million

**NET LETTABLE
AREA**

171,000 sq. ft.

**PURCHASE
PRICE**

RM30.0 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

1 March 2011

Total Investment Outlay

RM31.8 million

Number of Car Park (bays)

*

Major Tenants

- Schenker Logistics (Malaysia) Sdn Bhd



Logistics Warehouse

**D21 LOGISTICS WAREHOUSE**

Lot D21, Jalan Tanjung A/3, Distripark A, Port of Tanjung Pelepas, Gelang Patah, 81560 Johor

CARRYING VALUE

RM47.7 million

**NET LETTABLE
AREA**

174,920 sq. ft.

**PURCHASE
PRICE**

RM27.0 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:**Acquisition Date**

30 April 2008

Total Investment Outlay

RM49.8 million

Number of Car Park (bays)

*

Major Tenants

- [Maersk Logistics & Services Malaysia Sdn Bhd](#)

**D37C LOGISTICS WAREHOUSE**

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

CARRYING VALUE

RM68.0 million

**NET LETTABLE
AREA**

222,723 sq. ft.

**PURCHASE
PRICE**

RM65.0 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:**Acquisition Date**

9 June 2020

Total Investment Outlay

RM66.1 million

Number of Car Park (bays)

*

Major Tenants

- [Schenker Logistics \(Malaysia\) Sdn Bhd](#)

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



Logistics Warehouse

**DW1 LOGISTICS WAREHOUSE**

Plots DW1 and DW2, Jalan Tanjung A/2, Distripark A,
Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor.

CARRYING VALUE

RM391.0 million**NET LETTABLE AREA****1,150,391 sq. ft.****PURCHASE PRICE****RM390.0 million****OCCUPANCY RATE****100%****PORTFOLIO DETAILS:****Acquisition Date**

25 April 2022

Total Investment Outlay

RM395.6 million

Number of Car Park (bays)

*

Major Tenants

- Equalbase PTP Sdn Bhd



Logistics Warehouse



KERRY WAREHOUSE

PLO 731, Jalan Nickel 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor

CARRYING VALUE

RM39.5 million

**NET LETTABLE
AREA**

163,000 sq. ft.

**PURCHASE
PRICE**

RM33.0 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

24 July 2017

Total Investment Outlay

RM36.3 million

Number of Car Park (bays)

*

Major Tenants

- Kerry Ingredients (M) Sdn Bhd



NIRO WAREHOUSE

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

CARRYING VALUE

RM29.2 million

**NET LETTABLE
AREA**

167,193 sq. ft.

**PURCHASE
PRICE**

RM14.5 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

30 April 2008

Total Investment Outlay

RM17.1 million

Number of Car Park (bays)

*

Major Tenants

- Niro Ceramic (M) Sdn Bhd

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



Logistics Warehouse



PASIR GUDANG LOGISTICS WAREHOUSE 1

PLO 563, Jalan Keluli 8, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor.

CARRYING VALUE

RM23.5 million

**NET LETTABLE
AREA**

130,743 sq. ft.

**PURCHASE
PRICE**

RM12.5 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

4 August 2008

Total Investment Outlay

RM14.0 million

Number of Car Park (bays)

*

Major Tenants

- Guan Chong Cocoa Manufacturer Sdn Bhd



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
AREA**

276,000 sq. ft.

**PURCHASE
PRICE**

RM32.0 million

**OCCUPANCY
RATE**

100%

PORTFOLIO DETAILS:

Acquisition Date

7 March 2022

Total Investment Outlay

RM32.7 million

Number of Car Park (bays)

*

Major Tenants

- Venice Tulip Sdn Bhd



Logistics Warehouse



XIN HWA WAREHOUSE @ PASIR GUDANG

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

CARRYING VALUE

RM78.6 million

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)
*

Major Tenants

- Xin Hwa Trading & Transport Sdn Bhd

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



Hypermarket



AXIS HYPERMARKET @ JOHOR

No. 1, Jalan Bukit Indah 15, 81200 Johor

CARRYING VALUE

RM108.5 million

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

Number of Car Park (bays)

*

Major Tenants

- Lotuss Stores (Malaysia) Sdn Bhd



REAL ESTATE INVESTMENT TRUST

Prepared by:

Axis REIT Managers Berhad (200401010947 (649450-W))

As the Manager of Axis-REIT

Penthouse Menara Axis

No. 2, Jalan 51A/223

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Scan code

to access Axis-REIT's website

www.axis-reit.com.my/investor/aggm.php

About Our Report



This is our fifth 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 considerations 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 Malaysia's leading industrial real estate investment trust.

In line with Axis-REIT's commitment to sustainability and the environment, a digital version of our IAR2023 is available at www.axis-reit.com.my/annualreport2023.php



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

REPORTING PHILOSOPHY & FRAMEWORK

This Integrated Annual Report 2023 (IAR2023 or 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 IAR2023 include:

- Bursa Malaysia Securities Berhad's (Bursa Securities) Main Market Listing Requirements (MMLR)
- Bursa Securities' Sustainability Reporting Guide (3rd edition)
- Task Force on Climate-related Financial Disclosure (TCFD) Recommendations
- FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance (ESG) indicators
- GRESB
- 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 IFRS Accounting Standards (IFRS)
- Global Reporting Initiative (GRI) Standards

SCOPE AND BOUNDARY

Reporting Period

Our reports are produced and published annually. The IAR2023 covers both financial and non-financial information during the financial year commencing 1 January 2023 to 31 December 2023 (FYE2023), 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 investors. Information relevant to the way we create value for other key stakeholders is also present.

Financial & Non-Financial Reporting

The IAR2023 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 ESG disclosures for all properties belonging to Axis-REIT and managed by the Manager.

Materiality, Risk & Strategy

In 2023, we reviewed the material sustainability matters that are significant and relevant to both Axis-REIT and our stakeholders. Our materiality assessment exercise is conducted biennially and reviewed annually to ensure the identification of sustainability matters reflects our current operating environment. 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 Strategy 2024-2025. More details of the materiality assessment exercise and ESG disclosures are available in the Driving Value Creation section of this Report.

About Our Report

EXCLUSIONS OR CHANGES IN REPORTING

There have been no major exclusions or changes in reporting since the 2022 Integrated Annual Report. There have been restatements of data and figures due to the expansion of scope and changes in the calculation methodologies in the Management of Material Sustainability Matters section. The restatements have been highlighted in the respective sections.

BOARD RESPONSIBILITY STATEMENT

ARMB's Board of Directors (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 20 February 2024.

ASSURANCE STATEMENT

For FYE2023, we have obtained independent limited assurance to enhance the credibility of selected non-financial indicators and disclosures, having appointed Baker Tilly Monteiro Heng PLT to conduct the sustainability assurance engagement (Sustainability Assurance). Their Independent Limited Assurance Report can be found on page 159. We will continue to undertake independent limited assurance on other non-financial indicators and disclosures.

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 external auditors.

FEEDBACK & CONTACT POINT

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

ICON NAVIGATION



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 ARMB 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.



About Axis-REIT



The primary objectives of the Fund are:



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



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

SIX PRINCIPLES OF MANAGEMENT

The Manager is committed to deliver long-term sustainable distributions and capital stability through its 6 principles of management:



Yield-accretive asset purchases



Prudent capital and risk management



Excellent investor relations



Proactive asset and tenant management



Upholding the highest levels of corporate governance

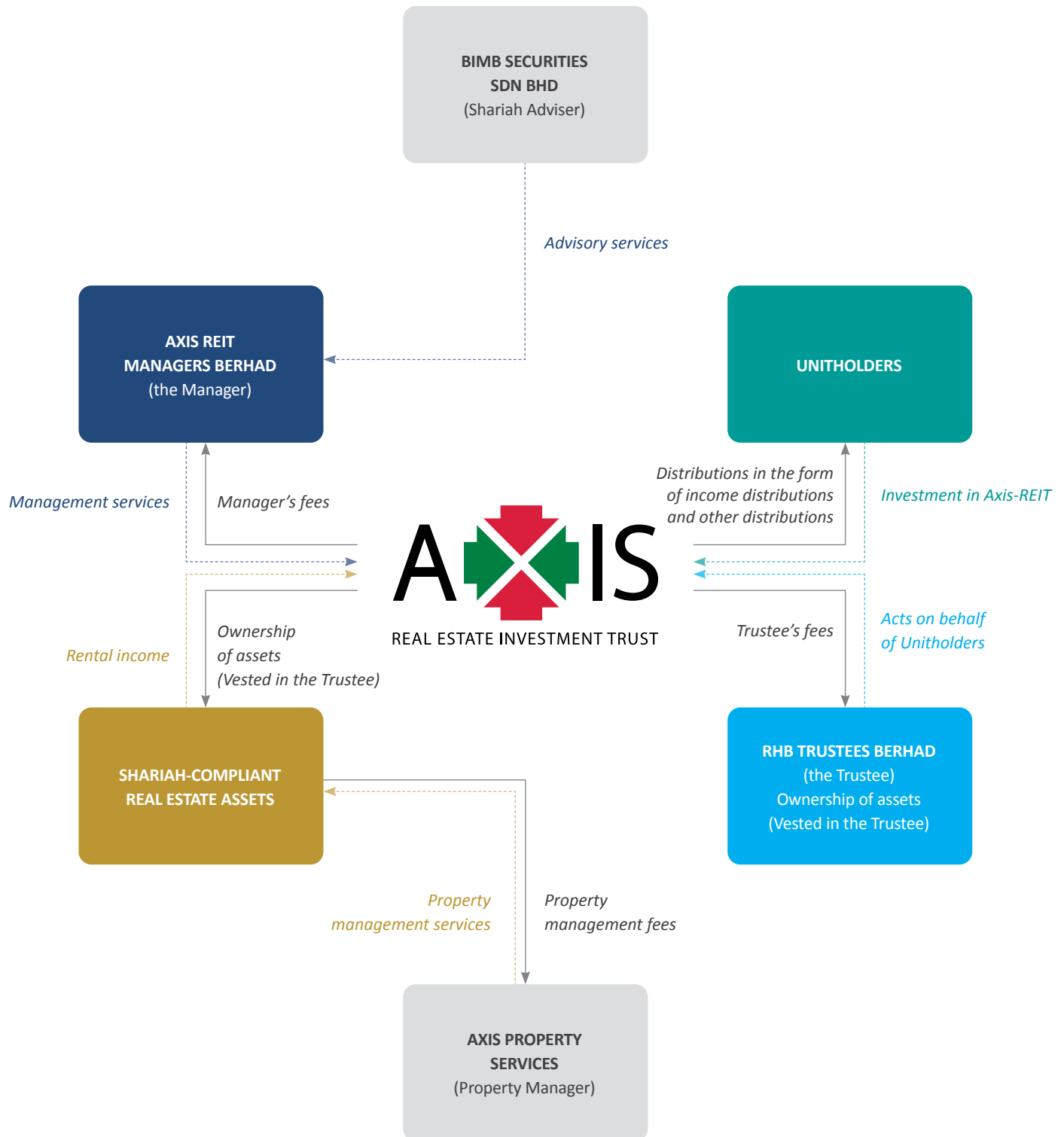


Development of human capital

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				
Number of Units in Issue	1,747,492,159 Units				
Market Capitalisation	RM3,128,011,000				
Assets Under Management	RM4,522,893,000				
Net Asset Value	RM2,826,002,000				
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	<p>Quarterly income distribution:</p> <table> <tr> <td>1Q to 3Q</td><td>at least 95% of the current financial year-to-date distributable income</td></tr> <tr> <td>4Q</td><td>at least 99% of the current financial year-to-date distributable income</td></tr> </table>	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
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				
Quotation	Main Market of Bursa Securities				
Bursa Securities Stock Number	AXREIT 5106				

Axis-REIT Structure



Corporate Information

BOARD OF DIRECTORS OF THE MANAGER

Dato' Carl Gunnar Myhre @ Dato' Abas Carl Gunnar Bin Abdullah
Executive Chairman

Stephen Tew Peng Hwee @ Teoh Peng Hwee
Non-Independent Non-Executive Deputy Chairman

Leong Kit May
Chief Executive Officer/Executive Director

Alvin Dim Lao
Non-Independent Non-Executive Director

Lim Keng Hwee
Senior 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

Takim Khan Myhre
Alternate Director to Dato' Carl Gunnar Myhre @ Dato' Abas Carl Gunnar Bin Abdullah

MANAGER OF AXIS-REIT

Axis REIT Managers Berhad

EXECUTIVE COMMITTEE OF THE MANAGER

Dato' Carl Gunnar Myhre @ Dato' Abas Carl Gunnar Bin Abdullah
Chairman

Stephen Tew Peng Hwee @ Teoh Peng Hwee Leong Kit May

AUDIT COMMITTEE OF THE MANAGER

Lim Keng Hwee

Chairperson

Alvin Dim Lao

Devika A/P K Sothinathan

NOMINATION COMMITTEE OF THE MANAGER

Lim Keng Hwee

Chairperson

Stephen Tew Peng Hwee @ Teoh Peng Hwee

Devika A/P K Sothinathan

REMUNERATION COMMITTEE OF THE MANAGER

Devika A/P K Sothinathan

Chairperson

Dato' Carl Gunnar Myhre @ Dato' Abas Carl Gunnar Bin Abdullah

Stephen Tew Peng Hwee @ Teoh Peng Hwee

MANAGER'S PRINCIPAL PLACE OF BUSINESS (HEADQUARTERS)

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

Fax No : 603-7806 1387

Email : eadvisory@epsilonas.com

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

Email : rhbt.reits@rhbgroupp.com

SHARIAH ADVISER OF AXIS-REIT

BIMB Securities Sdn Bhd

Level 32, 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

Email : shariah@bimbsec.com.my

REGISTRARS OF AXIS-REIT

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Tel No : 603-7890 4700

Fax No : 603-7890 4670

Website : www.boardroomlimited.com

Email : bsr.helpdesk@boardroomlimited.com

PROPERTY MANAGER OF AXIS-REIT

Axis Property Services

Penthouse, Menara Axis

No. 2, Jalan 51A/223

46100 Petaling Jaya

Selangor Darul Ehsan

AUDITORS OF AXIS-REIT

KPMG PLT

Level 10, KPMG Tower

No. 8, First Avenue, Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan

Corporate Information

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 Rakyat
 Kuala Lumpur Sentral
 P.O. Box 10192
 50706 Kuala Lumpur

PRINCIPAL BANKERS OF AXIS-REIT

Maybank Islamic Berhad
 CIMB Islamic Bank Berhad
 HSBC Amanah Bank Malaysia Berhad
 Public Islamic Bank Berhad
 OCBC Al-Amin Bank Berhad
 Alliance Islamic Bank Berhad
 RHB 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, Investor Relations and
 Business Development

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

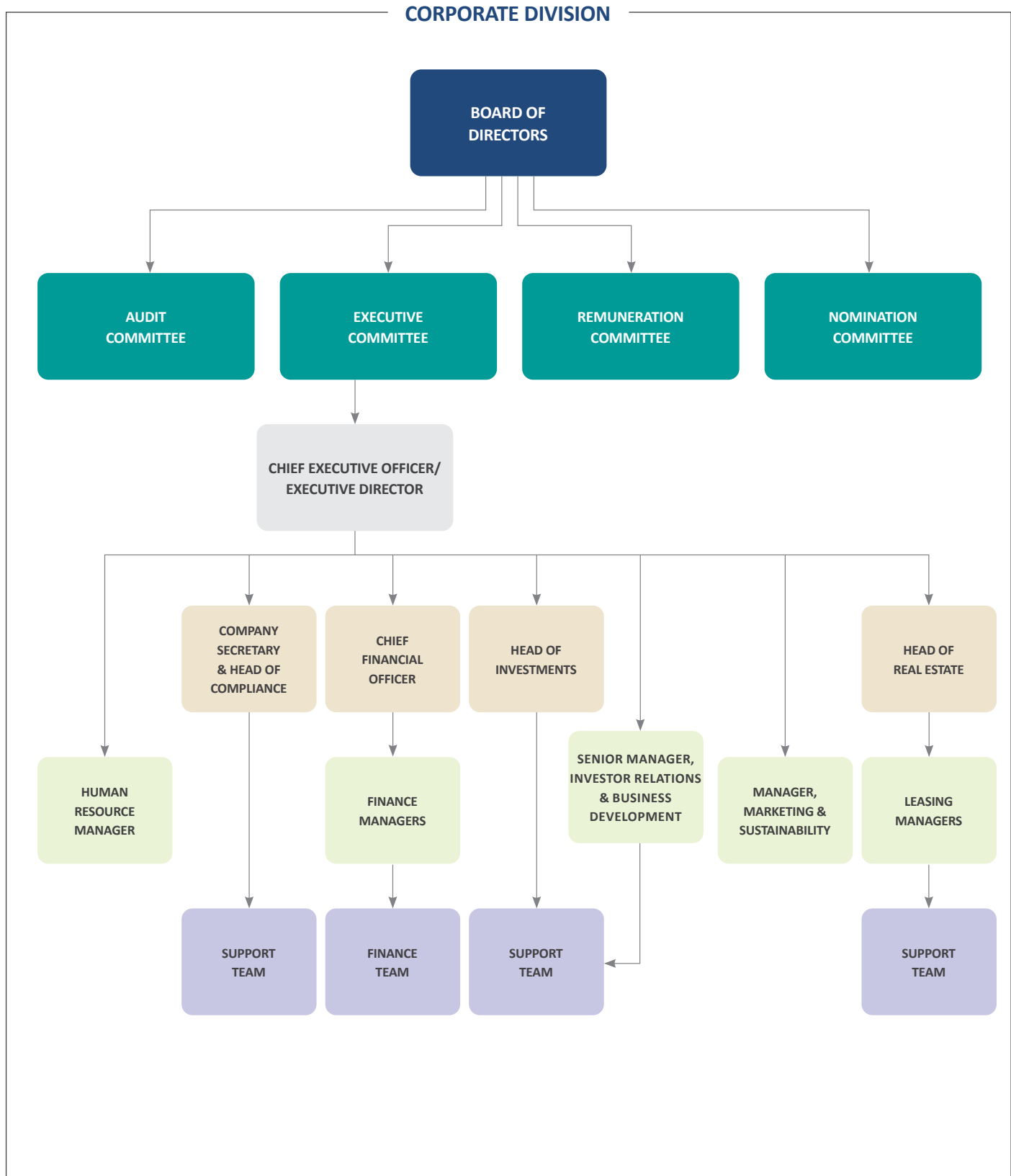
WEBSITE

www.axis-reit.com.my



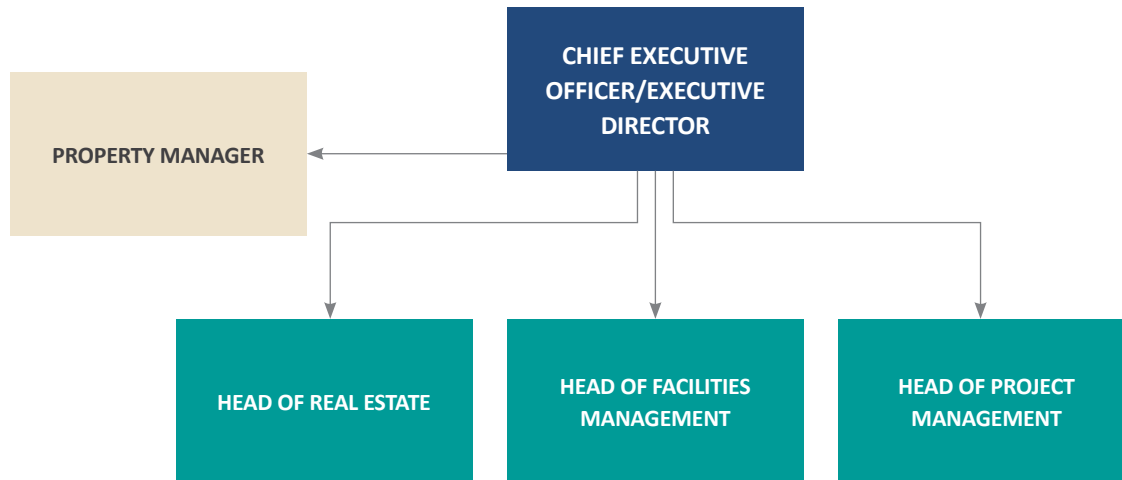
DW1 Logistics Warehouse

Axis Team Organisational Structure



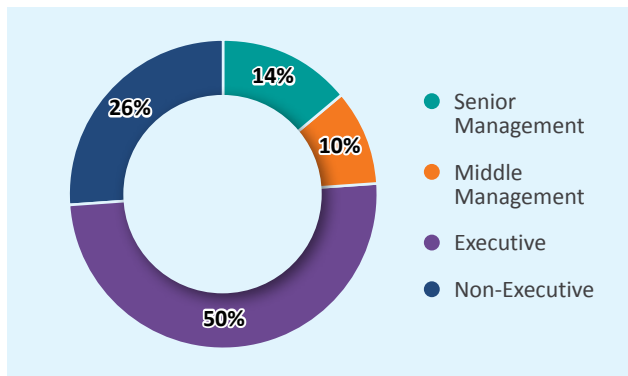
Axis Team Organisational Structure

PROPERTY MANAGEMENT DIVISION

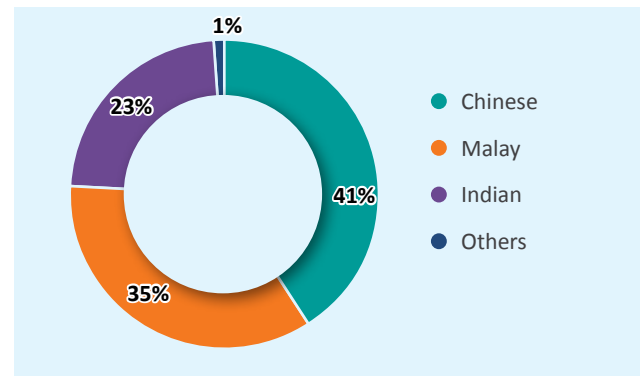


AXIS TEAM PROFILE

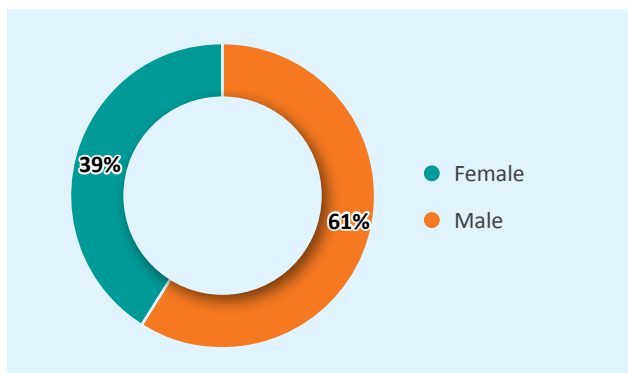
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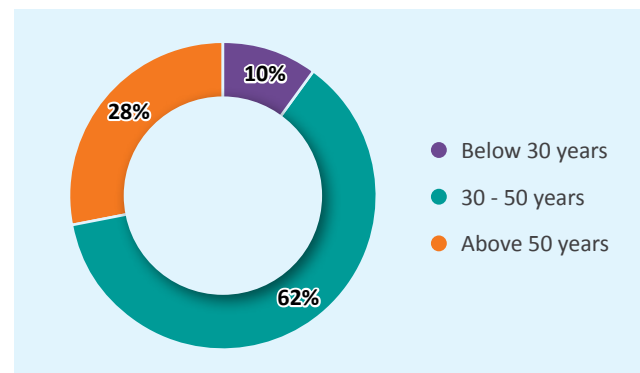
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GENDER

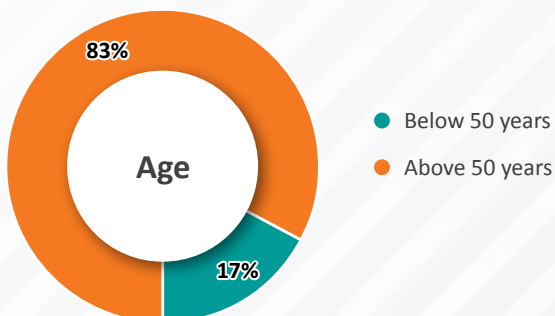
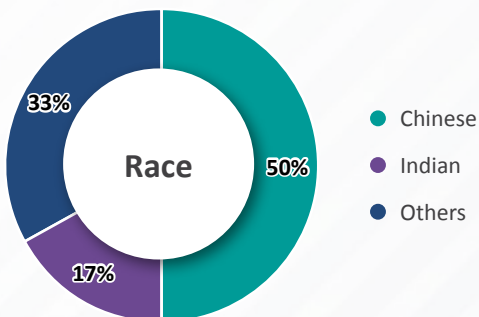
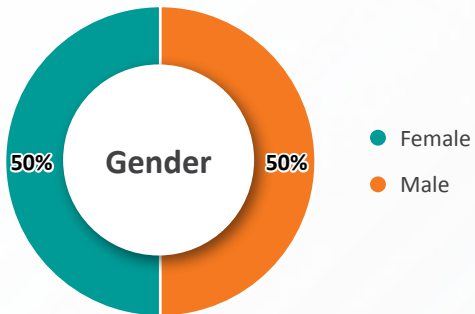


AGE



Board of Directors

BOARD PROFILE



Note: The Board Profile does not include the 3 Alternate Directors.

Dato' Carl Gunnar Myhre
@ Dato' Abas Carl
Gunnar Bin Abdullah
Executive Chairman



Stephen Tew Peng Hwee
@ Teoh Peng Hwee
Non-Independent Non-Executive Deputy Chairman



Leong Kit May
*Chief Executive Officer/
Executive Director*



Board of Directors

Alvin Dim Lao

*Non-Independent
Non-Executive Director*

**Jancis Anne Que Lao**

*Alternate Director to
Alvin Dim Lao*

**Lim Keng Hwee**

*Senior Independent
Non-Executive Director*

**Maxine Teoh Sui Vern**

*Alternate Director to
Stephen Tew Peng Hwee
@ Teoh Peng Hwee*

**Devika A/P K Sothinathan**

*Independent
Non-Executive Director*

**Takim Khan Myhre**

*Alternate Director to
Dato' Abas Carl Gunnar*



Board of Directors' Profile

DATO' CARL GUNNAR MYHRE @ DATO' ABAS CARL GUNNAR BIN ABDULLAH

Executive Chairman



Date First Appointed to the Board:

15 March 2005

Board Committee Memberships:

- Chairman of the Executive Committee
- Member of the Remuneration Committee

Age/Gender/Nationality:

64/Male/Norwegian (Permanent Resident of Malaysia)

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 Mr. 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 Executive Chairman, Dato' Abas Carl Gunnar leads the Board on strategic matters and oversees the implementation of the business strategies as well as operational objectives of Axis-REIT. He had previously served as the Executive Deputy Chairman of the Board since 20 November 2006 and took over as Executive Chairman on 30 May 2023.

Dato' Abas Carl Gunnar has interests in other entities, being a director and shareholder of several private companies that are involved in property development, property investment and agarwood (gaharu) plantations. He also has interests in a fund management company based in New York, the United States of America, that specialises in global equities.

Present Directorships in Public Companies and/or Listed Issuers

- None

Other Memberships/Appointments/Involvements

- None

Awards Received

- None

Board of Directors' Profile

STEPHEN TEW PENG HWEE @ TEOH PENG HWEE

Non-Independent Non-Executive Deputy Chairman



Date First Appointed to the Board:

25 October 2004

Board Committee Memberships:

- Member of the Executive Committee
- Member of the Remuneration Committee
- Member of the Nomination Committee

Age/Gender/Nationality:

62/Male/Malaysian

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. His real estate agency, Hectares & Stratas Sdn Bhd, which he founded in 1992, is focused on the commercial and industrial real estate market.

Stephen has been instrumental in the development of many purpose-built buildings that have attracted numerous multinational companies as tenants, and has curated quality property portfolios for investment income.

In 1992, he teamed up with Dato' Abas Carl Gunnar 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.

Stephen had previously served as a Non-Independent Non-Executive Director on the Board of ARMB until his redesignation as Non-Independent Non-Executive Deputy Chairman on 30 May 2023. He is also a director and shareholder of several 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 companies 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

Board of Directors' Profile

LEONG KIT MAY

Chief Executive Officer/Executive Director



Date First Appointed to the Board:

15 November 2011

Board Committee Memberships:

- Member of the Executive Committee

Age/Gender/Nationality:

47/Female/Malaysian

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 moved to the UOA group of companies, taking on various roles across the group's property operations, including development, construction and investments. She was also 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 the Chief Executive Officer (CEO) of ARMB. In preparation for this, she took on the position of Chief Operating Officer 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 successfully steered Axis-REIT through the pandemic, with the Fund recording continued growth and operational resilience under her guidance. She has also been instrumental in driving the Fund's portfolio expansion, particularly in property development, where she has actively overseen the sourcing, implementation, and handover of 4 development projects to-date, with the fifth project currently underway.

Present Directorships in Public Companies and/or Listed Issuers

- Axis REIT Sukuk Berhad

Other Memberships/Appointments/Involvements

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

Awards Received

- KSI Malaysian Property Icon Leadership Award 2023
- Best of the Breeds REITs Awards 2023: Best CEO (Asia Pacific) - Platinum
- Best of the Breeds REITs Awards 2020: Best CEO (Malaysia)
- MIRA Investor Relations Awards 2020: Best CEO for IR

Board of Directors' Profile

ALVIN DIM LAO

Non-Independent Non-Executive Director


Date First Appointed to the Board:

30 December 2011

Board Committee Memberships:

- Member of the Audit Committee

Age/Gender/Nationality:

52/Male/Filipino

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

- D&L Industries Inc.

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

Awards Received

- None

Board of Directors' Profile

LIM KENG HWEЕ

Senior Independent Non-Executive Director



Date First Appointed to the Board:

1 June 2022

Board Committee Memberships:

- Chairperson of the Audit Committee
- Chairperson of the Nomination Committee

Age/Gender/Nationality:

59/Female/Malaysian

Academic/Professional Qualifications

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

Working Experience/Occupation

Keng Hwee is the founder and Executive Director of IFS Advisory Services Sdn Bhd (IFS), a firm providing tax compliance, advisory, and consultancy services, which includes 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 in the following year, taking charge of client management, operations, compliance, information systems, as well as human resource and administration, before helping the company as its Chief Executive Officer in 2009.

In 2011, she took on the role of 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

Awards Received

- None

Board of Directors' Profile

**DEVIKA A/P
K SOTHINATHAN****Independent Non-Executive Director****Date First Appointed to the Board:**

1 June 2022

Board Committee Memberships:

- Chairperson of the Remuneration Committee
- Member of the Audit Committee
- Member of the Nomination Committee

Age/Gender/Nationality:

56/Female/Malaysian

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

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 Sothi & Ang on 12 June 1992. She took on greater responsibilities over the years and 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 handled family law as well as criminal cases for the firm.

Present Directorships in Public Companies and/or Listed Issuers

- None

Other Memberships/Appointments/Involvements

- None

Awards Received

- None

Board of Directors' Profile

JANCIS ANNE QUE LAO

Alternate Director to Alvin Dim Lao



Date First Appointed to the Board:

20 October 2014

Board Committee Memberships:

- Not applicable

Age/Gender/Nationality:

47/Female/Filipino

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, the United States of America
- 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, facilitating collaborations and communication between all stakeholders to ensure efficiency and productivity across all 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 of 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)

Awards Received

- None

Board of Directors' Profile

MAXINE TEOH SUI VERN

Alternate Director to Stephen Tew Peng Hwee @
Teoh Peng Hwee



Date First Appointed to the Board:

1 July 2020

Board Committee Memberships:

- Not applicable

Age/Gender/Nationality:

30/Female/Malaysian

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, where 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 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 Naqiz & Partners Advocates & Solicitors from 2017 to 2018. Thereafter, she was a legal officer at Hectares & Stratas Sdn Bhd, a real estate agency that is focused on the commercial and industrial real estate market, before venturing out to establish Maxine & Co in 2020.

Present Directorships in Public Companies and/or Listed Issuers

- None

Other Memberships/Appointments/Involvements

- None

Awards Received

- None

Board of Directors' Profile

TAKIM KHAN MYHRE

Alternate Director to Dato' Carl Gunnar Myhre @
Dato' Abas Carl Gunnar Bin Abdullah


Date First Appointed to the Board:

27 October 2023

Board Committee Memberships:

- Not applicable

Age/Gender/Nationality:

23/Male/Malaysian

Academic/Professional Qualifications

- Bachelor of Arts in Politics, Occidental College, the United States of America

Working Experience/Occupation

Takim started his career at ARMB as a Leasing Executive, getting hands-on experience in the leasing operations of Axis-REIT's property portfolio.

He graduated with a Bachelor of Arts degree in Politics from Occidental College, the United States of America, in 2023, and thereafter, commenced his journey with ARMB.

Present Directorships in Public Companies and/or Listed Issuers

- None

Other Memberships/Appointments/Involvements

- None

Awards Received

- None

Other Disclosures

- Alvin Dim Lao is the representative of Alex Lee Lao, who is an ultimate major shareholder of ARMB, on the Board of ARMB. He is a nephew of Alex Lee Lao. Alvin's alternate director is Jancis Anne 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.
 - Takim Khan Myhre is the son of Dato' Abas Carl Gunnar.

Except as disclosed above, none of the Directors of ARMB has any family relationship with any Director of ARMB and/or major shareholder of ARMB, and/or major Unitholder of Axis-REIT.
- Other than related party transactions which have been disclosed and reviewed by the Audit Committee, none of the Directors of ARMB has any conflict of interest with ARMB and/or Axis-REIT, except for a perceived conflict-of-interest situation involving the interest of the Executive Chairman, Dato' Abas Carl Gunnar, arising from the employment of his son, Mr. Takim Khan Myhre, as an employee in ARMB. However, this will not pose as an actual conflict of interest as Dato' Abas Carl Gunnar shall not participate or have any form of influence over any decision-making relating to his son's employment terms, remuneration or benefits.
- None of the Directors of ARMB has been convicted of any offence (other than traffic offences) within the past 5 years.
- None of the Directors of ARMB has had any public sanction or penalty imposed on them by the relevant regulatory bodies during 2023.
- Details of the attendance of each Director of ARMB at Board meetings held during 2023 are contained in the Corporate Governance Overview Statement of this Report.
- Details of the unitholdings held by each Director of ARMB in Axis-REIT are contained in the Unitholders' Statistics section of this Report.

Key Management Profile

LEONG KIT MAY

Chief Executive Officer/Executive Director
47/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

- Current Vice Chairman of MRMA
- Industry Adviser for BSc Real Estate Programme, University of Reading Malaysia

Awards Received

- KSI Malaysian Property Icon Leadership Award 2023
- Best of the Breeds REITs Awards 2023: Best CEO (Asia Pacific) - Platinum
- Best of the Breeds REITs Awards 2020: Best CEO (Malaysia)
- MIRA Investor Relations Awards 2020: Best CEO for IR

NIKKI NG

Chief Financial Officer
46/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 has more than 20 years of working experience in the property, real estate and corporate sectors, focusing on financial accounting and reporting, as well as strategic planning.

As the Chief Financial Officer (CFO) of ARMB, she leads the Finance Team, driving its treasury and capital management, financial reporting, credit control, as well as budgetary control functions. She also works closely with the CEO on matters related to corporate finance and regulatory compliance.

Nikki joined ARMB as an Accountant in 2008 and was subsequently re-designated as the Head of Credit Control in 2012. She was promoted to the position of Financial Controller in 2016 and assumed her current position as CFO in 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.

Present Directorships in Public Companies and/or Listed Issuers

- None

Awards Received

- Best of the Breeds REITs Awards 2023: Best CFO (Asia Pacific) – Platinum
- Best of the Breeds REITs Awards 2020: Best CFO (Malaysia)

Key Management Profile

JACKIE LAW

Head of Real Estate
59/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 property acquisitions and divestments, asset enhancement initiatives, and development projects.

Jackie works closely with the Property Manager of Axis-REIT to ensure that the Fund has a well-maintained 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

REBECCA LEONG

Company Secretary & Head of Compliance
45/Female/Malaysian



Date First Appointed as Key Senior Management Personnel:

1 November 2016

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 (MAICSA)
- 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 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 of 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.

Present Directorships in Public Companies and/or Listed Issuers

- None

Key Management Profile

TAN KEE HONG

Head of Investments
37/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 the execution of the Fund's portfolio strategy, with a focus on its core industrial property assets. This encompasses sourcing, evaluating and securing new potential investments to build a robust pipeline of suitable acquisition and development targets for the Fund, and considering divestment possibilities in anticipation of changing market priorities.

Kee Hong 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 in 2015.

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

Present Directorships in Public Companies and/or Listed Issuers

- None

CHAN TZE WEE

Senior Manager, Investor Relations and Business Development
44/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 leads ARMB's business development ventures, where she is responsible for identifying and leveraging on strategic opportunities in untapped segments within the business space market to drive the Fund's growth.

Her key responsibilities include the identification, evaluation and completion of asset acquisitions with a focus on non-industrial properties, seeking prospects through engagements with 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.

Prior to joining ARMB in July 2014, Tze Wee worked in the advertising industry, 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 Workflow 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)

Key Management Profile

LOW AY KEEAN

Human Resource Manager

49/Female/Malaysian



Date First Appointed as Key Senior Management Personnel:

1 December 2015

Academic/Professional Qualifications

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

Working Experience

Ay Kean 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-REIT
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 2023

Property Management Team

SELINA KHOR

Axis Property Services
Property Manager of Axis-REIT
65/Female/Malaysian



Academic/Professional Qualifications

- Associate Diploma in Valuation, Royal 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 (APS), 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 over 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 APS.

Present Directorships in Public Companies and/or Listed Issuers

- None

SIVA SHANKAR PALANY

Head of Facilities Management
Axis Facilities Management Sdn Bhd
51/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 Malaysia
- Graduate Member, Royal Institution of Surveyors Malaysia
- Member, Malaysian Institute of Property & Facility Managers
- Affiliate Member, Institute of Workplace & Facilities Management, UK
- Certified International Project Manager, International Academy of Project Management

Working Experience

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 and/or Listed Issuers

- None

LOH YEN FERN

Head of Project Management
Axis Facilities Management Sdn Bhd
52/Female/Malaysian



Academic/Professional Qualifications

- Bachelor of Construction Economics, Royal 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 also works closely with ARMB and the Property Manager of Axis-REIT in planning, executing and monitoring the Fund's development projects, as well as in conducting due diligence exercises on potential asset acquisitions.

Yen Fern 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, she 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

Our Climate Journey

As the impacts of climate change become increasingly pronounced, businesses, investors and regulators are acknowledging the urgency in identifying, assessing, addressing and reporting climate-related risks and opportunities in a consistent and comparable manner.

This comes as companies are experiencing first hand, the significant financial threats posed by climate-related risks, along with the increasingly tangible impacts of climate change. This, in turn, is driving the need to quantify and disclose these impacts through a structured and consistent framework. At the same time, investors, eager to make informed and responsible investment allocation decisions, are demanding clearer disclosures of climate risks and their impacts. Meanwhile, regulators around the world are recognising the need for standardised sustainability reporting frameworks to ensure transparency, reliability and comparability.

Such stakeholder demands for greater accountability and disclosures on climate-related matters have fuelled the adoption of TCFD Recommendations across industries and sectors. The TCFD Recommendations, which are described in the diagram below, are seen as a crucial tool for assessing a company's preparedness in navigating the transition to a low-carbon economy, and are positioned to become a universal language for communicating climate-related risks and opportunities. Beyond just disclosures, its principles provide a structured pathway for businesses to integrate climate considerations into their governance, strategy, risk management, Key Performance Indicators (KPIs) and targets.

CORE TCFD RECOMMENDATIONS



Thematic Areas

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material

RISK MANAGEMENT

Disclose how the organisation identifies, assesses, and manages climate-related risks

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material



Recommended Disclosures

- | | | | |
|---|--|--|--|
| <ul style="list-style-type: none"> a. Describe the board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities | <ul style="list-style-type: none"> a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | <ul style="list-style-type: none"> a. Describe the organisation's processes for identifying and assessing climate-related risks b. Describe the organisation's processes for managing climate-related risks c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management | <ul style="list-style-type: none"> a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 Greenhouse Gas (GHG) emissions and the related risks c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets |
|---|--|--|--|

Our Climate Journey

Given this, Bursa Securities, in September 2022, set mandatory TCFD-aligned climate-related financial risk disclosures for Main Market-listed entities. These disclosures are to be implemented in phases from financial year 2025, with full disclosures enforced by financial year 2027.

As the Manager of Axis-REIT, we have long recognised the importance of sustainable business practices and building business resilience to navigate the impacts of climate change on the real estate industry. We also understand the need to communicate our strategies, actions and progress in managing sustainability. This paved the way for the issuance of Axis-REIT's inaugural Sustainability Report, which we published in conjunction with our Annual Report in 2016.

While the Fund's 2016 Sustainability Report laid a solid foundation for our ESG reporting, it also set the tone for integrated business thinking, as we increasingly incorporated and prioritised sustainability considerations in our business strategy and plans. This, in turn, led to the transition to integrated reporting in 2019, allowing us to present a holistic and comprehensive view of Axis-REIT's business and value creation model, addressing how we utilise our various capital resources, attend to the challenges and opportunities, and manage the material risks that affect the Fund.

SUSTAINABILITY REPORTING TIMELINE

2016

Embarked on sustainability reporting with the issuance of Axis-REIT's inaugural Sustainability Report, published within the Fund's Annual Report 2016

2021

Commenced documentation of waste management data for performance tracking

2023

Committed to look into efforts to reduce GHG emissions to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier

Reported progress towards energy, carbon, water and waste targets set in 2022/2023

Undertook a gap analysis with a view to adopt the TCFD Recommendations in a phased approach starting from 2024

Obtained final green building certification for Axis Facility 2 @ Bukit Raja and provisional certifications for Axis Mega Distribution Centre (Phase 1 and 2)

Set target to obtain 1 additional green building certification for the portfolio every year

2019

Transitioned to Integrated Reporting, with the issuance of Axis-REIT's first Integrated Annual Report

Commenced documentation of energy and water consumption data for performance tracking and target setting

2022

Established Axis-REIT's Environmental Policy, reaffirming our commitment to sustainability

Joined GRESB as a participant member

Added as a constituent in the FTSE4Good Bursa Malaysia and FTSE4Good Bursa Malaysia Shariah Indices

Set targets for energy, carbon footprint and water management

Added first green building-certified property, namely DW1 Logistics Warehouse, to Axis-REIT's portfolio, and received provisional green building certifications for Axis Facility 2 @ Bukit Raja and Bukit Raja Distribution Centre 2

Our Climate Journey

Since then, we have continued to enhance our sustainability initiatives and disclosures towards aligning our reporting with Bursa Securities' requirements, GRI Standards, as well as with TCFD Recommendations.

In light of the new requirements in Bursa Securities' sustainability reporting framework issued in September 2022, we undertook a TCFD gap assessment exercise in 2023, to assess our position in adopting the TCFD Recommendations. This assessment laid the framework for a comprehensive strategy to effectively manage and navigate the challenges and opportunities associated with climate-related risks. Given the scope and scale of TCFD Recommendations, we will take a phased approach in adopting the recommendations, leading towards a full adoption by 2027, in line with Bursa Securities' requirements.

Based on the results of the TCFD gap assessment exercise, our first order of business has been to strengthen our governance structure, recognising the pivotal role of the Board in overseeing and managing climate-related risks and opportunities. We expanded the Board's roles and responsibilities on sustainability to include climate-related matters to leverage the Board's invaluable insights and expertise on climate-related risks and opportunities. Concurrently, Senior Management, being responsible for the identification, assessment and management of climate-related risks and opportunities, includes such updates in its Progress Report to the Board on a quarterly basis. This ensures the Board's effective oversight of ESG-related matters, and is the basis for the Board's assessment of Senior Management's progress and achievements in its corporate sustainability strategies.

During 2023, the Board committed to ensure that the Manager will look into efforts to reduce GHG emissions to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier. At the same time, we have included ESG factors into the relevant Directors' evaluations, and incorporated ESG-related KPIs into the performance appraisals of Senior Management and the Marketing & Sustainability Manager, where the overall results of the performance appraisals would have financial consequences for Senior Management and the Marketing & Sustainability Manager, impacting their salary increments and/or bonuses. This is aimed at driving accountability for ESG and climate change management.



For more information on the Board's oversight on climate-related matters, please see the Corporate Governance Overview Statement on pages 164 to 179 of this Report.

At operational level, we had already taken a forward-looking approach in navigating the challenges of climate change, looking at the short, medium, and long-term horizons in identifying climate-related risks and opportunities. In 2022, we had set targets for energy consumption, Scope 1 and 2 GHG emissions, and water management over a 5-year horizon, and in 2023, we expanded our targets to include waste management and green building certifications.



Details of the targets and our performance against the targets are presented in the Management of Material Sustainability Matters section on pages 106 to 158 of this Report.

During 2023, we also established a data collection process for Scope 3 GHG emissions (for Category 6 Business Travel and Category 7 Employee Commuting), and incorporated climate risk considerations into our due diligence assessments for potential acquisitions and disposals.

Looking ahead, our immediate next steps will see the Fund undertaking a climate scenario analysis, as recommended by the TCFD gap assessment exercise undertaken in 2023. The climate scenario analysis will assess the potential impacts of climate risks on the Fund's operations, facilitate the development of resilient business strategies, and align our roadmap to meet Bursa Securities' sustainability reporting requirements. Based on the climate scenario analysis, we aim to identify and assess both physical and transition risks that could have financial and non-financial impacts on Axis-REIT's operations. Identifying the relevant risks and opportunities will enable us to strengthen our financial performance in the face of climate-related challenges. We will also expand our data collection process to include additional categories within Scope 3 GHG emissions, as well as identify key metrics related to investments in climate adaptation and mitigation, which will address potential financial aspects such as shifting demand, expenditures, asset valuation, and cost of financing.

CLIMATE CHANGE INITIATIVES



Completed in 2023

- ✓ Continued prioritising sustainability-linked financing where possible
- ✓ Introduced ESG elements in the fit-out and refurbishment guide provided to our tenants
- ✓ Conducted a TCFD-readiness assessment as we prepared to commence our journey in TCFD reporting
- ✓ Met green building certification targets
- ✓ Set waste management targets



Planned for 2024

- To continue to work towards energy, GHG, water and waste reduction targets
- To conduct climate scenario analyses to integrate climate-related considerations into a business continuity plan (BCP)
- To identify the physical and transition risks that could have both financial and non-financial impacts to Axis-REIT's portfolio

Our Climate Journey



Planned for 2024

- To explore the installation of EV chargers at selected properties
- To achieve the pre-agreed specific performance target (SPT) stipulated under existing sustainability-linked financing facilities
- To ensure all proposed acquisitions are screened for ESG compliance in accordance with the Initial Due Diligence Assessment Checklist
- To prioritise green building features and to increase the number of green-certified buildings in the Fund's portfolio, targeting to obtain at least 1 green building certification for the portfolio every year
- To continue to ensure ESG factors are considered in the performance of the Board, Senior Management and the Marketing & Sustainability Manager, with financial and non-financial consequences, to drive accountability for ESG and climate change management

Moving forward, we will continuously monitor our progress and performance in 2024, and if necessary, reassess these targets and initiatives. As we continue to pursue our sustainability ambitions, we will keep abreast of the latest developments in climate-related reporting requirements, including local and international guidelines such as the IFRS Sustainability Disclosure Standards, IFRS S1 - General requirements for the disclosure of sustainability-related financial information and IFRS S2 - Climate-related disclosures (IFRS S1 and S2). We will continue to progress towards full adoption of TCFD Recommendations to effectively manage climate-related risks and opportunities and achieve sustainable value creation for Axis-REIT's stakeholders.



Axis Mega Distribution Centre

Letter to Unitholders from the Chairman & CEO

2023
has been a year of
strategic optimisation
for Axis-REIT.

During the year, we directed our focus on enhancing the performance of our portfolio and operations, and completed our fourth development project and a major Asset Enhancement Initiative (AEI). We are pleased to report that despite economic and operating headwinds encountered in the first half of the year, we were able to close the year on stronger operating metrics, and report a steady financial performance for the full year. The Fund's **8.65 sen DPU** declared for the financial year ended 31 December 2023 translates to a commendable yield of **4.8%** based on the Fund's closing Unit price of **RM1.79** at the close of the year.



Dato' Carl Gunnar Myhre
@ Dato' Abas Carl Gunnar
Bin Abdullah
Executive Chairman

Leong Kit May
Chief Executive Officer/
Executive Director

Letter to Unitholders from the Chairman & CEO



Dear Unitholders,

We are pleased to present Axis-REIT's Integrated Annual Report for the financial year ended 31 December 2023.

2023 presented a challenging economic backdrop for businesses globally. The prolonged interest rate upcycle, persistently high levels of inflation, and weak external sector weighed down on the momentum of 2022's post-pandemic recovery. Fortunately, Malaysia's resilient domestic demand saw sustained private and public consumption as well as investments, that offset weak external demand. The country also saw continued inflows of domestic and foreign direct investments (FDI) into the manufacturing sector during 2023, which supported continued demand for industrial real estate assets.

Against this backdrop, Axis-REIT's strategic focus in 2023 turned towards optimising our operations and portfolio, and integrating sustainability considerations to further strengthen the Fund's resilience and readiness to address the challenges of climate change and enhanced sustainability disclosures.

Growing Today, Shaping Tomorrow

Amid rising concerns of climate change risk, we strive to ensure that the initiatives we invest in today will shape the development of resilient and sustainable operations in the medium to long-term. We continued to advance Axis-REIT's sustainability agenda in 2023, making a commitment to reduce our GHG emissions (Scope 1 and Scope 2 combined) to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier.

Towards this end, we will enhance our sustainability initiatives, building on our existing efforts that already pinpoint clear and quantifiable sustainability targets across our 6 strategic pillars. These existing targets include obtaining 1 additional green building certification a year, as well as achieving explicit energy, water, GHG emissions and waste reduction targets.

We are pleased to report that in 2023, we met our energy reduction targets and secured final GreenRE Silver certification for Axis Facility 2 @ Bukit Raja, as well as provisional GreenRE Silver and GreenRE Gold certifications for Axis Mega Distribution Centre (Phase 1) and Axis Mega Distribution Centre (Phase 2) respectively. We also successfully met the SPT of our sustainability-linked financing facility and enjoyed financing cost savings from a reduction in the profit rate in accordance

with the SPT terms during the financial year under review.

Cumulatively, these efforts and achievements underscore our commitment towards creating sustainable, long-term value for our Unitholders. These initiatives were also instrumental in maintaining Axis-REIT's inclusion as a constituent of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index, which in turn, reaffirms our strong ESG practices and lifts the Fund's visibility within the investment community.

Portfolio Highlights

In 2023, we directed our focus on optimising our existing portfolio. Specifically, we focused our efforts to ensure the timely completion of our fourth development project, Bukit Raja Distribution Centre 2, as well as our major AEI involving Axis Facility 2 @ Bukit Raja. We are pleased to report that Bukit Raja Distribution Centre 2 was completed and handed over to

Crystal Plaza



Letter to Unitholders from the Chairman & CEO

SPX Xpress (Malaysia) Sdn Bhd (formerly known as Shopee Express Malaysia Sdn Bhd) (Shopee) on 1 August 2023, a month ahead of schedule, while the AEI of Axis Facility 2 @ Bukit Raja was also completed and tenanted as scheduled. The completion of both projects added to our space under management during the year, while our portfolio count remained stable at 62 properties.

Looking ahead, we have substantially completed the construction of Axis Mega Distribution Centre (Phase 2), with full completion of the development slated for 1Q 2024. This logistics warehouse will be our fifth development project, and will feature a built-up area of approximately 509,035 sq. ft. that can be sub-divided to 8 modules for maximum flexibility, to cater to tenants' requirements. Axis Mega Distribution Centre (Phase 2), along with the acquisitions of Axis Hypermarket @ Temerloh and a manufacturing facility in Sendayan, Negeri Sembilan which were ongoing as at 31 December 2023, will add to Axis-REIT's portfolio count and space under management during 2024.

Operational Highlights

While demand dynamics for industrial properties remained positive, the Fund did experience fluctuations in portfolio occupancy rates at the start of 2023, due to tenant turnover and the termination of a long-term lease agreement. Despite such headwinds, we are pleased to report that we were able to address the situation quickly, and close the year with stronger operating metrics.

The Real Estate Team successfully secured renewals for 1.53 million sq. ft. or 97% of space by net lettable area (NLA) that had come up for renewal in 2023. Together with new tenancies for a further 1.91 million sq. ft. of space that commenced during the year, the Fund achieved a portfolio occupancy rate of 97% as at 31 December 2023, up 2 percentage points from the preceding year. This was further enhanced by a positive rental reversion of 5.8% across the portfolio for the year.



Key Highlights



Achieved 97% tenant retention rate and 5.8% positive rental reversion.



Raised portfolio occupancy rate to 97% as at 31 December 2023, up 2 percentage points from the preceding year.



Entered into sale and purchase agreements (SPA) for the acquisitions of Axis Hypermarket @ Temerloh as well as a manufacturing facility in Sendayan, Negeri Sembilan. The acquisition of Axis Hypermarket @ Temerloh was concluded on 16 January 2024, while the acquisition of the manufacturing facility in Sendayan is slated for completion in the first half of 2024.



Completed the development and handover of our fourth development project, Bukit Raja Distribution Centre 2, on 1 August 2023.



Completed the major AEI of Axis Facility 2 @ Bukit Raja.



Obtained final GreenRE Silver certification for Axis Facility 2 @ Bukit Raja, provisional GreenRE Silver certification for Axis Mega Distribution Centre (Phase 1) and provisional GreenRE Gold certification for Axis Mega Distribution Centre (Phase 2).



Successfully completed an IDRP exercise in conjunction with the Fund's third interim income distribution for FYE2023, achieving a 67% take up rate and retaining RM10.7 million in capital that was deployed to AEIs of the Fund's portfolio.



Declared a distribution per Unit (DPU) of 8.65 sen for FYE2023, which translated to a distribution yield of 4.8% based on the Fund's year-end Unit closing price.

Our commitment to deliver exceptional business space solutions and services, along with the strength of the Axis-REIT brand and portfolio of properties, continues to attract and retain an impressive tenant listing that comprises multinational companies (MNCs), government-linked companies (GLCs) and large listed companies.

We will continue to proactively engage our tenants and real estate agents to drive awareness and interest in our portfolio, and maintain high levels of tenant satisfaction to support tenant retention and occupancy rates. Such engagements will also provide insights into the needs and expectations of our tenants, guiding our efforts to efficiently enhance the property portfolio with impactful features such as resource-efficient fittings and fixtures and enabling renewable energy options, to further improve tenant satisfaction.

Letter to Unitholders from the Chairman & CEO

Financial Highlights

Notwithstanding challenges in the economic, investing and operating environment, Axis-REIT reported stable financial results for 2023. Revenue rose marginally, by 1.4% to RM288.4 million for the year, on incremental rental income from new leases, full year rental income contributions from acquisitions completed in 2022, and positive rental reversions achieved during the year. These were partly offset by tenant turnover and the termination of the long-term lease at Axis Steel Centre @ SiLC in the first half of the year. At the bottom line, net property income was stable, at RM245.4 million in 2023 (2022: RM245.3 million). The Fund announced a total distribution of 8.65 sen per Unit for the financial year 2023, which translated to a distribution yield of 4.8% based on the Fund's closing Unit price of RM1.79 as at 29 December 2023.

During the year, we continued to prioritise sustainability-linked financing, taking on a further RM320.0 million in sustainability-linked term financing facilities. These facilities brought our total sustainability-linked financing facilities to RM490.0 million, representing almost one third of our total financing facilities, providing further incentives for the Fund to meet its sustainability commitments and targets.

As at 31 December 2023, Axis-REIT's financing ratio declined slightly, to 34.4%, from 36.3% a year earlier, following the private placement of 100 million new Units and the IDRPs undertaken in 2023. The private placement and IDRPs had collectively raised net proceeds of RM183.7 million, which were used to repay the Fund's existing short-term financing as well as to fund AEs. The relatively low financing ratio gives the Fund sufficient headroom for further acquisitive and development opportunities, with the ability to take on a further RM706.5 million in financing facilities before breaching the 50% financing ratio limit set by the SC.

Risk Management

With heightened concerns over the impact of climate change, we have increasingly focused our attention on climate-related risks in our portfolio and operations. These risks are incorporated in our comprehensive Risk Management Framework, which addresses both financial and non-financial risks and opportunities.

In preparation to align our reporting disclosures with TCFD Recommendations, we undertook a TCFD gap analysis in 2023 to enhance our understanding of the Fund's readiness to adopt TCFD-aligned reporting. This TCFD gap analysis also serves as a roadmap for the Fund on the next steps required to align our disclosures in the short, medium and long-term towards meeting Bursa Securities' directive of TCFD-aligned reporting by 2027.

Among the next steps identified in the TCFD gap analysis are for the Fund to undertake a climate scenario analysis to ascertain climate-related risks impacting the Fund's portfolio, and to identify physical and transition risks that could impact its operations. We will also look into expanding our Scope 3 reporting to accelerate our progress towards our sustainability targets.

Concurrently, we have also remained vigilant in managing cybersecurity risks. We engaged our outsourced IT service provider to enhance the implementation of our cybersecurity defences, ensuring that our IT infrastructure is up-to-date and fit-for-purpose. During the year, we explored the implementation of an IT disaster recovery plan, and completed an internal audit on our IT processes to identify areas for improvement. We also conducted cybersecurity awareness and training programmes for our people, and reviewed our Personal Data Protection Policy and Privacy Notice.

2024 Outlook and Strategy

We are cautiously optimistic in our outlook for 2024, as Malaysia's economic resilience and catalytic initiatives will support investment activity. We expect sustained demand for well-located, Grade A industrial properties driven by continued investments in the logistics and manufacturing sectors, as well as rapidly emerging segments such as data centre properties.

Our Real Estate and Property Management Teams will continue to proactively engage our tenants and real estate agents to build stronger relationships and gain better insights to understand our tenants' and the market's expectations, strategies and challenges, which will, in turn, allow us to tailor our business space solutions to better serve tenants' needs.

Against this backdrop, we will continue to build a pipeline of acquisitive and development opportunities that will drive the Fund towards its targeted Assets Under Management (AUM) of RM5 billion by the end of 2024. We will continue to position our industrial portfolio to benefit from long-term opportunities at prime industrial locations that hold significant value enhancement potential through future rejuvenation programmes. Concurrently, we will also continue to maintain our office properties, which offer quality business space solutions in thriving commercial centres in the Outer Kuala Lumpur area.

Letter to Unitholders from the Chairman & CEO

Acknowledgements & Appreciation

We wish to express our deepest appreciation to our former Independent Non-Executive Chairman, YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, our former Senior Independent Non-Executive Director, En. Mohd Sharif Bin Hj Yusof, and our former Independent Non-Executive Director, Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor, who stepped down from their respective roles during the year, in compliance with the SC's cap on independent directors' tenures at 12 years. Their years of dedicated counsel, service and leadership have been instrumental in shaping the strategies and growth of the Fund, and we wish them our very best in their next endeavours. We also extend our gratitude to our sitting Board members for all their continued contributions in sharing invaluable insights and expertise in taking the Fund forward.

As always, 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 2023:

Awards & Recognition

THE EDGE BILLION RINGGIT CLUB 2023 <p>Highest Growth in Profit after Tax over Three Years <i>(REIT Category)</i></p>	ALPHA SOUTHEAST ASIA BORROWER ISSUER AWARDS 2023 <p>Best REIT Deal of the Year in Asia</p>	KSI MALAYSIAN PROPERTY ICON LEADERSHIP AWARD 2023 <p>Leong Kit May</p>	THE ASSET ESG CORPORATE AWARDS 2023 <p>Gold Award</p>
SIN CHEW BUSINESS EXCELLENCE AWARDS 2023 <p>Top 10 <i>(Profit After Tax)</i></p> <p>Property Excellence Award</p>	NACRA EXCELLENCE AWARDS 2023 <p>Silver Award <i>(Less than RM10 billion in market capitalisation)</i></p>	BEST OF THE BREEDS REITS AWARDS 2023 <p>Best Industrial REIT (Malaysia) - Platinum</p> <p>Best CEO (Asia Pacific) - Platinum <i>(Less than USD1 billion in market capitalisation)</i></p> <p>Best CFO (Asia Pacific) - Platinum <i>(Less than USD1 billion in market capitalisation)</i></p> <p>Best Islamic REIT (Malaysia) - Platinum</p>	

In closing, we express our heartfelt appreciation to our various stakeholders – from our colleagues, to the Fund's Unitholders, tenants, contractors, suppliers, real estate agents, surrounding communities and business partners – for their continued trust in the Fund. It is with this continued support that we are able to pursue and realise Axis-REIT's vision and mission.

Dato' Carl Gunnar Myhre @ Dato' Abas Carl Gunnar Bin Abdullah
Executive Chairman

Leong Kit May
Chief Executive Officer/Executive Director

Manager's Discussion and Analysis

CEO's Review

Axis-REIT turned in a steady performance in 2023 despite the backdrop of economic and operating challenges during the year. We focused our attention on strengthening our business resilience from within, optimising our portfolio, completing our ongoing development projects and major AEI, and fortifying our sustainability ambitions to ensure the Fund's resilience in facing climate-related risks and opportunities.

Amid wage inflation, tenant turnover and the termination of a long-term lease, our Real Estate Team was able to respond to evolving market conditions and demands with agility, securing a 97% tenant retention rate along with new tenancies for 1.91 million sq. ft. of space during the year. These efforts lifted the Fund's portfolio occupancy rate by 2 percentage points to close the year at 97%, with a 5.8% positive rental reversion across the portfolio during the year.

In the development space, we completed our fourth development project, Bukit Raja Distribution Centre 2, a 620,096 sq. ft. logistics warehouse that was handed over to Shopee on 1 August 2023, a month ahead of schedule. We also concluded our major AEI at Axis Facility 2 @ Bukit Raja, which was fully tenanted as scheduled.

While the portfolio count remained stable at 62 properties, the completion of Bukit Raja Distribution Centre 2 substantially added to our space under management, which increased by 4.9% from a year earlier to 13.4

million sq. ft. as at 31 December 2023. Looking ahead, we had also made significant progress on Axis Mega Distribution Centre (Phase 2), our fifth development project, which is slated for completion in 1Q 2024. This, along with the acquisitions of Axis Hypermarket @ Temerloh and a manufacturing facility in Sendayan, Negeri Sembilan, which were both ongoing as at 31 December 2023, will add to the Fund's portfolio count and space under management in 2024.

On top of our operating and investing activities, sustainability continued to be a priority for the Fund, as we focused on improving the resilience of our operations and portfolio of properties, and as we commenced our groundwork towards aligning our disclosures with TCFD Recommendations. We are pleased to note that during the year, we obtained 1 final green building certification and 2 provisional green building certifications, bringing total green building certified properties within our portfolio to 4. We also met our energy and carbon reduction targets, and

achieved the terms of the SPT stipulated in our sustainability-linked financing facilities secured in 2022, which allowed the Fund to enjoy a reduction in the facility's profit rate during the year.

Our agility in responding to the economic and operating environment yielded steady results for the Fund in 2023. Revenue rose by a marginal 1.4% from RM284.5 million in 2022, to RM288.4 million in 2023, while net property income was stable at RM245.4 million (2022: RM245.3 million). Axis-REIT declared a total DPU of 8.65 sen for FYE2023, which translates to a distribution yield of 4.8% based on the Fund's Unit price at the close of the year.

Prudent capital management strategies kept our financing ratio at a modest 34.4% as at 31 December 2023, giving the Fund sufficient headroom to take on a further RM706.5 million in financing facilities for future acquisitions and development opportunities.



Axis Technology Centre

Manager's Discussion and Analysis



Key highlights in 2023

1Q

- Progressed to commence construction work at Axis Mega Distribution Centre (Phase 2) in January 2023
- Declared a first interim DPU of 2.05 sen for FYE2023
- Completed the Fund's ninth private placement with the listing of 100,000,000 new Units on 4 January 2023

2Q

- Declared a second interim DPU of 2.05 sen for FYE2023
- Obtained Certificate of Practical Completion for Bukit Raja Distribution Centre 2, the Fund's fourth development project

3Q

- Handover of Bukit Raja Distribution Centre 2 with Certificate of Completion and Compliance
- Declared a third interim DPU of 2.15 sen for FYE2023
- Application of IDRP for FYE2023's third interim income distribution

4Q

- Signed an SPA to acquire one property in Sendayan, Negeri Sembilan, for RM48.0 million
- Signed an SPA to acquire one property in Temerloh, Pahang, for RM25.75 million. The acquisition was completed on 16 January 2024
- Recorded a revaluation gain on the property portfolio of RM81.3 million for FYE2023
- Successfully completed the 2023 IDRP in conjunction with the payment of Axis-REIT's third interim income distribution for FYE2023 on 18 December 2023
- Declared a final DPU of 2.40 sen for FYE2023
- Substantially completed the construction work at Axis Mega Distribution Centre (Phase 2)

Performance highlights for 2023

Our key performance indicators reflected the Fund's steady growth and business performance despite the challenging operating conditions during 2023.



Revenue

RM288.4 million

FYE2022: RM284.5 million



Net Asset Value

RM2.83 billion

FYE2022: RM2.57 billion



Net Property Income

RM245.4 million

FYE2022: RM245.3 million



Net Income After Tax

RM217.8 million

FYE2022: RM190.4 million



Rental Reversion

+5.8%

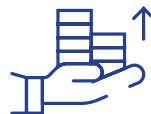
FYE2022: +3.3%



Distribution per Unit

8.65 sen

FYE2022: 9.75 sen



Revaluation Gain on Portfolio

RM81.3 million

FYE2022: RM27.8 million



Assets Under Management

RM4.52 billion

FYE2022: RM4.26 billion



Portfolio Occupancy Rate

97%

FYE2022: 95%



Space Under Management

13.4 million sq. ft.

FYE2022: 12.7 million sq. ft.

Manager's Discussion and Analysis

Financial Review

2023 presented a challenging operating environment for businesses. Globally, the prolonged upcycle in interest rates lifted lending rates to the highest level in years, while cost inflation continued to spiral upwards, driven up by rising wages.

Notwithstanding these headwinds, we are pleased to report that Axis-REIT has continued to maintain its strong track record of delivering sustainable returns and portfolio growth for our Unitholders and stakeholders, through investing in and managing quality properties.

Axis-REIT's portfolio remained stable in 2023, as we completed our fourth development project, namely Bukit Raja Distribution Centre 2, along with the major AEI of Axis Facility 2 @ Bukit Raja, which added to our space under management during the year.

Against this backdrop, the Fund's revenue increased marginally, by 1.4% year-on-year (yoy) to RM288.4 million (2022: RM284.5 million) while net property income was stable, at RM245.4 million (2022: RM245.3 million). The marginal uptick in revenue stemmed from full year rental contributions from property acquisitions that were completed in 2022, and the commencement of the lease of Bukit Raja Distribution Centre 2 to Shopee in August 2023. These were partly offset by the termination of the long-term lease at Axis Steel Centre @ SiLC by Yongnam Engineering Sdn Bhd, as well as tenant turnover at Axis Shah Alam Distribution Centre 3. At the bottom line, income available for distribution decreased by 5.7% due to higher operating expenses and financing costs.

The Fund declared a DPU of 8.65 sen for the financial year 2023 (2022: 9.75 sen) with total income distribution amounting to RM150.8 million (2022: RM160.1 million). The lower DPU reflected the lower income available for distribution and the enlarged Unit base following the equity placement exercise that was completed with the listing of 100 million new Units on 4 January 2023. The total DPU of 8.65 sen equates to a distribution yield of 4.8%, based on the Fund's closing Unit price of RM1.79 on 29 December 2023.

The Manager continues to be disciplined in selecting the right yield accretive acquisitions and development projects to lift earnings and drive capital appreciation. We have carefully selected a portfolio of properties with significant long-term investment and development potential. The success of this strategy is reflected in the continued appreciation in the appraised value of the Fund's investment properties, which increased by RM81.3 million in 2023. This demonstrates the quality of the portfolio and the strength of its underlying performance, as well as the solid fundamentals of industrial properties, which continue to see resilient demand and limited supply.

With continued emphasis on sustainability as a priority in our capital management strategy, we secured additional sustainability-linked financing facilities amounting to RM320.0 million during the year. This brought our total sustainability-linked financing facilities to RM490.0 million to-date, representing almost one third of our total financing facilities.

KEY HIGHLIGHTS

Revenue

RM288.4 million

FYE2022: RM284.5 million

Net property income

RM245.4 million

FYE2022: RM245.3 million

Net realised income

RM145.4 million

FYE2022: RM157.6 million

Income distribution

RM150.8 million

FYE2022: RM160.1 million

DPU

8.65 sen

FYE2022: 9.75 sen

Manager's Discussion and Analysis

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

Summary of Results

	2023	2022	2021	2020	2019
Total Revenue (RM'000)	288,410	284,471	246,195	232,234	222,464
Property Operating Expenses (RM'000)	(42,977)	(39,128)	(33,314)	(33,716)	(30,756)
Net Property Income (RM'000)	245,433	245,343	212,881	198,518	191,708
Profit and Other Income (RM'000)	1,494	797	804	875	1,434
Changes in Fair Value of Investment Properties (RM'000)*	77,399	24,438	63,197	10,796	94,064
Net (Loss)/Gain on Financial Liabilities measured at amortised cost** (RM'000)	(2,627)	4,654	(1,705)	(428)	(2,348)
Fair Value Change on Derivatives (RM'000)	(2,463)	2,027	1,746	(905)	(933)
Net Property and Investment Income (RM'000)	319,236	277,259	276,923	208,856	283,925
Non-Property Expenses (RM'000)	97,640	85,209	72,884	66,285	70,474
Net Income before Taxation (RM'000)	221,596	192,050	204,039	142,571	213,451
Breakdown of Net Income after Taxation:					
- Realised Income after Taxation (RM'000)	145,375	157,550	136,211	124,938	115,179
- Unrealised Income after Taxation (RM'000)	72,397	32,817	64,153	17,126	94,059
Income Available for Distribution (RM'000)	151,128	160,238	138,224	126,390	116,872
Earnings per Unit (Realised + Unrealised) (EPU) (sen)	12.50	11.62	13.80	9.86	16.61
Income Distribution (RM'000)	150,756	160,085	137,985	126,203	116,752
Distribution Per Unit (DPU) (sen)	8.65	9.75	9.49	8.75	9.26
Distribution Yield (based on closing market price on 31 December) (%)	4.83	5.45	4.89	4.31	5.23
EPU Yield (based on closing market price on 31 December) (%)	6.98	6.49	7.11	4.86	9.38
Management Expense Ratio (MER) (%)	1.20	1.22	1.25	1.27	1.29
Annual Total Return (%)***	4.83	(2.71)	0.24	19.63	19.40
Average Total Return (3 years) (%)	0.79	5.72	13.09	16.29	9.18
Average Total Return (5 years) (%)	8.28	9.28	9.48	10.07	5.20

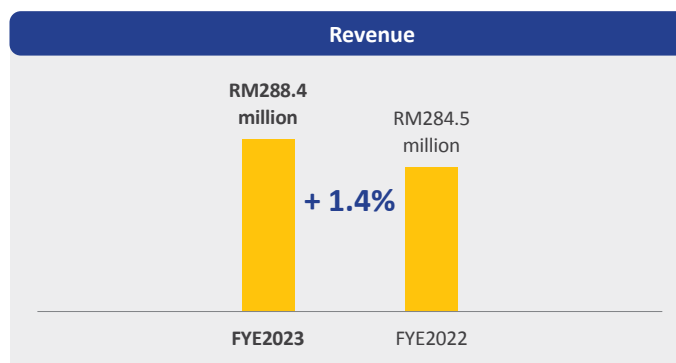
* After offsetting unbilled lease income receivables.

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

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

Revenue: Marginally higher at RM288.4 million (+1.4% yoy)

Axis-REIT posted a revenue of RM288.4 million in 2023, which was a marginal increase of 1.4% or RM3.9 million over 2022's RM284.5 million. Growth was attributed to full year contributions of properties acquired in 2022, as well as from the commencement of leases at Bukit Raja Distribution Centre 2 and Axis Facility 2 @ Bukit Raja during the year. These were partly offset by a decline in occupancy at the start of 2023, following the expiry of the tenancy at Axis Shah Alam Distribution Centre 3 at the end of 2022, and after the termination of the long-term lease at Axis Steel Centre @ SiLC in first half 2023.



Manager's Discussion and Analysis

Rental income accounted for RM276.1 million or 95.7% of total revenue, while the balance was derived from car park income and other income.

Total revenue was offset by a steep decline in Other Income, which normalised after 2022's spike from the sale of recycled materials recovered during demolition work at the Bukit Raja Distribution Centre 2 project site and the AEI of Axis Facility 2 @ Bukit Raja.

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Rental income*	276,073	265,016	237,669	224,001	211,475
Car park income	5,754	5,079	4,075	4,615	6,355
Other income	6,583	14,376	4,451	3,618	4,634
Total	288,410	284,471	246,195	232,234	222,464

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

Property Operating Expenses: RM3.8 million higher, in line with incremental space under management, enforcement of stringent operational standard operating procedures (SOPs), and persistent wage inflation

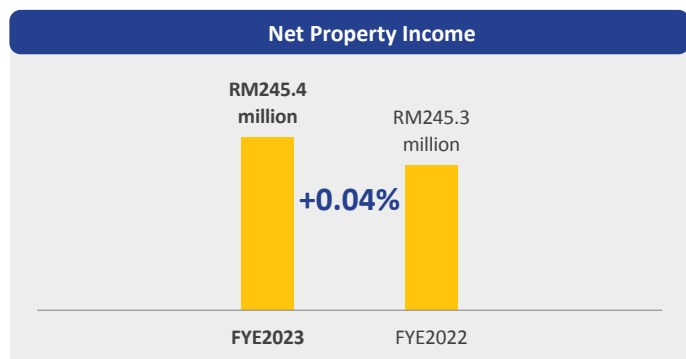
The Fund's property operating expenses increased by 9.8% yoy to RM43.0 million, attributable to the full-year recognition of operating expenses for properties acquired in 2022, and higher one-off building expenses for the portfolio during 2023. Maintenance and other expenses, property management expenses, along with assessment and quit rent payments, were the largest categories of expenses, accounting for 39.9%, 22.3% and 20.4% of total property operating expenses respectively in 2023. Security and cleaning expenses increased by 18.4% yoy as we adopted stringent cleaning protocols to ensure the well-being of our tenants at our multi-tenanted properties. This, along with wage inflation, were seen as key factors driving up operating expenses.

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Assessment and quit rent	8,770	8,056	7,039	6,203	5,495
Property Manager's fee and on-site personnel costs	9,569	9,512	8,467	8,221	7,633
Security and cleaning expenses	5,899	4,980	4,026	4,348	3,793
Takaful contributions	1,585	1,498	1,447	1,451	1,393
Maintenance and others	17,154	15,082	12,335	13,493	12,442
Total	42,977	39,128	33,314	33,716	30,756

Manager's Discussion and Analysis

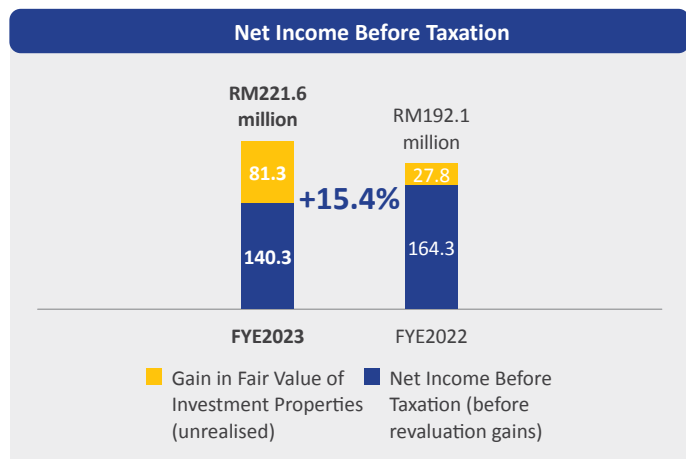
Net Property Income: Stable at RM245.4 million

Net property income was stable from a year earlier, at RM245.4 million in 2023, vs RM245.3 million in 2022.



Net Income Before Taxation: Up 15.4% due to a higher revaluation gain on the property portfolio recognised in 2023

Axis-REIT's net income before taxation rose 15.4% yoy to RM221.6 million in 2023, lifted by a higher unrealised gain in the fair value of investment properties. The Fund recognised a revaluation gain of RM81.3 million in 2023, against RM27.8 million in the preceding year.

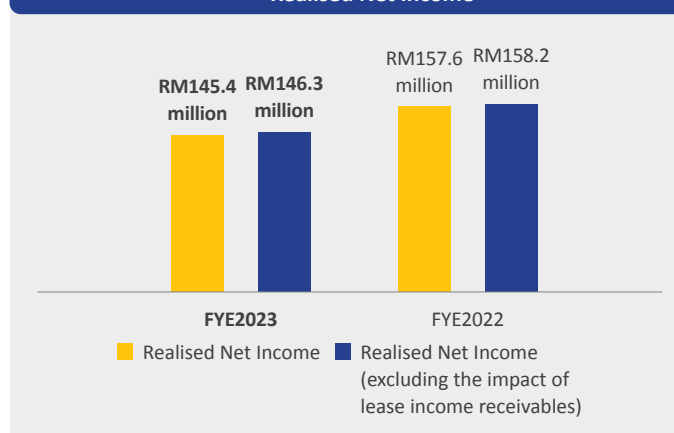


Realised Net Income excluding lease incentive adjustments: Down 7.5% at RM146.3 million

Axis-REIT's realised net income after taxation, including the impact of lease incentive adjustments pursuant to MFRS16, declined by 7.7% to RM145.4 million in 2023.

Excluding the impact of lease incentive adjustments, net income for 2023 would have amounted to RM146.3 million against RM158.2 million in 2022 – a 7.5% drop from the previous year.

Realised Net Income



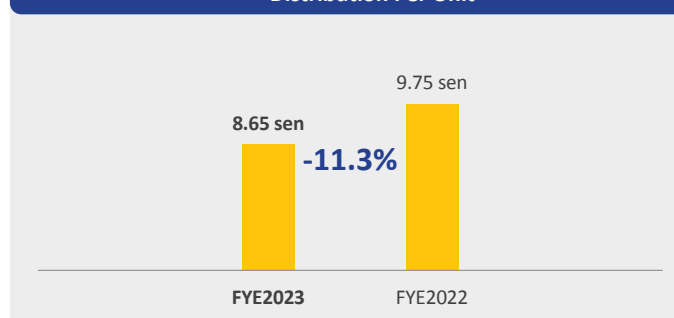
DPU: 8.65 sen, translating to a commendable distribution yield of 4.8%

Total realised income available for distribution in the financial year 2023 amounted to RM151.1 million. The Fund declared a total DPU of 8.65 sen, down 11.3% from 9.75 sen in the preceding year. The lower DPU reflected the enlarged Unit base following Axis-REIT's equity placement that was completed in early January 2023, as well as lower income available for distribution.

Based on Axis-REIT's closing Unit price of RM1.79 on 29 December 2023, the year's DPU translated to a commendable distribution yield of 4.8%.

Since its listing in 2005, Axis-REIT's Unit price had increased to RM1.79 as at 29 December 2023, from RM0.625 (equivalent to RM1.25 per Unit prior to the Unit Split) at its IPO. Including the total distributions paid out, total cumulative returns to the Fund's Unitholders since its listing in 2005 have exceeded 400%.

Distribution Per Unit



Manager's Discussion and Analysis

During 2023, the Fund offered an IDRPs, applicable to its third interim DPU of 2.15 sen, of which 1.59 sen was taxable and 0.56 sen was non-taxable in the hands of Unitholders. The 2023 IDRPs gave Unitholders the option to either:

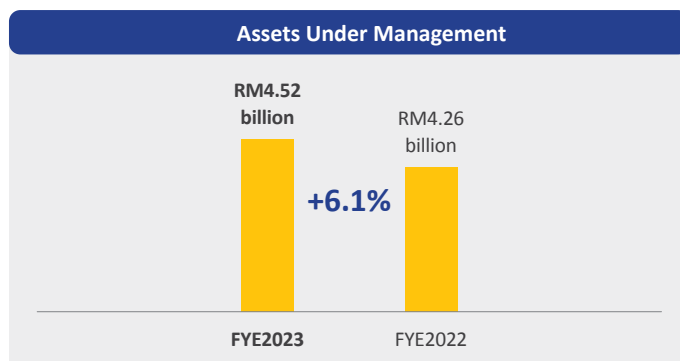
- reinvest the electable portion of 1.00 sen in new Units of the Fund and receive the balance portion of 1.15 sen in cash, or
- reinvest a partial electable portion of 0.50 sen in new Units of the Fund and receive the balance portion of 1.65 sen in cash, or
- choose not to participate in the IDRPs option and receive the entire third DPU of 2.15 sen in cash.

The 2023 IDRPs was offered to Unitholders at an attractive price of RM1.70 per Unit, pricing it at a 5.98% discount to the 5-day volume weighted average market price of the Fund's Units. The 2023 IDRPs, which attracted a take up rate of 67%, was successfully completed in December 2023, with the issuance of 6,438,121 IDRPs Units that were listed on Bursa Securities on 18 December 2023. Consequently, the total number of Axis-REIT Units in issue increased from 1,741,054,038 to 1,747,492,159. The Fund retained RM10.7 million in capital from the 2023 IDRPs, which was deployed towards AELs of its property portfolio.

AUM: Up 6.1% to RM4.52 billion

Axis-REIT's financial position remained robust and well-positioned to support portfolio resilience and productivity.

Disciplined investments over the past 18 years have driven continued growth in the Fund's AUM. As at 31 December 2023, the Fund's AUM amounted to RM4.52 billion, a 6.1% increase from RM4.26 billion a year earlier. Investment properties made up RM4.44 billion or 98.2% of the Fund's AUM. These comprised 57 industrial properties, 2 hypermarkets and 3 office buildings that are strategically located in key industrial and commercial hubs across Peninsular Malaysia.



Portfolio Yield: Average net yield stable at 7.6%

Rental yields for the Fund's portfolio remained stable, with average gross and net yields of 8.9% and 7.6% respectively during 2023.

Hypermarkets garnered the highest net yields, at 8.8%, followed by manufacturing facilities and logistics warehouse properties, at 8.1% and 7.6% respectively.

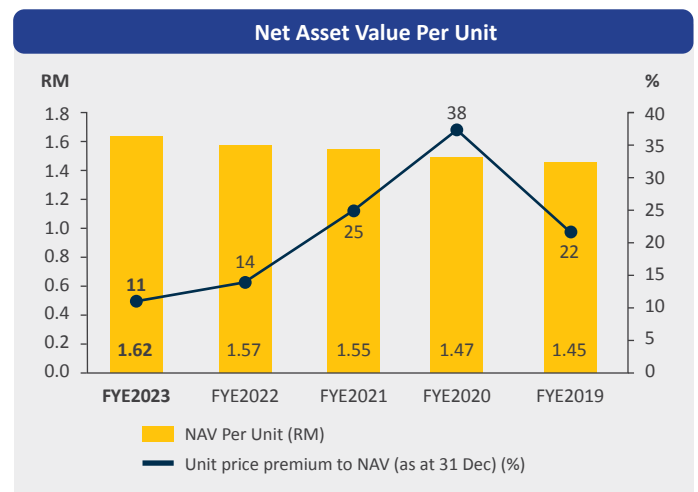
Despite concerns of the oversupply of office space in the Greater Kuala Lumpur area, yields for the Fund's office properties held steady, with net yields close to 7%.

Asset type	Portfolio Yield (%)	
	Gross	Net
Office	9.6	6.7
Office Industrial	9.4	6.8
Logistics Warehouse	8.6	7.6
Manufacturing Facilities	8.9	8.1
Hypermarket	9.4	8.8
Average	8.9	7.6

NAV Per Unit: RM1.62 as at 31 December 2023

The Fund's NAV increased to RM2.83 billion as at 31 December 2023, up 10.1% from a year earlier, translating to an NAV per Unit of RM1.62.

Based on Axis-REIT's closing Unit price of RM1.79 as at 29 December 2023, the Fund traded at a 10.5% premium to its NAV at the close of the year.



Manager's Discussion and Analysis

Summary of Performance

	2023	2022	2021	2020	2019
AUM (RM'000)	4,522,893	4,255,673	3,838,760	3,364,083	3,085,681
NAV before final income distribution (RM'000)	2,826,002*	2,571,839*	2,527,321*	2,123,004	2,078,764
NAV per Unit before final income distribution					
- As at 31 December (RM)	1.62*	1.57*	1.55*	1.47	1.45
NAV after final income distribution (RM'000)	2,784,063	2,533,362	2,491,747	2,090,552	2,062,976
NAV per Unit after final income distribution					
- As at 31 December (RM)	1.59	1.54	1.52	1.45	1.44
Units in circulation ('000 units)	1,747,492	1,641,054	1,634,524	1,442,331	1,435,250
- Lowest NAV per Unit during the year (RM)	1.56	1.53	1.46	1.46	1.33
- Highest NAV per Unit during the year (RM)	1.62	1.57	1.55	1.48	1.45
Market value per Unit					
- As at 31 December (RM)	1.79	1.79	1.94	2.03	1.77
Highest traded price for the year (RM)	1.94	2.00	2.11	2.25	1.99
Lowest traded price for the year (RM)	1.77	1.78	1.81	1.66	1.55

* Before the fourth and/or final income distribution for the respective financial year.

Property Portfolio Valuation: 62 Properties valued at RM4.4 billion

The Fund's property portfolio is revalued annually in compliance with the SC's Guidelines on Listed REITs and MFRS140. Changes in the fair value are charged to the Fund's Statement of Profit or Loss. In 2023, the independent valuation conducted valued the property portfolio at RM4.4 billion, resulting in a revaluation gain of RM81.3 million for the year. This was a 6.2% increase in the value of the property portfolio, from RM4.2 billion a year earlier.

	2023	2022	2021	2020	2019
No. of properties	62	62	58	53	48
NLA (million sq. ft.)	13.4	12.7	11.4	10.5	9.5
Property portfolio carrying value before revaluation (RM million)	4,362.8	4,158.2	3,546.4	3,261.2	2,889.0
Property portfolio carrying value after revaluation (RM million)	4,444.1	4,186.0	3,614.2	3,280.2	2,990.6
Unrealised gain/(loss) (RM'000)	81,311	27,819	67,787	18,966	101,553
Property portfolio total investment outlay (including enhancements) (RM million)	3,773.0	3,596.2	3,052.2	2,786.0	2,515.3
Accumulated revaluation gain (RM million)	671.1	589.8	562.0	494.2	475.3

Details of the Fund's property portfolio are provided on pages 253 to 256 of this Report.

Manager's Discussion and Analysis

Financing Profile

	2023	2022	2021	2020	2019
Total financing (RM'000)	1,554,974	1,546,020	1,184,593	1,112,183	885,859
AUM (RM'000)	4,522,893	4,255,673	3,838,760	3,364,083	3,085,681
Financing ratio	34.4%	36.3%	30.9%	33.1%	28.7%
Cost of financing (p.a.)*	4.2%	3.9%	3.6%	3.9%	4.4%
Percentage of short-term financing	52%	53%	47%	55%	43%
Percentage of medium- and long-term financing	48%	47%	53%	45%	57%
Total unencumbered properties	22	23	19	25	16
Value of unencumbered properties over AUM	36%	42%	29%	44%	27%

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

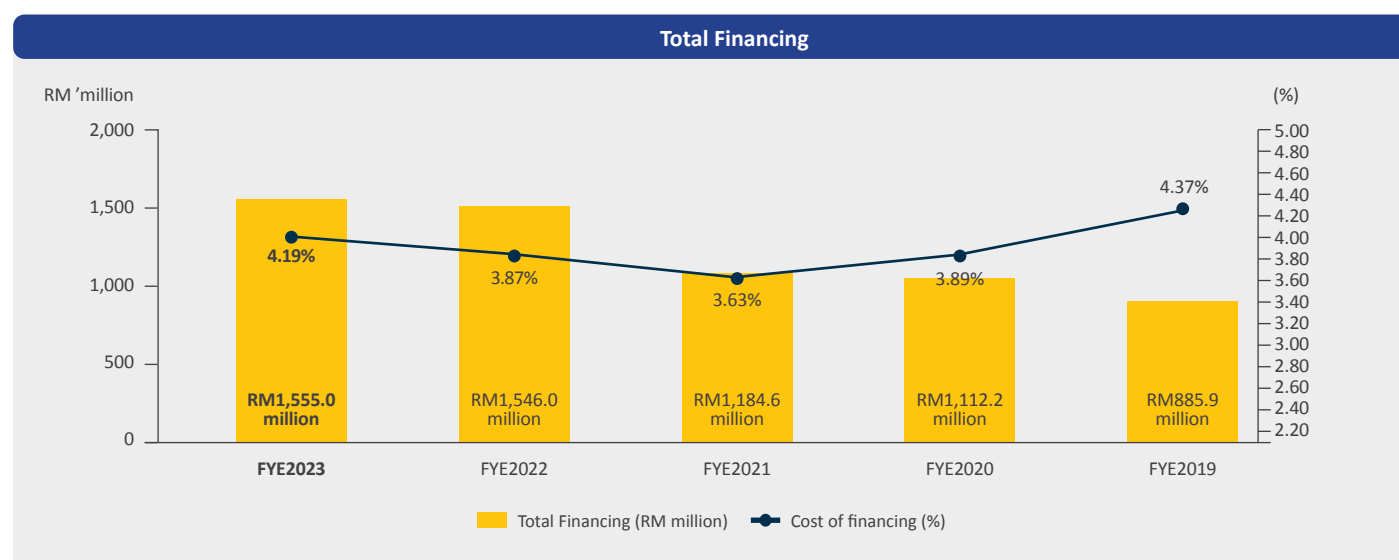
Total Financing: RM1.55 billion

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

As at 31 December 2023, the Fund had aggregate financing facilities of RM1.55 billion (2022: RM1.55 billion). With the higher AUM, the Fund's financing ratio as at 31 December 2023 was 34.4%, compared with 36.3% as at 31 December 2022.

Axis-REIT had outstanding Sukuk issuances amounting to RM450.0 million as at 31 December 2023.

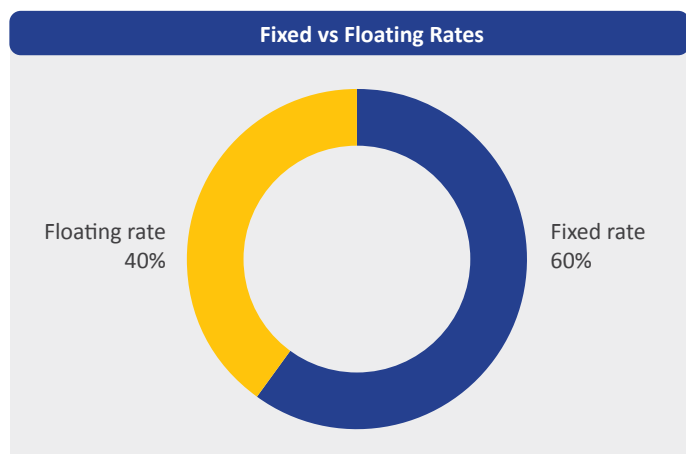
The Fund makes a conscious effort to diversify its funding sources and spread out its financing maturity profile to reduce refinancing risks and to align its financing obligations with its cash plans. As at 31 December 2023, the average maturity of the Fund's existing financing facilities stood at 2.5 years.



Manager's Discussion and Analysis

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

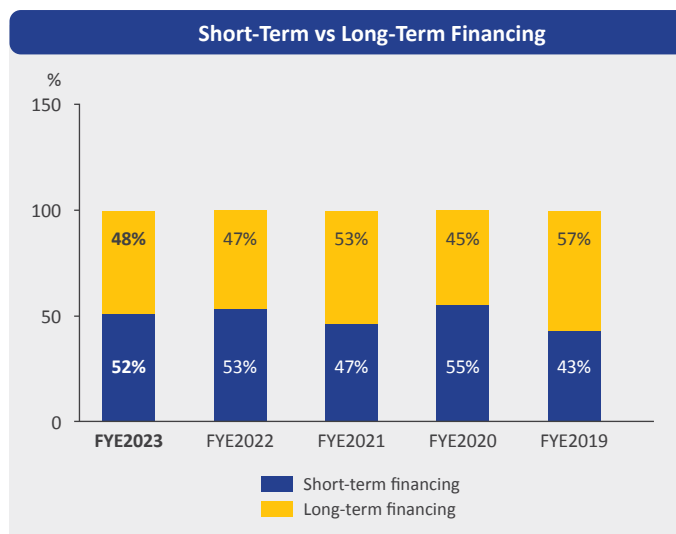
Towards this end, the Fund had further obtained additional sustainability-linked financing facilities amounting to RM320.0 million during the year, bringing total sustainability-linked financing facilities to RM490.0 million, which was equivalent to 31.5% of the Fund's audited total financing as at 31 December 2023. The sustainability-linked facilities have a pre-agreed SPT embedded in their terms, and we are pleased to report that we had successfully met the SPT and enjoyed financing cost savings from a reduction in the profit rate in accordance with the SPT terms during the financial year under review.



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 high inflation and the prolonged interest rate upcycle since May 2022, we locked in a further RM200.0 million of our existing facilities into fixed rates via an Islamic Profit Rate Swap (IPRS) in January 2023. This was to mitigate the risk of rising profit rates amid continuous increases in the benchmark interest rate.

With this latest IPRS, 60% of the Fund's financing is now locked in at fixed profit rates. Further, we maintained 48% of the Fund's total financing in long-term financing facilities to reserve liquidity for acquisitions and development project needs.

As at 31 December 2023, the effective profit rate of the Fund's financing portfolio stood at 4.2% p.a., up 0.3 percentage points from 3.9% in 2022. The increase was mainly due to the cumulative 125 basis points increase in the Overnight Policy Rate (OPR) since May 2022, which affected the financing costs of the Fund's floating rate facilities.



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 and the new Units issued were listed on the Main Market of Bursa Securities on 4 January 2023. The exercise raised gross proceeds of RM175.0 million, which were utilised to pare down the Fund's existing financing facilities and to provide headroom for future acquisitions and development projects.

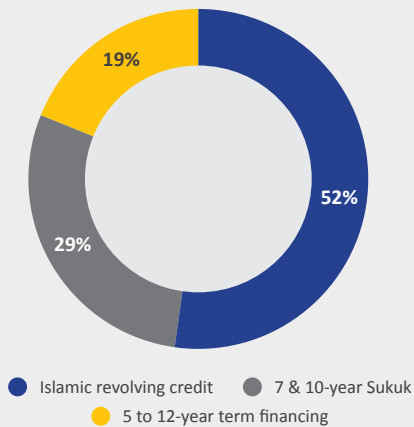
The Fund adopts a prudent and disciplined approach towards capital management to ensure financial flexibility in its funding structure and to mitigate concentration risk. We have strengthened our capital management to ensure that the Fund's financial position is robust and well-prepared for any unexpected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

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

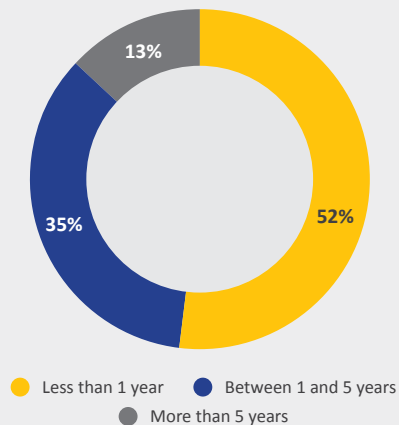
As at 31 December 2023, our financing portfolio (before incidental costs of financing) consisted of RM450.0 million in Sukuk issuances (with 7-year and 10-year tenures), RM293.8 million in term financing facilities and RM814.5 million in revolving credit facilities. The net proceeds from our ninth private placement that was completed on 4 January 2023 had been used to redeem existing short-term revolving credit facilities in January 2023.

Manager's Discussion and Analysis

Financing Profile as at 31 December 2023



Financing Maturity Profile as at 31 December 2023



Financing Ratio: Lower at 34.4% as at 31 December 2023

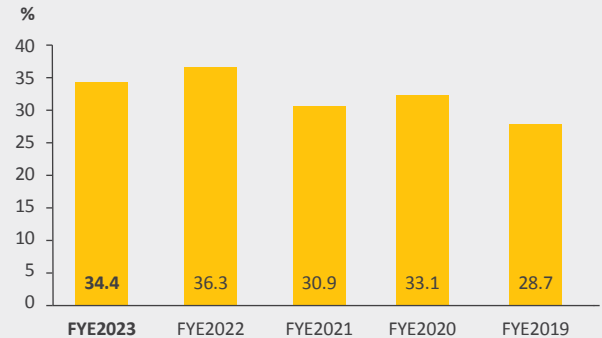
Axis-REIT maintains a prudent financial strategy, keeping its financing ratio well below the limits prescribed by the SC's Guidelines on Listed REITs.

As at 31 December 2023, the Fund's financing ratio stood at 34.4%, down from 36.3% a year earlier. The financing ratio had declined following the equity placement and IDRPs exercises that were completed in 2023, as well as on the higher AUM as at 31 December 2023.

The Fund's relatively low financing ratio facilitates further acquisitions and growth, as it gives the Fund headroom to take on a further RM706.5 million in financing facilities before breaching the 50% financing ratio limit set by the SC.

For the financial year ended 31 December 2023, the Fund's cost of financing stood at 4.2% p.a. and all financing facilities were secured by properties.

Financing Ratio



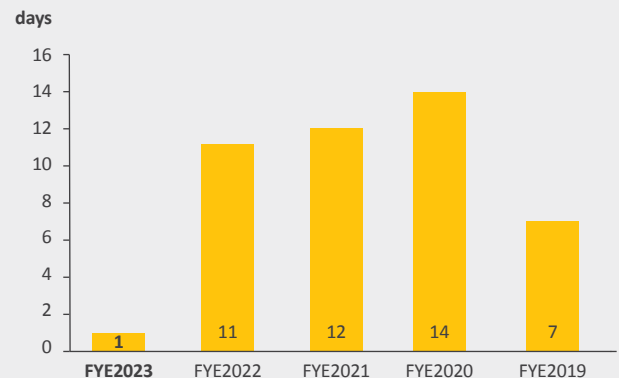
Liquidity and Credit Position

As at 31 December 2023, the Fund's cash balances and short-term Islamic deposits amounted to RM51.7 million. Along with committed but undrawn financing facilities amounting to RM541.0 million, the Fund had 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 next 10 years.

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.

Average Collection Period



Manager's Discussion and Analysis

The Fund's receivables collection improved in 2023 as total trade receivables dropped by 85.2%, from RM6.5 million as at 31 December 2022, to under RM1.0 million as at 31 December 2023, with an average collection period of 1 day in December 2023.

Our proactive asset and tenant management has helped retain tenants and maintain the overall rental collection rate at a strong 97.8%.

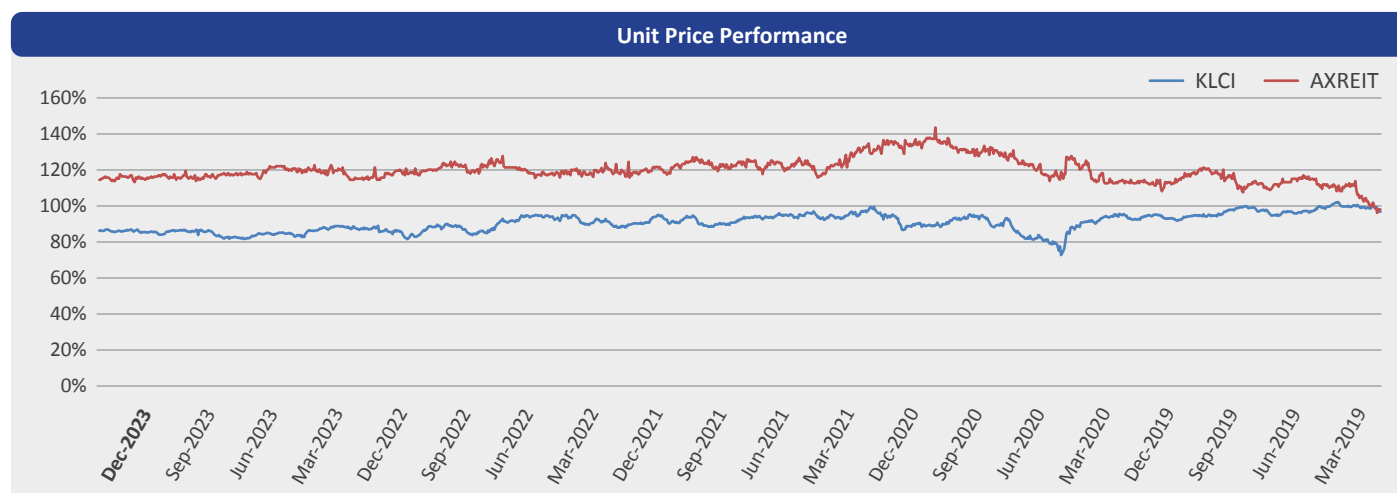
Concurrently, our stringent approach to credit risk management, with a keen focus on receivables and well-established internal credit control processes, has kept impairments on trade receivables to a minimum. That said, in 2023, the Fund recorded an impairment loss on trade receivables of RM4.2 million. This was equivalent to less than 1.5% of the Fund's total annual gross revenue, arising mainly from a single tenant that defaulted on a long-term lease at Axis Steel Centre @ SiLC. The lease was terminated, and vacant possession of the property was taken back in June 2023.

Impairment Losses on Trade Receivables	2023	2022	2021	2020	2019
Impairment losses on trade receivables/bad debts written off/(written back) (RM'000)	4,202	1,225	44	70	(26)
Trade receivables (RM'000)	957	6,479	8,107	8,379	4,207
Total revenue before lease incentive and unbilled lease income receivable adjustments (RM'000)	285,401	281,723	242,747	224,712	216,005
Impairment losses on trade receivables/bad debts written off/(written back) as a % of gross revenue	1.47	0.43	0.02	0.03	-
Average collection period (in days)	1	11	12	14	7

Manager's Discussion and Analysis

Unit Price Performance & Annual Return Highlights

Axis-REIT's Units traded within a narrow range throughout 2023, holding between the lowest traded price of RM1.77 and the highest of RM1.94. This was consistent with the FBM KLCI's rangebound trading, which largely stayed between 1,400 and 1,500 points in the past year and a half. With concerns over foreign fund outflows amid global monetary policy tightening and an economic slowdown, the OPR was only increased once during the year, by 25 basis points from 2.75% to 3.00% in May 2023. Against this backdrop of prudent interest rate management, investors were lukewarm towards financial instruments that offered conservative returns.



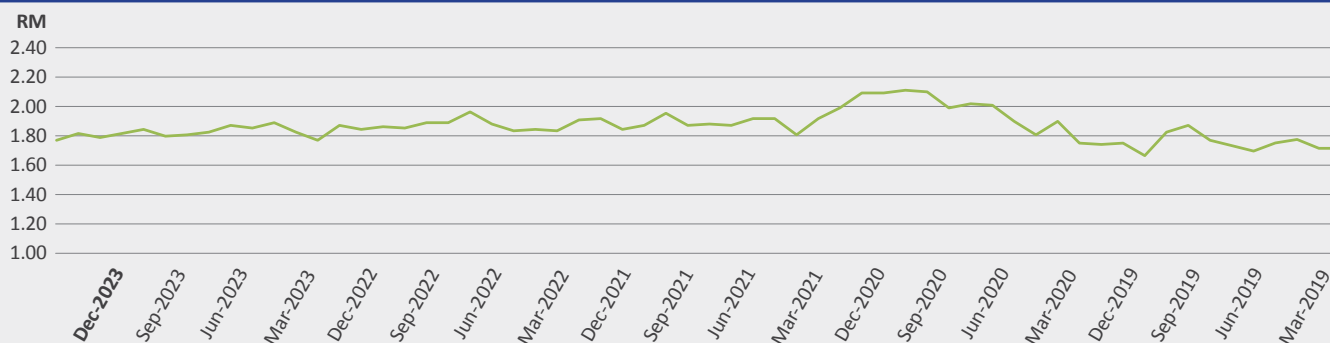
2023 Unit Price and Volume Overview		
Opening Unit Price RM1.79 3 January 2023	Closing Unit Price RM1.79 29 December 2023	Highest Traded Price RM1.94 18 April 2023
Lowest Traded Price RM1.77 8 November 2023	Number of Unitholders 12,247 as at 31 December 2023	Number of Units in Issue 1,747,492,159 as at 31 December 2023

5-Year Unit Price Performance Highlights

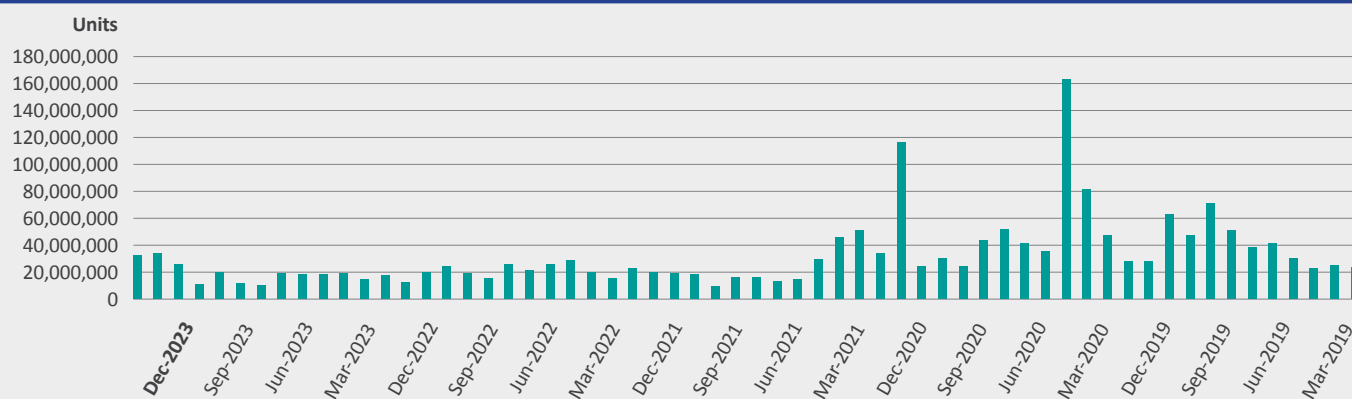
	2023	2022	2021	2020	2019
Closing Unit price as at 31 December (RM)	1.79	1.79	1.94	2.03	1.77
Highest traded price (RM)	1.94	2.00	2.11	2.25	1.99
Lowest traded price (RM)	1.77	1.78	1.81	1.66	1.55
NAV per Unit (RM)	1.62	1.57	1.55	1.47	1.45
Market capitalisation (RM'000)	3,128,011	2,937,487	3,170,977	2,927,933	2,540,393

Manager's Discussion and Analysis

5-Year Unit Price Movement



5-Year Monthly Trading Volume



2023 Transaction Volume Highlights

Total Trading Volume

230,477,800

Average Monthly Volume

19,206,483

Highest Monthly Volume

33,224,000

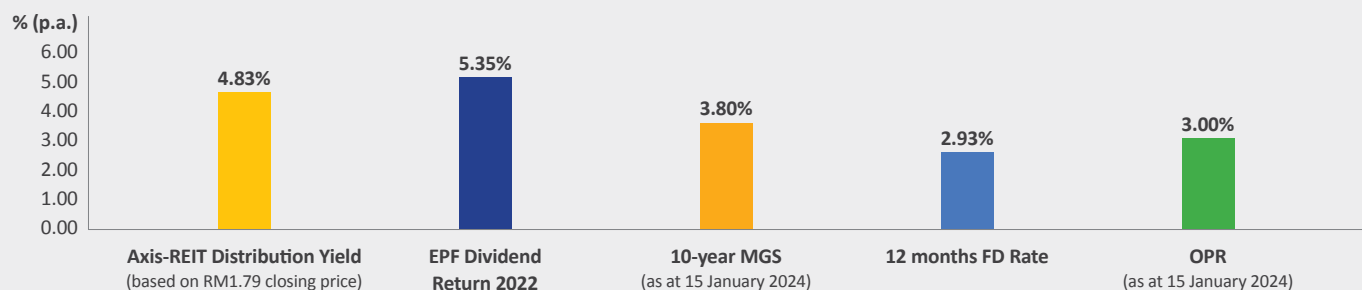
November 2023

Lowest Monthly Volume

10,121,300

June 2023

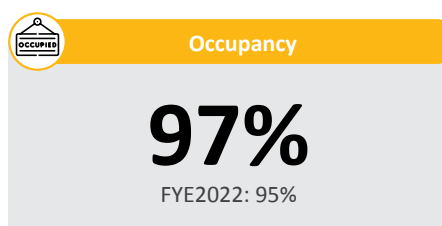
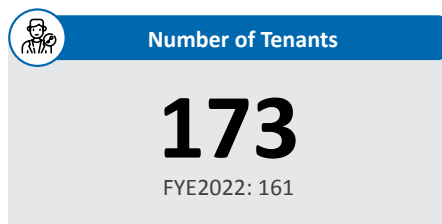
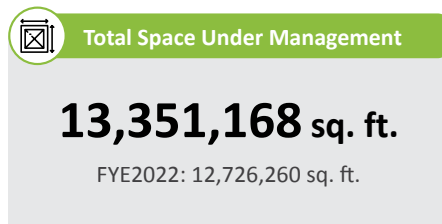
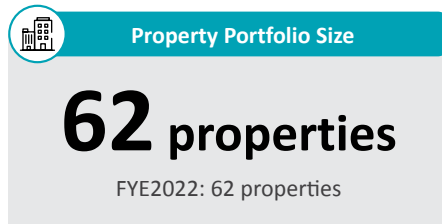
Comparative Annual Returns



Axis-REIT continued to deliver competitive returns to Unitholders, with cumulative DPU for FYE2023 amounting to 8.65 sen. This translates to a distribution yield of 4.8% based on the Fund's closing Unit price of RM1.79 as at 29 December 2023.

Manager's Discussion and Analysis

PROPERTY PORTFOLIO OVERVIEW



Operations Review

Axis-REIT is a leading industrial REIT in Malaysia with 62 office and industrial properties that are geographically spread out across Peninsular Malaysia. Our portfolio consists mainly of logistics warehouses and manufacturing facilities that are strategically located in key industrial hubs. These are complemented by office and office/industrial properties in thriving satellite commercial centres.

Our portfolio remained stable in 2023, and while there were no additions to the portfolio count during the year, we did conclude the development and handover of Bukit Raja Distribution Centre 2. This property was fully tenanted on completion, adding 620,096 sq. ft. of logistics warehouse space to our property portfolio. Together with an additional 4,812 sq. ft. from the remeasurement of space at Axis Facility 2 @ Bukit Raja, Axis Shah Alam Distribution Centre 3 and Wisma Academy Parcel, total space under management in the portfolio grew 4.9% to 13.4 million sq. ft. as at 31 December 2023. During the year, we had also entered into SPAs to acquire 2 additional properties. These acquisitions were underway as at 31 December 2023, and will add to our portfolio count and space under management in 2024.

Axis-REIT's impeccable reputation, built on the strength of our portfolio and operational expertise, has garnered an impressive tenant listing that boasts MNCs, GLCs and large listed companies. As at 31 December 2023, we had 173 tenants, primarily involved in logistics, manufacturing and consumer products. We regularly engage our tenants to understand their strategies and plans. The insights from these engagements, along with market intelligence gleaned from our network of agents, industry leaders and research, confer an invaluable advantage that helps us anticipate and respond to evolving industry trends and tenant needs.

Against this backdrop, and amid resilient demand for industrial properties from continued investments into the manufacturing sector, our portfolio continued to enjoy strong occupancy rates, high tenant satisfaction and lease renewal rates, as well as positive rental reversions. Details of Axis-REIT's portfolio operating metrics are discussed on the following pages, the highlights of which include:



Higher portfolio occupancy,
which rose 2 percentage points to
97%
as at 31 December 2023.



A high tenant retention
rate, with the Real Estate
Team successfully securing
renewals for
97% of space
(by NLA) that was due for
renewal in 2023.



Higher rents,
with a
5.8% positive
rental reversion across the
portfolio.



Our annual
tenant satisfaction
survey score of
7.61 out of 10
for 2023 exceeded our
targeted score of 7, while our
Hello Axis tenant satisfaction
score also exceeded our
target, at 4.31 out of 5, against
our targeted score of 4.

Manager's Discussion and Analysis

In growing our commitment and advancing our ESG agenda, we have made the sustainability of our portfolio a strategic priority in our operations and development efforts. Accordingly, we have incorporated sustainability considerations in the conduct of our day-to-day operations, setting efficiency targets for energy and water utilisation, along with GHG emissions and waste reduction targets. We have also enhanced our investment criteria to include sustainability considerations in the assessment of acquisition targets and development projects, as well as including sustainability features and elements in our development projects and AEs.

As a consequence of these initiatives, we are pleased to note that we have made positive strides towards our sustainability goals, and that our portfolio now boasts 4 green building-certified properties (that have either provisional or final certifications). Highlights of our sustainability achievements in 2023 include:



Obtaining final GreenRE Silver certification for Axis Facility 2 @ Bukit Raja, which was our major AEI in 2023.



Obtaining provisional GreenRE Silver and provisional GreenRE Gold certifications for Axis Mega Distribution Centre (Phase 1) and Axis Mega Distribution Centre (Phase 2) respectively.



Surpassing energy consumption and GHG emissions targets for our multi-tenanted properties. We had targeted to achieve at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) over a 5-year horizon (2022-2026). In 2023, we had beaten these targets, having reduced our total energy consumption by 13.5%, and achieved a 15.2% reduction in Scope 1 and 2 GHG emissions, compared against baseline data set in 2019.



Incorporating sustainability considerations in 8 out of the 9 key AEIs undertaken in 2023.



Securing a green lease (i.e., a tenancy agreement that features ESG considerations) during the year, namely for Axis Facility 2 @ Bukit Raja.

Green Building-Certified Properties as at 31 December 2023



**DW1 LOGISTICS
WAREHOUSE**

- GBI CERTIFIED



**AXIS FACILITY 2 @
BUKIT RAJA**

- GreenRE SILVER



**BUKIT RAJA
DISTRIBUTION
CENTRE 2**

- GreenRE GOLD*



**AXIS MEGA
DISTRIBUTION CENTRE
(PHASE 1)**

- GreenRE SILVER*



**AXIS MEGA
DISTRIBUTION CENTRE
(PHASE 2)**

- GreenRE GOLD*

* Provisional certification.

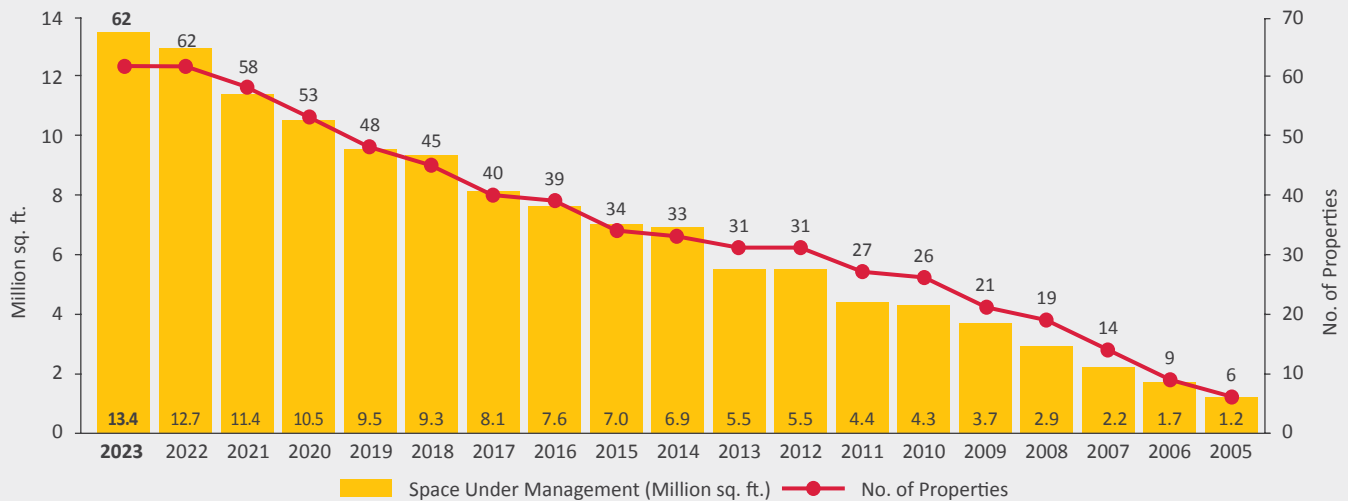


More details of our sustainability initiatives, targets and outcomes are presented in the Management of Material Sustainability Matters section on pages 106 to 158 of this Report.

Looking ahead, we will maintain our momentum of adopting sustainability initiatives, targeting to obtain 1 green building certification a year for the properties in our portfolio. We will also enhance our sustainability initiatives to ensure we can deliver on our targets, while maintaining our exceptional operating and portfolio management performance. As we implement TCFD-aligned reporting in phases from 2024, we look forward to developing and implementing comprehensive strategies to improve the resilience of our portfolio against the impacts of climate change.

Manager's Discussion and Analysis

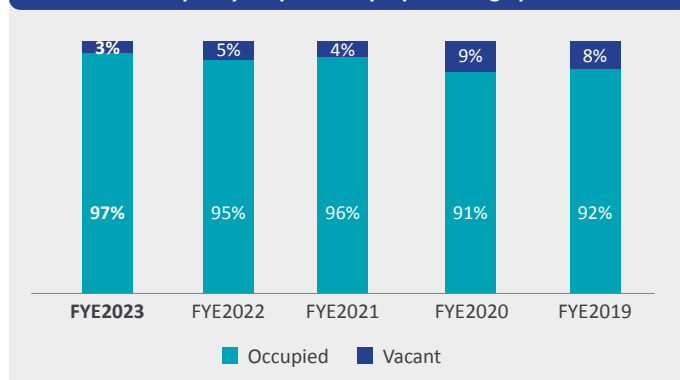
Space Under Management: Up 4.9% to 13.4 million sq. ft.



During 2023, the Fund completed the development of Bukit Raja Distribution Centre 2. This project added 620,096 sq. ft. to our portfolio. Together with remeasurement of the space at Axis Facility 2 @ Bukit Raja, Axis Shah Alam Distribution Centre 3 and Wisma Academy Parcel, our total space under management grew by 4.9% to 13.4 million sq. ft.

During the year, we had entered into SPAs to acquire 2 additional properties. These acquisitions were ongoing as at 31 December 2023, and once completed, will add to the growth of our portfolio in 2024.

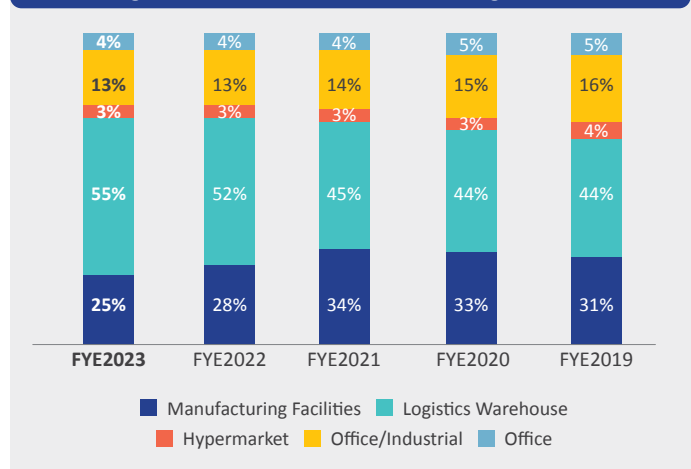
Portfolio occupancy: Improved by 2 percentage points to 97%



The Fund's portfolio occupancy improved by 2 percentage points to 97% as at 31 December 2023, from 95% a year earlier.

This was boosted by new leases for a further 1.91 million sq. ft. of space, including the lease of our latest development project, Bukit Raja Distribution Centre 2, to Shopee.

Portfolio diversification by type: Dominated by logistics warehouse and manufacturing facilities

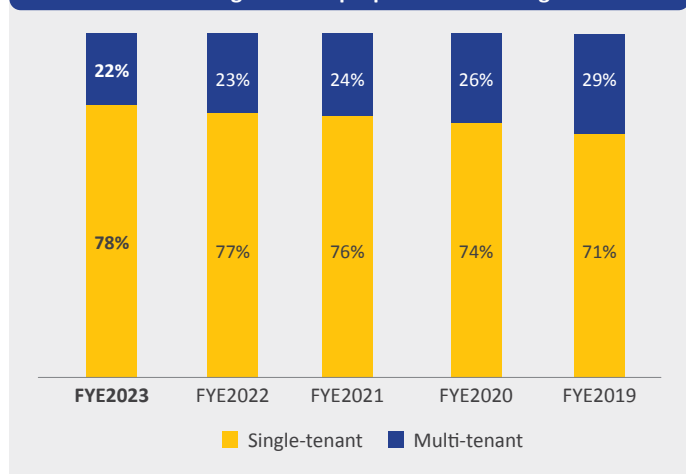


Axis-REIT's portfolio strategy remains focused on industrial properties.

As at 31 December 2023, logistics warehouses and manufacturing facilities made up 55% and 25% of the portfolio (by NLA) respectively. Between these 2 categories, the 3 percentage point yoy shift in favour of logistics warehouse space was attributable to the re-inclusion of Bukit Raja Distribution Centre 2, which added 620,096 sq. ft. of space to the segment on the completion of its development in August 2023.

Manager's Discussion and Analysis

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

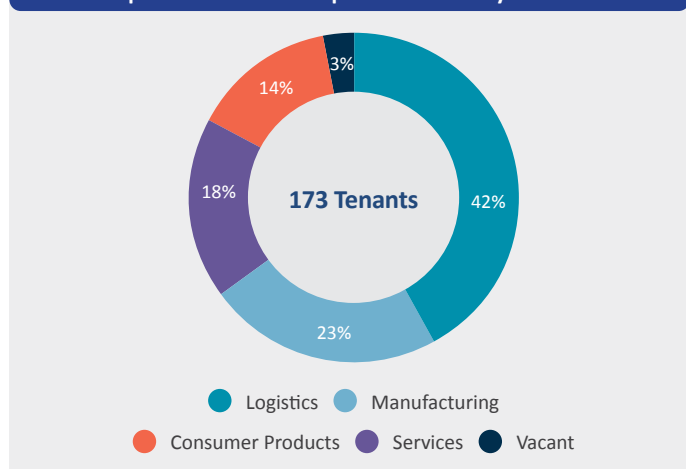


As at 31 December 2023, single-tenanted properties made up 78% of the Fund's portfolio, up marginally, from 77% a year earlier.

The uptick stemmed from the re-inclusion of Bukit Raja Distribution Centre 2, which is a single-tenanted property that had been excluded from tabulations for the duration of its development.

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

**Tenant profile: 173 tenants;
Top 10 tenants made up 49% of monthly revenue**



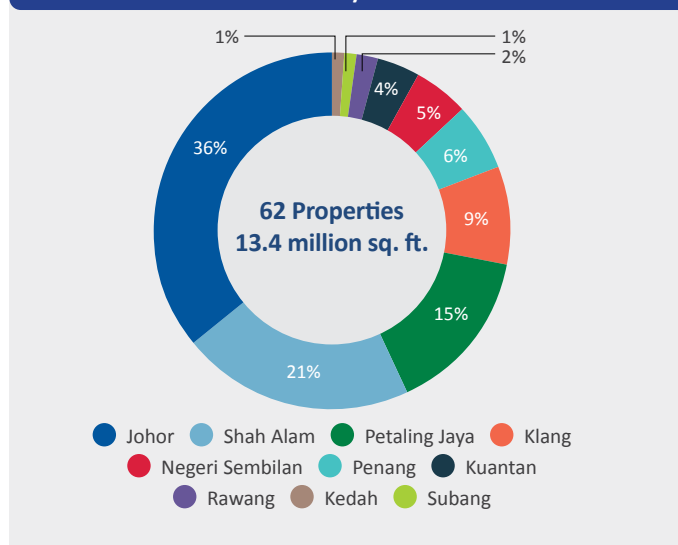
Our portfolio continues to attract and retain an impressive tenant listing, comprising MNCs, GLCs, and large listed companies. Our tenants are mainly involved in manufacturing and logistics, consumer products, as well as the service industry.

This tenant base has remained stable and well-diversified, with 173 tenants as at 31 December 2023.

The Fund's 10 biggest tenants by monthly revenue contribution accounted for 49% of total revenue in 2023, and are as follows:

- | | |
|--|--|
| 1. Equalbase PTP Sdn Bhd | 6. Wasco Coatings Malaysia Sdn Bhd |
| 2. Nestlé Products Sdn Bhd | 7. Beyonics Precision (Malaysia) Sdn Bhd |
| 3. LF Logistics Services (M) Sdn Bhd | 8. Upeca Aerotech Sdn Bhd |
| 4. SPX Xpress (Malaysia) Sdn Bhd (fka Shopee Express Malaysia Sdn Bhd) | 9. Lotuss Stores (Malaysia) Sdn Bhd |
| 5. Schenker Logistics (Malaysia) Sdn Bhd | 10. Northport (Malaysia) Bhd |

**Portfolio diversification by geographic location:
Entrenched in key industrial hubs**



Geographically, our portfolio footprint remains focused on key industrial hubs throughout Peninsular Malaysia.

Our footprint in the Klang Valley and Johor accounted for 48% and 36% of our portfolio (by NLA) respectively. Our pipeline of upcoming acquisitions continues to focus on these key industrial hubs.

Manager's Discussion and Analysis

Tenancies Committed

During 2023, leases for 1.58 million sq. ft. of NLA in our portfolio came up for renewal. The Real Estate Team successfully contracted tenancies for 1.53 million sq. ft., which translated to a retention rate of 97%. Together with new tenancies for 1.91 million sq. ft. that commenced during the year, Axis-REIT's portfolio occupancy rose by 2 percentage points to 97% as at 31 December 2023, with a positive rental reversion of 5.8% for the year.



More information on how we manage our tenants is available in the Tenant Satisfaction sustainability matter on pages 109 to 113 of this Report.

Portfolio Lease Expiry Profile by Location, 2023 – 2025

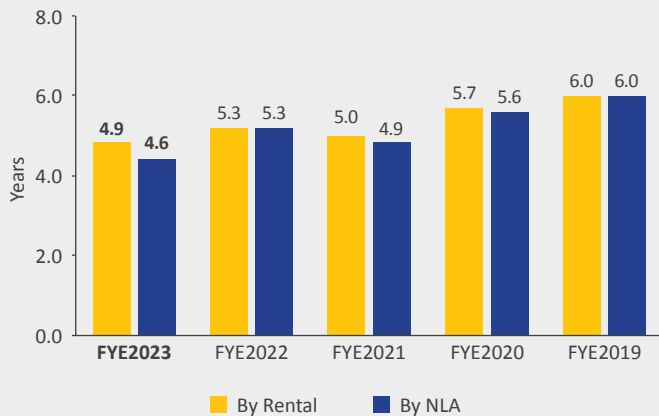
Property	Year 2023	% of Total NLA	% of Rental Income/month	Year 2024	% of Total NLA	% of Rental Income/month	Year 2025	% of Total NLA	% of Rental Income/month
Petaling Jaya	582,765	4.37	6.30	588,022	4.40	7.12	660,918	4.95	8.47
Subang	-	-	-	-	-	-	30,250	0.23	0.52
Shah Alam	658,480	4.93	4.82	1,054,334	7.90	7.09	694,813	5.20	4.88
Klang	-	-	-	-	-	-	343,707	2.57	2.04
Johor	130,743	0.98	0.57	843,971	6.32	5.74	736,936	5.52	3.42
Nilai	-	-	-	-	-	-	291,642	2.18	1.18
Penang	205,151	1.54	1.99	-	-	-	147,985	1.11	0.84
Kedah	-	-	-	-	-	-	138,000	1.04	1.23
TOTAL	1,577,139	11.82	13.68	2,486,327	18.62	19.95	3,044,251	22.80	22.58

Portfolio Lease Expiry Profile by Type, 2023 – 2025

Property	Year 2023	% of Total NLA	% of Rental Income/month	Year 2024	% of Total NLA	% of Rental Income/month	Year 2025	% of Total NLA	% of Rental Income/month
Office	51,978	0.39	0.86	213,059	1.60	3.58	121,526	0.91	1.98
Office Industrial	540,042	4.05	5.52	514,712	3.86	4.78	658,103	4.93	7.81
Logistics Warehouse	944,058	7.07	7.02	1,448,455	10.85	9.28	1,641,965	12.30	9.47
Manufacturing Facilities	41,061	0.31	0.28	310,101	2.31	2.31	484,657	3.62	2.09
Hypermarket	-	-	-	-	-	-	138,000	1.04	1.23
TOTAL	1,577,139	11.82	13.68	2,486,327	18.62	19.95	3,044,251	22.80	22.58

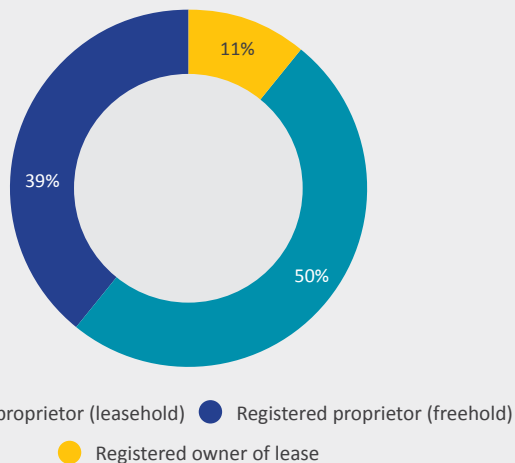
Manager's Discussion and Analysis

Portfolio WALE: 4.9 years (by rental)



Our portfolio Weighted Average Lease Expiry (WALE) declined marginally, from 5.3 years (by rental) in 2022, to 4.9 years in 2023. This was, in part, due to the lease termination at Axis Steel Centre @ SiLC.

Land tenure management: Stable with the average remaining period on leasehold titles at 46 years



Axis-REIT's portfolio consists of freehold and leasehold properties, as well as land held under registered leases.

As at 31 December 2023, 50% of the portfolio was held via leasehold titles, while a further 11% were properties held under registered leases. The balance 39% in the portfolio were freehold properties.

The Manager actively monitors and manages the expiry profiles of leasehold properties. The leasehold properties in our portfolio had, on average, 46 years to expiry, with the shortest remaining lease period at a comfortable 26 years. Nevertheless, in 2023, we proactively submitted an application to the land office for the lease renewal of 1 property, which is currently underway. We will continue to review our land tenure profiles to explore and determine further renewal applications in the coming years.



Portfolio Land Tenure Profile

No. of leasehold properties **31**

No. of freehold properties **24**

No. of properties held under registered lease **7**

Average remaining lease period (years) **46**

Longest remaining lease period (years) **86**

Median remaining lease period (years) **43**

Shortest remaining lease period (years) **26**

Manager's Discussion and Analysis

Investment Review

2023 saw Axis-REIT diversifying its investment strategies into new geographic locations and adding to its hypermarket portfolio. The Fund signed SPAs for 2 new proposed acquisitions with a total consideration of RM73.75 million.

The first proposed acquisition is a manufacturing facility with approximately 105,311 sq. ft. of NLA for a cash consideration of RM48.0 million. Located in Sendayan Techvalley Industrial Park, Seremban, the property is Axis-REIT's first proposed acquisition in the area. Meanwhile, the second proposed acquisition involves a 93,854 sq. ft. hypermarket located in Temerloh, Pahang, for RM25.75 million. Once concluded, the property will be the third hypermarket in Axis-REIT's portfolio. The Fund had previously acquired Axis Hypermarket @ Sungai Petani in 2007, and Axis Hypermarket @ Johor in 2010.

Collectively, these proposed acquisitions will add approximately 199,165 sq. ft., or 1.5% of NLA to the Fund, advancing its strategy of growing and adding diversity to its portfolio.

On the property development front, we are looking at brownfield opportunities within Axis-REIT's existing portfolio to realise the full potential of properties that are ripe for redevelopment. The potential value enhancement from such redevelopments is especially promising for older properties in prime industrial areas that are in need of enhancement and have leases that are nearing expiration. Our recently-completed development of Bukit Raja Distribution Centre 2 is one such example. The property, which was previously a manufacturing facility, has been redeveloped as a logistics warehouse facility with a 15-year lease to Shopee. The development unlocked significant value enhancement for the portfolio, with the Fund recognising a RM32 million fair value gain on the property upon completion of the development in 2023.

We continue to see similar opportunities for several other properties in Axis-REIT's portfolio. These properties have garnered strong interest from prospective tenants, and we will continue to assess such opportunities along with other proposed greenfield opportunities for future development projects.

Beyond our acquisitions and development efforts, the Fund also continued to invest in strategic AELs to preserve the value of its portfolio, completing RM12.6 million in AELs during the year to maintain and enhance its existing properties.

Details of 2023's property acquisitions, on-going development projects and AELs are presented on the following pages.



Axis Hypermarket @ Temerloh



Axis Facility 2 @ Bukit Raja

Manager's Discussion and Analysis

SALIENT DETAILS OF AN ONGOING ACQUISITION IN 2023 (COMPLETED IN JANUARY 2024)



Axis Hypermarket @ Temerloh

Property Name	Axis Hypermarket @ Temerloh	NLA	Approximately 93,854 sq. ft.
Address	Temerloh Mall, Jalan Jaya, 28000 Temerloh, Pahang Darul Makmur	Existing Use	Hypermarket
Property Description	A two-storey hypermarket	Occupancy Rate	100%
Property Type	Hypermarket	Major Tenant	TF Value-Mart Sdn Bhd
Property Age	Approximately 11 years	Tenancy/Lease Period	20 years
Title Details	GM 47, Lot 12135 Section 5, Tempat Charok Langgong, Bandar Temerloh, Daerah Temerloh, Pahang Darul Makmur	WALE at Acquisition	20 years
Land Area	Approximately 1.85 acres	Date of SPA	8 December 2023 (completed 16 January 2024)
Land Tenure	Freehold	Purchase Price	RM25.75 million
		Vendor	Amal Mewah Development Sdn Bhd

Manager's Discussion and Analysis



Completed Development: Bukit Raja Distribution Centre 2

In 2023, Axis-REIT completed the development and handover of Bukit Raja Distribution Centre 2, a 620,096 sq. ft. logistics warehouse facility leased to Shopee for a term of 15 years. The development, which cost RM236.4 million, commenced in August 2022, and was handed over ahead of schedule, on 1 August 2023.

Bukit Raja Distribution Centre 2 was planned and developed with numerous sustainability features, and received provisional GreenRE Gold certification in November 2022, with final certification expected in June 2024.



The newly completed Bukit Raja Distribution Centre 2



On-going Development: Axis Mega Distribution Centre (Phase 2)

In 2023, Axis-REIT commenced the development of Axis Mega Distribution Centre (Phase 2), a Grade A logistics warehouse. The development commenced in December 2022, with completion slated by end 1Q 2024. Once completed, the logistics warehouse will feature a built-up area of approximately 509,035 sq. ft. that can be sub-divided to 8 modules for maximum flexibility, to cater to tenants' requirements.

The development is on vacant land adjacent to Axis Mega Distribution Centre (Phase 1) – a logistics warehouse (and the Fund's first development project) that is locked into a long-term lease with Nestlé Products Sdn Bhd. Axis Mega Distribution Centre (Phase 1) and Axis Mega Distribution Centre (Phase 2) are located on a 50-acre parcel of land that the Fund acquired in 2010, which was being used as a motor vehicle predelivery inspection centre at the time of acquisition. We believe the development of Axis Mega Distribution Centre (Phase 2) unlocks the value of the property as it will complement Axis Mega Distribution Centre (Phase 1) in creating a cluster of industrial properties, allowing tenants to create and leverage on scale and a collaborative logistics ecosystem.

Manager's Discussion and Analysis

Axis Mega Distribution Centre (Phase 2) incorporates significant sustainability features and received provisional GreenRE Gold certification in September 2023, with final certification expected in December 2024. Specifically, the development will feature:

- A Grade-A distribution centre
- A long-term sustainable building design with green mark qualification
- Flexible modular space configurations
- Good connectivity and a strategic location close to West Port and North Port



Original parcel of land prior to development (photo taken in 2010)



Work-in-progress of Axis Mega Distribution Centre (Phase 2) (current photo)

Manager's Discussion and Analysis

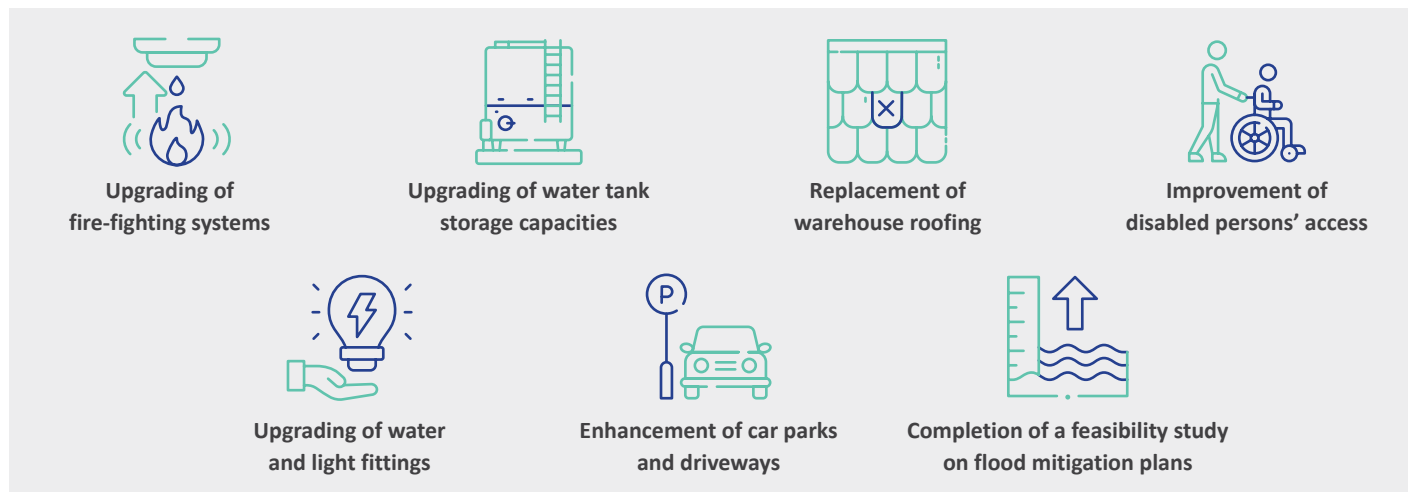
Asset Enhancement Initiatives (AEI)

AEIs are a key strategy in preserving and enhancing the value of the Fund's portfolio. Each year, the Manager undertakes strategic AEIs that involve maintaining, refurbishing and upgrading selected properties to ensure they remain attractive, up-to-date and meet the needs of the market.

As a practice, our AEIs incorporate green building designs and involve retrofitting sustainability features, equipment and materials, where possible. This is aimed at enhancing the quality and sustainability of the properties and the overall portfolio, in line with the objectives of the Fund's Environmental Policy. In so doing, these AEIs support Axis-REIT's ESG goals as well as those of our stakeholders.

In 2023, the Fund invested RM12.6 million in AEIs, mainly on 9 key projects across the portfolio. These included the major enhancement of Axis Facility 2 @ Bukit Raja (see project highlights overleaf), which commenced in September 2022 and was completed in February 2023.

Other key AEIs in 2023 included:



More information about our other AEIs and our initiatives to incorporate ESG considerations in our portfolio are presented in the Management of Material Sustainability Matters section on pages 106 to 158 of this Report. Looking ahead, we will continue to invest in strategic AEIs that will drive the value, sustainability and profitability of the Fund.

Manager's Discussion and Analysis

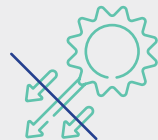


Completed AEI: Axis Facility 2 @ Bukit Raja

In 2023, we completed the major refurbishment of Axis Facility 2 @ Bukit Raja, a property the Fund had acquired in March 2020. The project, which started in September 2022, was completed in February 2023, and involved:



Upgrades to the building façade and insulated roof



Incorporation of translucent sheets for natural lighting



Upgrades to LED lighting



Installation of new dock leveller



Installation of a new fire-fighting system



Upgrades to the domestic water tank



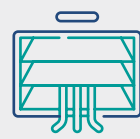
Installation of a rain harvesting system



Installation of water efficient sanitary fittings



Resurfacing of the driveway



Installation of louvres for natural ventilation

The refurbishment successfully integrated green building designs and considerations, and the property received its final GreenRE Silver certification in September 2023.



The newly refurbished Axis Facility 2 @ Bukit Raja

Manager's Discussion and Analysis

Investor Relations & Media Coverage

Investor Engagement & Outreach

During 2023, investor meetings were a combination of both online meetings on virtual platforms and physical meetings at the Manager's headquarters, with a marked transition towards physical meetings from the start of the year. That said, the Fund's Annual General Meeting (AGM) was still held via virtual broadcast using remote participation and electronic voting facilities, which we found to be advantageous for large-scale meetings, given the higher attendance rates and better engagement levels during virtual meetings.

The following diagram summarises the Fund's participation at public and private investor events during 2023.



Investment Research Coverage

Axis-REIT is currently covered by 10 research houses. The Investor Relations Team continues to maintain clear and timely communications on the Fund's results, strategy and outlook through the various investor engagements described above.

RESEARCH HOUSE	
1 Affin Hwang Investment Bank	6 Kenanga Investment Bank
2 Public Investment Bank	7 Maybank Kim Eng Investment Bank
3 CGS-CIMB Securities	8 MIDF Research
4 Hong Leong Investment Bank	9 RHB Research
5 UOB Kay Hian Research	10 KAF

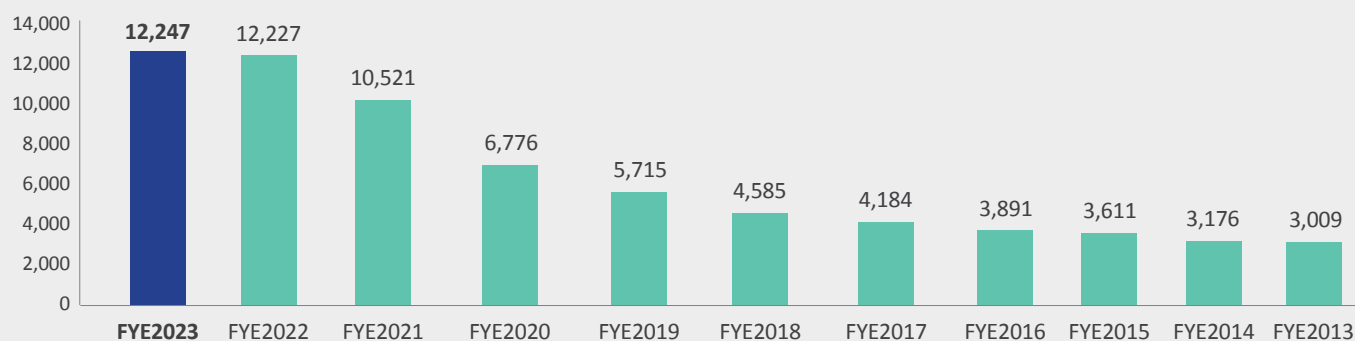
Manager's Discussion and Analysis

Investor Engagement & Outreach

In 2023, we participated in the following public and private investor events:

Date	Description
5 January	CGS-CIMB 15 th Annual Malaysia Virtual Corporate Day
6 January	Group Investor Meeting, CGS-CIMB 15 th Annual Malaysia Virtual Corporate Day
19 January	Analyst Briefing: 4Q2022 Results Presentation
31 January	Investor Meeting: Kabouter Management (US)
23 February	The Asset ESG Corporate Awards 2022: Gold Award
28 February	2023 Malaysian Housing and Property Summit: Malaysian Property Icon Leadership Award
8 March	Invest Malaysia
15 March	Investor Meeting: Fidelity Investments (SG)
16 March	REITs Asia Pacific™ 2023, 8 th edition
18 April	Analyst Briefing: 1Q2023 Results Presentation
20 April	11 th AGM
20 April	Investor Meeting: Kabouter Management (US)
30 May	Affin Conference Series 2023
1 June	Malaysia REIT Managers Association: AGM
5 July	Investor Meeting: JP Morgan Securities (SG)
26 July	Analyst Briefing: 2Q2023 Results Presentation
9 August	Analyst Group Site Visit: Bukit Raja Distribution Centre 2
12 September	Investor Meeting: CGS-CIMB
22 September	Investor Meeting: Walter Scott Investment Management (UK)
4 October	Investor Meeting: Amundi
6 October	Investor Meeting: BNP Paribas
20 November	Investor Meeting: Sumitomo Mitsui Asset Management
13 December	Investor Meeting: Malaysian Timber Council

Number of Central Depository System Account Holders



SELECTED RESEARCH COVERAGE



Malaysia Results Review

27 July 2023

Axis REIT (AXIS.M)

Property | REITs

Better Outlook in 2023, Maintain BUY

Buy (Maintained)

● **Keep Buy** – **AXIS REIT** topped **IFRS** from **RM934.14**, **14% upside and **4.0% payout. **AXIS REIT** saw strong earnings expansion due to higher income from its existing assets and the operationalisation of the new apartment Axis Central in Klang. Q1 2023 revenue rose by 10% to RM102 million, following the commencement of works in its newly redeveloped properties in 2022 and the start of ordinary dividend payment in April 2023.****

● **Worth the wait** – **AXIS REIT** saw earnings gains of **RM1.08** to **RM1.09** in FY22 from **RM1.07** in FY21, bringing **2022** earnings to **RM107.94** (1.08 x FY22). This was largely explained by the operationalisation of Axis Central.

● **Results review** – **AXIS REIT** portfolio comprises one net GFA in **IFRS** in **10231** (10231.00), **4022** (10231) due to the operationalisation of the new apartment Axis Central in Klang. Q1 2023 revenue was about 10% up from Q1 2022 revenue of **RM93.41** to **RM102.31**.

● **Revenue** – **AXIS REIT** saw revenue growth of **9.6%** in Q1 2023, mainly attributed to higher occupancy of its existing properties and the commencement of works on its newly redeveloped properties. **AXIS REIT** also saw a slight increase in its revenue from its new apartment Axis Central in Klang. Q1 2023 revenue was **RM102.31** (102.31), up from **RM93.41** (93.41) in Q1 2022. Revenue was **RM107.94** (107.94) in FY22, up from **RM107.07** (107.07) in FY21. Revenue was **RM107.94** (107.94) in FY22, up from **RM107.07** (107.07) in FY21. Revenue was **RM107.94** (107.94) in FY22, up from **RM107.07** (107.07) in FY21.

● **At a glance** – **AXIS REIT** saw revenue growth of **9.6%** in Q1 2023, mainly attributed to higher occupancy of its existing properties and the commencement of works on its newly redeveloped properties.

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Target Price (P/Eval)

RM932.00 (P/Eval)

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RM932.00 (P/Eval)

Manager's Discussion and Analysis

SELECTED MEDIA COVERAGE



Axis REIT's Bukit Raja Distribution Centre ahead of schedule

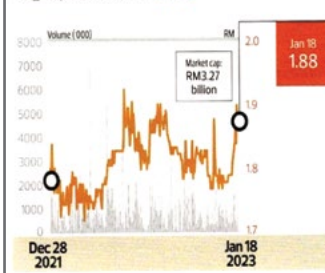
PETALING JAYA: Axis Real Estate Investment Trust (Axis REIT) announced that the development of its Bukit Raja Distribution Centre is a warehouse facility, located at Bukit Raja Industrial Area, Shah Alam, Selangor, has been completed ahead of schedule. The development of the 100,000 sq ft warehouse facility is ahead of schedule and is expected to be completed by August 2023. The facility is a single-story warehouse with a clear height of 12m and a loading dock area of 100m. The facility is a single-story warehouse with a clear height of 12m and a loading dock area of 100m. The facility is a single-story warehouse with a clear height of 12m and a loading dock area of 100m.

Axis REIT trustee buys Temerloh hypermarket

AXIS Real Estate Investment Trust's (REIT) trustee, RHB Trustees Bhd, has agreed to acquire a hypermarket in Temerloh, Pahang, for RM25.75 million from Amal Mewah Development Sdn Bhd. The hypermarket, with a gross floor area of 115,967 sq ft (10,773 sq m), is strategically located near Temerloh town centre and well-connected to Kuala Lumpur and Kuantan. The purchase includes a 20-year fixed lease with TF Value-Mart Sdn Bhd, Axis-REIT's existing tenant. —TMR

AXIS Real Estate Investment Trust

Target price: **RM2.11 ADD**



CGS-CIMB RESEARCH (JAN18): In a recent group meeting session with Axis REIT during our 15th annual Malaysia Corporate Day (MCD), the group guided for continued improvement in the operating landscape in FY23 and will continue to pursue its asset and portfolio growth strategies. Key operational risks have eased substantially from the pandemic period. Rental income growth and a stronger earnings outlook would be underpinned by contributions from new assets. The group's portfolio growth strategy is intact and it has guided the targeted total value of new asset acquisitions of RM120 million (comprising two new assets in the pipeline) that could be realised or announced by mid-2023.

The focus will remain on: 1) grade-A logistics or manufacturing facilities with long leases; 2) well-located logistics warehousing facilities that are ideal for last-mile distribution; and 3) offices, business parks and industrial properties with potential for future enhancement. Axis REIT observed that there has been an increase in the supply of industrial assets compared to the past 10 years.

Axis REIT remains one of our two preferred picks among M-REITs under our coverage, underpinned by its exposure to the industrial, logistics and warehouse spaces.

AXIS 产托

出租率依然强劲

目标价: 2.14 令吉

最新进展 | AXREIT, 5106, 主板产托) 2022 财年季末净利润下降至 740.3 万令吉, 较前季下降 16.18%。其净利润下降至 740.3 万令吉, 较前季下降 16.18%。其净利润下降至 740.3 万令吉, 较前季下降 16.18%。

行家建议 | AXIS 产托 2022 财年净利润为 1 亿 5790 万令吉, 符合我们与市场预期的 2023 财年及 2024 财年的净利润预测。值得欣慰的是, AXIS 产托的出租率依然强劲, 处在 95% 以上, 其中 49 个产业是处于完全出租的状态。



RM2.14 TARGET PRICE

'BUY' CALL STAYS ON AXIS REIT

Firm's RM36.8m Q4 net profit came within expectations, says RHB Research

ASIA JAIL
KUALA LUMPUR
bitn.com.my

AXIS Real Estate Investment Trust's (REIT) net profit of RM36.8 million for the fourth quarter of 2022, which pushed its full-year earnings to RM157.9 million, came in within RHB Research and consensus' full-year estimates.

pared to financial year 2021 of 96 per cent, with 49 properties fully occupied. "With 93 per cent of its properties on industrial titles, the occupancy rate should continue to be stable, while most of its buildings with occupancy below 90 per cent are office buildings. "A total of 77 per cent of leases up for expiry in 2022 were renewed at 3.3 per cent rental revision, and we think rental revision will remain encouraging this year as non-renewal risk remains a non-issue," said its analyst, Loong Kok Wen, in a note. The research firm noted that Axis REIT recently completed a private placement for 100 million new units on Jan 4. The proceeds will be used to repay borrowings, bringing the gearing ratio down to 32 per cent from 36 per cent and providing more financial headroom for future acquisitions. "Other than potential acquisitions and the ongoing asset enhancement initiative for Axis Facility 2, which will make it green-certified and expected to be completed in the first quarter of 2023, "The development for Bukit

Axis-REIT targets RM120mil acquisitions

Near-term positives include its new distribution centre

PROPERTY

PETALING JAYA: Axis Real Estate Investment Trust's (Axis REIT) near-term positives include its new distribution centre in Klang that is on track for completion by early August. Another positive is the commencement of leasing to Shopee Express from Sept 1, said Maybank Investment Bank Research. Axis REIT is also raising two more acquisitions, which are worth RM120mil in total, it added. Maybank IB Research in its latest report on Axis REIT, giving it a 90-point rating at the end of financial year 2022 (FY22). Commenting on the group's fourth-quarter 2022 results, the research house said: "The core earnings were slightly below expectations but within consensus."

"The core earnings were slightly below expectations but within consensus." Maybank Investment Bank Research

Axis REIT posts small rise in 10 net property income, declares 2.05 sen income distribution



AXIS REIT's manager is optimistic that in view of the satisfactory performance of the REIT's existing property portfolio and its growth strategy to actively pursue quality investments, it will be able to maintain its current performance for FY2023.

Stable earnings outlook for Axis-REIT

PETALING JAYA: Axis Real Estate Investment Trust's (Axis-REIT) financing cost is expected to remain elevated, as the full-year impact of past overnight interest rate (OPR) hikes is expected to be felt in financial year 2023 (FY23). However, its property operation expenditure (opex) will normalise going forward in tandem with the completion of heavy repair works. The impact of the electricity tariff hike is expected to be minuscule on the trust's portfolio, given most of its properties are single-tenant (77% of net lettable area or NLA) where the utility cost is borne by tenants, said Hong Leong Investment Bank (HLIB) Research. The research house is of the view that the overall increased expenses this year for Axis-REIT will be offset by the commencement of new tenancies. It said Axis Facility 2 at Bukit Raja and Bukit Raja DC2 will commence their tenancies in mid-May and September, respectively, with a double-digit increase in rental rates.

HLIB Research added Axis-REIT's management guided a positive step-up rate for the renewal of leases that are due for expiry this year (12.4% of total NLA). After the release of its first-quarter 2023 (1Q23) earnings, several research houses adjusted their future earnings forecast for the trust. Most maintained their stock call and target price (TP) on the belief of outlook is positive for the REIT. Most research houses maintained their "buy" calls and TP. HLIB Research, RHB Research, MIF Research and Maybank IB Research's TP for Axis-REIT are RM2.23, RM2.14, RM2.06 and RM2.16 a unit, respectively. HLIB Research said Axis-REIT's intent to buy a logistics warehouse for RM92mil in Kulim, Kedah, marked its first foray into the state, as assets in Selangor (46%) and Johor (38%) account for the majority of its footprint. The research outfit said the trust had a further acquisition target value of RM140mil.

Axis REIT demonstrates CSR with van sponsorship

By Eynaz Syazma / 28/12/2023 | Mainstream, Top



AXIS Real Estate Investment Trust (Axis-REIT) has sponsored a brand new 14-seater van for the welfare of children as part of its corporate social responsibility initiatives. The van is used to transport children to school and back, and also for medical visits. The van is used to transport children to school and back, and also for medical visits. The van is used to transport children to school and back, and also for medical visits. The van is used to transport children to school and back, and also for medical visits.

MIDF Research kekal positif dengan Axis REIT

PETALING JAYA: MIDF Research kekal positif pada Axis Real Estate Investment Trust (Axis REIT) dan berpendapat portfolio aset industri yang terdapat dalam masa hadapan, didorong oleh permintaan yang masih untuk industri ini. MIDF Research kekal positif pada Axis Real Estate Investment Trust (Axis REIT) dan berpendapat portfolio aset industri yang terdapat dalam masa hadapan, didorong oleh permintaan yang masih untuk industri ini. MIDF Research kekal positif pada Axis Real Estate Investment Trust (Axis REIT) dan berpendapat portfolio aset industri yang terdapat dalam masa hadapan, didorong oleh permintaan yang masih untuk industri ini.

dan Pulau Pinang," ujarnya. MIDF Research berkata, pendapatan bersih teras Axis REIT sebanyak RM41.7 juta bagi tahun kewangan 2023, menjadikan jumlah DPU kepada RM6.5 sen pada 2023 yang diimpunkan kepada hasil kasar sebanyak 4.6 peratus, ujarnya. MIDF Research mengkalakan harga sasaran (TP) untuk Axis REIT pada RM2.97. "TP kami adalah berdasarkan Model Diskon Dividen (DDM). Oleh itu, kami mengkalakan sasaran 'buy' pada Axis REIT,

Manager's Discussion and Analysis

Awards & Recognition

THE EDGE BILLION RINGGIT CLUB 2023

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

ALPHA SOUTHEAST ASIA BORROWER ISSUER AWARDS 2023

Best REIT Deal
of the Year in Asia

KSI MALAYSIAN PROPERTY ICON LEADERSHIP AWARD 2023

Leong Kit May

THE ASSET ESG CORPORATE AWARDS 2023

Gold Award

SIN CHEW BUSINESS EXCELLENCE AWARDS 2023

Top 10 (Profit After Tax)

Property Excellence Award

NACRA EXCELLENCE AWARDS 2023

Silver Award
(Less than RM10 billion in market
capitalisation)

BEST OF THE BREEDS REITS AWARDS 2023

Best Industrial REIT (Malaysia) - Platinum

Best CEO (Asia Pacific) - Platinum
(Less than USD1 billion in market capitalisation)

Best CFO (Asia Pacific) - Platinum
(Less than USD1 billion in market capitalisation)

Best Islamic REIT (Malaysia) - Platinum

In addition to the awards, Axis-REIT maintained its inclusion in the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index in 2023. The Fund is also one of the few companies in Malaysia to be a participant member of GRESB. Our inclusion in these benchmarks validate our commitment towards creating long-term value for our Unitholders through continuous improvements and commitment to our ESG journey.



Manager's Discussion and Analysis

Market Outlook & Priority

Looking ahead, Bank Negara Malaysia (BNM) expects Malaysia's economic growth to be largely driven by resilient domestic expenditure amid sustained household spending and improved tourism receipts. Further progress of multi-year infrastructure projects and the implementation of catalytic initiatives will also provide support for investment activities, while domestic financial conditions are expected to remain conducive to sustain credit growth.

We are cautiously optimistic as we head into 2024, keeping our focus on delivering long-term value creation for our stakeholders. We will continue to advance Axis-REIT's sustainability ambitions, in line with the Fund's commitment to look into efforts to reduce GHG emissions (Scope 1 and Scope 2 combined) to as close to zero (carbon neutrality), or to achieve net zero by 2050 or earlier. Guided by the outcome of our TCFD gap analysis exercise in 2023 as our roadmap, we have identified short, medium and long-term initiatives towards a phased approach in adopting the TCFD Recommendations, which is also aligned with Bursa Securities' listing requirements.

As a first step, we will conduct a climate scenario analysis to identify climate-related risks and opportunities, and start identifying the physical and transition risks that could have both financial and non-financial impacts on Axis-REIT's operations. These efforts will build on our existing initiatives and targets that are already in place, which include energy, GHG emissions, water and waste management targets, green building certification targets, and various other sustainability initiatives.

Operationally, we will continue to proactively engage our tenants and other stakeholders to better understand their needs, strategies and challenges, and ensure that we deliver superior business space solutions and maintain high levels of tenant satisfaction and retention.

Concurrently, we will continue to build a pipeline of acquisitive and development opportunities to grow our portfolio, with an emphasis on securing properties and projects that align with our sustainability agenda. We will also consider opportunities in emerging real estate segments such as data centre properties and other industrial subsegments that offer promising growth potential.

For 2024, we are looking forward to the completion and addition of our fifth development project, Axis Mega Distribution Centre (Phase 2), to our portfolio. Together with the acquisitions of Axis Hypermarket @ Temerloh (completed on 16 January 2024), and the ongoing acquisition of a manufacturing facility in Sendayan, Negeri Sembilan that is slated for completion in the first half of 2024, we are well-positioned to achieve our targeted AUM of RM5 billion by end-2024.



Snapshot of Selected Targets & KPIs



Real Estate

- To maintain high tenant satisfaction levels at above 70% for the Fund's annual tenant satisfaction survey and above 80% for *Hello Axis* ratings
- To maintain portfolio occupancy above 90%
- To explore the installation of EV chargers at selected properties
- To engage with the local councils and/or Fire and Rescue Department of Malaysia (BOMBA) at least twice a year
- To organise programmes or measures that promote the health and well-being of tenants at our multi-tenanted properties



Capital Management

- To achieve the SPT stipulated under existing sustainability-linked financing facilities
- To grow Axis-REIT's AUM to RM5.0 billion by end-2024



Facilities Management

- To achieve at least a 1% reduction in water consumption at multi-tenanted buildings over a 5-year horizon (2022-2026)
- To achieve at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) over a 5-year horizon (2022-2026)
- To achieve 10% waste diversion from disposal over a 5-year period (2023-2027)



Investment

- To embark on acquisitions with an estimated consideration of RM229 million by end-2024
- To ensure 100% of proposed acquisitions are screened for ESG compliance in accordance with the Initial Due Diligence Assessment Checklist



Development

- To prioritise green building features
- To obtain at least 1 green building certification for the portfolio every year

Manager's Discussion and Analysis



Snapshot of Selected Targets & KPIs



Governance

- To ensure ESG factors are considered in the performance of the Board, Senior Management and the Marketing & Sustainability Manager, with financial and non-financial consequences
- To maintain zero cybersecurity breaches and ensure compliance with personal data protection
- To monitor and report the status of compliance with personal data protection
- To maintain zero reported cases of discrimination in the workplace
- To conduct at least 2 employee well-being/fitness programmes in a year

Our initiatives and strategies for the coming year are guided by our Corporate Strategy 2024-2025, which provides a holistic approach and well-defined targets in navigating the operating environment for the year ahead. The diagram on the left provides a snapshot of the key targets and KPIs we have set out for 2024-2025, with more details provided in our Corporate Strategy 2024-2025 section on pages 97 to 103 of this Report.

With our responsiveness to evolving market conditions and the strength of our portfolio, we look forward to delivering long-term growth and value creation for all stakeholders.



Axis Business Campus

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 IAR2023 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 SC 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.

Mr. 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. He is the Chairman of the Shariah Supervisory Council of Bank Islam Malaysia Berhad and the Chairman of the Shariah committee of AIA-Public Takaful Berhad. He sits on the Shariah Advisory Committee of BIMB Securities. He is also the Non-Executive Chairman of Gagasan Nadi Cergas Berhad and a board member of Universiti Tun Abd Razak Sdn Bhd.

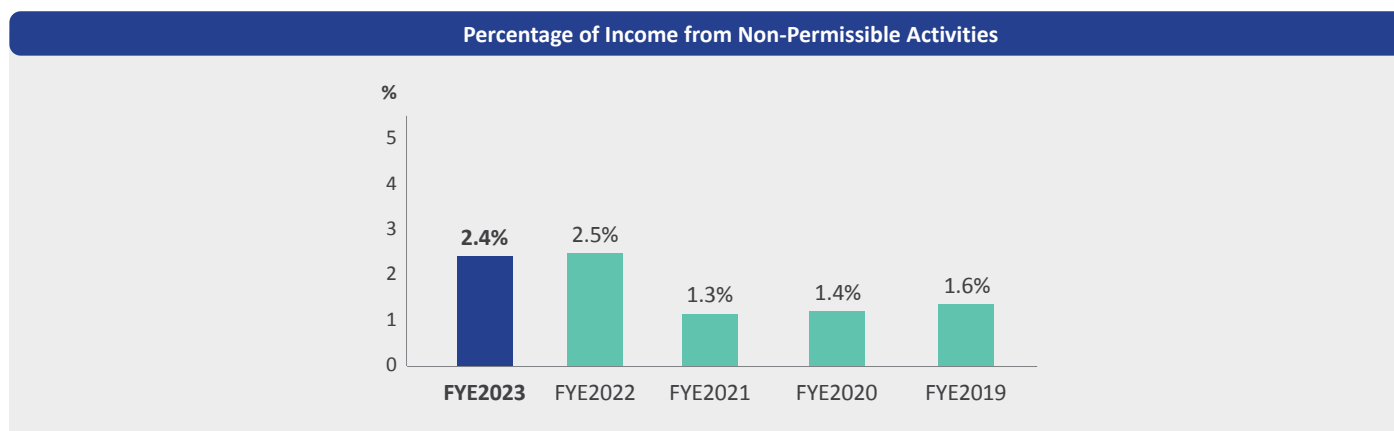
The Manager is pleased to report, based on the Shariah Adviser's Report, that:

- Under the guidance of BIMB Securities, the level of income from non-permissible activities of Axis-REIT's portfolio is 2.39% for FYE2023; and
- The Islamic fund management business of Axis-REIT in respect of FYE2023 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:

- BIMB Securities does not have any conflict of interest with Axis-REIT; and
- BIMB Securities has not been convicted of any offence within the past 5 years, and does not have any public sanction or penalty imposed by the relevant regulatory bodies during FYE2023.

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 2023 (FYE2023).

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 FYE2023, 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 FYE2023:

1. The investment portfolios of Axis-REIT do not include any non-real estate assets;
2. The percentage ratio of Shariah non-compliant rental is 2.39%, which is less than the permissible benchmark of 20%; and
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: 20 February 2024

Operating Environment

Axis-REIT is directly impacted by changes in its operating environment. These include, among others, cyclical factors such as macroeconomic conditions and supply-demand dynamics of property markets, as well as structural changes that include climatic and environmental conditions, and changing tenant behaviours. We continually evaluate the Fund's operating environment to identify external factors and how these factors may impact our business performance. This enables us to formulate strategies to minimise potential risks and capitalise on emerging opportunities that will strengthen our position as a leading REIT in Malaysia.



Macroeconomic Landscape

Impact on Business/Industry

Malaysia's economic growth normalised to 3.7% in 2023 (2022: 8.7%), as an expansion in domestic demand, favourable labour market conditions, a recovery in inbound tourism activities as well as higher construction activities were tempered by weak net exports.

During 2023, the central bank raised interest rates just once, bumping up the OPR by 25 bps to 3.0% in May 2023, and holding the rate steady thereafter as inflation moderated towards the second half of 2023.

The year had seen a steep depreciation of the Ringgit against the US dollar amid the high interest rate environment in the US. The manufacturing sector saw continued investments, with FDI inflows amounting to RM84.8 million during the first 9 months of 2023, up 68.4% from RM50.4 million in the corresponding period of 2022¹.

Malaysian REITs (M-REITs) have matured and are able to provide steady growth in distributions to unitholders with minimal downside risks to earnings in the short term, as well as minimum volatility in capital values. The M-REIT sector has seen an 8% yoy growth in net profit, mainly from industrial REITs and prime malls². The outlook for industrial properties remains strong, supported by the New Industrial Master Plan 2030 (NIMP).

2024 Outlook

Official forecasts peg 2024 gross domestic product (GDP) growth at between 4% and 5%, with the same drivers as 2023, i.e., resilient domestic expenditures, sustained employment, and wage growth. The domestic economy also stands to benefit from improved tourist arrivals and spending, continued investment activity from multi-year infrastructure projects, and the implementation of catalytic initiatives under the various national master plans.

Downside risks to economic growth stem from weaker-than-expected external demand, as well as larger and protracted declines in commodity production. Conversely, upside potential emanates from stronger-than-expected tourism activity, a greater spillover from the tech upcycle, and faster implementation of existing and new projects.

Industrial properties are expected to see good rental reversions in 2024, with low risk of non-renewals and normalised growth for the whole sector³. The M-REITs sector expects minimal impact from the implementation of the High-Value Goods Tax in 2Q 2024, while the industrial space segment should benefit from government initiatives as well as the continued growth of the e-commerce sector⁴.

The Manager will continue to explore new business opportunities such as data centre properties, as well as renewable energy options for eligible tenants. We will also consider enhancements in facilities management to drive cost efficiencies and improve our tenant service efforts.

Our Response Link to Sustainability Matters



Economic
Performance



Link to
Corporate Strategy



Real Estate



Capital
Management



Investment



Development

¹ Malaysian Industrial Development Authority (MIDA) 2023, *Investment Statistics (Approved Investments in Various Economic Sectors, January – September 2023)*, accessed 1 February 2024, <https://www.mida.gov.my/why-malaysia/investment-statistics/>

² 'Malaysia's REIT Sector Set for Positive Performance in 2023', BNN Breaking, 3 January 2024, <https://bnnbreaking.com/world/malaysia/malysias-reit-sector-set-for-positive-performance-in-2023/>

³ S. Muhammad, 'RHB Research upbeat on industrial REITs despite slower transactions', *The Edge Malaysia*, 4 October 2023, <https://theedgemalaysia.com/node/684817>

⁴ A. S. Aman, 'Malaysian REIT Sector to see minimal impact from high-value goods tax', *The New Straits Times*, 3 January 2024, <https://www.nst.com.my/business/corporate/2024/01/996764/malaysian-reits-see-minimal-impact-high-value-goods-tax>

Operating Environment



Digitalisation/Technological Change

Impact on Business/Industry

Digitalisation has transformed how businesses operate, and significantly re-shaped consumer expectations and behaviour. Features that may have once been “nice to have” conveniences such as online catalogues, have evolved to become essential components in creating comprehensive digital customer experiences that are “must-haves” for successful engagement and improved sales conversions.

In addition to elevating customer experiences, digitalisation has also streamlined how businesses operate, from optimising workflows and resource allocation, to minimising wastage and ramping up efficiencies, resulting in cost savings.

Digitalisation provides businesses with a wealth of consumer information that, when combined with data analytics, can provide unparalleled insights on emerging industry trends and customer needs, attitudes and preferences.

In the real estate market, digital transformation has also driven demand for strategic logistics properties and data centre properties, i.e., physical storage facilities for companies’ digital data.

The flipside to the increasing use and reliance on technology is the exposure it creates to cyber and data privacy risks. In one survey, Malaysia had been ranked as one of the top ten countries for the most data breaches in 3Q 2023⁵. Meanwhile, a separate article had noted that the country’s reported breach cases reached an all-time high in 2023⁶. This underscores the urgent need for responsible use of technology by companies, with sufficient controls to safeguard the organisations’ digital infrastructure and data, and to ensure any breaches can be contained and resolved with minimal disruptions.

2024 Outlook

Digitalisation continues to have a multi-faceted impact on Axis-REIT.

In our operations, we have and continue to leverage on tech applications to capitalise on the efficiencies and heightened customer satisfaction they offer. We continually upgrade our tenant management application, *Hello Axis*, to improve communications and better track service requests, feedback, and complaints. With these efforts, we aim to maintain our tenant satisfaction target on *Hello Axis* at above 80%.

Concurrently, we will continue investing in digital marketing on social media and other relevant platforms to deepen engagements with clients and drive “top-of-mind” brand recall among agents and potential tenants.

In terms of opportunities, we foresee a boom for data centres. This feeds off the country’s ambitions to double revenues from the data centre market to \$800 million by 2025, from \$400 million currently⁷, and given the various tax exemptions and digital infrastructure investments implemented to attract data centre players. We will assess and explore this segment to capitalise on feasible opportunities that fit the Fund’s investment and risk parameters and that will attract high quality tenants and provide consistent returns to Unitholders.

As we maintain our target of incurring zero cybersecurity breaches and full compliance with the Personal Data Protection Act 2010 (PDPA), we will implement various measures based on the SC’s Guidelines on Technology Risk Management. We will put in place our IT Disaster Recovery Framework and subsequently implement a disaster recovery simulation to ensure timely and complete recoverability of business-critical IT systems. We will also continue conducting internal audits as well as employee training to ensure sufficient controls are in place and to shore up our cyber defences.

Our Response Link to Sustainability Matters



Tenant Satisfaction



Cybersecurity & Data Protection

Link to Corporate Strategy



Real Estate



Facilities Management



Governance

⁵ A. Yeoh, ‘Cybersecurity report ranks Malaysia as eighth most breached country in Q3 2023’, *The Star*, 6 December 2023, <https://www.thestar.com.my/tech/tech-news/2023/12/06/cybersecurity-report-ranks-malaysia-as-eighth-most-breached-country-in-q3-2023>

⁶ B. Tan, ‘Report: Malaysia’s data breach cases hit all-time high, with four-fold increase recorded in 2023’, *The Malay Mail*, 21 September 2023, <https://www.malaymail.com/news/malaysia/2023/09/21/report-malysias-data-breach-cases-hit-all-time-high-with-four-fold-increase-recorded-in-2023/92075>

⁷ F. Sato, ‘Malaysia courts new data centers in bid to be next Southeast Asia hub’, *Nikkei Asia*, 14 October 2023, <https://asia.nikkei.com/Business/Technology/Malaysia-courts-new-data-centers-in-bid-to-be-next-Southeast-Asia-hub>

Operating Environment



Climate Change

Impact on Business/Industry

Climate change has brought unexpected and extreme weather patterns, from severe droughts to torrential storms and flooding. Such unexpected weather events and climatic hazards have impacted the lives and livelihoods of people, along with businesses and property owners.

Under a business-as-usual scenario with minimal intervention, Malaysia's average temperature is projected to rise by 3.11°C by the 2090s, vs. an estimated increase of 0.8°C in a strong mitigation scenario⁸.

There have been rising expectations for the private sector to drive sustainability efforts and to undertake climate commitments in the local and global pursuit of sustainability goals.

The National Energy Policy 2022-2040 emphasises low-carbon policies, including improving carbon footprint accounting and sustainability reporting, as well as energy efficiency. Aligning with the policy, the National Energy Transition Roadmap (NETR) outlines key initiatives under energy efficiency practices such as mandatory audits for large commercial and industrial buildings, as well as green building codes for energy-intensive commercial buildings.

Real estate players, much like other sectors, are progressively adopting sustainability initiatives and reporting to mitigate climate change. This is to ensure the alignment of their initiatives to national and global standards.

2024 Outlook

Based on an Intergovernmental Panel on Climate Change (IPCC) report, climate change raises the risks of coastal urban flooding in Southeast Asia, as well as the likelihood of floods during monsoon seasons.

The Manager is continuously monitoring and evaluating climate risks at strategic business and operational levels. In 2024, we will conduct a scenario analysis exercise to integrate climate-related considerations into our BCP. Further, our gap assessment exercise in 2023 has laid the groundwork for a phased adoption of TCFD Recommendations, with full adoption expected by 2027. Concurrently, we are also undertaking preliminary efforts to adopt the reporting standards of IFRS S1 and S2.

As Malaysia's Energy Efficiency and Conservation Bill comes into force in 2024, we are pleased to note that we conducted an energy audit (by an external energy consultant) and implemented energy efficiency improvements at our multi-tenanted properties. With the enforcement of the Bill, we will continue doing so in line with regulatory requirements.

We are committed to achieve our sustainability targets in energy and water consumption, waste diversion, as well as GHG emissions, by incorporating sustainability considerations in our AEs. These measures are in line with our target of looking into efforts to reduce GHG emissions to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier.

Our Response Link to Sustainability Matters



Energy &
Carbon
Footprint



Waste
Management



Water
Management

Link to Corporate Strategy



Real Estate



Facilities
Management



Investment



Development

⁸ Climate Risk Country Profile: Malaysia (2021): The World Bank Group and the Asian Development Bank

Operating Environment



Sustainable Design/Features

Impact on Business/Industry

Buildings, being significant energy consumers and emission contributors, offer substantial potential for sustainability initiatives. By adopting cradle-to-cradle design principles in supply chains, property investments and resource utilisation priorities, businesses can positively impact GHG emissions⁹.

In the REITs industry, investments in sustainability can lift profits by lowering costs through energy-efficient upgrades and retrofits, while raising revenue through higher rents, as well as increased building appeal and occupancy. Incorporating sustainable features such as energy-efficient equipment and designs are crucial in achieving these goals, and can also raise portfolio values through healthier buildings and sustainable certifications. According to the US-based National Association of Real Estate Investment Trusts (NAREIT), green building certifications are associated with a 23% increase in occupancy rates, an 8% boost in rental income, and a 31% rise in sale premiums compared to traditional buildings¹⁰.

In 2023, the Malaysian government initiated the NETR, a strategic framework that delineates the country's vision, goals, and actionable steps for fostering a sustainable and inclusive energy system. The framework places a significant emphasis on energy efficiency, renewable energy, hydrogen and other initiatives, and emphasises the need for collaboration and a whole-of-nation approach to achieve its goals. Incorporating sustainable property designs and features that facilitate a transition to renewables would align with this policy.

2024 Outlook

Environmental stewardship is a key consideration in our approach to building management. We seek and implement strategies to enhance the efficiency of energy and water consumption, while also promoting effective waste management practices.

We are committed to investing in energy-efficient properties, and integrating and retrofitting sustainable features in our existing properties through development projects and AEs. Details of such initiatives are presented in our Energy & Carbon Footprint sustainability matter on pages 129 to 133 of this Report.

The Fund also aims to pursue additional green building certifications, targeting to obtain at least 1 additional certification for our portfolio per year.

Concurrently, we will explore the use of renewable energy and continue collecting data from our tenants, focusing on their energy, water, as well as waste outputs, to pinpoint ways to enhance the sustainability of our portfolio.

Our strategic approach is in line with national objectives as well as our environmental sustainability commitments as a real estate owner.

Our Response Link to Sustainability Matters



Energy & Carbon Footprint



Waste Management



Water Management



Quality Assets & Services - Existing Assets



Quality Assets & Services - New Acquisitions

Link to Corporate Strategy



Real Estate



Facilities Management



Investment



Development

⁹ Vert Asset Management, 'Case Study: A strategy for investing in sustainable REITs', 28 May 2019, <https://www.unpri.org/real-estate/a-strategy-for-investing-in-sustainable-reits-/4388>, article

¹⁰ 'How Do REITs Develop Environmental Goals for Action & Impact?', NAREIT, accessed 18 January 2024, <https://www.reit.com/investing/reits-sustainability/reits-and-environmental-stewardship>

Operating Environment



Social and Demographic Change

Impact on Business/Industry

A legacy of the COVID-19 pandemic has been the wide acceptance of hybrid working arrangements. While there has been news of companies scaling back on such flexible work arrangements, a 2023 Forbes Advisor report highlighted that 12.7% of full-time employees were working from home, while an additional 28.2% had adapted to a hybrid work model¹¹. Interestingly, the preference for hybrid working appears to be more prevalent among younger employees compared to their older counterparts¹².

In 2023, Malaysia updated its Employment Act 1955, to acknowledge flexible working or work-from-home arrangements, responding to the rising trend of remote and hybrid work options.

Given these developments, REITs can consider investing in technology and redesigning office space solutions to feature adaptive spaces that can provide flexible lease terms.

Such flexible office solutions, known as 'flex space,' are transforming the office space segment, according to a 2021 Knight Frank report¹³. These spaces offer quick entry, operational efficiencies and amenities, and align with the dynamic needs of businesses. The increasing demand for flex spaces reflects businesses' preference for adaptability, challenging office space providers to be responsive to the changing modern office landscape. This shift emphasises the need for REITs to remain agile and deliver high-quality office space solutions to meet the preferences of modern workers.

Notwithstanding the sustained popularity of flexible working arrangements, office occupancy rates in the Klang Valley have remained steady. According to The Edge Malaysia, the occupancy rate for office space in Kuala Lumpur City remained stable at 67.5% in 3Q 2023, while Selangor's office space occupancy saw a 0.3-percentage point uptick to 73.9%¹⁴. This suggests fairly stable demand for office space in Selangor and Kuala Lumpur City.

2024 Outlook

We remain committed to delivering superior real estate solutions to our tenants with responsive tenant management services.

We will continue forging strong tenant relationships and regular engagements to better understand our tenants' business needs and concerns, which will help us predict, adapt and respond to their evolving business space requirements efficiently.

Concurrently, we actively track and research global real estate trends and technology applications to stay abreast of industry developments and updated on optimal real estate solutions that are aligned with the best interests of our tenants.

Our Response Link to Sustainability Matters



Tenant
Satisfaction

Link to Corporate Strategy



Real Estate



Facilities
Management



Development

¹¹ K. Haan, 'Remote Work Statistics And Trends In 2024', Forbes, 12 June 2023, <https://www.forbes.com/advisor/business/remote-work-statistics/>

¹² B. Dowling, D. Goldstein, M. Park and H. Price, 'Hybrid work: Making it fit with your diversity, equity, and inclusion strategy', McKinsey & Company, 20 April 2022, <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/hybrid-work-making-it-fit-with-your-diversity-equity-and-inclusion-strategy>

¹³ L. Elliott, 'Where next for the flexible office market?', Knight Frank, 12 February 2021, <https://www.knightfrank.com/research/article/2021-02-12-where-next-for-the-flexible-office-market>

¹⁴ R. Chew, 'The Edge Malaysia | Knight Frank Kuala Lumpur and Selangor Office Monitor 3Q2023: Sustained and growing demand for Klang Valley office space in 3Q2023', The Edge Malaysia, 5 December 2023, <https://theedgemalaysia.com/node/691353>

Operating Environment



Growth in Sustainable Investments

Impact on Business/Industry

In 2023, sustainable investing gained significant traction amid a growing focus on ESG considerations. According to Morgan Stanley, investors displayed a growing interest in companies with impactful sustainability initiatives and integration, indicating a heightened awareness on the importance of responsible business practices¹⁵ and sustainable investing.

Sustainable funds outperformed their traditional counterparts in first half of 2023, boasting a median return of 6.9% compared to 3.8% recorded by traditional funds. This reversal from the underperformance observed in 2022 underscored the increasing viability and appeal of sustainable investment strategies¹⁶.

In Malaysia, the government extended the application period for the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until 2025. These initiatives confer significant incentives for eligible sustainability projects, including up to 70% tax exemptions for qualifying green technology service providers. The initiatives aim to encourage investments in environmentally-friendly projects and technologies, and are part of the government's commitment towards achieving the net zero target outlined in its sustainability agenda¹⁷.

2024 Outlook

In 2024, sustainable investments in Malaysia are expected to see continued growth, fuelled by government initiatives in promoting sustainable developments and green investments. This includes the NIMP, which aims to elevate the nation's economic standing by capitalising on emerging trends and fostering sustainable growth. This policy creates a conducive environment for sustainable businesses to thrive, further promotes sustainable developments, and enhances the well-being of the people.

These efforts raise mainstream consumer awareness of sustainability, which can potentially drive ESG-focused investments, including in REITs.

In line with these trends, the Manager will uphold its ESG commitments to ensure that the Fund remains a top pick for sustainable investments. Towards this end, we will continue to actively embrace sustainable designs, seek new green building certifications, and explore innovative approaches to promote sustainability concepts that will boost the Fund's appeal as a sustainable investment option.

The Manager will also remain committed to prioritising sustainability-linked financing and exploring new business opportunities, including potential revenue streams from renewable energy under our Corporate Strategy, whenever possible.

Our Response Link to Sustainability Matters



Quality
Assets &
Services - New
Acquisitions



Link to
Corporate Strategy



Real Estate



Capital
Management



Investment

¹⁵ '5 Sustainable Investing Trends for Companies and Investors', Morgan Stanley, 1 February 2023, <https://www.morganstanley.com/ideas/sustainable-investing-trends-outlook-2023>

¹⁶ 'Sustainable Funds Beating Peers in 2023', Morgan Stanley, 17 August 2023, <https://www.morganstanley.com/ideas/sustainable-funds-performance-2023>

¹⁷ 'Budget 2023: More funds, incentives for green tech to meet net zero target and sustainability agenda', Malaysian Green Technology And Climate Change Corporation, 20 February 2023, <https://www.mgtc.gov.my/2023/02/budget-2023-more-funds-incentives-for-green-tech-to-meet-net-zero-target-and-sustainability-agenda/>

Stakeholder Engagement



The Manager recognises that our success relies on our ability to meet stakeholders' expectations and address their concerns. We adopt a stakeholder-inclusive approach in managing the Fund by engaging our stakeholders to understand their needs and expectations. Thus, throughout our organisation, we emphasise the importance of regular engagements with both internal and external stakeholders to determine their needs and to identify any gaps so that we can maximise value creation in their interests.

In the year under review, we conducted a robust Stakeholder Engagement and Materiality Assessment exercise to engage with both our internal and external stakeholder groups to evaluate their level of influence and dependence on Axis-REIT, as well as the relevance of our material matters to the various groups. Based on the outcome of our review, we included Local and Foreign Financiers as a new key stakeholder group.





For more information on the Stakeholder Engagement and Materiality Assessment exercise, please refer to pages 82 to 85.

The various stakeholder groups, their concerns and our responses are presented in the following table:

Stakeholder Group	Engagement Objectives	Engagement Method	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	<ul style="list-style-type: none"> Financial performance Business ethics, strategy and growth Corporate governance practices Fair labour practices 	<ul style="list-style-type: none"> Providing regular communication of the Fund's financial performance and business strategies Keeping up-to-date with the latest corporate governance and compliance practices Creating a strong ESG proposition Overseeing and managing climate-related risks and opportunities
		Virtual AGMs	Annually		
		Virtual Unitholders' Meetings	As required		
Senior Management 	To build a strong and competent leadership team to develop and execute business strategies	Management meetings	Weekly	<ul style="list-style-type: none"> Financial performance Business strategy and growth Talent management and development Fair labour practices Employee satisfaction Health and safety Cybersecurity and data protection 	<ul style="list-style-type: none"> Maintaining active engagement with industry experts, professionals, consultants, and employees Monitoring business performance against KPIs and established targets Encouraging close collaboration between business functions to promote efficiency and productivity Enhancing cybersecurity measures to safeguard the integrity of the organisation's IT systems and data against potential cyber threats





Stakeholder Engagement

Stakeholder Group	Engagement Objectives	Engagement Method	Frequency	Key Stakeholder Concerns	Our Response
Employees 	To provide equal opportunities that recognise the talents of individuals, support professional growth, as well as foster commitment and loyalty	Company Website	Daily	<ul style="list-style-type: none"> ▶ Opportunities for career development and progression 	<ul style="list-style-type: none"> ▶ Keeping up-to-date with market remuneration rates ▶ Prioritising internal recruitment (filling job vacancies by considering current employees) and providing opportunities for employee advancement ▶ Providing sufficient training for all employees ▶ Ensuring employee appraisals are conducted in a fair manner ▶ Ensuring that gender equality of the workforce is actively upheld ▶ Promoting diversity and inclusion at all levels of the Manager's organisation structure ▶ Implementing employee engagement activities ▶ Ensuring compliance with the Code of Conduct on human rights-related issues
		Employee appraisals	Annually	<ul style="list-style-type: none"> ▶ Opportunities for job-related training ▶ Competitive remuneration and benefits 	
		Employee Satisfaction Survey	Annually	<ul style="list-style-type: none"> ▶ Safe and productive work environment 	
		Departmental activities/training	Periodically	<ul style="list-style-type: none"> ▶ Fair labour practices ▶ Health and safety 	
Tenants 	To forge strong relationships and satisfy tenants' business space needs	Physical and virtual meetings	Ongoing	<ul style="list-style-type: none"> ▶ Maintenance of properties 	<ul style="list-style-type: none"> ▶ Enforcing regular maintenance schedules ▶ Notifying tenants of potential disruptions to tenant services and amenities ▶ Enabling and ensuring Facility Managers are contactable at all times ▶ Ensuring that audits are carried out fairly and ethically ▶ Engaging with tenants on ESG concerns, including social issues ▶ Incorporating ESG requirements in tenancy agreements where appropriate ▶ Safeguarding and enhancing the health and well-being of tenants ▶ Enhancing the property portfolio by incorporating high-quality new builds with features such as the utilisation of renewable energy sources, and retrofitting existing properties with similar features, where applicable
		Tenant Satisfaction Survey	Annually	<ul style="list-style-type: none"> ▶ Quick responses to queries/complaints ▶ Economic performance ▶ Environmentally-friendly practices 	
		'Hello Axis' tenant management portal	As required	<ul style="list-style-type: none"> ▶ Energy and GHG emissions management ▶ Certification/Audits on buildings/premises 	
		Festive/corporate greetings	As required	<ul style="list-style-type: none"> ▶ Health and safety 	

Stakeholder Engagement

Stakeholder Group	Engagement Objectives	Engagement Method	Frequency	Key Stakeholder Concerns	Our Response
Investment Community 	To provide up-to-date and transparent information	Virtual AGMs	Annually	<ul style="list-style-type: none"> ▶ Transparency of dealings ▶ A fair view of the financial performance of the Fund ▶ Timely dissemination of information on material disclosures ▶ Incorporation of ESG risk considerations in business strategies 	<ul style="list-style-type: none"> ▶ Adhering to regulatory rules, corporate governance, and international reporting standards ▶ Disseminating up-to-date information via Bursa Securities' and Axis-REIT's corporate website ▶ Monitoring and reviewing investment decisions to ensure that ESG risks are duly considered
		Virtual Unitholders' Meetings	As required		
		Timely announcements on Bursa Securities' website and Axis-REIT's corporate website	Ongoing		
		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		
Local and Foreign Financiers (Banks) 	To obtain funding to support business activities	Physical meetings	When required	<ul style="list-style-type: none"> ▶ Overall performance of the Fund ▶ Achievement of SPT for sustainability-linked financing 	<ul style="list-style-type: none"> ▶ Achieving overall business performance targets ▶ Achieving the SPT set with financiers
Regulatory Bodies 	For awareness of and compliance with the latest rules and regulatory requirements	Physical and virtual meetings	When required	<ul style="list-style-type: none"> ▶ Regulatory compliance ▶ Business ethics ▶ Corporate governance practices 	<ul style="list-style-type: none"> ▶ Attending virtual and/or physical meetings and events to stay abreast with regulatory developments and to understand new regulations
		Attending virtual/physical talks and conferences organised by regulators	When required		

Stakeholder Engagement

Stakeholder Group	Engagement Objectives	Engagement Method	Frequency	Key Stakeholder Concerns	Our Response
Suppliers, Service Providers and Contractors 	To engage credible and reliable suppliers as well as competent contractors/service providers who deliver exceptional technical services	Tenders	When required	<ul style="list-style-type: none"> ▶ To have a clear understanding of the scope of work and deliverables expected ▶ Adherence to timelines ▶ Ensuring payments are made on time ▶ Waste reduction and recycling efforts ▶ Energy-saving issues ▶ Quality Management Systems ▶ Preventive maintenance ▶ Transparent and fair tendering processes 	<ul style="list-style-type: none"> ▶ 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
		One-on-one meetings	When required		
		Tender interviews	When required		
		Vendor evaluation	Annually		
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	<ul style="list-style-type: none"> ▶ Providing updates on changes in laws and regulations ▶ Ensuring fair representation of the industry's needs and demands to regulators 	<ul style="list-style-type: none"> ▶ 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	When required	<ul style="list-style-type: none"> ▶ Receiving the latest updates and news on Axis-REIT 	<ul style="list-style-type: none"> ▶ Engaging a public relations company to manage press engagements, and to ensure press releases are disseminated promptly and to field requests for interviews
		Press briefings	When required		
		Annual gatherings	As appropriate		
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	<ul style="list-style-type: none"> ▶ Support from the business community to help address issues faced or support causes championed 	<ul style="list-style-type: none"> ▶ Engaging with local communities and organisations on social issues ▶ Supporting projects that are relevant to Axis-REIT's mission and within its financial means
		Contributing to provide relief and support for relevant causes or emergency situations	As appropriate		

Materiality Assessment

As a responsible corporate citizen, our stakeholders' concerns, along with social and environmental stewardship, have always been key considerations in our business strategies. During the year, the Manager conducted a robust Stakeholder Engagement and Materiality Assessment exercise, engaging with both our internal and external stakeholders to evaluate the relevance of our material matters based on our business and stakeholders' interests. This exercise was guided by our ERM framework to ensure the effective integration of ESG risks as well as our business risks.

Stakeholder Engagement and Materiality Assessment Exercise

Our stakeholder engagement and materiality assessment exercise involved the following 4 steps, which were aligned with Bursa Securities' Sustainability Reporting Guide (3rd edition):

1

Review of Stakeholder Groups and Sustainability Matters

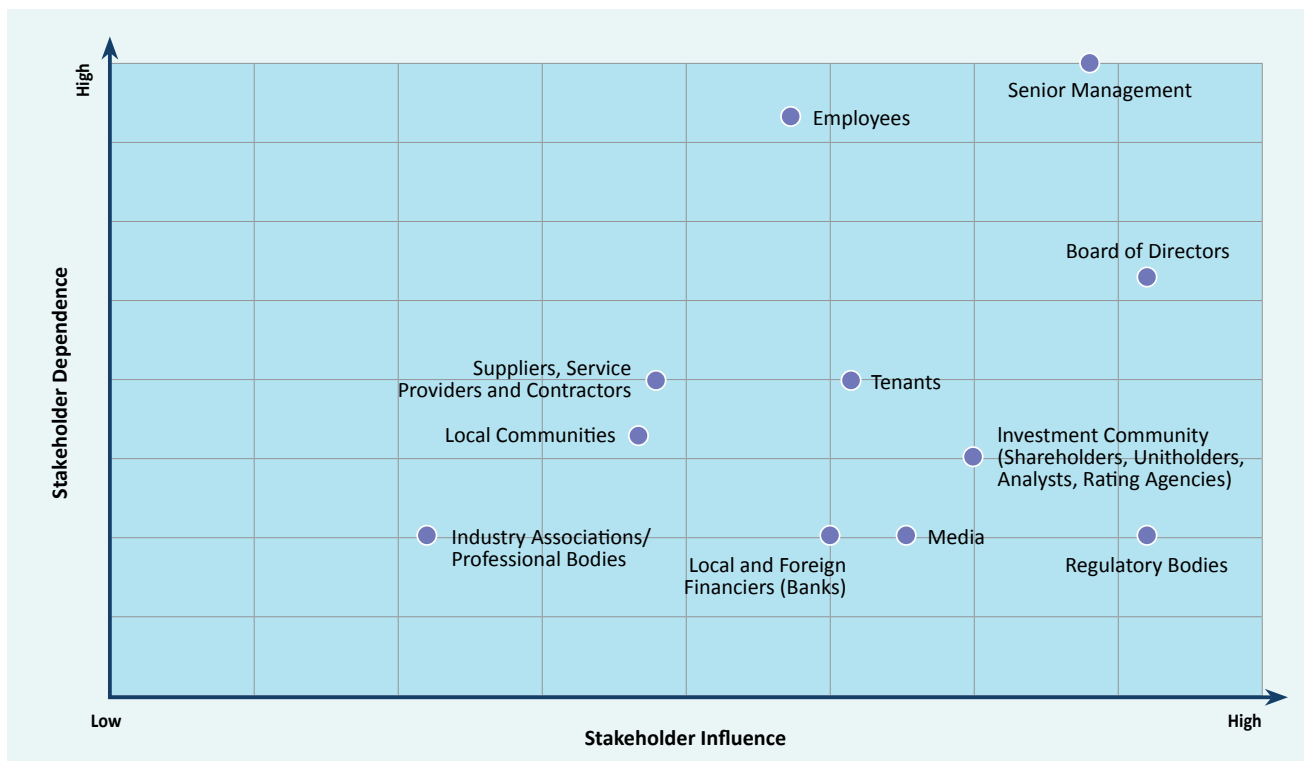
We reviewed the existing list of stakeholder groups and sustainability matters to assess their relevance to our business strategy and operations, as well as to current market trends. The sustainability matters were reviewed against sustainability reporting frameworks such as Bursa Securities' Sustainability Reporting Guide (3rd edition) and those of our industry peers.

Following the review, we introduced Local and Foreign Financiers as an additional stakeholder group, in light of the Manager's focus on obtaining sustainability-linked financing to align the Fund's capital needs and ESG objectives. The list of sustainability matters were unchanged as the matters remain relevant to Axis-REIT's business strategy and operations.

2

Stakeholder Prioritisation and Engagement

To obtain a complete view of the significance of our sustainability matters, we conducted a Stakeholder Prioritisation workshop to gauge stakeholder feedback and considerations in the assessment process. Facilitated by an external consultant, the workshop provided an understanding of the various stakeholder groups' level of influence and dependence on Axis-REIT. The results of the Stakeholder Prioritisation workshop, which are presented in the matrix below, give us a holistic view of our stakeholder groups and allow us to better address their expectations.



Materiality Assessment

Recognising that our stakeholders hold varying degrees of influence and dependence on our business operations, the Manager periodically engages the 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 2023 Stakeholder Engagement exercise, the Manager engaged 6 key stakeholder groups, namely the Board, Management, Employees, Tenants, Suppliers, Contractors and Service Providers, as well as the Investment Community, to obtain their views on the importance of our sustainability matters. We used input from these stakeholder groups to better assess the most urgent and pertinent sustainability matters to each group. This approach allows us to develop the most effective strategies to maximise value creation across the board. The exercise was conducted via meaningful interactions with various stakeholders to thoroughly understand their perspectives and ensure relevant and positive outcomes.

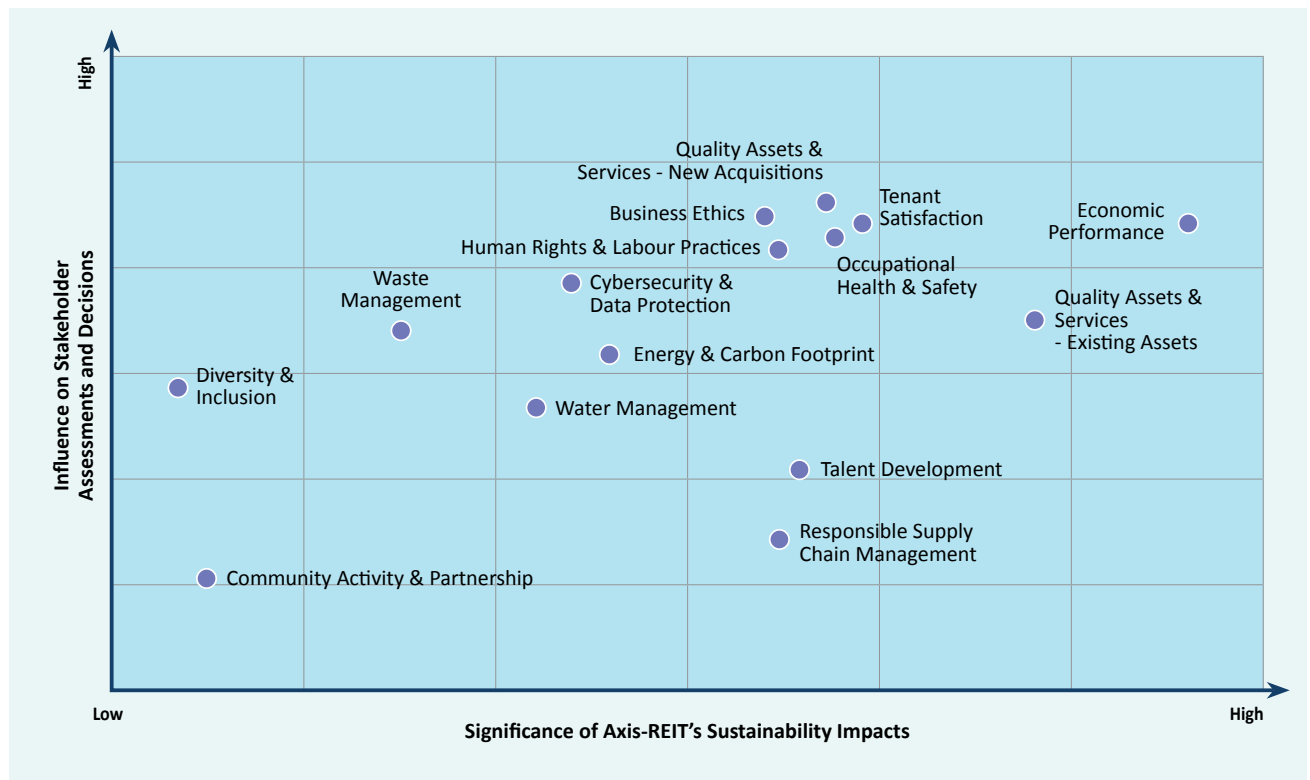
Impact Assessment

The Senior Management Team conducted an impact assessment exercise to assess the level of impact and likelihood of occurrence for each sustainability matter. To ensure alignment of the Fund's risk and materiality assessments, its Enterprise Risk Management (ERM) risk parameters were used to guide the rating of the impact and likelihood of occurrence for each material matter.

Consolidation of Materiality Matrix and Validation

The outcomes of the stakeholder engagement and impact assessment exercises are presented in the Materiality Matrix below, which depicts the significance and importance of each sustainability matter from Axis-REIT's business perspective as well as its stakeholders' perspectives.

The Materiality Matrix was presented to Senior Management for validation and thereafter, approved by the Board.



Materiality Assessment

Based on the outcomes of the Stakeholder Engagement and Materiality Assessment exercise, the Manager reaffirmed the 15 material sustainability matters impacting the Fund's operations and value creation. These material sustainability matters, which fall into 4 broad categories, namely economic, governance, environmental and social matters, were unchanged from those of 2022, as they are deemed to still be the most pertinent to current market trends and our business operations. Recognising the importance of these matters is essential for several reasons. Firstly, addressing them demonstrates our commitment to responsible business practices, aligning our actions with regulatory requirements and enhancing our reputation as a socially responsible organisation. Secondly, actively monitoring progress in managing these matters allows us to adapt and respond quickly and effectively, enabling us to maximise value creation in the short, medium, and long-term.

By proactively monitoring our year-on-year performance of these material sustainability matters, we are able to track our progress, address challenges, and formulate strategic plans to meet future sustainability goals. This focused approach reflects our commitment to responsible business practices, adaptability, and long-term vision for value creation and stakeholder satisfaction.

The table below presents Axis-REIT's material sustainability matters.

Sustainability Pillars	Material Sustainability Matters	Description
Economic	Economic Performance	Providing consistent and competitive DPU by growing the property portfolio, applying excellent capital and risk management strategies and preserving capital values.
	Tenant Satisfaction	Fostering strong tenant relationships through regular tenant engagements via both physical and virtual channels, and responding to their needs promptly and effectively. This drives high levels of tenant satisfaction, which in turn, facilitates tenant retention and sustains high occupancy rates across the portfolio.
	Quality Assets & Services - New Acquisitions	Acquiring or developing properties that are strategic and aligned with the investment objectives of the Fund. Our acquisition strategies also factor in ESG considerations when evaluating potential acquisition targets and development projects.
	Quality Assets & Services - Existing Assets	Maintaining and enhancing the quality of Axis-REIT's existing properties to create sustainable, long-term value for the Fund and our stakeholders. These efforts include undertaking disciplined AEs to enhance the value of the Fund's portfolio and maximise tenant satisfaction levels.
	Responsible Supply Chain Management	Reinforcing the integrity and resilience of our supply chain by evaluating the credibility of our suppliers, incorporating ESG criteria into our procurement processes, and conducting regular checks and training.
Governance	Business Ethics	Upholding a strong commitment to integrity and business ethics across our operations, guided by stringent governance policies and a strong culture of transparency and accountability.
	Cybersecurity & Data Protection	Creating a secure digital environment by strengthening network security and ensuring compliance with all applicable laws to protect intellectual property and stakeholders' personal data from potential cybersecurity breaches and threats.

Materiality Assessment

Sustainability Pillars	Material Sustainability Matters	Description
Environmental	Energy & Carbon Footprint	Effective management of energy consumption, continuously improving energy use efficiency and reducing our GHG emissions to minimise our environmental footprint and reduce our impact on climate change.
	Water Management	Responsible consumption of potable water in our business operations.
	Waste Management	Effective management of waste from our business operations including encouraging recycling efforts and ethical disposal of hazardous waste to reduce our impacts to the environment.
Social	Occupational Health & Safety	Maintaining a safe and healthy working environment for our stakeholders through robust health and safety measures.
	Talent Development	Continuously investing in our employees through training and development to upskill and reskill them in creating a capable and productive workforce.
	Diversity & Inclusion	Championing diversity and inclusion across our business operations by ensuring all employees receive equal opportunities to meet their fullest potential.
	Human Rights & Labour Practices	Upholding high standards of human rights and labour practices in our business operations and our supply chain.
	Community Activity & Partnership	Actively engaging with local communities around our business operations to understand and address their needs via our Corporate Social Responsibility (CSR) initiatives.

Risks and Opportunities














Business Risks and Opportunities

We constantly review and assess our business risks and opportunities, and address stakeholder concerns as a vital part of managing the Fund. We assess and evaluate risks and opportunities from the external environment (please see the Operating Environment section on pages 72 to 77 for information on external conditions that impact our business) as well as risks from our internal business activities. This allows us to formulate appropriate mitigative actions to address each risk and opportunity.

Our approach in managing risks and opportunities are guided by our Risk Register, which is an ERM framework. We leverage on this framework to identify, assess, and prioritise financial and non-financial risks across our business operations.

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

The following table summarises our business risks, their potential impact on Axis-REIT's operations, and our action plans for 2024 to treat and mitigate these risks. We also link these risks to our business strategies and material sustainability matters.

Global												
Link to Business Strategy						Link to Sustainability Matters						
												
Real Estate	Capital Management	Facilities Management	Investment	Development	Governance	Economic Performance	Tenant Satisfaction	Quality Assets & Services - New Acquisitions	Responsible Supply Chain Management	Business Ethics	Human Rights & Labour Practices	Community Activity & Partnership
Business Risks												
<ul style="list-style-type: none">▶ 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 the PDPA and improper handling of personal data and information▶ Non-compliance with statutory obligations and tax regulations▶ Non-compliance with the Companies Act 2016▶ Non-compliance with anti-corruption laws						<ul style="list-style-type: none">▶ Poor BCP/strategy resulting in the inability to fulfil business obligations▶ Inadequate responses to critical incidents and emergencies (e.g., fire, floods, cyberattacks)▶ Poor supply chain management resulting in compromised ESG matters▶ Inadequate collaborative engagements with stakeholders and the surrounding communities, resulting in a lack of understanding of their perspectives						
Potential Impact												
<ul style="list-style-type: none">▶ Decline in investor interest in the Fund▶ Reduction in profit or DPU▶ Negative impact to cash flows and insufficient funds when needed▶ Lack of attractiveness to potential investors▶ Increased investments required for climate adaptation measures▶ Higher Takaful contributions and reduced availability of Takaful coverage▶ Difficulties in raising capital in the future▶ Dilutive capital raising as a result of large pricing discounts offered to the market						<ul style="list-style-type: none">▶ Financial losses and penalties under the prevailing laws▶ Reputational damage▶ Vulnerability to external threats▶ Data loss▶ Adverse impact on sustainability▶ Poor vendor/supplier/contractor relationships▶ Loss of marketing and competitive advantage in the market▶ Loss of tenant interest and/or decrease in property value▶ Loss of social license to operate within the community▶ Negative impact on the business, leading to the loss of business opportunities/competitive advantages						

Risks and Opportunities



Global (continued)

2023 Mitigating Actions

- ▶ Obtained sustainability-linked financing facilities
- ▶ Hedged profit rate exposure with sustainability-linked IPRS
- ▶ Achieved the SPT and was awarded sustainability rebates in accordance with the SPT terms
- ▶ Continued to incorporate ESG factors in risk assessments
- ▶ Ensured continuous improvements in facilities management and leasing services
- ▶ Reviewed and updated the Privacy Notice and Personal Data Protection Policy
- ▶ Conducted a compliance review on the Anti-Bribery and Anti-Corruption (ABC) Policy
- ▶ Provided continuous training for key management personnel/employees to stay abreast of the latest rules and regulations governing our operations
- ▶ Conducted an internal audit on anti-corruption controls in the Facilities Management department
- ▶ Improved IT controls following the internal audit review on our IT infrastructure
- ▶ Conducted annual vendor evaluations, assessing their quality of services, responsiveness and timeliness, as well as ESG practices
- ▶ Conducted an internal audit review on our contractors' compliance with ESG requirements
- ▶ Managed community activities and partnerships
- ▶ Monitored developments that may have affected the communities around the Fund's property locations

Opportunities

- ▶ Increasing the Fund's attractiveness to investors with the effective management of financial and non-financial risks as part of the Manager's due diligence process
- ▶ Opportunities to obtain more sustainability-linked financing facilities to finance new acquisitions or embark on new development projects
- ▶ Building confidence and trust among stakeholders through quality management and services with due considerations on ESG matters throughout the business

Management Action Plan 2024

- ▶ To explore new business opportunities (e.g., in data centre properties)
- ▶ To explore new revenue streams from renewable energy for eligible tenants
- ▶ To keep abreast of news and developments that affect Axis-REIT's properties and the broader real estate market
- ▶ To regularly engage our tenants to better understand how to support their business and operational needs, and to obtain feedback on Axis-REIT's services
- ▶ To continually meet the SPT stipulated under existing sustainability-linked financing
- ▶ To conduct annual employee training on anti-corruption, cybersecurity and PDPA
- ▶ To formulate the process of undertaking Know-Your-Client (KYC) assessments in divestments (from an anti-money laundering perspective)
- ▶ To test our anti-money laundering and anti-corruption internal controls
- ▶ To expand the BCP to other contingencies such as people-related issues
- ▶ To consider identifying both physical and transition climate-related risks and opportunities that could have material impacts on business operations
- ▶ To conduct climate scenario analyses on existing properties to integrate climate-related considerations into the BCP
- ▶ To continue monitoring contractors' compliance with ESG requirements (including human rights and labour practice assessments) through ad-hoc site visits and/or audits
- ▶ To engage with the local councils and/or BOMBA
- ▶ To implement annual disaster recovery exercises to ensure timely recoverability of business-critical IT systems

Risks and Opportunities



Financial

Link to Business Strategy



Capital
Management



Investment

Link to Sustainability Matters



Economic
Performance

Business Risks

- ▶ Refinancing risks for large financing facilities
- ▶ Banks tightening lending or recalling short-term facilities in response to developments in the global/domestic financial environment
- ▶ Increased financing costs
- ▶ Cash deficits or insufficient funds to meet the needs of day-to-day operations, investments, financing obligations, and/or distributions
- ▶ Missed profit/DPU targets
- ▶ Non-compliance with listing requirements, accounting standards, taxation rules, Shariah rules and other regulations applicable to REITs
- ▶ Missed financial reporting deadlines resulting in non-compliance with applicable requirements
- ▶ Inaccuracies in financial reporting
- ▶ Oversights in submissions of unclaimed funds to the Registrar of Unclaimed Moneys
- ▶ Oversights on payments to suppliers
- ▶ Inability to reduce usage of physical cheques (from a fraud risk perspective)
- ▶ Inability to limit receipts of physical cash in daily operations (from an anti-money laundering perspective)

Potential Impact

- ▶ Dilutive capital raising needed to redeem existing financing facilities
- ▶ Reputational damage
- ▶ Decline in investor interest
- ▶ Insufficient funds to meet payment obligations and potential default on quarterly income distribution payments
- ▶ Reduction in profit and DPU
- ▶ Requirement to refinance existing facilities
- ▶ Negative impact to cash flows that may cause a shortfall of funds
- ▶ Penalties under relevant statutory legislations
- ▶ Queries and/or possible fines/reprimands from the relevant authorities
- ▶ Decline in Shariah investor interest that may potentially reduce the market value of Axis-REIT
- ▶ Bad and doubtful debts which may cause a reduction in profit due to debts written off and increased legal costs
- ▶ Increased investments required for climate adaptation measures
- ▶ Higher Takaful contributions or no availability of Takaful coverage

2023 Mitigating Actions

- ▶ Monitored cashflow position and financing profiles closely
- ▶ Regularly engaged with lending banks
- ▶ Engaged with the relevant authorities in order to be kept abreast of changes in listing requirements/applicable rules and regulations/taxation rules/accounting standards
- ▶ Conducted continuous training for key management/employees to stay abreast of the latest changes and updates on applicable rules and regulations
- ▶ Maintained close consultation with legal advisers/professional advisers/auditors as well as our external secretarial agent and Shariah Adviser on all regulatory and compliance issues
- ▶ Active participation in the activities of the Malaysian REIT Managers Association
- ▶ Ensured all proposed investments were subject to ESG and climate risk assessments based on the relevant established criteria
- ▶ Closely monitored the financial performance of the Fund for early detection of potential missed profit/DPU targets
- ▶ Closely monitored the business performance of the Fund, taking into consideration ESG risks that may potentially affect investment decisions and operating expenditures

Risks and Opportunities



Financial (continued)

Opportunities

- ▶ Unlocking value through optimisation of the Fund's portfolio of properties
- ▶ Effective management of operating costs to conserve cash for business continuity

Management Action Plan 2024

- ▶ To keep abreast of the government's latest initiatives and tax incentives
- ▶ To be proficient in reporting material sustainability and climate-related matters in accordance with IFRS S1 and S2
- ▶ To grow Axis-REIT's AUM to RM5.0 billion by end-2024
- ▶ To explore new business opportunities (i.e., opportunities in data centre properties)
- ▶ To explore new revenue streams from renewable energy for eligible tenants



Real Estate Management

Link to Business Strategy



Link to Sustainability Matters



Business Risks

- ▶ Falling and volatile 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 acquisitions and higher tariffs
- ▶ Unsafe environments for tenants
- ▶ Inadequate/malfunctioning building security and safety controls
- ▶ Non-compliance with the relevant by-laws, rules and regulations
- ▶ Delays in the completion of AELs
- ▶ Delinquent tenants/late rental payments
- ▶ Non-compliance with fire-certification requirements
- ▶ Unbudgeted property expenses
- ▶ Unfavourable tenant profiles (e.g., tenants with high credit default or reputational risks)
- ▶ Injuries/damages to third parties, suppliers, vendors, contractors, etc., on 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

Potential Impact

- ▶ Increase in financing levels which may trigger the need to raise capital
- ▶ Default in financing covenants causing financing facilities to become due for immediate repayment
- ▶ Increased spread/cost of financing
- ▶ Reduction in NAV of the Fund
- ▶ Decline in rental income and profit, adversely impacting income distributions and returns to Unitholders
- ▶ Decline in investor interest, which could create difficulties for future fund raising efforts
- ▶ Stagnation in the Fund's growth
- ▶ Decline in tenant satisfaction and loss of tenants
- ▶ Higher Takaful contributions - tenants may claim negligence and attempt to take legal action
- ▶ Loss of competitiveness in the property market
- ▶ Decline in property values
- ▶ High downtime and increased property vacancies
- ▶ Legal suits and penalties imposed by the relevant authorities
- ▶ Reputational damage
- ▶ Cost overruns resulting in higher operating costs that exceed budgets

Risks and Opportunities



Real Estate Management (continued)

Potential Impact (continued)

- ▶ Missed key targets on development projects and AEIs, causing delays in positioning the property to market
- ▶ Non-renewal of buildings' fire certificates that could result in non-compliance with BOMBA regulations
- ▶ Incidents that could lead to physical injury, sickness and/or death

2023 Mitigating Actions

- ▶ Closely monitored property market intelligence, updates and reports covering market conditions, valuations and other insights
- ▶ Held regular engagements with tenants, real estate agents and consultants to foster close relationships
- ▶ Continuously improved the quality and value of properties via AEIs, including retrofitting sustainability features during AEIs
- ▶ Incorporated ESG components into the Renovation Manual (a fit-out and refurbishment guide for tenants)
- ▶ Incorporated ESG requirements into the tenancy agreement (green lease) of 1 property
- ▶ Conducted our annual tenant satisfaction survey
- ▶ Constantly improved facilities management and leasing services and ensured prompt responses to tenants' needs
- ▶ Focused on increasing the proportion of single-tenanted buildings and triple-net lease properties in the portfolio to reduce inflationary pressures on operating costs
- ▶ Ensured continuous improvements through safety and health training programmes
- ▶ Undertook vendor and contractor assessment procedures that included ESG considerations
- ▶ Constantly monitored fire safety compliance, renewal of fire certificates and security controls
- ▶ Conducted periodic safety awareness programmes for contractors, tenants, suppliers, vendors and other relevant parties
- ▶ Ensured compliance with SOPs at all buildings
- ▶ Arranged periodic internal audit reviews on operational processes and procedures under facilities and project management
- ▶ Developed a process to assign ESG risk ratings for tenants based on the improved Tenant Checklist

Opportunities

- ▶ Promoting trust and integrity through improved organisational efficiency, leading to higher tenant interest and increased market values
- ▶ Building a strong reputation to increase investor interest through effective management of buildings and provision of quality facilities management services, as well as ESG considerations
- ▶ Preserving or enhancing the value of existing properties through planned AEIs



Management Action Plan 2024

- ▶ To engage with the local councils and/or BOMBA
- ▶ To extend leasehold property land tenures (for selected leasehold properties with short remaining lease tenures)
- ▶ To keep abreast of news and developments that affect Axis-REIT's properties and the broader real estate market
- ▶ To regularly engage our tenants to understand how we can better support their business and operational needs, and to obtain feedback on Axis-REIT's services
- ▶ To organise programmes to ensure the health and well-being of our tenants of multi-tenanted properties
- ▶ To attain cost efficiencies in facilities management through implementation of cashless parking systems and to explore the potential utilisation of Building Management Systems
- ▶ To assign ESG risk ratings for tenants based on the improved Tenant Checklist
- ▶ To continue conducting periodic health, safety and environment (HSE) audits at the Fund's offices/sites, where applicable
- ▶ To continue conducting on-site human rights assessments or internal audits on registered key vendors, and to document any non-compliance for further action
- ▶ To consider identifying both physical and transition climate-related risks and opportunities that could have material impacts on business operations
- ▶ To conduct climate scenario analyses on existing properties to integrate climate-related considerations into the BCP
- ▶ To obtain green certification for at least one additional property a year
- ▶ To implement flood mitigation plans on high-risk properties in areas that are prone to floods

Risks and Opportunities



Investment

Link to Business Strategy	Link to Sustainability Matters
 Investment	   Quality Assets & Services - New Acquisitions Responsible Supply Chain Management Business Ethics
Business Risks	
<ul style="list-style-type: none"> ▶ Development of properties that are unsafe or not sustainable ▶ Acquisition of properties without proper due diligence in terms of building structures, location, size, asset type and market conditions ▶ Divestment of properties without proper assessment of the purchaser(s), market conditions and potential upside/downside for holding/disposing of the property ▶ Investment decisions that are not sustainable and not aligned with the long-term growth of the Fund 	
<ul style="list-style-type: none"> ▶ Non-compliance with regulatory requirements such as building rules and regulations ▶ Acquisition of properties that are exposed to environmental and social risks (e.g., ground contamination or flood risks) ▶ Acquisition of properties with unfavourable tenant profiles (e.g., tenants with high credit default risks or Shariah non-compliant tenants) 	
Potential Impact	
<ul style="list-style-type: none"> ▶ Loss of rental income, which may adversely impact the property portfolio performance and negatively impact the Fund's EPU and DPU ▶ Undue delays and costs arising from transactions undertaken without adequate due diligence ▶ Termination of transactions resulting in abortive costs ▶ Additional capital expenditure required for remedial work on newly-acquired properties that do not comply with existing building 	
<ul style="list-style-type: none"> by-laws and other building regulations imposed by the relevant authorities ▶ High maintenance costs ▶ Reduced property market value ▶ Decline in investor interest ▶ Bad publicity and risk of reputational damage ▶ Tenant dissatisfaction ▶ Investment decisions that are not Shariah-compliant 	
2023 Mitigating Actions	
<ul style="list-style-type: none"> ▶ Focused on increasing the proportion of single-tenanted buildings and triple net lease properties in the portfolio to reduce inflationary pressures on operating costs ▶ Strict adherence to all established controls for every investment proposal ▶ Conducted internal due diligence on all proposed acquisitions based on the Initial Due Diligence Assessment Checklist (which included ESG criteria such as Environmental Site Assessments (ESA) and assessments of chemical waste handling, where applicable) 	
<ul style="list-style-type: none"> ▶ Formulated an ESG Risk Assessment and Rating Checklist to be applied in the assessment of potential tenants. Potential tenants with medium to high sustainability risk ratings will be subjected to further evaluation ▶ Reviewed and enhanced the Initial Due Diligence Assessment Checklist to include evaluations of the target properties'/sites' vulnerability to annual flood risks in the medium- and long-term 	
Opportunities	
<ul style="list-style-type: none"> ▶ Managing a sustainable property portfolio that creates long-term value for Unitholders and other stakeholders ▶ Expanding the investment focus on green certified buildings 	
<ul style="list-style-type: none"> ▶ Building the trust of stakeholders by continuously growing a sustainable property portfolio and incorporating ESG considerations across all business aspects 	

Risks and Opportunities



Investment (continued)

Management Action Plan 2024

- ▶ To increase the proportion of single-tenanted buildings and triple-net lease properties in the portfolio to reduce inflationary pressures on operating costs
- ▶ To apply the ESG Risk Assessment and Rating Checklist in assessing potential tenants during the investment due diligence exercise. Potential tenants with medium to high sustainability risk ratings will be subjected to further evaluation
- ▶ To conduct climate scenario analyses to identify both physical and transition climate-related risks and opportunities in new investments
- ▶ To formulate the process of undertaking KYC assessments in divestments (from an anti-money laundering perspective)
- ▶ To continue exploring the possibility of leveraging IDRs to raise funds for the renewal of lease tenures of leasehold properties



Human Resource and IT

Link to Business Strategy



Link to Sustainability Matters



Business Risks

- ▶ Failure to attract and retain top talents
- ▶ Absenteeism and tardiness
- ▶ Low employee morale and skiving issues
- ▶ Retaining non-performing employees in the workforce
- ▶ Inadequate measures to preserve employee safety and well-being
- ▶ Inadequate measures to promote diversity and inclusion in the workforce
- ▶ Violations of our business ethics and Code of Conduct
- ▶ Failure of IT systems and infrastructure resulting in exposure to cyberattacks and loss of personal data and information
- ▶ Compromised personal data and information, posing threats to all our stakeholders such as employees, tenants and vendors

Potential Impact

- ▶ Poor delivery of services to tenants and the property portfolio due to a lack of manpower
- ▶ Loss of key information and skill sets
- ▶ Adverse effects on business operations, which impacts the profitability and sustainability of the Manager and the Fund
- ▶ Jeopardised growth of the Fund, which threatens business continuity
- ▶ Increased overhead costs
- ▶ High employee attrition rate
- ▶ Low satisfaction and morale among the employees
- ▶ Involvement in time consuming and costly industrial court cases
- ▶ Data theft or loss of trade secrets
- ▶ Reduced interest from investors, financiers and business partners
- ▶ Increased risk of incidents that lead to physical injury, sickness and/or death
- ▶ Large financial expenses and time spent to rectify failures in data loss and IT systems
- ▶ Financial losses, identity fraud and cyber blackmail

Risks and Opportunities



Human Resource and IT (continued)

2023 Mitigating Actions

- ▶ Held team building and employee engagement activities such as hiking and sports sessions
- ▶ Conducted an annual employee satisfaction survey to obtain and leverage on employee feedback and improve employee engagement activities
- ▶ Continuously monitored human rights-related incidents and compliance with the Code of Conduct (i.e., non-discrimination, no forced labour, fair employment) within the Manager's operations
- ▶ Conducted regular performance and remuneration reviews for employees
- ▶ Incorporated ESG-linked financial and non-financial consequences in the annual assessment of Board and Senior Management including the Marketing & Sustainability Manager
- ▶ Conducted safety awareness programmes for employees
- ▶ Aligned health and safety practices to occupational health and safety standards such as Occupational Health and Safety Assessment Series (OSHAS) 18001 or ISO 45001
- ▶ Improved IT controls following the internal audit review carried out on our IT infrastructure
- ▶ Constantly engaged with the outsourced IT service provider to monitor the adequacy and effectiveness of the IT systems and infrastructure
- ▶ Submitted the outsourced IT service provider's quarterly reports on the status of cybersecurity performance and measures to the Board
- ▶ Implemented email encryption upon renewal of our Microsoft Office 365 annual subscription
- ▶ Subscribed to online interactive cybersecurity awareness programme to educate employees in understanding, identifying and avoiding cyber threats
- ▶ Installed endpoint detection and response systems on the computers at the Facilities Management offices to monitor and arrest irregular activities
- ▶ Conducted the annual employee training on PDPA and ABC Policy

Opportunities

- ▶ Inculcating a better mindset and culture among the Manager's workforce
- ▶ Maintaining a healthy and safe workplace
- ▶ Attracting new and young talents for business continuity
- ▶ Promoting a diverse and inclusive workforce
- ▶ Safeguarding the organisation's ability to function by enabling safe operation of IT applications among all data users
- ▶ Keeping data protection infrastructure up-to-date to ensure a secure network for data storage and transfer

Management Action Plan 2024

- ▶ To attract more young talents into the workforce for succession planning
- ▶ To develop more employee well-being/fitness programmes and group activities
- ▶ To continue monitoring compliance with the Code of Conduct on human rights-related issues (i.e., non-discrimination, no forced labour, fair employment) within the Manager's operations
- ▶ To implement an annual IT disaster recovery exercise to ensure timely recoverability of business-critical IT systems
- ▶ To conduct annual employee training on anti-corruption, cybersecurity and PDPA
- ▶ To expand the BCP to other contingencies such as people-related issues
- ▶ To work closely with the outsourced IT service provider to implement cybersecurity measures recommended by the SC's Guidelines on Technology Risk Management, where practicable
- ▶ To continue subscribing to online interactive cybersecurity awareness programme for employees

Risks and Opportunities



Development

Link to Business Strategy



Link to Sustainability Matters



Business Risks

- ▶ Development projects that are unable to generate positive returns to the Fund
- ▶ Development cost overruns
- ▶ Delays in project completion
- ▶ Lack of sustainable design and/or material considerations in development projects
- ▶ Breach of regulatory limits on property developments (imposed under the SC's Guidelines on Listed REITs)

Potential Impact

- ▶ Negative impact to cash flows, profits and DPU
- ▶ Reputational damage
- ▶ Decline in investor interest
- ▶ High maintenance costs to tenants
- ▶ Loss of competitive advantage due to inefficient infrastructure in the developed property
- ▶ Negative impact to the environment
- ▶ Legal actions caused by negligence
- ▶ Unexpected increase in financing levels
- ▶ Breach of regulatory limits which may lead to action taken by the regulators

2023 Mitigating Actions

- ▶ Focused on development projects with long lease tenures
- ▶ Focused on current market needs and tenants' requirements in terms of building specifications
- ▶ Aligned development of properties with green building standards
- ▶ Conducted feasibility studies on proposed projects, including viability and costing, before embarking on development activities
- ▶ Conducted due diligence on consultants and contractors prior to their appointment for development projects
- ▶ Adhered to established criteria of materials to be used in development projects, such as materials that offered long service lives, non-toxic/reduced toxicity, resource saving features and environmental-friendly benefits
- ▶ Prioritised quality, cost effectiveness, reliability and sustainability of building materials for new development projects
- ▶ Performed ESG due diligence on risks and opportunities related to project sites and surroundings
- ▶ Incorporated vulnerability assessments (climate risks) on target sites, such as assessing medium- to long-term annual flood risks in the due diligence process of development or redevelopment projects (via the Initial Due Diligence Assessment Checklist)
- ▶ Conducted an internal audit review on contractors' compliance with ESG requirements

Opportunities

- ▶ Attracting and retaining tenants who seek high quality and sustainable developments
- ▶ Optimising long-term cost savings with sustainable and resource-saving building products/materials









Management Action Plan 2024

- ▶ To continue incorporating recycling/circular economy considerations in new builds, where suitable (applicable to 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
- ▶ To conduct vulnerability assessments (climate risks) on target sites of development or redevelopment projects in accordance with the Initial Due Diligence Assessment Checklist
- ▶ To focus on new development projects that contribute positively to the Fund (after due consideration on the cost effectiveness, yield computation and potential tenant assessment)
- ▶ To prioritise green building features and to obtain green building certifications for future development projects, if any

Risks and Opportunities



Environmental

Link to Business Strategy				Link to Sustainability Matters			
							
Real Estate	Facilities Management	Investment	Development	Quality Assets & Services - New Acquisitions	Energy & Carbon Footprint	Water Management	Waste Management
Business Risks							
<ul style="list-style-type: none">▶ Increase in energy consumption and GHG emissions▶ Deterioration of water quality, as well as water shortages and supply disruptions▶ Mismanagement of domestic and hazardous waste at multi-tenanted properties during AEIs and development or redevelopment projects				<ul style="list-style-type: none">▶ Climate hazards such as storms, floods, rising sea levels, extreme temperatures and draught▶ Insufficient qualitative and quantitative measures in assessing and measuring climate risks			
Potential Impact							
<ul style="list-style-type: none">▶ Increased operating costs▶ Increased GHG emissions▶ Insufficient awareness of Axis-REIT’s energy conservation initiatives among tenants▶ Tenant dissatisfaction arising from poor quality of water resources or water systems▶ Disruption to tenants’ business operations that rely on/require the use of water▶ Adverse impact on tenants’ health over time▶ Reputational damage				<ul style="list-style-type: none">▶ Penalties imposed by the relevant authorities due to non-compliance with regulatory requirements (e.g., non-compliance with pollution controls)▶ Adverse impact on buildings due to natural hazards thus affecting tenants’ businesses and operations▶ Higher capital expenditure and Takaful contributions to protect buildings▶ Economic strain from maintenance/repair costs▶ Disruption to the Fund’s operations, thus jeopardising its business continuity			
2023 Mitigating Actions							
<ul style="list-style-type: none">▶ Conducted scheduled building audits to identify areas to improve energy and water use efficiencies▶ Periodically reviewed water tank storage capacities and the use of water-efficient fittings▶ Monitored and recorded waste generation by disposal method and recycling efforts▶ Established baseline for waste generation and set target for waste reduction and diversion from disposal▶ Undertook a feasibility study on a flood mitigation plan to be implemented on a high-risk property that is prone to floods				<ul style="list-style-type: none">▶ Incorporated the Board’s role of oversight and management of climate change in the Board Charter▶ Engaged with large warehouse and manufacturing tenants to collect their energy, water and waste data▶ Monitored the consumption of energy and water, as well as waste collected at multi-tenanted buildings to track progress towards established targets for energy and water consumption, waste generation, as well as GHG emissions▶ Committed to look into efforts to reduce GHG emissions to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier, as part as Axis-REIT’s transition journey in climate change management			

Risks and Opportunities



Environmental (continued)

Opportunities

- ▶ Reducing operating costs and environmental footprint via the strategies encapsulated in the Environmental Policy, and by adherence to established due diligence procedures and assessment criteria that emphasise the use of sustainable materials/features/practices
- ▶ Being eligible for green financing and other green or sustainability-linked financing, and being able to meet the SPT stipulated under existing sustainability-linked financing
- ▶ Future-proof the portfolio against the impacts of climate change

Management Action Plan 2024

- ▶ To explore Building Management Systems to determine future opportunities to optimise energy and water consumption
- ▶ To explore the feasibility of installing underground water storage tanks at selected properties
- ▶ To include recycling/circular economy considerations in new builds, where suitable (applicable to brownfield sites)
- ▶ To achieve 10% waste diversion from disposal over 5 years, from baseline data set in 2022
- ▶ To implement flood mitigation plans at high-risk properties that are prone to floods
- ▶ To consider identifying both physical and transition climate-related risks and opportunities that could have material impacts on Axis-REIT's portfolio
- ▶ To develop action plans and implement measures to meet the target of looking into efforts to reduce GHG emissions to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier

Corporate Strategy 2024-2025

In 2023, we reviewed our progress against the previous year's strategy and formulated our Corporate Strategy 2024-2025 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 vision and mission to drive long-term value creation for our stakeholders. This year, we enhanced our Corporate Strategy to be further aligned with our commitment in adopting the TCFD Recommendations. These included the incorporation of financial incentives and consequences that are tied to the achievement of predetermined sustainability targets in the performance evaluations of our Directors and key personnel.

For the overall organisation, we also included a financial target of growing the Fund's AUM to RM5 billion by end-2024, which we will strive to achieve through the strategic action plans presented in the table overleaf.

At present, our six strategic pillars include: Real Estate, Capital Management, Facilities Management, Investment, Development and Governance. Each strategic pillar is mapped to Axis-REIT's 15 material sustainability matters and tracked through their respective KPIs (details of which are available in the Management of Material Sustainability Matters section on pages 106 to 158).




 Real Estate Drives the maximisation of returns through a successful portfolio of properties that aligns with stakeholder requirements and leverages long-term opportunities <hr/> <ul style="list-style-type: none"> Tenant Satisfaction Business Ethics 	 Capital Management The formulation and implementation of proactive financial strategies that facilitate consistent growth to meet the needs of our operations and distributions in the face of dynamic market conditions and geopolitical shifts <hr/> <ul style="list-style-type: none"> Economic Performance Community Activity & Partnership Business Ethics 	 Facilities Management The preservation and enhancement of properties and tenant experiences by proactively delivering good services <hr/> <ul style="list-style-type: none"> Energy & Carbon Footprint Waste Management Water Management Occupational Health & Safety Business Ethics Quality Assets & Services - Existing Assets Responsible Supply Chain Management Tenant Satisfaction
 Investment Drives the growth of our property portfolio by actively and responsibly pursuing acquisitions, while capitalising on industry insights <hr/> <ul style="list-style-type: none"> Quality Assets & Services - New Acquisitions Responsible Supply Chain Management Energy & Carbon Footprint Business Ethics 	 Development Emphasises project management and development projects through collaborative efforts with tenants, ensuring the delivery of high-quality and future-ready properties <hr/> <ul style="list-style-type: none"> Responsible Supply Chain Management Quality Assets & Services - New Acquisitions Quality Assets & Services - Existing Assets Energy & Carbon Footprint Waste Management Water Management Occupational Health & Safety Business Ethics Human Rights & Labour Practices 	 Governance Upholding business integrity through the establishment of a trustworthy, transparent and accountable environment to promote the creation of long-term value for stakeholders <hr/> <ul style="list-style-type: none"> Cybersecurity & Data Protection Diversity & Inclusion Human Rights & Labour Practices Talent Development Business Ethics

Corporate Strategy 2024-2025


Based on these six strategic pillars, we have established their respective strategic focuses, targets and KPIs, and proposed action plans for 2024 and 2025.

Pillars	Strategic Focus	Key Activities for 2023	Plans for 2024-2025	Targets & KPIs for 2024-2025
 Real Estate	<ul style="list-style-type: none"> ▶ Building strong brand awareness of Axis-REIT and our commitments towards sustainability ▶ Forging strong relationships with tenants ▶ Strengthening the property portfolio with quality additions/features (e.g., resource-efficient fittings and fixtures, renewable energy options, etc.) and securing credible and reliable tenants 	<ul style="list-style-type: none"> ▶ Obtained final GreenRE Silver certification for Axis Facility 2 @ Bukit Raja and provisional GreenRE Silver and GreenRE Gold certifications for Axis Mega Distribution Centre (Phase 1 and 2) ▶ Incorporated ESG requirements in 1 tenancy agreement (green lease) ▶ Continuously engaged tenants to understand their business strategies and operational needs, and to obtain feedback on Axis-REIT's services ▶ Incorporated ESG components into the fit-out and refurbishment guide of the Renovation Manual ▶ Continuously improved facilities management and leasing services ▶ Enhanced the Tenant Checklist to include the assignment of ESG risk ratings on potential new tenants ▶ Incorporated green features such as energy-efficient fixtures and fittings into buildings across Axis-REIT's property portfolio 	<ul style="list-style-type: none"> ▶ To engage with the local councils and/or BOMBA ▶ To keep abreast of news and developments that affect the Fund's properties and the broader property market ▶ To implement/enhance measures for regular tenant engagements to better serve their business and operational needs, and to obtain feedback on Axis-REIT's services ▶ To organise programmes or measures that promote the health and well-being of tenants at multi-tenanted properties ▶ To achieve cost efficiencies in facilities management through the implementation of cashless parking systems, and to explore the utilisation of Building Management Systems ▶ To assign ESG risk ratings for new tenants based on the enhanced Tenant Checklist. Tenants with medium to high sustainability risks will be monitored closely for further action ▶ To apply for the extension of lease periods for selected leasehold properties (applicable to leasehold properties with short remaining tenures) ▶ To conduct climate scenario analyses on existing properties and integrate climate-related considerations into the BCP ▶ To consider identifying both physical and transition climate-related risks and opportunities that could have material impacts on Axis-REIT's business operations 	<ul style="list-style-type: none"> ▶ To maintain tenant satisfaction survey scores at above 70% ▶ To maintain tenant satisfaction ratings on 'Hello Axis' at above 80% ▶ To maintain the portfolio occupancy rate at above 90% ▶ To explore the installation of EV chargers at selected properties ▶ To engage with the local councils and/or BOMBA at least twice a year ▶ To organise programmes or measures that promote the health and well-being of tenants of multi-tenanted properties at least twice a year


Corporate Strategy 2024-2025

Pillars	Strategic Focus	Key Activities for 2023	Plans for 2024-2025	Targets & KPIs for 2024-2025
 Capital Management	<ul style="list-style-type: none"> ▶ Close monitoring of financing rate movements ▶ Diversifying sources of funding ▶ Disciplined investment strategy for long-term growth 	<ul style="list-style-type: none"> ▶ Kept abreast of the government's new initiatives on tax incentives ▶ Prioritised and obtained sustainability-linked financing under the Manager's capital management strategy ▶ Achieved SPT under existing sustainability-linked financing and obtained the sustainability rebates in accordance with the SPT terms 	<ul style="list-style-type: none"> ▶ To continue paying close attention to the government's new initiatives on tax incentives ▶ To continue meeting the SPT stipulated under existing sustainability-linked financing facilities ▶ To explore new business opportunities (i.e. opportunities in data centre properties) ▶ To explore new revenue streams from renewable energy for eligible tenants ▶ To acquire proficiency in reporting material sustainability and climate-related matters for Axis-REIT in accordance with IFRS S1 and S2 	<ul style="list-style-type: none"> ▶ To achieve the SPT stipulated under existing sustainability-linked financing ▶ To grow Axis-REIT's AUM to RM5.0 billion by end-2024
 Facilities Management	<ul style="list-style-type: none"> ▶ Continuous implementation of Facilities Management best practices ▶ Adherence to building codes of compliance ▶ Enhancing Occupational Health and Safety (OHS) efforts and measures 	<ul style="list-style-type: none"> ▶ Obtained energy, water and waste data from tenants ▶ Established waste generation baseline data in 2022 for target setting purposes ▶ Formulated the On-site Vendor Assessment – HSE & Human Rights Practices Checklist (for the purpose of conducting human rights assessments on registered key vendors) ▶ Conducted periodic HSE audits at site offices/project sites, where applicable 	<ul style="list-style-type: none"> ▶ To conduct on-site human rights assessments or internal audits on registered key vendors and to document any non-compliance for further action ▶ To continue to obtain energy, water and waste data from tenants ▶ To attain cost efficiencies in facilities management through the implementation of cashless parking systems and to explore the utilisation of Building Management Systems ▶ To implement flood mitigation plans at high-risk properties that are prone to floods ▶ To explore installing underground water storage tanks at selected properties 	<ul style="list-style-type: none"> ▶ To reduce water consumption at multi-tenanted buildings by at least 1% from baseline data set in 2019, over 5 years (2022-2026) ▶ To achieve at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) over a 5 year horizon (2022-2026) ▶ To achieve 10% waste diversion from disposal over a 5 year horizon (2023-2027), from baseline data set in 2022
 Investment	<ul style="list-style-type: none"> ▶ Developing and maintaining a robust and active acquisition pipeline ▶ Enhancing the portfolio of industrial properties by focusing on logistics and manufacturing facilities with potential for future enhancements or redevelopment 	<ul style="list-style-type: none"> ▶ Included vulnerability assessments in the existing Initial Due Diligence Assessment Checklist to assess medium and long-term annual flood risks (applicable to proposed acquisitions and disposals) ▶ Reviewed ESG risks that could affect investment decisions and operating expenditures 	<ul style="list-style-type: none"> ▶ To enlarge the proportion of single-tenanted buildings and triple-net lease properties in the portfolio to reduce inflationary pressures on operating costs ▶ To formulate the process of undertaking KYC assessments in divestments (from an anti-money laundering perspective) 	<ul style="list-style-type: none"> ▶ To embark on acquisitions with an estimated consideration of RM229 million by end-2024


Corporate Strategy 2024-2025

Pillars	Strategic Focus	Key Activities for 2023	Plans for 2024-2025	Targets & KPIs for 2024-2025
 Investment (continued)	<ul style="list-style-type: none"> ▶ Sourcing and evaluating industrial parks/offices in strategic locations with potential capital appreciation ▶ Ensuring sustainability in investment decisions for the long-term growth of the Fund 	<ul style="list-style-type: none"> ▶ Developed the ESG Risk Assessment & Rating Checklist for the assessment of potential tenants. Potential tenants with medium to high sustainability risk ratings will be subjected to further evaluation ▶ To explore the possibility of leveraging IDRPs to raise funds for the renewal of lease periods of leasehold properties ▶ To increase the proportion of single-tenanted buildings and triple-net lease properties in the portfolio to reduce inflationary pressures on operating costs 	<ul style="list-style-type: none"> ▶ To conduct climate scenario analyses and identify both physical and transition climate-related risks and opportunities in new investments ▶ To continue exploring the possibility of leveraging IDRPs to raise funds for the renewal of lease periods of leasehold properties 	<ul style="list-style-type: none"> ▶ To ensure 100% proposed acquisitions are screened for ESG compliance in accordance with the Initial Due Diligence Assessment Checklist
 Development	<ul style="list-style-type: none"> ▶ Meeting tenant specifications and satisfaction ▶ Selection of building materials for easy maintenance and sustainability ▶ Selection of competent contractors and consultants 	<ul style="list-style-type: none"> ▶ Included recycling/circular economy considerations in development projects, where suitable (applicable for brownfield sites) ▶ Completed the internal audit on contractors' compliance with ESG requirements at Axis Mega Distribution Centre (Phase 2) ▶ Adhered to established assessment criteria on materials to be used in development projects, such as materials that offered long service lives, non- or reduced toxicity, resource saving features and other environmental-friendly benefits ▶ Focused on development projects with long lease tenures ▶ Included vulnerability assessments in the existing initial Due Diligence Assessment Checklist to assess climate risks on target sites (from the earliest stages of development or redevelopment) ▶ Aligned new development projects with green building standards 	<ul style="list-style-type: none"> ▶ To continue monitoring contractors' compliance with ESG requirements (including human rights and labour practice assessments) through ad-hoc site visits and/or audits ▶ To conduct vulnerability assessments (climate risks) on target sites of proposed development or redevelopment projects in accordance with the Initial Due Diligence Assessment Checklist ▶ To focus on new development projects that contribute positively to the Fund 	<ul style="list-style-type: none"> ▶ To prioritise green building features ▶ To increase the number of green-certified buildings in the Fund's portfolio, targeting to obtain at least 1 green building certification for its portfolio every year

Corporate Strategy 2024-2025

Pillars	Strategic Focus	Key Activities for 2023	Plans for 2024-2025	Targets & KPIs for 2024-2025
 Governance	<ul style="list-style-type: none"> 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 Developing a competitive workforce by ensuring continuous ESG assessments of the Board, Senior Management and the Marketing & Sustainability Manager Proper handling of personal data/information Safeguarding the Fund's IT systems and data against potential cyberattacks 	<ul style="list-style-type: none"> Conducted compliance reviews on the existing ABC Policy Incorporated anti-corruption controls into the 2023/2024 internal audit plan, and carried out the inaugural internal audit on the Facilities Management department Obtained the Board's approval for the following ESG-linked financial and non-financial KPIs: <ul style="list-style-type: none"> Incorporated ESG factors into Directors' evaluations. The overall evaluation results will impact the annual reviews of Directors' remuneration packages Incorporated ESG factors into the performance appraisals of Senior Management and the Marketing & Sustainability Manager. The overall results of the performance appraisal would be used to determine their salary increments and/or bonuses awarded Implemented the practice of issuing commendation/congratulatory announcements for internal circulation as a non-financial consequence to recognise ESG achievements that can be attributed to any Director, Senior Management personnel or the Marketing & Sustainability Manager Incorporated the management of climate change into the responsibilities of the Board via the Board Charter Formalised the Board's commitment to look into efforts to reduce GHG emissions to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier, as part of Axis-REIT's transition journey in climate change management 	<ul style="list-style-type: none"> To conduct annual employee training on the ABC Policy, PDPA and cybersecurity measures To conduct testing on the internal controls for anti-corruption and the Anti Money Laundering Act (AMLA) To develop action plans and implement measures to reduce GHG emissions to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier To expand the BCP to include other contingencies (e.g., people-related matters) To implement annual IT disaster recovery exercises to ensure the timely recoverability of business-critical IT systems To develop more employee well-being/fitness programmes and group activities To continue monitoring compliance with the Code of Conduct on human rights-related issues (i.e., non-discrimination, no forced labour, fair employment) within the Manager's operations To maintain the current gender composition of the workforce To attract more young talents to ensure effective succession planning To continue subscribing to an online interactive cybersecurity awareness programme for employees 	<ul style="list-style-type: none"> To ensure ESG factors are considered in the performance of the Board, Senior Management and the Marketing & Sustainability Manager, with financial and non-financial consequences To maintain zero cyber security breaches To monitor and report the status of compliance with personal data protection To maintain zero reported cases of discrimination in the workplace To conduct at least 2 employee well-being/fitness programmes in a year To conduct at least 2 employee group activities in a year

Corporate Strategy 2024-2025

Pillars	Strategic Focus	Key Activities for 2023	Plans for 2024-2025	Targets & KPIs for 2024-2025
 Governance (continued)		<ul style="list-style-type: none"> ▶ Completed an internal audit on IT infrastructure and carried out improvements to the password parameter settings and backup procedures ▶ Implemented end-to-end encryption for emails ▶ Installed early detection software in the computers at Facilities Management offices to monitor and arrest irregular activities ▶ Conducted annual employee training on the Personal Data Protection Policy ▶ Subscribed to an online interactive cybersecurity awareness programme to educate employees in understanding, identifying and avoiding cyber threats ▶ Conducted employee engagement activities based on survey results ▶ Monitored compliance with the Code of Conduct in human rights-related issues (i.e., non-discrimination, no forced labour, fair employment) within the Manager's operations 		

Corporate Strategy 2024-2025

Progress and Achievements in 2023

We are pleased to disclose that most of the proposed action plans and targets for 2023 that were identified in our Corporate Sustainability Strategy 2023-2024 were implemented and met. The notable highlights are summarised below.



More information on our progress/outcomes in respect of these targets can be found under the Management of Material Sustainability Matters section on pages 106 to 158.



Real Estate

KPI/Targets for 2023

- To maintain our tenant satisfaction survey score at above 70%
- To maintain our tenant satisfaction score on *Hello Axis* at above 80%
- To maintain our portfolio occupancy rate at above 90%

Progress/Outcomes/Achievements in 2023

- ✓ Obtained an annual tenant satisfaction survey rating of 7.61 out of 10, which translates to a score of 76%
- ✓ Obtained a tenant satisfaction rating on *Hello Axis* of 4.31 out of 5, which translates to a score of 86%
- ✓ Achieved a portfolio occupancy rate of 97% as at 31 December 2023



Facilities Management

KPI/Targets for 2023

- To achieve a targeted 1% reduction in water consumption over 5 years (2022-2026)
- To achieve a targeted 1% reduction in energy consumption and GHG emissions over 5 years (2022-2026)

Progress/Outcomes/Achievements in 2023

- ✓ Surpassed our target to reduce energy consumption and GHG emissions (Scope 1 and 2 combined)
- ✓ Water consumption increased by 6.7% in 2023, deviating from our target of reducing water consumption by 1% over a 5-year horizon (2022-2026). Please see the Water Management Sustainability Matter on pages 134 to 136 for more information.

Additional milestone:

- Established a target to divert 10% of waste from disposal over a 5-year horizon (from 2023 to 2027), from baseline data set in 2022. In 2023, we recorded a 22.8% increase in general waste collected from our multi-tenanted properties, deviating from our target to reduce our waste generation. Please see the Waste Management Sustainability Matter on pages 137 to 140 for more information.



Capital Management

KPI/Targets for 2023

- To meet the SPT stipulated under existing sustainability-linked financing facilities

Progress/Outcomes/Achievements in 2023

- ✓ Achieved the SPT and was granted sustainability rebates in accordance with the SPT terms



Investment

KPI/Targets for 2023

- To ensure all proposed acquisitions are screened for ESG compliance in accordance with the Initial Due Diligence Assessment Checklist
- To report the number of target properties that have undergone vulnerability assessments (climate risks)
- To report the number of potential tenants assigned with ESG risk ratings
- To report the number of successful renewals of lease periods for leasehold properties (if any)

Progress/Outcomes/Achievements in 2023

- ✓ 100% of all proposed acquisitions were screened for ESG compliance using the scoring system provided in the Initial Due Diligence Assessment Checklist
- ✓ 2 target properties had undergone vulnerability assessments (climate risks) using the scoring system contained in the Initial Due Diligence Assessment Checklist
- ✓ 2 potential tenants had been assigned with ESG ratings using the rating system contained in the ESG Risk Assessment & Rating Checklist
- ✓ Submitted an application to the land office to renew the lease period for one leasehold property in the portfolio



Development

KPI/Targets for 2023

- To obtain green building certifications (GreenRE) for 1 new development and 1 major AEI

Progress/Outcomes/Achievements in 2023

- ✓ Obtained final GreenRE Silver certification for Axis Facility 2 @ Bukit Raja
- ✓ Obtained provisional GreenRE Silver and Gold certifications for Axis Mega Distribution Centre (Phase 1 and 2)



Governance

KPI/Targets for 2023

- To maintain zero cybersecurity breaches
- To monitor and report on the status of PDPA compliance
- To maintain zero reported cases of discrimination in the workplace
- To include ESG factors into the performance of the Board, Senior Management and the Marketing & Sustainability Manager, with financial and non-financial consequences
- To conduct at least 2 employee engagement initiatives

Progress/Outcomes/Achievements in 2023

- ✓ No reports of cybersecurity incidents were raised
- ✓ No reports of non-compliance or breaches of PDPA were received
- ✓ No reports or complaints of discrimination were brought to the Manager's attention or raised via whistleblowing channels
- ✓ Incorporated ESG factors into the Directors' annual evaluation
- ✓ Incorporated ESG factors into the performance appraisals of Senior Management and the Marketing & Sustainability Manager
- ✓ Conducted 2 group fitness activities

Value Creation & Sustainable Development Goals

Our approach in delivering long-term value to our stakeholders is underpinned by our core values, purpose, strategy and measures of success. This forms the basis of our value creation model, which illustrates the process in which we transform our capitals into valuable outcomes for our diverse stakeholders. In doing so, 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 play in our operations. Therefore, to illustrate how we have positively impacted and contributed value to our stakeholders, we have mapped our material matters to the United Nations' Sustainable Development Goals (UN SDGs).



Value Creation & Sustainable Development Goals



Creating and sustaining value involves action and communication between the Manager and stakeholders. In managing the Fund, we strive to uphold inviolable business ethics and integrity to enhance our accountability and credibility. This is vital to ensure business sustainability. We continue to focus on SDG#16 – *Peace, Justice and Strong Institutions*. We have various internal controls and processes in place to support the targets of SDG#16 to prevent corruption and bribery within the organisation. These controls include the development and implementation of our Code of Conduct, Whistle-blowing Policy, Supplier Code of Conduct, as well as our ABC Policy. These protocols govern the conduct of both internal and external stakeholders, including our employees, suppliers and service providers. Please refer to the *Business Ethics* sustainability matter on pages 123 to 125 and *Cybersecurity & Data Protection* sustainability matter on pages 126 to 128 for further information.

OUTPUTS AND VALUE CREATED IN 2023

- Improvement in revenue and net property income: RM288.4 million and RM245.4 million respectively
- Economic value distributed: RM193.9 million
- DPU: 8.65 sen
- Liquidity: RM592.7 million
- Value of committed sustainability-linked financing: RM490.0 million

Value to Stakeholders

Source of sustained growth through financial market confidence and Unitholders' continued access to returns



UN SDGs

TRADE-OFFS & INTERDEPENDENCIES

Financial Capital largely serves as the input for the other capitals, which include investing, enhancing and maintaining our properties (Manufactured Capital), investing in our people (Human Capital), and funding initiatives to reduce our carbon footprint (Natural Capital). As a REIT, we are also committed to growing our Financial Capital to ensure consistent and competitive distributions to our Unitholders.

- Total space under management: 13.4 million sq. ft.
- Major AEI completed: 1
- Development project completed: 1
- Successfully raised tenant occupancy rate by 2 percentage points to 97% and achieved a positive rental reversion of 5.8%
- Secured renewals for 1.53 million sq. ft. of space (representing 97% tenant retention rate) and commenced new tenancies for 1.91 million sq. ft. of space during the year
- Obtained final green building certification for 1 property and provisional green building certifications for 2 buildings

Value to Stakeholders

A strong value proposition through emphasis on strategic locations and development projects that meet tenants' requirements and expectations



In addition to having stringent due diligence processes for potential acquisitions, we also undertake proactive AEIs for our existing properties to maintain, refurbish and enhance the value of the Fund's portfolio. These rely heavily on our Financial Capital and Human Capital.

- Total number of beneficiaries of our community investment initiatives: 85
- Proportion of qualified suppliers that are local entities: 100%
- Total number of suppliers increased by 8.4%
- Total procurement value (excluding government-related expenses) increased by 136% to RM205.6 million
- No. of suppliers and/or contractors removed from our panel due to non-compliance with the Supplier Code of Conduct: 4
- Annual tenant satisfaction survey average score: 7.61 out of 10 (target score: 7 out of 10)
- No. of green lease (i.e., tenancy agreement featuring ESG considerations): 1
- Incorporated ESG components into the fit-out and refurbishment guide of the Renovation Manual

Value to Stakeholders

Business opportunities and growth through strong partnerships with tenants, suppliers and regulators, along with being a responsible and ethical community participant



As a responsible corporate citizen, we recognise the importance of regular and meaningful engagements with our stakeholders, namely our tenants, contractors, suppliers, and the community around us, to maintain healthy stakeholder relationships.

In line with our commitment to reduce our carbon footprint, we also involve our tenants, contractors and suppliers to create value for Natural Capital.

In our pursuit of growing our Financial Capital, we also actively contribute to the surrounding communities through our Community Activity & Partnership Initiatives.

- Total employee training hours: 957.5 hours
- Average training hours per employee: 12 hours
- Proportion of employees receiving regular performance and career development reviews: 100%
- New hires rate: 5%
- Employee turnover rate: 2%
- Gender pay ratio for middle and senior management (male to female): 1.0 : 1.1
- No. of work-related fatalities, lost time injuries (LTI), restricted work, medical treatment cases, or first aid cases: 0
- No. of fines or sanctions for non-compliance with OHS-related laws and regulations: 0

Value to Stakeholders

Employer of choice by ensuring inclusive opportunities, safety and well-being, and a differentiated provider of relevant space for tenants



Human Capital is one of the most important assets in growing our property portfolio. The Manager invests in its employees through training and development, competitive and fair remuneration packages, employee engagement activities, and by looking after their well-being.

- Proportion of employees who underwent PDPA-related training: 100%
- Proportion of employees who underwent cybersecurity-related training: 70%
- No. of cases of cybersecurity breaches: 0
- Hello Axis tenant satisfaction ratings average score: 4.31 out of 5 (target score: 4 out of 5)
- Responded to 91% of service request tickets raised from multi-tenanted properties and 97% of tickets from single-tenanted properties within 24 hours

Value to Stakeholders

Preferred business partner by strengthening relationships with real estate agents and business owners, and by providing superior and reliable customer service to tenants



Amid rapid digitalisation, we have actively explored opportunities to digitalise our business operations, from our daily routine tasks, to engaging with our stakeholders through virtual platforms.

As this exposes Axis-REIT to cybersecurity risks, we actively invest in enhancing our IT security systems and cybersecurity defences, which include educating our people on cybersecurity awareness to effectively manage such risks.

- Total reduction in energy consumption vs. baseline year: 13.5%
- Total reduction in Scope 1 and Scope 2 GHG emissions vs. baseline year: 15.2%
- Increase in water consumption vs. baseline year: 6.7%
- Increase in general waste generated vs. baseline year: 22.8%
- Total waste recycled at multi-tenanted buildings: 42,710 kg
- Waste reused or recycled at development projects: 88,150 kg

Value to Stakeholders

Strengthening the Fund's resilience and adaptive capacity to changes in the availability and consumption of natural resources over the short-, medium-, and long-term for all stakeholders



We have made a commitment to look into efforts to reduce our GHG emissions (Scope 1 and Scope 2 combined) to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier, and we are actively exploring and implementing measures to achieve this. This will directly impact our Financial Capital and Manufactured Capital.

Concurrently, we are also encouraging our tenants, contractors and suppliers to uphold similar commitments to create long-term sustainable value for our collective Natural Capital.

Management of Material Sustainability Matters

ECONOMIC



Economic Performance



Malaysia's GDP growth normalised to 3.7% in 2023, after 2022's 8.7% surge. Economic growth was supported by resilient domestic demand, that cushioned a decline in external trade, as exports softened amid cooling global demand. During the year, BNM raised the OPR just once, by 25 bps to 3.0% in May 2023, while inflation moderated gradually over the course of the year, from 3.7% in January 2023, to 1.5% in December 2023.

The industrial real estate subsector in Greater Kuala Lumpur remained resilient in 2023. Although total transactions decreased by 4.6% yoy to 2,032 units in the first 9 months of 2023, the value of these transactions rose by 7.5% to RM8.6 billion. In addition to the inherent resilience of industrial tenants, industrial transactions were likely propelled by sustained demand for manufacturing facilities and continued growth in data centres.

Against this backdrop, we maintained our strategic direction through 2023, focusing on optimising our property portfolio. The Fund's revenue grew 1.4% to RM288.4 million, while

net income after tax increased by 14.4% to RM217.8 million. Revenue was lifted by the commencement of the lease at Bukit Raja Distribution Centre 2 in August 2023, full year rental income contributions from properties acquired in 2022, positive rental reversions during the year, as well as a recovery in the portfolio occupancy rate towards the year-end. The Fund's investment properties recorded an unrealised revaluation gain of RM81.3 million in 2023, which reflects the quality of the Fund's property portfolio and the strength of its underlying performance.

Details of the Fund's financial performance are presented in the Manager's Discussion and Analysis - Financial Review section on pages 39 to 50 of this Report.

The Finance Team continues to monitor and report, on a monthly basis, the economic performance of the Fund against its strategies and projections. This includes assessments of the Manager's utilisation of resources. The team upholds impeccable financial integrity through the development and stringent implementation of ethics, policies and procedures, and by ensuring strict compliance with all applicable laws and regulations.

Capitals



Financial



Human



Manufactured



Social & Relationship

Strategic Pillars



Capital Management

Business Risks



Global



Financial

SDGs



GRI

201: Economic Performance
203: Indirect Economic Impact

The Manager's ERM Framework ensures that the Fund delivers on its targets by comprehensively addressing internal controls and risk mitigation strategies. This minimises adverse disruptions to our operations, and facilitates the seamless pursuit of the Fund's business goals and mission. Our comprehensive risk framework, captured in our Risk Register, addresses the relevant financial and non-financial (including ESG) risks as well as opportunities, and shapes our strategic priorities as well as our operational and financial action plans.

As we progress in our sustainability journey, we have continued to integrate sustainability into our capital management practices by seeking additional sustainability-linked term financing facilities, as well as a sustainability-linked IPRS. We are pleased to note that in 2023, we had successfully achieved the SPT of our first sustainability-linked term financing and IPRS that we had secured in 2022. This has unlocked rebates on profit rates for the Fund that will further incentivise us to meet our sustainability commitments.

Management of Material Sustainability Matters

Our ESG commitments and initiatives, which include continuous efforts in implementing ESG practices across our supply chain, have secured Axis-REIT's status as a constituent of the FTSE4Good Bursa Malaysia Index and the FTSE4Good Bursa Malaysia Shariah Index.

Key Initiatives

1 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. Our investment strategy adheres to predefined objectives and policies that guide the careful and rigorous selection of acquisition targets, development projects and AEIs. This ensures that all additions and enhancements to the portfolio are strategic, yield-accretive and value enhancing, which in turn, preserves the value of the portfolio, the interests of our stakeholders, as well as the surrounding environment.

Additionally, we also identify properties that are reaching optimal returns for potential disposal, and consider diversification strategies to reduce the concentration of risks, including ESG risks, in the Fund's property portfolio.

2 Prudent Cost Management and Optimisation

We are vigilant in managing the Fund's operating costs by closely monitoring expenses against financial projections and approved budgets. Our prudent and effective cost management and optimisation initiatives have minimised the impact of inflationary pressures and economic downturns on the Fund.

3 Efficient Management of Working Capital and Liquidity

A key responsibility in managing the Fund is to ensure that it 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, aiming for a balanced mix of short-term and long-term financing. As at 31 December 2023, the Fund's liquidity remained robust, at RM592.7 million, with RM51.7 million in cash and deposits, along with an additional RM541.0 million in undrawn financing facilities.

During the year, we completed our ninth private placement exercise on 4 January 2023. The placement exercise saw the issuance of 100 million new Units at an issue price of RM1.75 per Unit to various institutional funds, raising gross proceeds of RM175.0 million, which were utilised to pare down the Fund's existing financing facilities and to provide headroom for future acquisitions and developments.

4 Sustainability-Linked Financing

In 2023, the Fund successfully secured additional sustainability-linked financing facilities amounting to RM320.0 million. This brought total sustainability-linked financing to RM490.0 million, which was equivalent to approximately 31.5% of the Fund's audited total financing as at 31 December 2023.

We are pleased to report that the Fund had successfully achieved the SPT tied to its sustainability-linked financing facility, and consequently enjoyed sustainability rebates in accordance with the SPT terms.

Axis-REIT will continue pursuing sustainability-linked financing facilities to align our financial strategies with our real estate management initiatives and the Fund's ESG ambitions.

Management of Material Sustainability Matters

Targets & KPIs

Economic Performance	2023 (RM '000)	2022 (RM '000)	2021 (RM '000)
Economic Value Generated (Revenue) (A)*	284,208	283,246	246,151
Operating Costs (B)	42,977	39,128	33,314
- Payment to Government**	10,115	9,266	8,118
Payment to Capital Providers (C)	150,756	160,085	137,985
Community Investment (D)	181	193	200
Payment to Financiers (E)	60,541	52,973	45,701
Economic Value Distributed (F) = (B)+(C)+(D)+(E)	254,455	252,379	217,200
Economic Value Retained (G) = (A)-(F)	29,753	30,867	28,951

* after deduction of net remeasurement of loss allowance.

** government-related expenses are quit rent, assessment and service tax.

The Economic Value Generated registered a slight increase as the additional revenue from new tenancies, full year contributions from acquisitions concluded in 2022, as well as positive rental reversions were partly offset by tenant turnover and the termination of a long-term lease in FYE2023. Coupled with wage inflation and higher financing costs from the increase in the OPR, Economic Value Distributed increased marginally to RM254.5 million, resulting in a lower Economic Value Retained.

Outlook

While we will continue to monitor global and domestic macroeconomic conditions, and keep abreast of the latest regulatory and industry developments, we remain cautiously optimistic for the Fund's prospects in 2024. Resilient economic growth, projected at between 4% to 5% in 2024, coupled with continued support from demand drivers for industrial properties, will sustain the market for strategically-located, quality industrial properties with good infrastructure and facilities. This, in turn will support occupancy and rental rates, as well as drive acquisition and development opportunities.

Industrial properties are expected to see good rental reversions in 2024, with low risk of non-renewals and normalised growth for the whole sector. The industrial space segment should benefit from government initiatives as well as the continued growth of the e-commerce sector.

Having set the target to grow Axis-REIT's AUM to RM5.0 billion by end-2024, we will maintain our investment discipline while optimising our working capital towards achieving this target. We will also prioritise green financing options and work towards achieving the stipulated SPT to enjoy rebates on profit rates. To further expand the Fund's property portfolio, we plan to explore potential new opportunities and revenue streams, including renewable energy generation and opportunities in data centre properties.

We will continue to proactively mitigate risks through active capital management, which will include strategic hedging and diversification of our capital sources. At the same time, the Fund will seek opportunities to recycle capital through divestments and re-allocation of capital to higher-performing properties.

We are cognisant of the need to safeguard the resilience of the portfolio. With this in mind, we plan to undertake an assessment of the transmission of climate-related risks and opportunities that could have material impacts on Axis-REIT's business operations, to better understand their financial and non-financial implications to the Fund. In addition, we plan to improve our proficiency in reporting material sustainability and climate-related matters in accordance with the IFRS S1 and S2, as we adopt the TCFD Recommendations in phases, starting from 2024.

Management of Material Sustainability Matters



Tenant Satisfaction



Capitals			
			
Manufactured	Social & Relationship	Intellectual	
Strategic Pillars		Business Risks	
			
Real Estate	Facilities Management	Global	Real Estate Management
SDGs		GRI	
		416: Customer Health and Safety	

Tenant satisfaction is integral to our operations as a property owner and developer. Knowing and understanding the needs and preferences of our tenants are a top priority at Axis-REIT, with tenant satisfaction being a key non-financial KPI that we track in assessing the Fund's core operations.

The Manager is committed to delivering superior real estate solutions and services. We strive to maximise tenant satisfaction and retention levels, and foster high occupancy rates, by leveraging on the Fund's strategically-located, high-quality properties, preserving the quality of the portfolio and ensuring compliance with all safety standards and protocols.

In addition to our usual communication channels which include SMS blasts, email campaigns, viewings and meetings, our Marketing & Sustainability Manager, together with our Real Estate Team, proactively work to deepen our engagements with property agents through site visits and tours of our new developments and properties that are coming up for lease. This is to disseminate information and showcase our properties and their availability, to drive market awareness and "top of mind recall" among our agents.

We proactively establish professional interactions with tenants to build strong relationships and ensure effective communication and handling of complaints and feedback. Such positive and meaningful engagements give us a clear understanding of our tenant's wants and needs, as well as insights into their business and ESG strategies. This allows us to tailor our real estate services and solutions to meet and exceed these needs.

We address all issues raised by our tenants, spanning from ad-hoc maintenance to service requests. We are also responsible for good asset management initiatives, including AELs. The Marketing & Sustainability Manager supports the team by managing tenant communications and overseeing the overall coordination and analysis of tenant surveys that is crucial to understanding tenants' requirements.

Our tenant management efforts are largely guided by the Operations Manual, which lays out the policies and procedures for the management of the Fund's properties and operations. This includes our compliance with regulatory requirements, internal HSE policies, as well as best practices and standards.

The Manager tracks tenant satisfaction in 2 separate surveys:

Hello Axis Service Request Satisfaction Rating, which evaluates our handling of service requests, feedback and complaint tickets raised via our tenant management portal, Hello Axis. Upon the resolution or closure of every service ticket, tenants are given a short feedback form via the portal to rate the timing, administrative processes and effectiveness of our responses, solutions and services rendered.



Axis-REIT's Annual Tenant Satisfaction Survey, which seeks feedback on the overall experience as a tenant at an Axis-REIT property. The survey compiles tenants' evaluations of the Manager's services and response times, their likelihood of recommending Axis-REIT properties to other potential tenants, as well as their satisfaction with the property, property management services, safety and security, cleanliness and upkeep, as well as communications with the Property Management Team.

Management of Material Sustainability Matters

Key Initiatives

Our tenant management efforts in 2023 focused on the following initiatives:

1 ESG Risk Assessment and Rating

Incorporated ESG assessments and ratings into the Tenant Checklist.

2 Renovation Manual

Incorporated ESG components in the fit-out and refurbishment guide that will be applied to all future renovations.

3 Green Leases

Evaluating and gradually incorporating ESG requirements into lease agreements for green certified buildings. During 2023, we successfully included ESG components in the tenancy agreement of Axis Facility 2 @ Bukit Raja.

4 Regular Tenant Engagement

Proactively engaged our tenants to understand and anticipate their business strategies and needs, and to see how to better serve them. For single-tenanted properties, we also engaged tenants through monthly property reports.

Axis-REIT's tenant management portal, *Hello Axis*, allows for direct communication between the Manager and tenants. It also enables the tracking of service requisitions, feedback and complaints. The application allows us to better understand the needs and concerns of our tenants, and to allow the seamless exchange of suggestions and areas for improvement. The tenant management portal is continually updated and improved to enhance our response and service levels.

5 Understanding Tenant Properties

Our tenant-centric focus drives better-informed resource allocation that addresses unique market needs, while reducing tenant disputes and turnover rates.

Our tenant engagements include discussions on ESG-related issues and strategies to help align Axis-REIT's real estate solutions and services with tenants' needs and expectations, as sustainability becomes increasingly material in our tenants' operations.

6 Asset Enhancement Initiatives

We apply a proactive but disciplined approach to AEs to keep the Fund's property portfolio competitive, relevant and sought-after.

AEIs that were undertaken in 2023 included incorporating and retrofitting green features across Axis-REIT's portfolio, such as installing energy-efficient lighting and energy-efficient transformers. We also upgraded fire-fighting systems from ordinary hazard to high hazard, and upgraded water tank storage capacities at selected properties.

More information on AEs can be found in the Quality Assets & Services – Existing Assets sustainability matter on pages 117 to 119. These efforts in improving and keeping the portfolio relevant ensures that it remains competitive, retains high tenant renewal rates, and attracts space expansion within our portfolio.

7 Tenant Profile Screening

The stringent screening process implemented on tenants ensures we retain high quality and creditworthy tenants. To minimise credit and ESG risks, we review all potential tenants' financials as well as the nature and sustainability of their businesses. This screening process allows us to gain a better view of our tenants and their operations, which in turn, forges a strong relationship between the Manager and tenants.

Management of Material Sustainability Matters

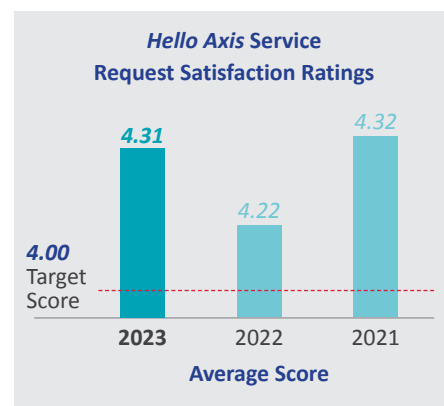
The most common tenant issues raised in 2023, and the corrective actions undertaken are as follows:

Common Tenant Issues/Expectations	Corrective Actions Taken
Lift issues	Promptly initiated thorough lift audits for the affected buildings, with follow-up consultations scheduled with our lift service provider for corrective actions.
Leaking roofs	Initiated roof inspections and repairs, where possible. Roofs that were irreparable were replaced as part of our AElS.
Cashless parking	Planned upgrade from manual parking systems to cashless systems for multi-tenanted buildings to be implemented in 2024.

Targets & KPIs

We are pleased to report improvements in our overall tenant satisfaction scores from both our Annual Tenant Satisfaction Survey as well as the *Hello Axis* Service Request Satisfaction Ratings.

For the *Hello Axis* portal ratings, we garnered an average score of 4.31 in 2023, on a scale of 1 (poor) to 5 (excellent). This was a slight improvement from our average score of 4.22 achieved in 2022, and exceeded our target to secure an average score of 4. The tables below present our average scores, along with an overview of the number of tickets that were raised, resolved and outstanding in the last 3 years. There were 28 tickets outstanding at the end of 2023, which comprised entirely of tickets for single-tenanted buildings. These remained outstanding due to their timing, having been raised in the last 2 months of the year, and the nature of the complaints, which related to structural issues, thereby needing more time to complete the rectification work.



Property Type	Number of Online Service Requests (tickets)		
	Raised	Resolved	Outstanding
2023			
Multi-Tenant	32	32	0
Single-Tenant	202	174	28
2022			
Multi-Tenant	55	55	0
Single-Tenant	98	87	11*
2021			
Multi-Tenant	23	23	0
Single-Tenant	127	127	0

* resolved in 2023

Management of Material Sustainability Matters



In 2023, we successfully responded to 91% of tickets raised at multi-tenanted properties and 97% of tickets from single-tenanted properties within 24 hours. This was an improvement from 85% and 96% respectively in 2022.

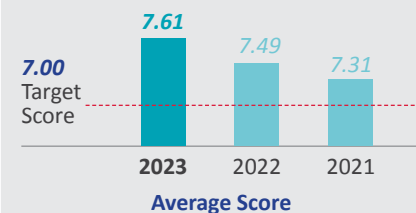
Property Type	2023		2022		2021	
	Ticket Response Time					
	< 24 hours	> 24 hours	< 24 hours	> 24 hours	< 24 hours	> 24 hours
Multi-Tenant	91%	9%	85%	15%	84%	16%
Single-Tenant	97%	3%	96%	4%	84%	16%

For our 2023 Annual Tenant Satisfaction Survey, we achieved an average score of 7.61 based on a scale of 1 (poor) to 10 (excellent). The current score is an improvement from our average score of 7.49 in 2022, and exceeds our target score of 7.

During the year, we added a question on cleanliness and upkeep in the survey, and refined some of the questions for greater clarity. We also targeted the safety and security, as well as cleanliness and upkeep questions towards tenants of multi-tenanted buildings where we provide these services. Our results for 2023 saw improvements in the scores for service and response times, safety and security, and communication channels when compared to those of the previous year.

Tenant Satisfaction Survey	2023	2022	2021
Services & Response Time	7.79	7.36	7.24
Likelihood of Recommendation	7.42	7.61	7.21
Satisfaction with Property Management (Overall experience as a tenant)	7.42	7.52	7.17
Safety & Security	7.95	7.89	7.74
Cleanliness & Upkeep	7.43	N/A	N/A
COVID-19 SOP	N/A	N/A	7.18
Communication Channels	7.64	7.06	N/A

Annual Tenant Satisfaction Survey Results



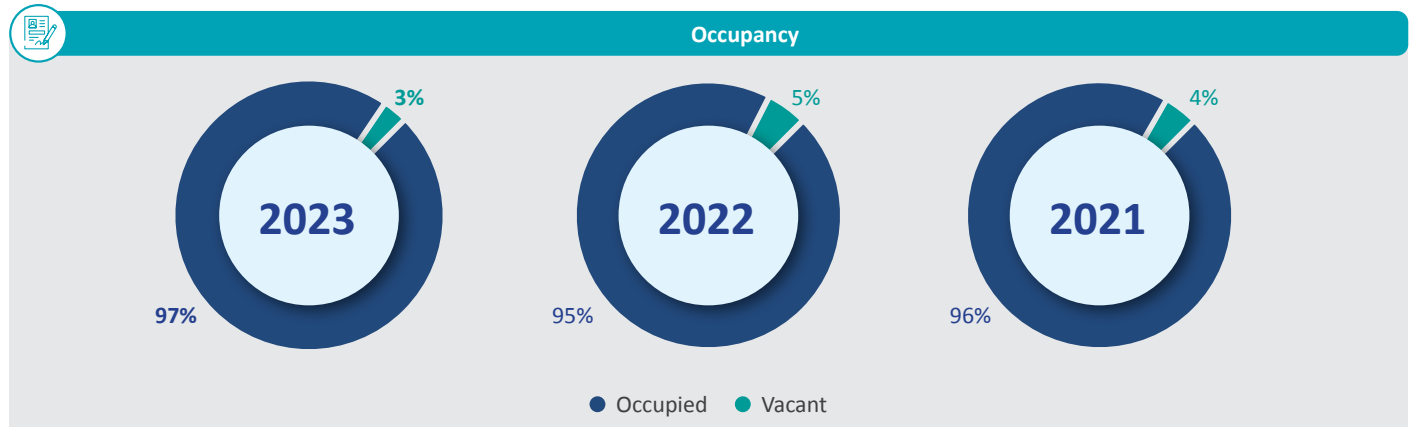
“Well managed premises and responsive property management team”

Anonymous tenant feedback from Menara Axis



Management of Material Sustainability Matters

Axis-REIT continued to maintain a high take up rate across its portfolio in 2023, with year-end occupancy rising 2 percentage points to 97%.



Outlook

Looking ahead, the Manager will continue to enhance the Fund's property solutions and services to improve tenant satisfaction. We remain focused on delivering conducive operating environments for our tenants' business needs that are also safe, secure and in compliance with regulatory guidelines and SOPs. We are committed to driving sustainable, long-term growth of the Fund by systematically enforcing our operational strategies, developing effective and efficient maintenance routines, and continually engaging with tenants.

In 2024, we target to maintain the occupancy rate at above 90%, underpinned by our commitment to ensuring high tenant satisfaction. In addition to securing new tenants, we will also continue to engage with our existing tenants to drive high tenancy renewal rates and expansion of space within our portfolio, where applicable.

For the year ahead, we also plan to enhance engagements with our tenants to understand how we can better support their business and operational needs, as well as to acquire feedback and suggestions to improve our services. These engagements will include:

- Organising programmes and measures to ensure the health and well-being of our tenants;
- Continually improving facilities management and maintenance services;
- Undertaking a variety of facilities enhancements such as implementing cashless parking systems in multi-tenanted buildings, a flood mitigation project, upgrading of fire-fighting systems, as well as exploring Building Management Systems; and
- Continued monitoring of tenants identified with medium to high ESG risk ratings for further action, where necessary.

Management of Material Sustainability Matters



Quality Assets & Services - New Acquisitions



Bukit Raja Distribution Centre 2

Capitals	Business Risks
Manufactured Financial	Development Investment
Strategic Pillars	Global Environmental
Investment Development	
SDGs	GRI
SDG 8 SDG 9	-

Axis-REIT remains committed to growing its AUM by acquiring and developing good quality properties to meet its objectives. Towards this end, the Manager ensures that the Fund has a robust pipeline of yield-accretive acquisition targets and potential development opportunities under consideration. In advancing Axis-REIT's sustainability journey, the Manager has also incorporated ESG considerations in its property acquisition strategy, with a view to increase the number of green-certified buildings in the Fund's portfolio and increase the Fund's appeal to investors and stakeholders.

We maintain a disciplined approach to property acquisitions and developments, governed by internal policies that guide all such investments. The policies are designed to help us identify, assess, and manage economic, financial, and ESG-related risks and opportunities, and ensure that all additions to our portfolio are strategic, yield-accretive and value-enhancing. This, in turn, helps us preserve the value of the Fund's portfolio of properties, the interests of its stakeholders, as well as the surrounding environment. We apply these policies as part of our feasibility studies and due diligence processes in evaluating all potential property acquisitions

and developments. Potential acquisition targets and development projects that meet our assessment criteria are presented to the Board for approval, and thereafter, recommended to the Trustee for execution.

To support our ESG ambitions, we enhanced our due diligence checklist to incorporate vulnerability assessments for climate risks. These updates, which came into effect in 4Q 2023, included assessments for annual flooding risks in the medium to long term, and incorporated recycling and circular economy principles in the planning of new buildings. The enhancements facilitate the evaluation of all potential new acquisitions and developments more holistically from an ESG point of view.

We are also exploring the integration of ESG requirements into new lease agreements for green certified building. The Manager also actively seeks to infuse green features across our property portfolio, exploring avenues such as procuring renewable energy and installing EV chargers at selected properties. 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

ENHANCING ESG CRITERIA FOR NEW PROPERTY ACQUISITIONS

We evaluate all potential acquisitions through our initial due diligence assessment scoring system. The assessment, which is undertaken and documented during the due diligence exercise for new acquisitions, was enhanced in 4Q 2023 to include vulnerability assessments for climate risks. It considers and rates all potential acquisition targets according to our scoring checklist on the following criteria:

- Proximity and access to public transportation networks
- Risk of flooding in current location
- Proximity of location to natural water sources
- Assessment of past soil settlement issues
- Assessment of potential hazards from adjacent properties/land
- Assessment of green building designs such as rainwater harvesting tanks, usage of LED lights and/or solar panels
- Assessment of proper storage of scheduled waste
- Vulnerability assessment for climate risks in the real estate life cycle (effective 4Q 2023)

Management of Material Sustainability Matters

Based on the outcome of the due diligence assessment, an ESA may be undertaken, where necessary. ESAs are an environmental evaluation that complements our due diligence process, aimed at:

- Reviewing a site's historical information, and where necessary, conducting soil and groundwater sampling for determination of site contamination
- Developing the next course of action and to remedy any issues and/or liabilities, where necessary
- Identifying existing and applicable local and federal regulations and ensuring compliance, where applicable

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

INCORPORATING VULNERABILITY TO CLIMATE RISKS IN THE EVALUATION OF POTENTIAL NEW DEVELOPMENTS

The Manager regularly reviews opportunities for new development projects as a means to expand the portfolio. In evaluating potential development projects, we are guided by comprehensive guidelines to ensure that all developments we undertake are strategic, commercially feasible, in compliance with the prescribed regulatory criteria, and value-enhancing for the Fund and its stakeholders. In 2023, we enhanced our approach to include assessments on medium to long-term climate risks. The process now, among others, involves:

- Conducting feasibility studies to assess the suitability of all proposals
- Sourcing of potential land/properties that fulfil the project's requirements
- Calculating the development project costs and revenue projections
- Coordinating due diligence site inspections on shortlisted properties

- Conducting vulnerability assessments on climate risks in the real estate life cycle
- 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

Our experienced project managers oversee the entire process for all development projects, to ensure that the projects are completed according to specifications, on schedule and within budget.

ESTABLISHED TARGET FOR GREEN BUILDING CERTIFICATION

Our Environmental Policy underpins our commitment towards environmental sustainability. Guided by this policy, we seek to increase the number of green-certified buildings in the Fund's portfolio, targeting to obtain at least 1 green building certification for its portfolio every year.

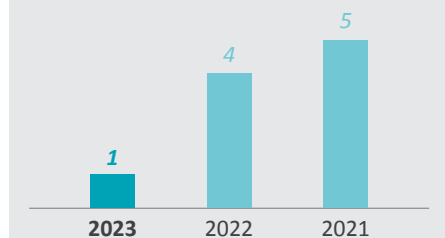
Towards this end, we include considerations for green building certifications (building management standards) in evaluating potential acquisitions and development projects. We also seek such accreditations for our existing properties through major refurbishments, where possible.

Targets & KPIs

In 2023, Axis-REIT entered into SPAs for the acquisitions of 2 properties. The acquisitions were subjected to initial due diligence assessments, and both acquisitions were greenlit after obtaining satisfactory results. These acquisitions were underway as at 31 December 2023, with 1 acquisition concluded on 16 January 2024, and the second slated for completion in the first half of 2024.

On the development front, we successfully completed the development of Bukit Raja Distribution Centre 2, and concluded its handover to Shopee on 1 August 2023 a month ahead of schedule. We also completed a major AEI at Axis Facility 2 @ Bukit Raja. Our fifth development project, Axis Mega Distribution Centre (Phase 2), is currently underway, with completion slated for 1Q 2024. We embarked on the project in 2022, in response to strong market demand for Grade-A, purpose-built facilities and warehouses from multinational operators.

Number of Acquisitions and Developments Completed



More information on our acquisitions and development projects are presented in the Investment Review section of this Report on pages 57 to 62.

On top of the Fund's portfolio expansion and enhancements, we also obtained 1 final green building certification and 2 provisional certifications during 2023. These were for Axis Facility 2 @ Bukit Raja, which received the final GreenRE Silver certification in September 2023, as well as for Axis Mega Distribution Centre (Phase 1) and Axis Mega Distribution Centre (Phase 2), which obtained GreenRE Silver and GreenRE Gold provisional certifications respectively.

With these certifications, the Fund now has 4 properties, representing 22.1% of total space under management, that have achieved green building certifications as at 31 December 2023.

Management of Material Sustainability Matters



Properties with Green Building Certification (Building Management Standards)

PROPERTIES	Type of Certification	Date of Certification
DW1 Logistics Warehouse	GBI Certified	August 2020*
Axis Facility 2 @ Bukit Raja	GreenRE Silver	September 2023

* Renewal of certification is currently underway, with expected completion by March 2024.



Properties with Provisional Green Building Certification (Building Management Standards)

PROPERTIES	Type of Certification	Date of Provisional Certification	Target Date of Final Certification
Bukit Raja Distribution Centre 2	GreenRE Gold	November 2022	June 2024*
Axis Mega Distribution Centre (Phase 1)	GreenRE Silver	September 2023	June 2024
Axis Mega Distribution Centre (Phase 2)	GreenRE Gold	September 2023	December 2024

* The target date of the final certification for Bukit Raja Distribution Centre 2 has been delayed from January 2024 to June 2024, pending the completion of renovations by the tenant.



Target

To obtain at least 1 green building certification for the portfolio every year



Green Building Certification Profile

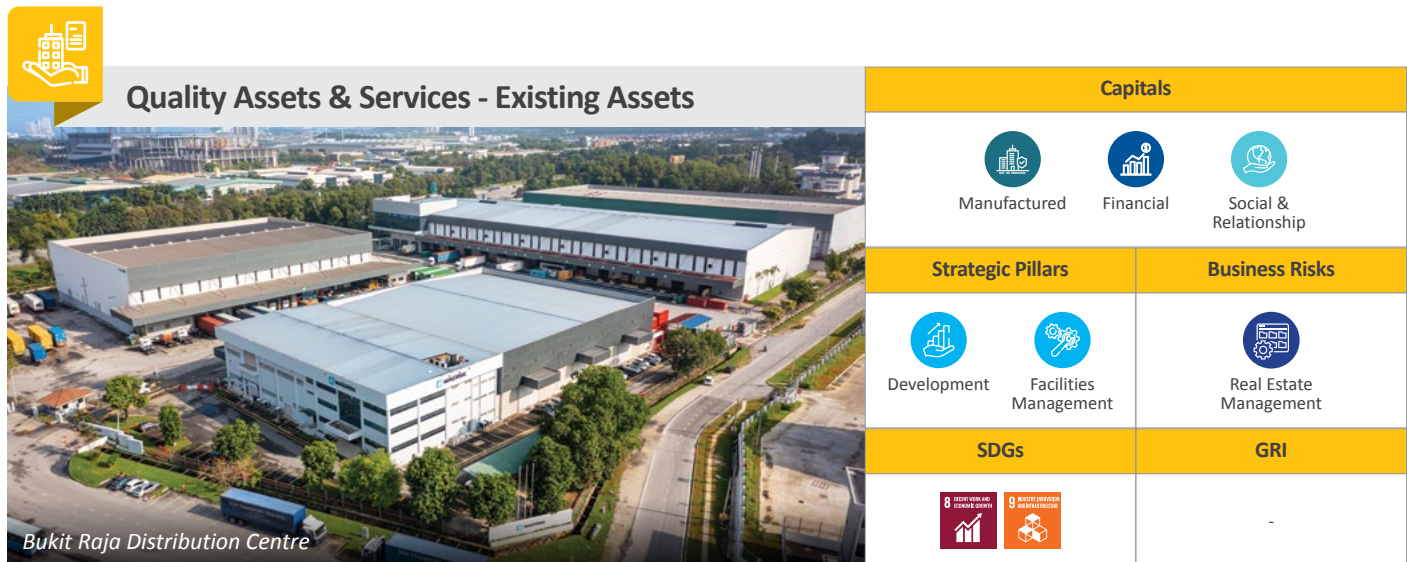
Total Number of Properties with Green Building Certification	4	% of Total Property Portfolio with Green Building Certification	6.5%	% of Space Under Management with Green Building Certification	22.1%
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Outlook

We are raising our commitment to manage climate risks in tandem with the Fund's progress in its sustainability journey. We will identify both physical and transition climate-related risks and opportunities that could potentially impact the Fund's portfolio. We also intend to integrate initiatives aimed at minimising our environmental footprint into our operational framework. This includes measures like water pollution management prior to discharge, ensuring proper disposal of construction waste, and employing dust control practices. The Manager will also continue to implement proactive measures and monitor developments in the broader real estate market that could affect Axis-REIT's business.

We will continue to prioritise seeking green building-certified properties when assessing acquisition targets, planning development projects and embarking on AELs, in line with our target of securing at least 1 green building certification for the portfolio every year.

Management of Material Sustainability Matters



The Manager is committed to managing the Fund's properties, prioritising the sustained 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 and disciplined investments in strategic AEs to ensure Axis-REIT's portfolio remains resilient and relevant in the market.

Our efforts in maintaining the quality of the Fund's existing properties and services are guided by 4 key policies and guidelines, which are periodically reviewed and enhanced to ensure their relevance and effectiveness:

1 ENVIRONMENTAL POLICY

Our Environmental Policy encapsulates our commitment to sustainability. It outlines the strategies and initiatives we apply towards achieving our sustainability goals. For the Fund's existing properties, this involves retrofitting and enhancing sustainability features across our property portfolio, including installing resource-efficient fittings and fixtures, and utilising environmentally-friendly materials in maintenance, upgrading, and refurbishment projects. These investments not only help us meet

our sustainability targets and optimise our operational costs, but also help our tenants achieve their sustainability goals as well.

2 HSE POLICY

Our HSE Policy documents our commitment to HSE excellence, as we endeavour to provide safe working practices and a safe working environment for our employees, tenants, contractors, community and other relevant stakeholders. Guided by this policy, the Manager adopted a series of measures to ensure building and workplace health and safety are upheld in its efforts in maintaining the Fund's existing properties and services. These measures include periodic HSE audits on site offices/project sites, as well as the formulation and implementation of an On-site Vendor Assessment that includes a Human Rights Practices Checklist to ensure that we comply with regulatory requirements at all times.

3 OPERATIONS MANUAL

Axis-REIT's Operations Manual is a set of internally-developed procedures and policies that guide our planning, decision-making and day-to-day activities in managing Axis-REIT, including our property 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. In 2023, we revised the Operations Manual to enhance its controls and scope, aligning it with the demands of our expanding portfolio and increased responsibilities. The areas that have been revised or added include cash management, outsourcing arrangements, and our materiality threshold for expenditure.

4 RENOVATION MANUAL

In 2023, we enhanced our existing renovation guidelines for all properties under management by incorporating ESG considerations. These included clauses on waste management practices such as recycling, reducing and reusing, as well as the safe disposal of scheduled waste. The enhancements also covered water and electricity conservation through responsible use, as well as the installation of water and energy-saving fittings. The Renovation Manual was also updated to incorporate clauses on the use of low volatile organic compound materials according to international standards and the adherence to labour standards.

We are responsible for maintaining the quality and physical condition of all properties in Axis-REIT's portfolio through planned preventive

Management of Material Sustainability Matters

and ad-hoc maintenance services. Guided by the abovementioned manuals, we work to ensure that all upgrades, refurbishments, AEs and redevelopment projects involving existing properties are carried out in accordance with the Operations Manual and the Renovation Manual, and that the work is completed on schedule and within budget.

We also closely supervise 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 applicable guidelines. We 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 system and services failures, such as lift and air-conditioning system breakdowns.

Key Initiatives

The Manager has established an ESG strategy for major AEs and development projects. The strategy covers aspects such as energy consumption, green building certifications, indoor environmental quality, material sourcing, as well as water management and waste management. For further details, please see the “Environmental” section of this Report. Additionally, we are considering procuring renewable energy and exploring installing EV chargers at selected properties.

The Manager ensures that all properties are adequately and effectively maintained throughout their service life, and that maintenance efforts are planned and executed efficiently through our preventive maintenance programme. The programme ensures that appropriate decisions are made in selecting maintenance strategies based on the allocated budget. The Manager also strives to preserve the value of the Fund’s portfolio by maintaining and enhancing the aesthetic appeal and functionality of its properties.

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 properties and improving this, where possible, when conducting AEs



Appointing only competent service contractors to undertake routine service and maintenance work



Engaging internal auditors to review the annual preventive maintenance checks, policies and procedures to identify any gaps and areas for improvement



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 Risk Management Survey



Engaging external consultants (energy auditors, civil and structural engineers, fire-fighting 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 according to Uniform Building By-Laws (UBBL) 1984



Issuing monthly property reports to tenants that record the general property condition, compliance to the building code, and any corrective actions required by the landlord and/or tenant



Engaging Takaful operators to conduct annual Risk Management Survey



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 each property’s boundaries

Management of Material Sustainability Matters

We conduct 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. We also organise monthly training sessions for both Property Management employees and service providers/contractors 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 FYE2023, the Manager implemented 9 key AEIs at properties across Axis-REIT's portfolio. 89% of these key AEIs incorporated sustainability considerations such as installing energy-efficient, and water-saving fittings to optimise cost savings and reduce the Fund's environmental footprint.

9
Key AEIs in FYE2023

89%

Percentage of key
AEIs incorporating
sustainability
considerations

During the reporting year, we implemented the following key AEIs:

Property	Description of Key AEIs
Crystal Plaza	<ul style="list-style-type: none"> Replaced transformers with energy efficient variants Upgraded fire-fighting system
Quattro West	<ul style="list-style-type: none"> Upgraded common area lighting to LED lighting Resurfaced basement car park tarmac and ground floor stamped concrete flooring
Axis Shah Alam Distribution Centre 3	<ul style="list-style-type: none"> Constructed an independent TNB substation for a second tenant Upgraded the fire-fighting system from Ordinary Hazard (OH) to High Hazard (HH) Upgraded the domestic cold water tank to a larger storage capacity Undertook feasibility studies on flood mitigations plans to be implemented
D21 Logistics Warehouse PTP	<ul style="list-style-type: none"> Enhanced main lobby driveway to accommodate additional car park bays
Kerry Warehouse	<ul style="list-style-type: none"> Installed new warehouse roofing with insulation
Axis Northport Distribution Centre	<ul style="list-style-type: none"> Installed new fibre reinforced roof panels (translucent sheets) for natural lighting
Seberang Prai Logistics Warehouse 3	<ul style="list-style-type: none"> Installed new warehouse roofing with insulation
Menara Axis	<ul style="list-style-type: none"> Installed a stairlift platform to improve disabled persons' access Upgraded a new diesel tank for genset
Axis Technology Centre	<ul style="list-style-type: none"> Upgraded fire-fighting system

In 2022, 5 buildings in Axis-REIT's portfolio obtained certifications and awards for structural integrity compliance from the Petaling Jaya City Council. In 2023, the Fund received an additional award for Axis Business Park. These certifications are valid for 10 years from the date of issue.

MENARA
AXIS

CRYSTAL
PLAZA

QUATTRO
WEST

WISMA
ACADEMY

WISMA
KEMAJUAN

AXIS
BUSINESS
PARK

Outlook

The Manager will continue to maintain and enhance the Fund's existing properties while incorporating the relevant sustainability considerations, including flood mitigation plans at high-risk properties. Additionally, the Manager is implementing cashless parking systems in multi-tenanted properties and exploring Building Management Systems that will further improve the cost efficiency of Axis-REIT's portfolio.

In 2023, we submitted an application to the land office to renew the lease period of 1 property. In the coming year, we will continue to assess the extension of lease periods for selected leasehold properties in the Fund's portfolio.

Management of Material Sustainability Matters



Responsible Supply Chain Management



Capitals	Strategic Pillars			
 Social & Relationship	 Facilities Management	 Investment	 Development	
Business Risks				
 Development	 Real Estate Management	 Investment	 Global	
SDGs	GRI			
	204: Procurement Practices 308: Supplier Environmental Assessment 414: Supplier Social Assessment			

Our commitment to long-term ESG values extends through our supply chain. We communicate and work closely with our suppliers, contractors and service providers to ensure they understand the Fund's values and expectations, and uphold similar practices as we do.

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 checks and measures comprise our pre-qualification assessment, annual supplier evaluation, as well as a supplier code of conduct, which are described below. Where possible, we also source our goods and services from local suppliers as our means to support the local economy. 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.

Pre-qualification Assessment

Prior to engaging new suppliers and service providers, we conduct a pre-qualification assessment to evaluate the candidates'

financial standings and identify potential ethical and reputational risks via processes such as CTOS screenings and background checks. This evaluation includes ESG-related requirements and criteria to help us understand the ESG commitments and practices of our potential suppliers and service providers. Only companies with satisfactory scores are admitted to the Fund's list of approved suppliers.

Annual Supplier Evaluation

We conduct annual evaluations on all our existing suppliers and service providers to assess their performance and to identify improvement opportunities in the areas of responsiveness, price, delivery, quality, after sales services, effectiveness of management, and compliance with the Supplier Code of Conduct. We also conduct CTOS verifications as part of the annual evaluation process. Following the evaluation, we retain suppliers who achieve satisfactory scores for future engagements. Suppliers who fail the evaluation are either suspended temporarily or de-registered from our list of approved suppliers. Through regular engagement with our suppliers and service providers, we strengthen the relationships with our suppliers, drive positive supplier performance, and reduce supply chain risks to deliver the best-in-class services to our tenants and other stakeholders.

Supplier Evaluation Criteria



Responsiveness

- On requests for quotations/proposals
- On technical/commercial requests



Price

- Competitiveness of pricing
- Terms and conditions
- Billing/Invoicing



Delivery

- Timeliness
- Flexibility on delivery
- Responsiveness to requests
- Resolution of delays



Quality

- Consistency of quality
- Submission of required documentation
- Conformity to drawings and HSE requirements
- Job site performance/quality of work



After Sales Service

- Technical support and expertise
- Defect rectification
- Other support/closure

Management of Material Sustainability Matters

Supplier Evaluation Criteria



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



Financial standing

- CTOS check

Supplier Code of Conduct

The Supplier Code of Conduct assesses suppliers' ethics and business integrity, whistleblowing policies, labour standards, as well as their human rights, health and safety, and environmental practices. Our suppliers and service providers are required to comply with our Supplier Code of Conduct, which is publicly available on our website, and adhere to high standards of business practices.

In addition to the abovementioned practices, our Facilities Managers and our Health, Safety, Security, and Environment (HSSE) Manager meet with our suppliers and service providers regularly to discuss their products and services, as well as operational issues and challenges.

Key Initiatives

During 2023, our efforts in reinforcing the integrity and resilience of our supply chain to create long-term values for our stakeholders were channelled through the following initiatives:

4 initiatives to reinforce the integrity and resilience of our supply chain

- 1 Maintaining our stringent supplier pre-qualification processes, which subjects potential new suppliers to comprehensive evaluations by the Property Management Team and the Finance Team, before admission to our approved list of suppliers
- 2 Broadening our annual supplier evaluation process to incorporate ESG/sustainability-related criteria, processes, and procedures, in addition to our Supplier Code of Conduct
- 3 Conducting regular checks through training, ad-hoc site visits, as well as audits by the HSSE Manager and onsite project managers, to ensure compliance with HSE practices at all development, maintenance and AEI project sites
- 4 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

Targets & KPIs

We have applied our Supplier Code of Conduct as part of our supplier evaluation process since 2021 to ensure we engage and maintain only reputable and reliable suppliers. Beyond this, we also proactively engage with our suppliers on various other matters and initiatives to support and improve our supply chain framework.

Since the application of the Supplier Code of Conduct, we have been able to improve our supply chain management. In the year under review, we did not incur any fines or penalties associated with our supply chain, nor experience any lost time injuries. We are also pleased to report that all AEIs and maintenance projects were successfully completed on schedule.

Supplier Statistics

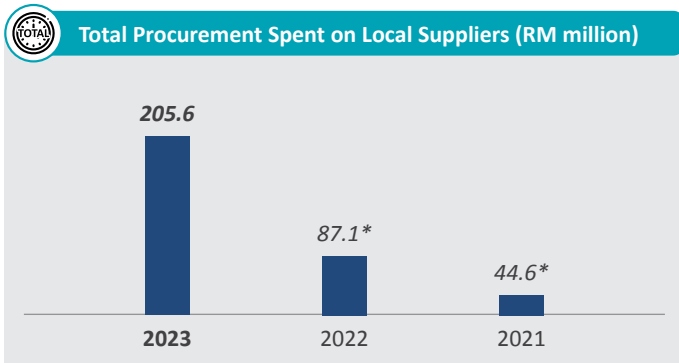
We had 191 approved suppliers at the beginning of 2023, 100% of which were local companies. During 2023, the Property Management Team evaluated all 211 suppliers on our panel as part of our supplier evaluation process. Following this evaluation, 4 suppliers were removed from the panel for non-compliance with the Supplier Code of Conduct on matters pertaining to poor ESG ratings, and/or unsatisfactory processes and procedures in their business operations.

Key Performance Indicator	2023	2022	2021
No. of suppliers as at 1 January	191	128	140
No. of new suppliers	20	66	7
No. of suspended suppliers	0	0	0
No. of de-listed suppliers	4	3	19
No. of suppliers as at 31 December	207	191	128

Management of Material Sustainability Matters

Annual Procurement: Local Suppliers

The Fund's total procurement (excluding government-related expenses) amounted to RM205.6 million in 2023, up from RM87.1 million in 2022. This increase is largely attributed to the development and major AEI work undertaken at Bukit Raja Distribution Centre 2, Axis Mega Distribution Centre (Phase 2) and Axis Facility 2 @ Bukit Raja during 2023. We remain 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.



* This data has been restated due to an update in the calculation methodology.

Supplier Training

Supplier training courses held in 2023 focused on Axis-REIT's HSE Policy, safety requirements, regulatory requirements, and hazard Risk Assessments. During the year, we organised a total of 48 training programmes involving 884 attendees for our suppliers and service providers. The significant increase demonstrates our commitment to regularly engage with our suppliers.

Supplier Training Courses		
Year	Total number of training programmes offered to suppliers	Total number of attendees
2023	48	884
2022	34**	450**
2021	15	148

** Data for 2022 has been restated to include an additional 3 courses that were held at the end of the year.

Screening and Audit of Suppliers against ESG Criteria

The Manager continued assessing the compliance and performance of our suppliers and service providers against ESG-related criteria, and in 2023, we formulated an On-site Vendor Assessment Checklist for ESG audits on health, safety, environment, and human rights practices.



We conducted 6 ESG audits on our key suppliers and contractors during 2023. These audits were conducted by the Property Management Team and the outsourced internal auditors to identify potential risks in their operations, and to devise the appropriate mitigation plans. The audit covered areas of concern from our Supplier Code of Conduct, HSE Policy and Environmental Policy, including labour standards and human rights, health and safety, quality standards and the environment.

Outlook

We will continue to collaborate with our suppliers, service providers and contractors to improve our supply chain management practices. This includes ensuring their adherence to our Supplier Code of Conduct and overseeing their performance and compliance with ESG criteria across our supply chain through pre-qualification assessments, annual evaluations, and site audits. We will also continue conducting human rights assessments on registered key vendors in 2024 and document any non-compliance for further action. These initiatives will help ensure that our ESG values, practices and commitments, are consistent across our supply chain.

Management of Material Sustainability Matters

GOVERNANCE



Business Ethics



We uphold the highest standards of business ethics in managing the Fund and ensuring compliance with all legal and regulatory mandates at all times. This emphasis on business ethics guides our conduct, from the formulation of strategic plans and deliberations over investment decisions, to the execution of our day-to-day activities, including our property management, finance and human resource functions. We believe upholding these principles are essential in establishing an impeccable reputation, building the trust and confidence of our stakeholders and ensuring the long-term success and sustainability of the Fund.

We monitor and regularly assess the business practices and frameworks that govern the Fund, and keep abreast with developments in the political, economic and business landscape to ensure that we safeguard the interests of stakeholders at all times. We are also mindful of emerging factors such as cultural shifts in the workplace, digital trends, geopolitics, heightened data safety and security requirements, as well as climate change risks. These efforts aim to protect the Fund's institutional integrity and are

aligned with our goal of establishing an agile and resilient organisation.

The Board assumes a crucial role in maintaining exemplary leadership and governance, maintaining transparency, accountability and responsibility at all times in steering the strategic course of Axis-REIT. The Board is guided by the Board Charter, which outlines the Manager's key principles and ethics to ensure the effective and accountable discharge of its duties. The Board also maintains oversight over the policies that guide Axis-REIT, primarily its Code of Conduct, Whistle-Blowing Policy as well as its ABC Policy.

The Manager adheres to its Code of Conduct at both management and operational levels. The framework reflects our commitment to maintain the highest standard of integrity, which extends to all employees representing the Manager. It outlines guidelines for managing conflicts of interest, privacy and confidentiality, gifts/entertainment and standards of professional behaviour expected of every employee. New employees are required to undergo an induction programme facilitated by the Human Resource department, which covers the presentation of the Code of Conduct and other policies of the Manager.

In addition to the Board Charter and the Code of Conduct, the Manager's Whistle-Blowing Policy and ABC Policy provide avenues for employees, directors, suppliers and tenants to report any misconduct, criminal offenses or malpractices. These policies, which are in compliance with the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), commit the Manager to acting professionally, fairly, and with integrity in all our business dealings and relationships, and to constantly uphold the laws across our value chain. We convey these policies to our supply chain via our Supplier Code of Conduct and monitor our suppliers' compliance to the Supplier Code of Conduct as part of our annual supplier evaluation process.

The Compliance Team assists the CEO in overseeing all ethics and governance matters and ensuring that their related policies and procedures are adhered to. The Compliance Team, in consultation with the relevant experts, is responsible for proposing the necessary revisions to the Manager's corporate policies and procedures for the Board's consideration, comments and approval.

The Code of Conduct, Whistle-Blowing Policy and the ABC Policy are publicly available and can be assessed at www.axis-reit.com.my/investor/corporate-governance.php.

Capitals



Social & Relationship

Business Risks



Human Resource & IT



Global



Investment

Strategic Pillars



Real Estate



Capital Management



Facilities Management



Investment



Development



Governance



SDGs



GRI

205: Anti-Corruption

Management of Material Sustainability Matters

 Whistle-Blowing Policy	 ABC Policy
Purpose	
<p>Pertains to the handling of all reports of improprieties involving the business, operations, or employees.</p> <p>Defines how all concerns raised are to be treated fairly, and for the anonymity of the whistleblower to be protected. Where the issue warrants further investigation, the Manager will carry out the necessary inquiries and corrective measures.</p>	<p>Serves as a guideline in recognising and managing any incidents of bribery or corruption in the daily business and operations of the Manager.</p> <p>Defines bribery, corruption, conflict of interest and the acceptable limits in relation to gifts, corporate hospitality and entertainment.</p>
Application	
<p>The Policy is designed to:</p> <ol style="list-style-type: none"> 1. Clearly define the procedures that provide a secure avenue for whistleblowing. 2. Support the Manager's values and maintain a high standard of integrity and accountability. 3. Ensure stakeholders can raise concerns without fear of reprisals. 4. Provide a clear and confidential process for dealing with concerns raised. 	<p>The Policy is designed to:</p> <ol style="list-style-type: none"> 1. Clearly define bribery and corruption and actions that are classified as offences by law. 2. Provide guidance on preventing bribery and corruption throughout the organisation and its related parties, and agents/contractors acting on behalf of the Manager. 3. Support the Manager's values and maintain a high standard of integrity and accountability.
<p>Axis-REIT has a designated email address for whistleblowing, namely integrity@axis-reit.com.my. Messages to this email address are directed to the Independent Non-Executive Directors of the Manager as recipients, providing a secure whistleblowing channel for genuine reports to be lodged.</p>	<p>The Head of Compliance is the focal point for enquiries relating to the ABC Policy. Where necessary, professional legal advice will be sought.</p>

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

In 2023, the Manager engaged the Fund's retainer solicitors for a thorough review of the ABC Policy to ensure we are operating in accordance with the Malaysian Anti-Corruption Commission's standards. Following the in-depth analysis, the Manager adopted the relevant recommendations. This entailed enhancing the Policy to:

- include the Manager's anti-corruption compliance programme
- specify penalties for offenses and expand provisions on facilitation payments
- clarify scrutiny for sponsorships and donations
- align the policy with the Policy on Conflict-of-Interest Management in addressing conflict-of-interest situations
- outline procedures for the Gifts and Hospitality Register
- revise approved limits for gifts and hospitality/entertainment.

Separately, we also incorporated an anti-corruption clause into the Personnel Policy Handbook, mandating employee compliance with anti-bribery laws and regulations, including the MACC Act 2009. Any employee who is implicated in legal investigations pertaining to bribery, corruption, kickbacks, or money laundering accusations, may face dismissal or the appropriate disciplinary actions.

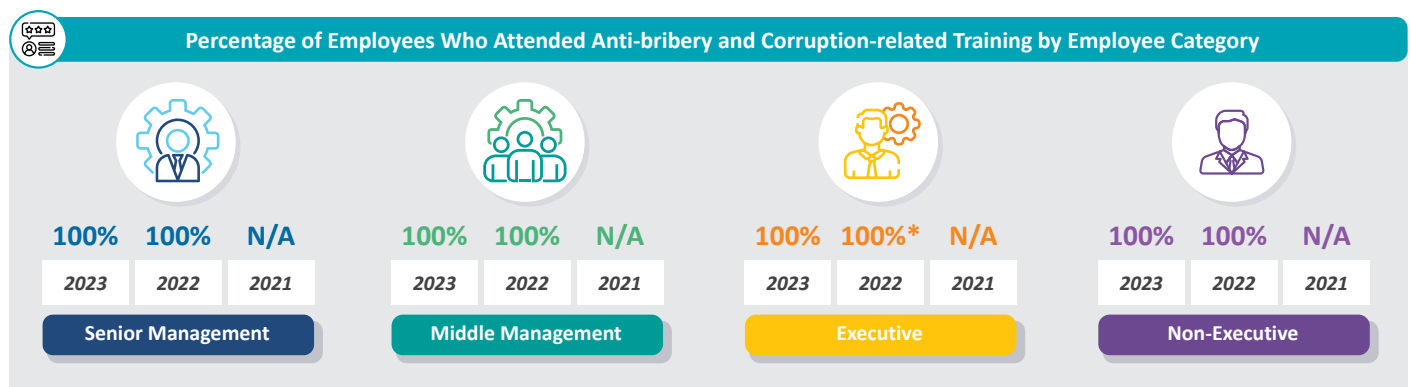
Management of Material Sustainability Matters

The Whistle-Blowing Policy was also updated, designating the current Independent Directors as recipients of reports made through whistleblowing channels, in place of the outgoing independent directors. At the same time, the Code of Conduct was amended to incorporate a provision on the Manager's general commitment to tackle money-laundering.

In addition to the enhancements to our Whistle-Blowing and ABC Policies, our internal auditor also conducted a high-level review on the Manager's anti-corruption framework as required under Section 17A of the MACC Act 2009, as well as a compliance review on operational controls. These reviews aim to identify the presence of any corruption risks across our operations. For 2023, the reviews, which were conducted in 4Q 2023, evaluated the processes of the Facilities Management department. Looking ahead, we will conduct similar audits on other departments, namely the Project Management, Investment/Business Development, Finance and Real Estate departments in the future.

Targets & KPIs

Key Performance Indicator	2023	2022	2021
Number of compliance breaches or misconduct	0	0	0
Number of whistleblowing reports or complaints received	0	0	0
Percentage of operations assessed for corruption-related risks	20%	N/A	N/A



* Does not include an employee who was on hospitalisation leave when the training was conducted.

We are pleased to report that with the continual reviews and enhancements to our processes and policies, as well as the continued commitment and compliance of the Board, Senior Management Team and employees, we have not had any incidents related to breaches in business ethics. This has continued through 2023, where there were no incidents of compliance breaches or misconduct, and no whistleblowing reports or complaints lodged. Consequently, there was no action necessary.

Outlook





We will continue to ensure that our internal operations uphold ethical business practices, and that our processes and policies are aligned with the MACC Act 2009. In addition to regular reviews and updates to the Code of Conduct, ABC Policy, and Whistle-Blowing Policy, we will continue to conduct internal audits on anti-corruption controls in our operations, and will further expand the audits to test internal controls on anti-money laundering. The findings of such internal audits 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. The Manager also plans to incorporate the process of undertaking KYC assessments in divestment considerations from an anti-money laundering perspective.

Management of Material Sustainability Matters



Cybersecurity & Data Protection



Capitals	
 Intellectual	
Strategic Pillars	Business Risks
 Governance	 Human Resource & IT
SDGs	GRI
	418: Customer Privacy

In an era of rapid digitalisation, we have adopted and integrated technology into our business operations to drive efficiency and productivity, and to adapt to changing consumer behaviours and expectations. In so doing, we are cognisant of the heightened exposure to various cybersecurity risks, including data privacy and security. With the security of tenants' and employees' data and information being our utmost priority, the Manager is committed to creating a secure digital environment to protect this information and to maintain the trust of our stakeholders.

Our approach to cybersecurity is governed by our Cyber Risk Policy & Procedures and our IT Guidelines. This is further supported by our Cyber Hygiene Checklist. These policies and procedures are regularly upgraded and enhanced to keep abreast of the latest developments in cyber risks, and to address any gaps that may develop in the fast-evolving technological landscape.

1 Cyber Risk Policy & Procedures

Outlines the Manager's policy in managing cybersecurity risks, covering preventive, detective, responsive and recovery measures. It sets out the roles and responsibilities of the Board and Senior Management in managing cyber risks and also contains the internal reporting processes for cybersecurity incidents, back-up procedures, as well as cyber breach reporting procedures to the SC.

2 IT Guidelines

Complements the Cyber Risk Policy & Procedures in prescribing the management and handling of confidential information. It 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.

3 Cyber Hygiene Checklist

Serves as a guideline for adopting best practices in detecting and preventing cybersecurity incidents, as well as to formulate suitable strategies and preventive measures prescribed by the SC. The checklist has comprehensive coverage on various matters such as awareness training, IT maintenance and upkeep in terms of system updates, network management, malware protection, active directory access control, backup and restore, as well as incident response and handling.

Management of Material Sustainability Matters

The Manager ensures that these policies and guidelines are aligned with the SC's Guidance Note on Management of Cyber Incidents, and will ensure compliance with the SC's Guidelines on Technology Risk Management that was issued on 1 August 2023 and will come into effect in 3Q 2024.

The Manager takes data protection seriously, noting that any potential non-compliance could have detrimental implications to the Fund. In ensuring compliance with the PDPA, the Manager publishes its Privacy Notice (which encompasses personal data protection principles stipulated under the PDPA) in both English and Bahasa Melayu 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.

Key Initiatives

We engage an outsourced IT service provider to support the implementation of our cybersecurity defences. At the same time, we also ensure that our IT infrastructure is up-to-date and fit-for-purpose. This includes subscription-based solutions that combine next generation antivirus, endpoint detection and response (EDR) solutions, managed threat hunting, integrated threat intelligence, and IT hygiene services. The EDR system, monitored by our outsourced IT service provider, provides real time protection against malicious activities.

Another critical component in our cybersecurity defence is the awareness and vigilance of our IT and information systems users. As such, we ensure that our Directors and employees have sufficient knowledge and awareness of cyber risks through continual training and awareness programmes.

In 2023, we undertook a compliance review of the PDPA, examining the existing provisions in our Personal Data Protection Policy and Privacy Notice against the Personal Data Protection General Code of Practice issued by the Personal Data Protection Commissioner. As a consequence of the review, we updated the relevant clauses in our policies in July 2023 and published the updated Privacy Notice on our corporate website. Training sessions on the updated policies were also conducted for the Board and employees.

Initiatives Undertaken During 2023

	Initiatives		Status
	Engaged with our outsourced IT service provider to explore the implementation of an IT disaster recovery plan (DRP).		The proposed DRP prepared by the outsourced IT service provider is currently under review; IT DRP scheduled for 2024.
	Completed an internal audit on our IT processes. The Manager made improvements to password parameter settings and backup procedures as recommended by the Internal Auditors.		Completed.
	Implemented end-to-end encryption for emails after the renewal of our Microsoft Office 365 annual subscription.		Completed.
	Installed EDR software on all computers at the Facilities Management offices to monitor and arrest any irregular or suspicious activities.		Completed.
	Subscribed to an online interactive cybersecurity awareness programme for employee training.		Completed.
	Conducted an information and awareness training session on the Fund's Personal Data Protection Policy for all employees.		Completed.

Management of Material Sustainability Matters

Targets & KPIs

Our cybersecurity and data protection initiatives aim to minimise cybersecurity breaches and incidents, and to prevent any disruptions of our business operations that rely heavily on data. This reduces downtime and costs required for data and network restoration. We are pleased to report that we did not experience any cybersecurity incidents in 2023. We attribute this successful outcome to our comprehensive cybersecurity framework as well as the cooperation and compliance of our Directors, management team and employees, who vigilantly upheld our cybersecurity guidelines, policies and procedures. We also did not receive any complaints relating to personal data breaches via the designated email, i.e., pdpa@axis-reit.com.my.

Key Performance Indicator	2023	2022	2021
Cybersecurity breaches	0	0	0
Incidents of substantiated complaints concerning breaches of privacy and losses of personal data	0	0	0

Outlook

With increasing digitalisation, cybersecurity threats will continue to persist, posing risks to our business operations. As such, we will proactively manage our cyber defences by maintaining a comprehensive cybersecurity framework to monitor, assess and respond to any potential cyber-attacks. We will review this framework regularly to ensure that it is up-to-date with the latest developments in the market. We will also continue to monitor and ensure compliance with the PDPA among all employees.

In January 2024, we revised our Cyber Risk Policy & Procedures to include a detailed description and process flow of the backup mechanism that is employed by the Manager, and moving forward, the Manager will also put in place an IT Disaster Recovery Framework. This will entail conducting an annual disaster recovery exercise over at least half a working day to ensure the timely recoverability of business-critical IT systems. We will also continue to conduct annual employee training programmes on topics such as cybersecurity and PDPA, to ensure all our employees are equipped with knowledge and skills to safeguard data privacy and security.

With the SC's Guidelines on Technology Risk Management coming into effect in 3Q 2024, the Manager will look into undertaking regular technology audits to ensure that our information systems comply with the issued Guidelines. This includes ensuring that data and information have the appropriate level of confidentiality and integrity, and that our IT service operations are managed effectively. In preparation to comply with other applicable requirements imposed by these Guidelines, the Manager will work closely with our outsourced IT service provider to assess, review and formulate the necessary revisions and updates to our technology risk framework and IT control procedures.

Management of Material Sustainability Matters

ENVIRONMENTAL



Energy & Carbon Footprint



Axis Facility 2 @ Nilai

Capitals



Natural

Business Risks



Environmental

Strategic Pillars



Facilities
Management



Development

SDGs



GRI

302: Energy

The Manager continues to take a holistic approach in prioritising energy efficiency and sustainability in its management of the Fund's property portfolio. This ongoing effort aims to optimise operational costs and minimise the environmental impact of our operations, which is integral to our strategy of generating sustainable value for the Fund's stakeholders.

Our efforts in managing our energy and carbon footprint are guided by our Environmental Policy, which is publicly available on our website and outlines strategies and initiatives we apply towards achieving our sustainability goals. This includes our efforts to reduce GHG emissions, manage water efficiently, adhere to responsible waste management practices, and utilise sustainable materials and fittings.

We continually explore and invest in energy efficient applications and initiatives. This has been our practice in recent years, and we have implemented numerous programmes to ensure sustainable energy usage at the Fund's multi-tenanted properties. These include installing energy efficient fittings and equipment during AEs, and establishing energy reduction targets based on yearly

consumption patterns. Details of our initiatives are presented overleaf, and are also incorporated in our Renovation Manual to facilitate the adoption and implementation of similar practices by our tenants.

We ensure that all systems and installations used in the Fund's property portfolio comply with the Electricity Supply Act 1990 (Act 447), the 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 conduct regular audits on the systems and installations in our portfolio, which are undertaken by an independent Supervising Engineer who is registered with the EC.

The Facilities Management Team is responsible for managing the Fund's energy and carbon footprint. The HSSE Manager tracks and reviews monthly electricity consumption at multi-tenanted buildings, and flags any abnormal consumption patterns for clarification and corrective action, where necessary, by the respective Facility Managers. The team also performs periodic and routine preventive maintenance

to ensure responsible energy usage and to reduce the portfolio's carbon footprint.

We engaged an external consultant to conduct an energy audit on the Fund's multi-tenanted buildings, focusing on common areas that are directly controlled by the Manager. The audit covered electricity and diesel consumption for energy efficiency studies, as well as the collection of GHG emissions data. Separately, we also provide electrical safety and technical training for Facility Managers and chargemen to enhance their understanding and knowledge of electrical systems and building operations.

Initiatives

For our developments and AEs, our ESG strategies in 2023 focused on obtaining green building certifications for more properties in our portfolio, and on initiating efficient energy and indoor environmental quality management programmes. We also continued with sustainable material sourcing, as well as water and waste management efforts at our Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre (Phase 2) development projects, and for our major AE at Axis Facility 2 @ Bukit Raja.

Management of Material Sustainability Matters

The following table provides a summary of the energy-related strategies that were implemented in 2023.

ESG Strategies for Efficient Energy Management for Developments and Major AEIs

	Strategies		Description
	Artificial Lighting		Use of energy-efficient lighting (such as LED and T8 lights) to minimise energy consumption required for lighting, while maintaining proper lighting levels
	Building Envelope Design		Optimising building orientation and window to wall ratios to reduce heat transmission and reduce energy consumption required for mechanical ventilation
	Daylighting		Optimising the use of natural sunlight by incorporating windows to reduce the need for artificial lighting in warehouses and common areas
	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
	Carbon Emissions		Computation and monitoring of operational carbon footprint and emissions based on the building's energy and water consumption data
	Energy Efficiency Improvement Plans		Implementing energy efficiency improvement plans and regularly reviewing their outcomes to achieve energy saving targets
	PV-Ready Roof		Provision of roofs with access and design loads that are suitable for future photovoltaic (PV) panel installations

In addition to the above, our portfolio management operations also incorporated sustainability initiatives to enhance the portfolio's energy efficiency, and reduce its energy and carbon footprint. Among the initiatives to lower both Scope 1 and Scope 2 GHG emissions in our property management operations included:

1 Replacing conventional lighting in common areas of multi-tenanted properties with LED lighting fitted with motion sensors. This is an ongoing initiative undertaken as part of regular AEIs.

2 Replacing conventional lighting to LED lighting as part of the refurbishment at selected single-tenanted properties.

3 Checking, testing, and calibrating all MEP systems at regular intervals to ensure equipment and systems are operating efficiently.

4 Leasing roof space for PV panel installation. As at 31 December 2023, 529,489 sq. ft. of roof space across the portfolio had been leased to a third party that is involved in harvesting solar energy which it sells back to the national electricity grid. In addition to this, our tenants at 2 single-tenanted properties have also installed PV panels on the buildings' roofs to offset their electricity consumption.

5 Upgrading air conditioning equipment at selected multi-tenanted properties to environmentally-friendly systems. This included the installation of air conditioning systems that use green refrigerant gas, or solutions that use central control monitoring systems with variable refrigerant valves.

6 Installing TNB smart meters at 61 out of 62 properties, representing 98% of our property portfolio.

7 Installing new energy-efficient transformers at Crystal Plaza.

8 Facilitating the installation of EV chargers by our tenants in specific buildings.

9 Monitoring the energy efficiency of an air conditioning system using a Variable Refrigerant Volume Control System.

Management of Material Sustainability Matters

During the reporting year, there were no fines or penalties for non-compliance with environmental laws and/or regulations. Further, we had not identified any areas of non-compliance with environmental laws and/or regulations.

Managing Climate-Related Risks and Opportunities

In line with our commitment to adopt the TCFD Recommendations, we have integrated climate change risks into the Manager's 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.

We are dedicated to reducing our total carbon footprint and improving our energy efficiency, working on a 5-year horizon, from 2022-2026, to implement pertinent short, medium, and long-term action plans. We aim to reduce our energy consumption and GHG emissions (Scope 1 and 2 combined) by at least 1% by 2026, compared to our 2019 pre-pandemic baseline. We will also continue to conduct scheduled building audits, encompassing all environmental indicators including energy, water, and waste, to improve our environmental management strategy.

The Board has officially integrated climate change management into its Board Charter in 2023. In addition to this strategic move, we also undertook a feasibility study on flood mitigation plans to be implemented at Axis Shah Alam Distribution Centre 3, underscoring the Manager's commitment to addressing climate-related risks.

Targets & KPIs

Throughout 2023, the Manager continued to actively pursue energy reduction targets for the Fund's multi-tenanted buildings. These targets, presented below, were established in 2022, and remain in place for the coming year.

Target	Performance Tracking
To achieve at least a 1% reduction in energy consumption and GHG emissions (Scope 1 and 2 combined) over 5 years (2022-2026).	In 2023, we had reduced our total energy consumption by 13.5%, and achieved a 15.2% reduction in Scope 1 and 2 GHG emissions, compared against our base data set in 2019.

Annual Energy Consumption

Every year, the Manager tracks and reports total energy consumption, covering purchased electricity for common areas and the fuel consumption of generator sets (gensets) that are under the direct control of the Manager. 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 presented in the tables overleaf.

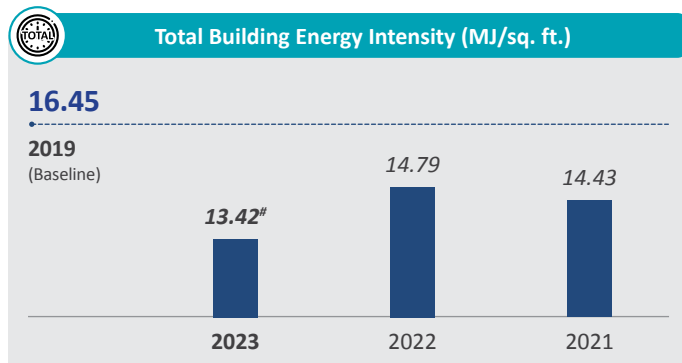
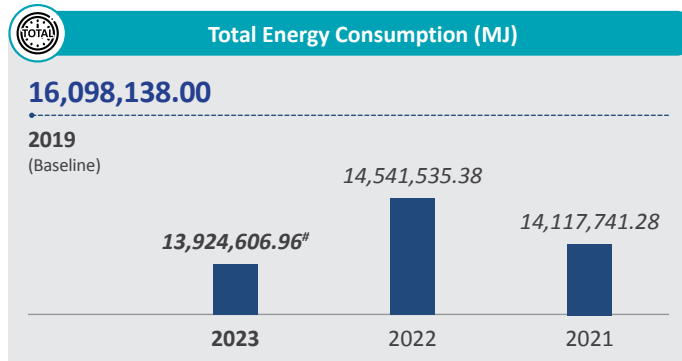
This year, we expanded the scope of our energy monitoring to include our company vehicles. As an outcome of energy reduction initiatives, we have successfully reduced our total energy consumption by 13.5% over our baseline year of 2019. Our total building energy intensity also declined by 18.4% to 13.42 MJ/sq. ft. in 2023, from 16.45 MJ/sq. ft. in 2019. In 2022, the increase in energy consumption was due to increased footfall at our properties following the lifting of pandemic-related movement controls. This year's decrease in energy consumption was largely contributed by our AEI at Crystal Plaza, where we installed energy-efficient transformers, resulting in high energy savings.

While we are on the right track on our energy reduction targets, we are mindful that energy reduction initiatives are an ongoing effort. In 2024 to 2025, we will explore engaging an energy consultant to improve our performance monitoring and, if necessary, reassess our target.

Management of Material Sustainability Matters

Total Energy Consumption (MJ)

Coverage: Entire operations including the Manager's headquarters (100%)



Notes:

- Data for 2019 (Baseline), 2021 and 2022 were restated to:
 - Include energy consumption for the Manager's headquarters.
 - Update the calculation methodology for the gross floor areas of all multi-tenanted properties.
- In 2023, the Manager expanded the scope and boundary to include 2 newly-classified multi-tenanted properties.
- Total energy consumption presented covers the common areas of all 12 multi-tenanted properties (including the Manager's headquarters) that are directly managed by the Manager, as well as vehicles used for the Fund's operations.
- Total energy consumption covers non-renewable energy sources (i.e., purchased electricity and diesel). Axis-REIT does not consume renewable energy.
- Electricity consumption is derived from the electricity bills of the common areas of multi-tenanted properties.
- Genset fuel consumption data is determined by tabulating fuel gauge readings.
- Consumption data for purchased electricity (in kWh), genset fuel consumption (in litres), and company vehicle fuel consumption (in litres) 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.
- The calculation method for total energy consumption is based on GRI Standards.
- Total energy intensity is calculated by dividing total energy consumption by the total common area of multi-tenanted properties.

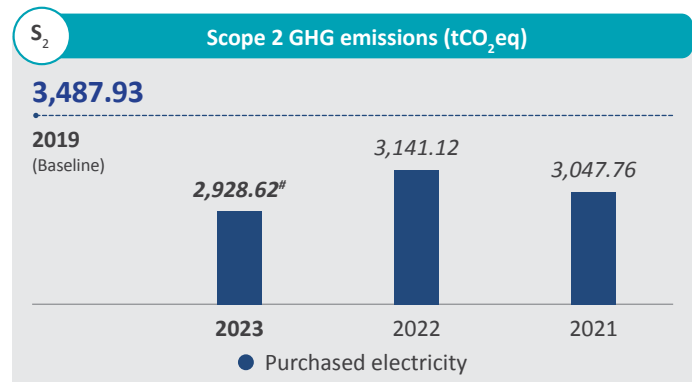
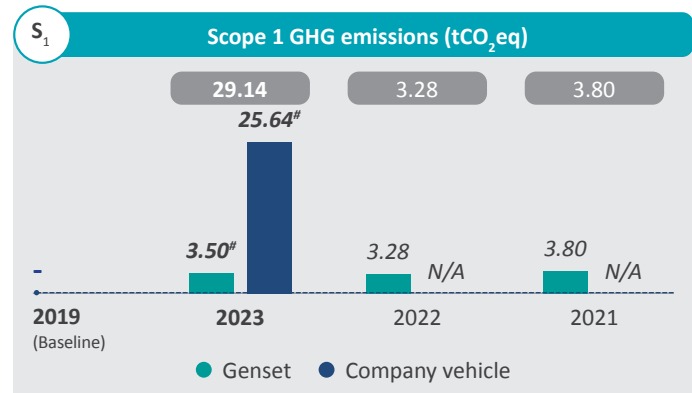
Annual GHG emissions

The Manager continues to track Scope 1 (direct) and Scope 2 (indirect) GHG emissions for the common areas of our multi-tenanted buildings that are under our direct control. This year, we achieved a 15.2% reduction in our Scope 1 and Scope 2 GHG emissions, and an 18.6%

reduction in our annual building GHG emissions intensity. We have been consistently reducing our Scope 1 and 2 GHG emissions through our GHG reduction strategy, and this is in line with our target of looking into efforts to reduce our GHG emissions (Scope 1 and Scope 2 combined) to as close to zero (carbon neutrality), or to achieve net zero by 2050 or earlier. We will continue to explore opportunities to adopt new technologies in our efforts to further reduce GHG emissions.

Scope 1 and Scope 2 GHG Emissions (tCO₂eq)

Coverage: Entire operations including the Manager's headquarters (100%)



Notes:

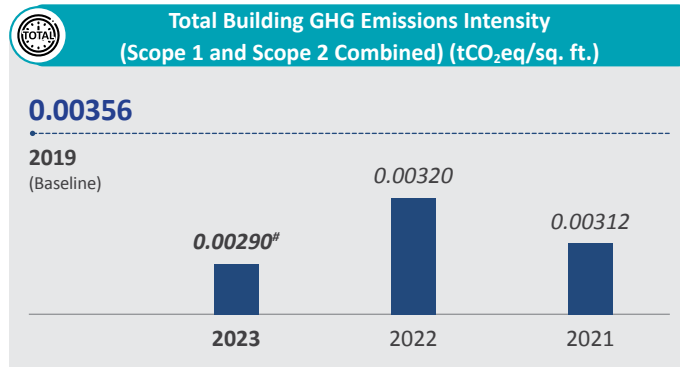
- Data for 2019 (Baseline), 2021 and 2022 were restated to:
 - Include energy consumption for the Manager's headquarters.
 - Update the calculation methodology for the gross floor areas of all multi-tenanted properties.
- In 2023, the Manager expanded the scope and boundary to include 2 newly-classified multi-tenanted properties.
- Scope 1 and Scope 2 GHG emissions presented cover all 12 multi-tenanted properties (including the Manager's headquarters) that are directly managed by the Manager, as well as vehicles used for the Fund's operations.
- Data for Scope 1 GHG emissions from company vehicles are only available for 2023, which is when the Manager began tracking the data.
- GHG emissions track carbon dioxide (CO₂) emissions. It is calculated based on the corresponding Global Warming Potential (GWP) value from IPCC's Sixth Assessment Report (2022).
- 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 Scope 2 GHG emissions (Purchased Electricity) is derived from the Grid Emission Factor (GEF) in Malaysia published by the EC.

[#] This data has been subjected to independent assurance. The Independent Limited Assurance Report is included on pages 159 to 161 of this Report.

Management of Material Sustainability Matters

Total Building GHG Emissions Intensity (Scope 1 and Scope 2 Combined) (tCO₂eq/sq. ft.)

Coverage: Entire operations including the Manager's headquarters (100%)

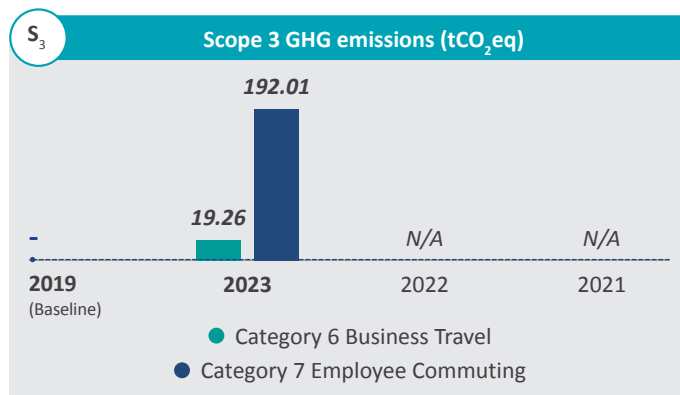


Notes:

- Data for 2019 (Baseline), 2021 and 2022 were restated to:
 - Include energy consumption for the Manager's headquarters.
 - Update the calculation methodology for the gross floor areas of all multi-tenanted properties.
- In 2023, the Manager expanded the scope and boundary to include 2 newly-classified multi-tenanted properties.
- Data presented above covers all 12 multi-tenanted properties (including the Manager's headquarters) that are directly managed by the Manager.
- Total building GHG emissions intensity is calculated by dividing total Scope 1 and Scope 2 emissions emitted from the common areas of our multi-tenanted properties by the total common areas of these properties.

Scope 3 GHG Emissions

In 2023, the Manager started tracking our Scope 3 GHG emissions, which cover Category 6 Business Travel and Employee Commuting. We will explore expanding the monitoring of Scope 3 GHG emissions to cover emissions from our value chain.



Notes:

- Scope 3 GHG emissions data only covers Category 6 Business Travel and Category 7 Employee Commuting, and is only available for 2023, which is when the Manager began tracking the data.
- The calculation methodology of Scope 3 GHG emissions is derived from GHG Protocols – Technical Guidance for Calculating Scope 3 Emissions and UK Government GHG Conversion Factors for Company Reporting from the Department for Environment, Food and Rural Affairs (DEFRA).

[#] This data has been subjected to independent assurance. The Independent Limited Assurance Report is included on pages 159 to 161 of this Report.








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. We will also explore Building Management Systems and engaging external consultants to identify future opportunities to reduce energy consumption. This will include the enhancement of air-conditioning systems, exploring energy-efficient options for lighting, and optimising circuit designs.

Recognising the potential impacts of climate change on our business operations, we will implement flood mitigation plans for high-risk properties. We will also undertake to identify both physical and transition climate-related risks and opportunities across the Fund's portfolio, given their potential material impacts on the Fund.

The Manager places a high priority on working towards the established goals and achieving our targets within the next 5 years. We may also explore establishing energy and carbon intensity targets to better monitor our performance, allowing for comparisons across differences in our portfolio composition.

Management of Material Sustainability Matters

Water Management		Capitals	Business Risks
		 Natural	 Environmental
		Strategic Pillars	
		 Facilities Management	 Development
		SDGs	GRI
		 6 CLEAN WATER AND SANITATION	 13 CLIMATE ACTION
		303: Water and Effluents	

The Manager recognises water management as a critical component in our sustainability journey. We are dependent on an adequate supply of high-quality water. This feeds into both our own operations, supporting air-conditioning systems, washroom facilities, cleaning, construction, fire protection and many other essential property functions, as well as those of our tenants, facilitating their respective business operations.

Our position as a real estate owner and developer puts us in a strong position to promote and enforce sustainable water management practices. We are able to champion the conservation and optimisation of water use through the installation of water-efficient sanitary fittings, smart water management technologies, and water recycling features such as rainwater harvesting. We also promote water conservation practices in our day-to-day activities, and are vigilant in monitoring for undetected leaks, improper wastewater treatment, and excessive water use, which can have significant financial and environmental costs.

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 in the common areas of Axis-REIT's multi-tenanted properties.

Our water management initiatives also cover water quality assessments. Towards this end, we engage a certified service provider to conduct weekly assessments on the water quality for our cooling tower systems, and dispatch water samples to a laboratory for comprehensive testing every 6 months. We also send water samples from sewage treatment plants (STP) to independent labs every 2 months to check for bio-chemical oxygen demand and suspended solids in order to comply with the Malaysian Department of Environment's (DOE) requirements and standards.

The Facilities Management Team oversees water management matters across the Fund's operations. Monthly records and reports of water consumption at common areas in multi-tenanted properties (which are under the direct control of the Manager) are prepared and analysed by the respective Facility Manager. We also actively raise awareness

on water conservation during meetings with tenants and through our Renovation Manual. Where possible, we install water efficient rated fittings for both multi-tenanted and single-tenanted buildings during AEIs and new developments.

We are pleased to note that during the reporting year, there were no cases of non-compliance with local environmental laws and regulations.

Initiatives










Our water management approach emphasises the conservation and optimisation of water usage across the portfolio. Concurrently, we also endeavour to minimise the impact of water disruptions to our tenants' and our own daily business operations.

In 2023, we continued our sustainable water management practices for our development projects and major AEIs, building on the previous year's initiatives. These sustainable water management practices have been adopted as part of the Manager's ESG strategy for development projects and major AEIs, and contribute to the green building certification process. Part of this process includes water management initiatives that are detailed in the table overleaf:

Management of Material Sustainability Matters

ESG Strategies for Efficient Water Management in Development Projects and Major AEIs	
Water Efficient Fittings	Use of Water Efficiency Labelling Scheme-rated water fittings to reduce potable water usage.
Water Usage and Leak Detection	Use of sub-metering to enhance monitoring and leak detection for major water consumption functions (i.e., for landscape irrigation, in washrooms, etc.).
Alternate Water Sources	Utilising harvested rainwater for non-potable applications, such as landscape irrigation and general cleaning, to minimise potable water consumption.
Irrigation System and Landscaping	Using drought-tolerant plants for landscaping purposes to minimise potable water consumption.
Water Efficiency Improvement Plans	Implementing water efficiency improvement plans and regularly reviewing the progress on water saving targets.

Other water management initiatives:

 <p>Creating awareness among tenants and maintenance personnel on water conservation.</p>	 <p>Installing rainwater harvesting systems at selected single-tenanted buildings.</p>	 <p>Monitoring monthly water consumption at multi-tenanted buildings.</p>	 <p>Upgrading air-conditioning systems, from water-run systems to air-run systems.</p>	 <p>Undertaking annual cleaning of water tanks and installation of water filters.</p>
 <p>Reviewing water storage capacities and requirements across the portfolio, as well as installing water-efficient sanitary/plumbing fittings.</p>	 <p>Identifying leaks promptly through monitoring of utility meters/bills and preventative maintenance checks.</p>	 <p>Installing additional tanks/increasing tank storage capacities to be better-prepared for water disruptions.</p>	 <p>Conducting scheduled building audits that include water management practices.</p>	

Targets & KPIs

In 2022, the Manager established a target to reduce the water consumption at Axis-REIT's multi-tenanted buildings. With the various water management and reduction initiatives, we endeavour to continuously improve our water use efficiency and reduce our water consumption.

Target

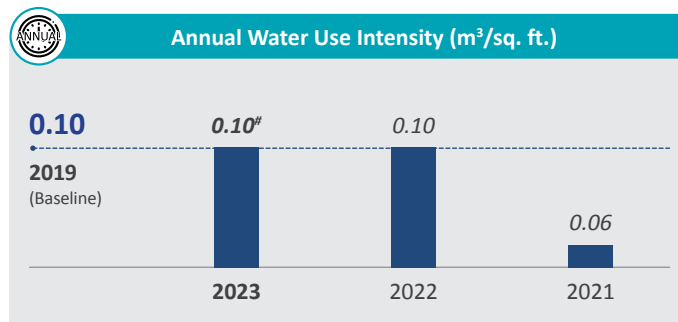
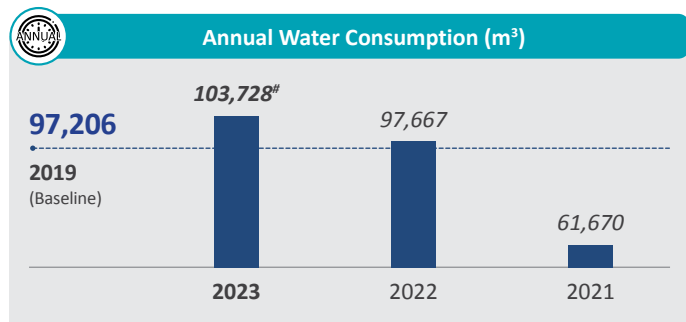
To reduce water consumption at Axis-REIT's multi-tenanted buildings by at least 1% from baseline data set in 2019, over 5-years (2022-2026).

Performance Tracking

In 2023, overall water consumption increased by 6.7% from the baseline year of 2019.

Management of Material Sustainability Matters

In 2023, total water consumption across Axis-REIT's multi-tenanted buildings increased by 6.7% from the baseline data established in 2019. This was attributed to an increase in space occupancy in the Fund's multi-tenanted properties as tenants scaled back on work-from-home practices, which brought staff back to physical offices. The increased water consumption was also attributed to the conversion of 2 single-tenanted properties to multi-tenanted properties with common areas under the direct control of the Manager, namely Axis Industrial Facility 1 @ Shah Alam and Axis Shah Alam Distribution Centre 3.



Notes:

1. Annual water consumption data for 2022 was restated due to an error in data collection.
2. Annual water use intensity for 2019 (Baseline), 2021 and 2022 were restated to reflect an update in the calculation methodology of the gross floor areas for all multi-tenanted buildings.
3. Total annual water consumption is derived from the water bills of the common areas of the Fund's 12 multi-tenanted properties.
4. The data presented is obtained directly from water meters, which is equivalent to the water withdrawn from municipal potable water.
5. The source of water withdrawal is municipal potable water only.
6. 2019 has been selected as the baseline year as it is representative of pre-pandemic operating conditions.
7. Water Use Intensity (WUI) is calculated by dividing total water consumption over the total common area of multi-tenanted properties (which are under direct control of the Manager).
8. The calculation method for WUI is based on sources from the Leadership in Energy and Environmental Design (LEED) rating system and Energy Star (trademarked ENERGY STAR) - a programme run by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy.

Outlook

Our water management efforts will continue to focus on water conservation and optimisation. We remain committed to implementing water saving practices for multi-tenanted properties while also raising awareness of the importance of water conservation among vendors, employees and tenants.

In the coming years, we plan to continue conducting scheduled building audits that include water management practices. These comprehensive audits will also include actively gathering water data from tenants in large warehouse and manufacturing facilities. Additionally, the Manager aims to explore the potential benefits of underground water storage tanks and Building Management Systems to identify opportunities to further optimise water consumption. These initiatives are expected to improve our water management practices and drive us towards our target of reducing water consumption by 1% over the next 5 years (2022-2026), based on the total volume of water consumed at our multi-tenanted properties.

We may also explore establishing water intensity targets to better monitor our performance, allowing for comparisons across differences in our portfolio composition.

Management of Material Sustainability Matters



Waste Management



Capitals	Business Risks	
 Natural	 Environmental	
Strategic Pillars		
 Facilities Management	 Development	 Investment
SDGs	GRI	
  	306: Waste	

As a responsible property owner and developer, the implementation and enforcement of effective waste management practices are a strategic priority for Axis-REIT. Efficient waste management is essential in mitigating the Fund's environmental impact, especially as its portfolio expands. Improper waste management could adversely affect the environment and our surrounding communities, which would pose operational challenges and expose the Fund to potential legal and reputational risks.

The Manager strictly enforces proper handling of waste to minimise our environmental footprint and to avoid inciting potential health and safety issues on our stakeholders. The Property Management Team is responsible for waste management practices at the Fund's multi-tenanted properties, AEs, and development projects.

Our waste management practices aim to reduce the volume of waste bound for disposal, and are guided by our Environmental Policy, Renovations Manual and the 5R concept, i.e., to Refuse, Reduce, Reuse, Repurpose and Recycle, in terms of managing waste.

Towards this end, we have incorporated ESG-related requirements and criteria in our supplier and tenant selection process to ensure

that they are prepared to uphold our waste management practices. We also implemented waste measuring, monitoring and reporting initiatives to identify waste streams and where possible, minimise waste going to landfills through the 5R concept.

In general, the Fund has 2 broad categories of waste, namely:



General waste

General waste broadly refers to waste collected from the multi-tenanted buildings in our portfolio. The Manager appoints third-party service providers to collect general waste along with recyclables and e-waste from our multi-tenanted properties. General waste is collected on alternate days, while both recyclable waste and e-waste are collected twice a month.

At the point of collection, the volume of waste is weighed, documented and acknowledged by the respective Facility Managers and verified by the HSSE Manager.



Construction waste

Construction waste refers to waste generated from our development projects as well as major AEs. These comprise hoarding, timber, steel bars, scrap metal, debris and other construction material waste generated as a result of our construction, renovation and refurbishment activities.

We work with our contractors and suppliers to recycle and reuse building materials where possible. This is to reduce the disposal of construction waste from our brownfield developments and AEs, noting that the ability to reuse or recycle construction waste is highly dependent on the types of waste involved. Our management of construction waste also includes the 5R concept and the safe disposal of hazardous waste, which is prescribed by our Renovation Manual.

The Manager appoints an outsourced green building consultant and on-site contractors to monitor and document the volume of construction materials that are reused and recycled, along with the volume of construction waste generated at development projects and AEs.

Management of Material Sustainability Matters

We initiated documenting our waste collection data in 2022 and have used this to establish a baseline for target setting in our waste management initiatives. Data from subsequent years are used to evaluate our progress in managing waste effectively and achieving the Fund's overall sustainability goals.

Initiatives

In 2023, we continued our commitment to sustainable material sourcing and waste management by maintaining such practices across our development projects and major AEs. These initiatives, which were introduced in 2022, are in compliance with our ESG strategy of minimising the disposal of waste to landfills and also contribute towards green building certification.

ESG Strategies for Efficient Waste Management at Developments Projects and Major AEs	
Environmental Management Practice	<ul style="list-style-type: none"> To implement effective environmental programmes, including the sourcing and use of sustainable materials, 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.
Green Features and Innovation	<ul style="list-style-type: none"> To encourage composting and the use of recycled landscape waste by providing composting bins. To implement effective environmental programmes to minimise demolition waste. To implement effluent quality testing at main outlets to minimise water pollution during construction.

For our property management activities, we have also implemented several waste management initiatives to better monitor, track and subsequently reduce the volume of waste generated at our multi-tenanted properties as well as from our own operations. These initiatives include:

- 1 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 distributing circulars to tenants.
- 2 Monitoring and recording recyclable waste and e-waste generated at our multi-tenanted properties based on records provided by our waste collection contractors. The volume of recyclable waste and e-waste collected from 2021 onwards, as disclosed in the Targets & KPIs section, helps us track recycling trends and identifies areas for improvement.
- 3 Ensuring that general waste is collected by licensed waste contractors and disposed of responsibly, at authorised sites, and in accordance with regulatory requirements.
- 4 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.
- 5 Collecting data on general waste that is not recycled at multi-tenanted properties, in addition to collecting data on recyclable waste.
- 6 Actively reusing and/or recycling construction material for all developments and major renovation projects, and collecting data on these efforts.

Management of Material Sustainability Matters

7 Encouraging our office employees to adopt recycling habits in their day-to-day activities by providing recycling bins in our offices.

8 Conducting training for our vendors, Facility Managers and housekeeping staff on recycling initiatives and proper disposal of waste.

Targets & KPIs

Target

To achieve 10% waste diversion from disposal over a 5-year period (2023-2027), from baseline data set in 2022.

Performance Tracking

In 2023, we recorded a 22.8% increase in general waste collected.

In 2023, we set a target to divert 10% of general waste from disposal over a 5-year period, i.e., from 2023-2027, as measured against baseline data established in 2022.

At the close of the year, we recorded a 22.8% increase in general waste collected from our multi-tenanted buildings, despite a 19.5% increase in the collection of recyclable waste in the same period. While the growth in recyclable waste reflected sustained 5R campaigns, the higher general waste was attributed to an increase in footfall and space occupancy as tenants scaled back on work-from-home practices at our multi-tenanted properties. Concurrently, the inclusion of general waste data from Axis Industrial Facility 1 @ Shah Alam following the property's conversion to a multi-tenanted property in 2023 also added to the volume of waste recorded.

The higher volume of general waste in 2023 deviates from our target of diverting 10% of waste from disposal over 2023-2027. While we are still at the early stages of the 5-year time period, the Manager recognises the need to redouble our waste management efforts to catch up in the coming years.

In our management of construction waste, reuse/recycle initiatives typically peak during the early stages of a development project. Our efforts to manage construction waste in 2023 focused on Axis Mega Distribution Centre (Phase 2), which had commenced development in December 2022. We are pleased to note that we had reused and recycled 88,150 kg in various construction materials such as metal scrap, metal decks and steel bars during the demolition and construction phases of the project.

• Total Waste Diverted from Disposal (kg)

Total Recyclable Waste Collected (kg)	2023	2022	2021
Paper	24,090	19,768	438
Glass/Metal/Aluminium cans	8,795	7,421	184
Plastic	5,930	4,284	196
E-waste	3,895	4,281	82
Total	42,710	35,754	900

• Total Waste Disposed (kg)

Total General Waste Collected (kg)	2023	2022	2021
General Waste	1,183,547	964,010	N/A

Notes:

1. Data for recyclable 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).
3. Data for general waste is derived from documentation provided by waste contractors for multi-tenanted buildings (under the direct control of the Manager).

Management of Material Sustainability Matters

• Composition of Total Waste Generated

Year	Total General Waste	Total Recyclable Waste	Recycling Rate
2023	1,183,547	42,710	3.5%
2022	964,010	35,754	3.6%
% change	22.8%	19.5%	-0.1 percentage points

Note:

1. The recycling rate is calculated using the total amount of recycled waste divided by the total waste generated from our multi-tenanted buildings.

• Total Construction Waste Reused and Recycled at Development Projects/Major AEIs (kg)

Project	Items	Amount	Remarks
Axis Mega Distribution Centre (Phase 2)	Reused Hoarding	1,000 kg	During construction
	Reused Timber	4,000 kg	
	Recycled Steel Bars	3,500 kg	
	Reused Lamp & Cable	2,150 kg	During demolition
	Reused Metal Deck	7,630 kg	
	Recycled Metal Scrap	69,870 kg	

Notes:

1. Data for reused and recycled materials at development projects and major AEIs are monitored by an outsourced green building consultant and on-site contractors.

2. Our ability to reuse or recycle construction waste is highly dependent on the different phases and types of development, as they generate different amounts and types of waste.

Outlook

The Manager is committed to reducing our environmental footprint by adopting effective waste management practices. We will continue to recycle and reuse building materials for brownfield developments and major AEI projects, where possible. This will reduce the volume of waste produced during the construction phase and minimise the Fund's environmental footprint.

The Manager maintains its target of diverting 10% of waste from disposal over the next 5 years (2023-2027) from its 2022 baseline. Towards this end, we will ramp up 5R awareness campaigns via various channels to promote waste reduction practices among employees, tenants and service providers.

Management of Material Sustainability Matters

SOCIAL



Occupational Health & Safety



The health, safety and well-being of our employees, tenants, suppliers, contractors and service providers are paramount to the Manager and the Fund. We uphold high standards of health and safety practices to ensure that we provide safe and conducive environments for our stakeholders.

The Manager has implemented various health and safety measures for the safety and peace of mind of all employees, tenants, suppliers, contractors, service providers and visitors accessing and occupying our properties. These measures are in line with the laws and recommendations stipulated by the Malaysian authorities.

The era of COVID-19 emphasised the importance of having robust OHS policies and measures in place. Since the outset of the pandemic, we implemented various initiatives to safeguard the health, safety and well-being of our people and stakeholders. We stayed on high alert of any OHS-related incidents, responding quickly to situations before they escalated. While the Ministry of Health (MOH) had eased its policies and guidelines in relation to COVID-19 following the reopening of all economic sectors, the Manager continued to enforce selected precautions in the interest of

protecting our people and stakeholders. These included an emphasis on hygiene, disinfection of common areas and compliance with the latest MOH and National Security Council (NSC) guidelines. We also maintained the requirement for all service providers at our multi-tenanted buildings to wear face masks while working in the building.

The Manager addresses OHS matters through its HSE Policy. Developed with reference to Malaysia's Occupational Health and Safety Act 1994 and ISO 45001: Occupational Health and Safety Management System, the HSE Policy sets a clear foundation for all our HSE measures in ensuring the health, safety and well-being of our people and stakeholders. We strive to meet and exceed these requirements, and aim to identify and mitigate any risks related to health, safety, and well-being. 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 the relevant measures to prevent work-related deaths, injuries, 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 systems and performance, and enhancing the HSE competencies of our employees.

The Facilities Management Team ensures the provision of a safe, healthy, and conducive environment across the Fund's operations and multi-tenanted properties. Guided by the updated HSE Policy, which was revised 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. This year, we purchased new equipment for the Emergency Response Team (ERT) such as wheelchairs, stretchers and first aid boxes to strengthen ERT preparedness during emergency situations. The Manager also purchased Automatic External Defibrillators (AED) which will be installed in early-2024.

To create and maintain a safe and healthy environment within our operations, the Manager has a qualified HSSE Manager who conducts regular workspace inspections to ensure employees, service providers and

Capitals



Human



Social & Relationship

Strategic Pillars



Facilities Management



Development

Business Risks



Real Estate Management



Human Resource & IT

SDGs



GRI

403: Occupational Health and Safety

Management of Material Sustainability Matters

contractors engaged by the Manager abide by our HSE Policy and industry best practices on health and safety. We conduct safety induction training for all contractors prior to commencement of any projects/AEIs, and the HSSE Manager conducts onsite assessments on HSE and human rights practices. Adherence to our HSE Policy is also stipulated in our Supplier Code of Conduct.

Initiatives



Safety Culture and Work Environment

We uphold high standards of health and safety, and implement best practices across Axis-REIT's operations. All HSE requirements and expectations are stipulated in our tender documents for compliance by the relevant contractors, and reiterated prior to the commencement of work (pre-mobilisation), as well as during the execution of work. These 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 Providing the relevant parties with access to the Manager's in-house Renovation Manual 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 and facilities 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 of facilities, 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 (CIBD).
- 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 contractors, vendors and service providers. These sessions are conducted during the pre-mobilisation induction training before the issuance of work permits. A total of 48 lessons were conducted for 884 participants in 2023.
- 11 Conducted Cardiopulmonary Resuscitation (CPR) and AED training for employees and procured equipment such as wheelchairs, stretchers, AEDs and additional first aid kits for the ERTs.
- 12 Supported tenants' health-related CSR programmes by way of providing space in our buildings, such as for blood donations, wellness and other health and safety events.
- 13 Conducted annual fire drills with tenants' participation to improve occupants' readiness during actual emergency situations.



Safety Education and Training

Fundamental HSE induction training is compulsory for new employees of the Facilities Management Team and its external service providers and contractors. Contractors undertaking building maintenance, servicing and/or refurbishment work must complete their fundamental HSE training prior to commencing any on-site work.

The Manager also conducts Safety Awareness Programmes for suppliers, contractors and tenants. In 2023, 64 training sessions were conducted, covering various health and safety-related topics. A total of 1,146 participants, comprising employees, suppliers, contractors, and tenants attended these programmes. This year, we included AED training with CPR courses to extend the first aid skills of our people.

In addition to internal programmes, our Facilities Management Team also attended courses for specialised skills and knowledge that were organised by external training providers.

In 2023, a total of



1,146
participants

attended **64 training sessions** covering various health and safety-related topics.



Management of Material Sustainability Matters

An overview of the health and safety training programmes conducted/attended during the year is presented below.

Course Name	Participants	Topics/Coverage	Total Number of Participants
HSE Awareness Training	Tenant's employees	Awareness training on Safety & Environment	16
Fire Protection Systems (FPS)	Representatives of the Property Manager	Fire Safety Requirements for Buildings, Laws & Regulations	31
KeJaRi 4.0 OSH National Seminar & Exhibition	HSSE Manager	National Seminar 2023 organised by DOSH	1
Asia Pacific Occupational Safety & Health Organisation (APOSHO) 2023 Conference	HSSE Manager	Conference for Asia Pacific Occupational Safety & Health Organisation 2023, hosted by the Malaysian Society for Occupational Safety and Health (MSOSH)	1
CPR and AED Awareness Training (2 sessions)	Representatives of the Manager and Property Manager	Basic CPR training with use of AED devices	53
Emergency Response Plan (ERP) & Roles and Responsibilities of ERTs	ERT members at Axis Industrial Facility 1 @ Shah Alam	Training on the ERP and ERT roles & responsibilities to ensure their preparedness during emergency situations	27
Fire Drill & Safety Coordinator briefing (9 sessions)	ERT members and Safety Coordinators (tenant representatives)	Coordination briefing between building ERT members and tenants' Safety Coordinators (point persons designated by tenants)	133
Safety Induction Training (48 sessions)	Contractors/vendors/service providers	Safety requirements, HSE Policy, regulatory requirements, hazard risk assessments	884
TOTAL			1,146

Targets & KPIs

The Manager is pleased to report that we achieved zero work-related injuries in 2023, and did not incur any fines or incidents of non-compliance with OHS regulations.

We attribute this clean record to the success of our health and safety initiatives, and the commitment of our stakeholders in prioritising OHS in their day-to-day operations. We will continue to organise OHS training and awareness programmes, as well as track, report and monitor areas for improvement.

Injury Cases			
	2023	2022	2021
Fatalities	0 [#]	0	0
Lost time injuries	0 [#]	0	0
Restricted work cases/medical treatment	0 [#]	0	0
First aid	0 [#]	0	0
Lost time incident rate	0 [#]	0	0

Non-injury Cases			
	2023	2022	2021
Fire/explosion	0 [#]	0	0
Property/equipment damage	0 [#]	0	0
Environmental pollution	0 [#]	0	0
Summons received	0 [#]	0	0

[#] This data has been subjected to independent assurance. The Independent Limited Assurance Report is included on pages 159 to 161 of this Report.

Management of Material Sustainability Matters



Absentee Rate

	2023	2022	2021
Male	1.12% [#]	2.50%	1.04%
Female	1.20% [#]	1.04%	0.91%

Note: The Absentee Rate is the total absentee days divided by the employees' total scheduled working days in the reporting period, expressed as a percentage, as defined by GRI 403: Occupational Health and Safety 2016.



Safe Days

	2023	2022	2021
During the year	365 [#]	365	365
Since 29 August 2019	1,585	1,220	855

Note: Safe days are defined as days with no lost time injuries (i.e. severe injuries where a worker is incapacitated for more than 4 consecutive days).



Non-compliance Incidents/Fines

	2023	2022	2021
Incidents of non-compliance with HSE Policy	0 [#]	0	0
Incidents of non-compliance with applicable laws and regulations*	0 [#]	0	0
Amount in fines incurred for regulatory non-compliance (RM)*	0 [#]	0	0

Note: * In reference to non-compliance to the rules, regulations or by-laws of the relevant local municipal councils/DOSH/BOMBA.

Outlook

We endeavour to continually improve our HSE practices to provide a safe and conducive space for our employees, tenants and visitors. In 2024, we will continue to organise HSE-related training and events for our tenants of multi-tenanted buildings. These will include annual fire drills and AED training to improve occupants' readiness in the event of actual emergency situations.

Towards the end of 2023, there was a resurgence in COVID-19 cases, along with other infectious diseases such as respiratory-related illnesses. The Manager will stay vigilant of the latest health developments and be ready to implement the necessary precautionary measures as directed by MOH to safeguard the health and well-being of our people.

Our HSSE Manager will continue to conduct periodic HSE and human rights audits at our site offices/project sites to assess not just our practices, but also those of our contractors' to identify areas of improvement.

Management of Material Sustainability Matters



Talent Development



Capitals	
Human	Financial
	Intellectual
Strategic Pillars	Business Risks
Governance	Human Resource & IT
SDGs	GRI
	404: Training and Education

We take pride in investing in our people, and continuously provide training opportunities for our employees to build their skills and competencies. We firmly believe that the knowledge and expertise of our people are key inputs to how we create value, and that an empowered team is the cornerstone of our achievements. In the past year, we remained committed to upskilling and reskilling our people, and amplified our efforts to invest in their growth and expertise.

The Human Resource department and heads of departments (HODs) are responsible for identifying, developing, and implementing training programmes for their respective team members.

The Manager provides both internal mentoring and coaching programmes, as well as external training by the relevant industry experts. By arming our employees with the latest industry knowledge, technological advancements, and management techniques, we drive operational efficiencies and maintain the Fund's competitive edge in the ever-evolving real estate market. Beyond the enduring advantages of the Fund's operational gains, such upskilling programmes carry intrinsic value to our employees, offering personal development and career advancement opportunities, which also builds employee engagement, satisfaction and loyalty.

Key Initiatives

The Manager undertook the following initiatives in 2023, which are part of ongoing efforts in our talent development programmes:

- 1 Conducting annual performance 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 2023, 100% of our employees undertook the appraisal process.
- 2 Providing both general as well as targeted learning programmes for all employees. These programmes aim to address any competency gaps and to align our employees' capabilities with their personal ambitions and professional needs.
- 3 Assigning a 'buddy' for each new employee to create a support system to help new hires acclimatise to their new roles.
- 4 Providing training opportunities for employees to ensure continuous compliance with the relevant regulations, PDPA, cybersecurity guidelines, as well as health and safety policies. We engaged our retainer solicitors to conduct training sessions on PDPA for Directors and employees in July and September 2023 respectively. The course covered guidelines and best practices to avoid mishandling of personal data and information by all employees. Ongoing training and assessment exercises on the risk of cyber threats were also conducted for all employees to improve cybersecurity defences. Separately, CPR and AED awareness courses were also organised to equip our employees with lifesaving knowledge.

Management of Material Sustainability Matters

Employee Training Programmes

In 2023, the Manager organised various training programmes for its employees. These programmes aimed to develop and retain well-rounded employees who in turn, will strengthen our operations.

Amid a growing, industry-wide emphasis on sustainability, we are also ensuring that our people have the relevant knowledge and capabilities to support the Fund's ESG ambitions. Towards this end, we organised ESG-related workshops and courses to improve our internal ESG capabilities. We also organised online interactive cybersecurity awareness programme to ensure our employees have the necessary know-how and awareness to safeguard our data from potential cyber threats. Topics on essential security, email security, introduction to phishing, malware attacks and mobile device security were covered in the training.

Types of Training Programmes	Type of Programme (Internal/ External)	Platform (Physical/ Virtual)	Frequency	Target Group	Number of Participants
TCFD awareness training	External	Physical	Ad-hoc	HODs and the Marketing & Sustainability Manager	11
Strategy & Risk Workshop	External	Physical	Yearly	HODs and the Marketing & Sustainability Manager	10
Fire Protection System Training	External	Physical	Ad-hoc	Selected Facilities Management employees	31
Cybersecurity Awareness Programme	External	Virtual	Quarterly	Employees with corporate email access	56
CPR & AED Awareness Training	External	Physical	Ad-hoc	Representatives of the Manager and Property Manager	53

Targets & KPIs

Employee Training

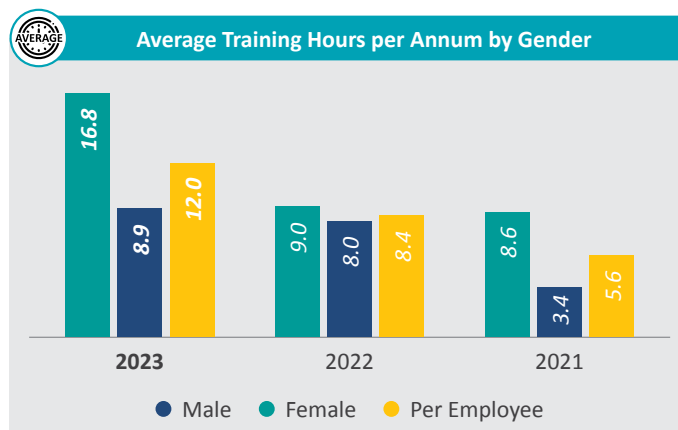
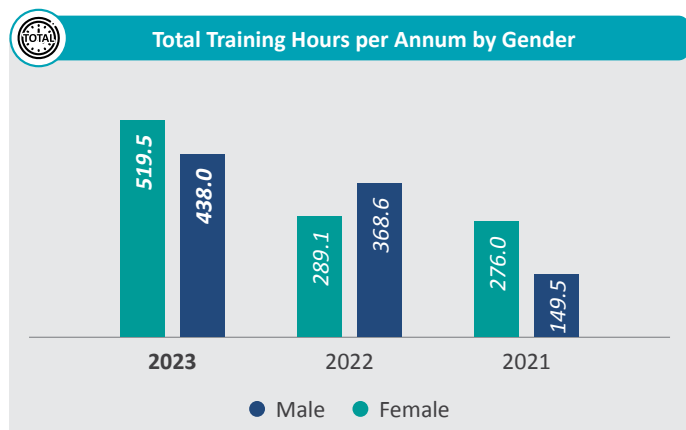


Target:
to ensure all employees attend at least

1 training programme a year

In 2023, 80 employees collectively completed a total of 957.5 training hours, which translates to an average of 12 training hours per person. This was a 42% increase from the 8.4 training hours per employee recorded in 2022.

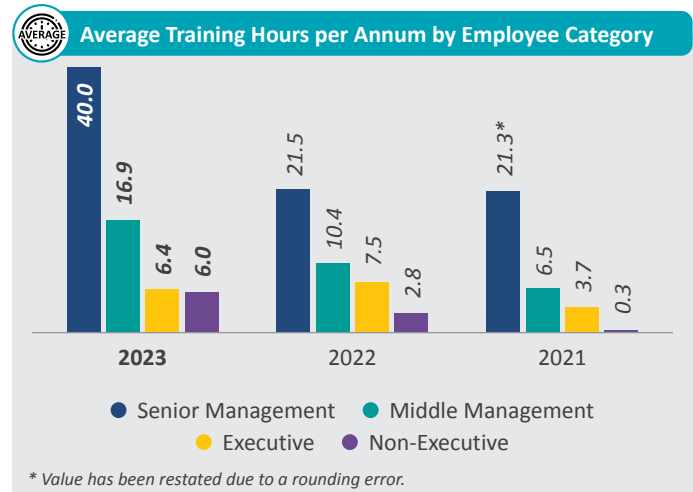
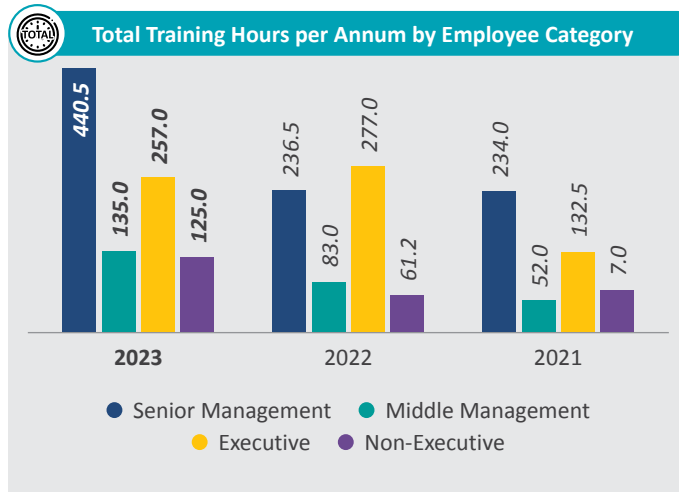
A breakdown of the average number of training hours by gender and employment category are presented in the following tables:



Note:

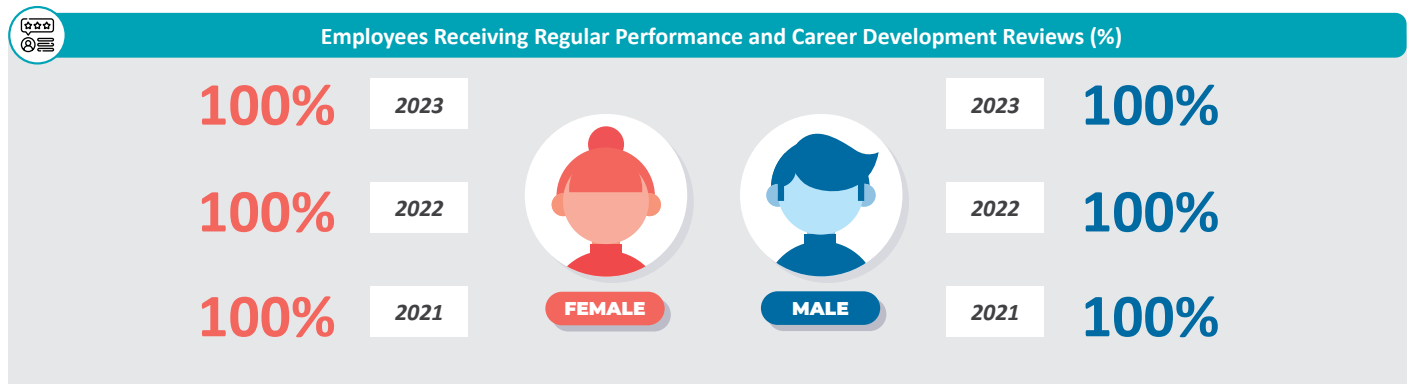
1. Average training hours per employee by employment category is calculated based on the methodology prescribed in the GRI Standards.

Management of Material Sustainability Matters



Note:

1. Average training hours per employee by employment category is calculated based on the methodology prescribed in the GRI Standards.



Total Training Hours for Each Type of Training Programme

Type of Employee Training Programme	Total Training Hours
Cybersecurity	42.5
Health and Safety	317
PDPA	80
ESG/Sustainability	152
Risk and Strategy	80
Administrative/Operations	106.5
Regulatory	179.5

Outlook

The Manager will continue conducting the relevant talent development and training programmes to ensure our employees have robust learning and upskilling opportunities. These programmes will focus on the necessary technical competencies and compliance matters, and will be conducted via both physical and virtual courses. We remain committed to upskilling our people to ensure our employees have opportunities for career and professional development, and to ensure their capabilities and skillsets continue to meet the Fund's evolving needs. We will also see that our employees are supported through the appropriate wellness training programmes to promote employee satisfaction and well-being.

Management of Material Sustainability Matters



Diversity & Inclusion



Capitals	
Human	Financial
Strategic Pillars	Business Risks
Governance	Human Resource & IT
SDGs	GRI
	401: Employment 405: Diversity and Equal Opportunity

The Manager champions a diverse workforce across our operations through diversity in gender, ethnicity and cultural backgrounds. Our strength as an organisation is intrinsically linked to our capacity to leverage the diverse thinking, skills, backgrounds, experience and leadership styles of our people. We aim to cultivate an inclusive and meaningful employee experience, where our workforce actively contributes to creating significant environmental and social impacts through their daily efforts. This is achieved by placing strong emphasis on employee welfare and equal opportunities at work.

The Human Resource department manages employee benefits, welfare and handles all employee relations matters within the organisation. These efforts are guided by the Personnel Policy Handbook, which defines the policies and benefits applicable to all employees. We have formalised 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 in the Board Charter.

In 2022, we raised our commitment to diversity and inclusion by integrating them as priorities in our Code of Conduct. The Manager commits to eradicating discrimination based on gender, race, nationality and cultural background. Our policy guarantees equal access to training, support, career progression and compensation for all employees. Complementing our Code of Conduct, guidelines from the Personnel Policy Handbook direct the Manager to cultivate an inclusive workspace that appreciates diversity and ensures equal development opportunities for all employees.

Key Initiatives

In 2023, the Manager remained steadfast in its commitment to advancing diversity and inclusion, ensuring equitable treatment for all employees irrespective of gender race, or employment type, i.e., whether they are permanent or contract employees. Upholding this pledge, the Manager's employee benefits include Group Personal Accident Insurance, disability and invalidity coverage, and comprehensive hospitalisation. Our ongoing efforts reinforce a workplace culture where diversity thrives, and every employee is valued, reflecting our dedication to an inclusive and equitable environment. In a concerted effort to ensure diversity and gender equality among members of the Board, the Manager took the necessary steps to maintain at least 30% female representation at Board level as prescribed by the MCCG. As at 31 December 2023, ARMB had surpassed this with 50% female representation on its Board.

Based on the feedback received from our ongoing employee engagement programmes in 2023, the Manager organised group activities and social events for our employees. These included group hiking and badminton sessions, as well as CPR and AED awareness training, which aimed to improve peer-to-peer engagement and trust, bolster a spirit of cooperation and camaraderie, and promote the well-being of employees through active and outdoor pursuits. The activities were well received, and we recorded a participation rate of approximately 90% in our employee engagement programmes in 2023. The Manager also maintained its open-door policy to encourage employees to convey their suggestions and feedback to the managers without discrimination, and consider their input for improvement.

Management of Material Sustainability Matters

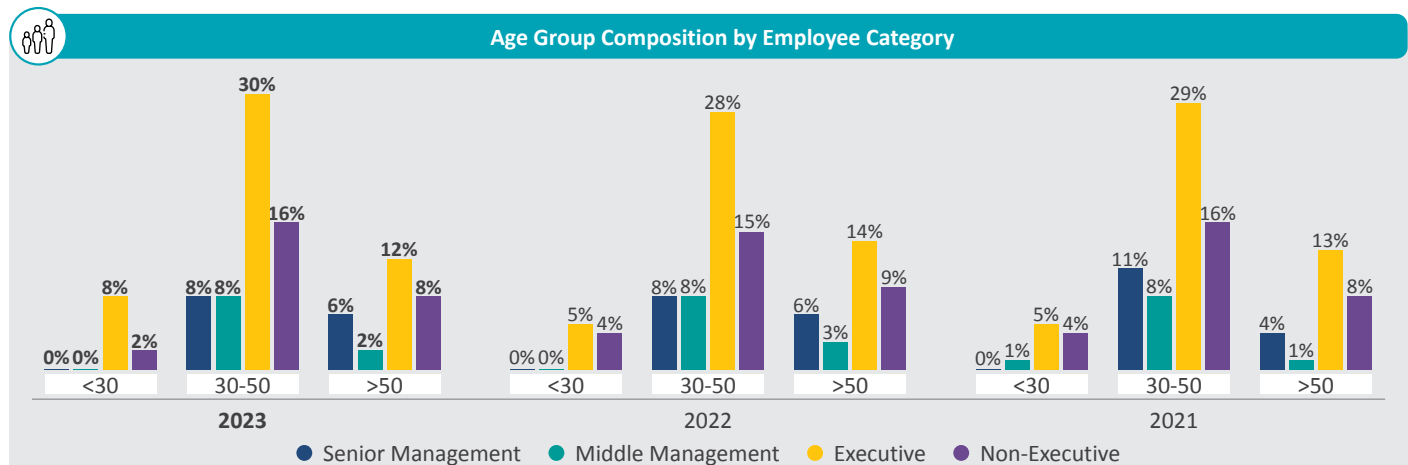
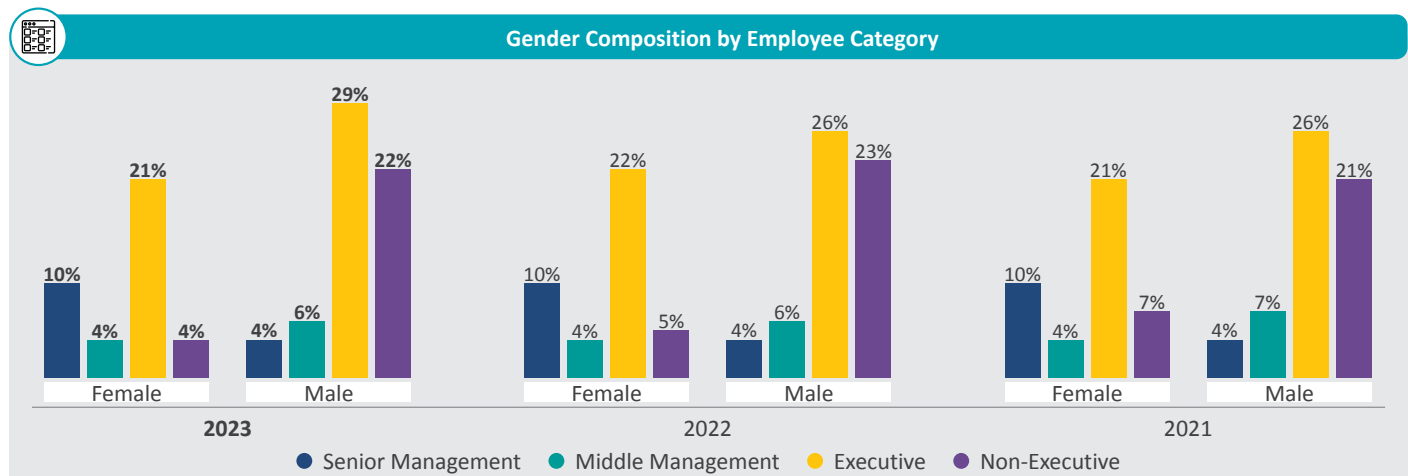
Targets & KPIs

In our efforts to promote diversity and inclusion, we have, over the years, maintained a reasonably balanced ratio of female to male employees. In 2023, the proportion of male employees, at 61%, just edged out their female counterparts, who accounted for 39% of our workforce. Having said that, women are well represented at Senior Management level, where 10% of our female employees are appointed in senior management roles vs 4% of men. The bulk of our workforce is between 30 to 50 years of age, boasting a wealth of knowledge and experience gained from years of industry experience.



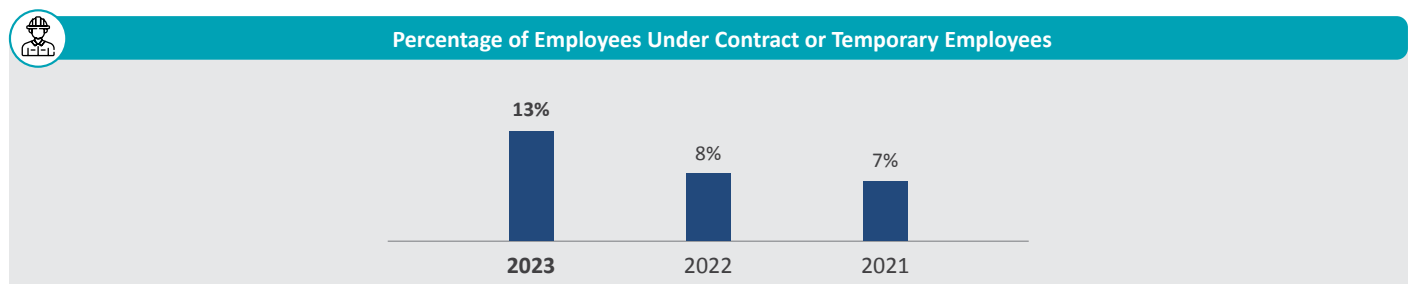
Total Number
of Employees:

80

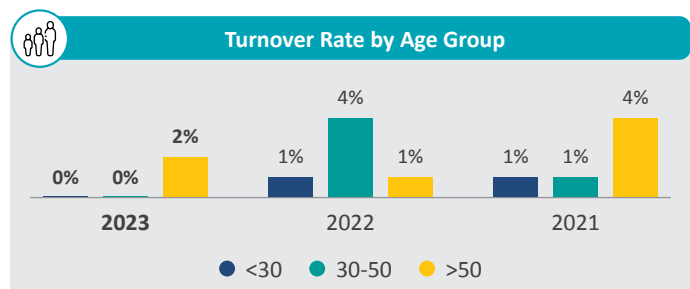
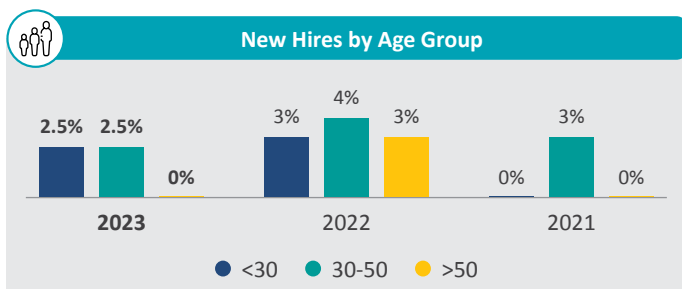
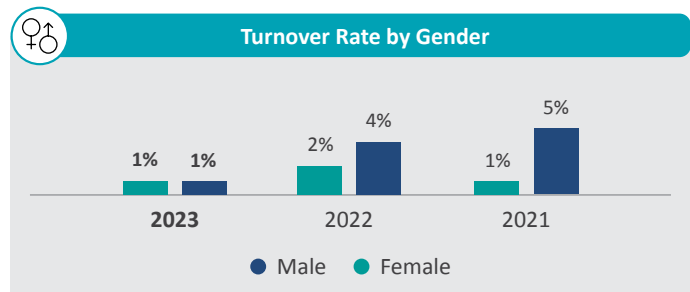
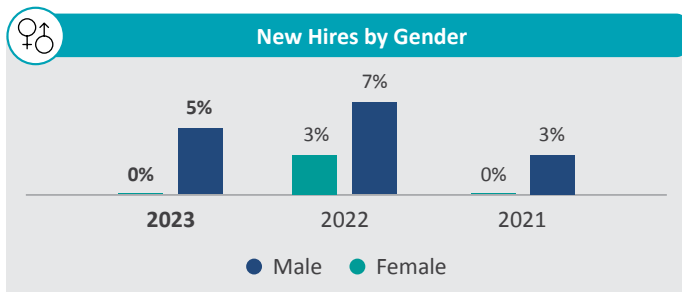
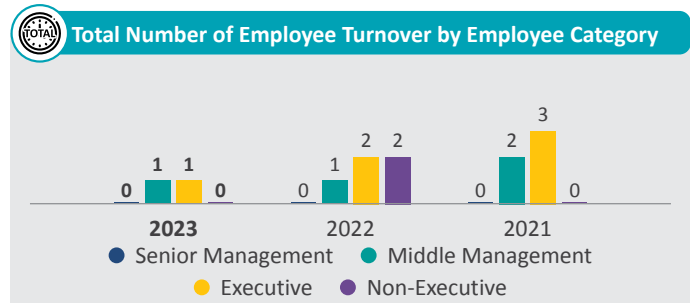
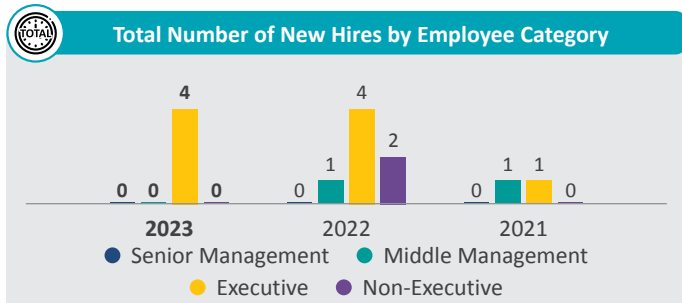


Note:

1. Total headcount as at 31 December: 76 (2021), 78 (2022), 80 (2023).



Management of Material Sustainability Matters



Notes:

- The New Hires Rate is the total number of new employees hired 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).

Notes:

- 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.
- 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).

Parental Leave Statistics by Gender						
	2023		2022		2021	
	Female	Male	Female	Male	Female	Male
No. of employees entitled to parental leave	31	49	32	46	32	44
No. of employees who took parental leave	0	1	0	0	1	1
No. of employees who returned to work post parental leave	N/A	1	N/A	N/A	1	1
No. of employees who returned to work post parental leave and remained in employment for 12 months thereafter	N/A	N/A	N/A	N/A	1	1

Management of Material Sustainability Matters

Gender Pay Gap

Ratio of Basic Salary and Remuneration of Male to Female Employees (Gender Pay Gap)			
	2023	2022	2021
Senior Management	1.0 : 1.1	1.0 : 1.0	1.0 : 1.1
Middle Management	1.0 : 1.1	1.0 : 1.1	1.0 : 1.1
Executive	1.0 : 0.8	1.0 : 0.8	1.0 : 0.8
Non-Executive	1.0 : 0.6	1.0 : 0.7	1.0 : 0.8

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.
3. The tabulated figures have been rounded to the nearest 1 decimal place for standardisation and better data accuracy.

Employee Engagements and Well-Being

We prioritise the well-being of our employees by providing an inclusive environment for our workforce to thrive in. We believe that employee engagement, development and recognition are important to boost productivity in the workplace. Towards this end, we conduct an annual Employee Satisfaction Survey to gauge our employees' satisfaction and to take into consideration their feedback to maintain a high employee retention rate. The survey serves as a platform for our employees to participate in their own career development, by providing a channel for them to share their opinions that will enable us to identify what is required for their professional growth.

This year, we added questions in our Employee Satisfaction Survey to gauge opinions on workplace culture, compensation and benefits packages, and employee engagement activities. We used the data collected from the survey to help us plan for future employee engagement programmes and training. We also tracked employee satisfaction levels and feedback to shape future employee policies and to maintain a high employee retention rate.

Targets for 2024:

To conduct at least **2** employee well-being trainings.

To conduct at least **2** employee group activities.

Type of Employee Engagement and Well-Being Programmes	Frequency	Target Group
Annual Dinner	Annual	All employees
Company Trip	Annual	All employees
Private Health Insurance	Annual	All employees
Long Service Award	Annual	Eligible employees
Axis Education Fund	Annual	Eligible employees' children
Fitness activities (badminton and hiking)	Ad-hoc	All employees
Wellness activities (CPR and AED awareness training)	Ad-hoc	All employees

Employee Satisfaction	2023	2022	2021
Number of Employees Who Took the Employee Satisfaction Survey	66 employees (82.5%)	72 employees (92.3%)	N/A
Net Promoter Score	8.29	8.44	N/A

Management of Material Sustainability Matters

Outlook

We will continue to create an inclusive and conducive work environment to boost employee engagement and productivity. In 2024, we aim to improve our employee engagement procedures and initiatives by incorporating feedback received from our ongoing employee engagement programmes.

Given the high participation rate and favourable feedback on the employee health and wellness initiatives held in 2023, namely badminton, hiking, as well as CPR and AED awareness training, we will extend such activities into 2024. We will also continue to sustain a balanced gender composition in our workforce and initiate programmes to attract talents from diverse backgrounds and cultures.



The Manager's employee engagement and well-being programmes

Management of Material Sustainability Matters



Human Rights & Labour Practices



Capitals		Strategic Pillars	
	Social & Relationship		Facilities Management
	Development		Governance
Business Risks			
	Global		Human Resource & IT
	Real Estate Management		
SDGs		GRI	
	8		10
	16		
		409: Forced or Compulsory Labour 412: Human Rights Assessment	

The Manager upholds the highest standards in labour management and human rights-related practices both within our operations and throughout our supply chain. We are committed to preserving fair, ethical and just treatment of workers, and do not condone any act of forced or child labour within our business operations and across our value chain.

The Manager's employment practices rigorously comply with Malaysia's Employment Act 1955, and we are fully committed to safeguarding the rights of our employees and promoting fair labour practices within our organisation and throughout our supply chain. Our policies governing our approach to the preservation of human rights and fair labour practices are embedded in the Manager's Code of Conduct and extend to our suppliers via our Supplier Code of Conduct.

The Manager adheres to the requirements for working hours, working conditions, freedom of association and minimum wages stipulated under Malaysia's Employment Act 1955, the Occupational, Safety and Health Act 1994, and other applicable acts and regulations that address human rights in the workforce. We actively promote a healthy work-life balance among employees, and ensure that none of

our employees receive compensation below the prescribed minimum wage. Further, we support and encourage employees to partake in community activities, on the condition that such activities do not create conflict-of-interest situations.

We apply our human rights and fair labour framework to our suppliers, as compliance to human rights and labour practices is essential throughout our supply chain. We believe this is a critical component in safeguarding the reputation and success of the Fund.

This Supplier Code of Conduct mandates our supply chain to uphold the same standards as the Manager, addressing various behaviours, policies and practices that our suppliers and contractors must adhere to. These include fair labour practices, human rights considerations and health and safety policies. It also references our Whistle-Blowing Policy for the reporting of any incidents of non-compliance, including any unlawful or unethical business practices that contradict the framework.

Our Property Management Team conducts annual compliance assessments on suppliers. This framework ensures the alignment and strict compliance of the Manager's labour practices, as well as those of our contractors and suppliers, with human rights standards

and Malaysia's employment laws. Our labour practices strictly prohibit any form of child or forced labour within our business operations and across our supply chain.

Details on how we communicate and enforce the Supplier Code of Conduct is presented in the "Responsible Supply Chain" sustainability matter.

The Human Resource department is the custodian of all employment-related matters, ensuring that all our employment practices conform to local employment laws and labour standards.

The Manager maintains an "open door" policy for employees to raise any concerns regarding human rights violations with Senior Management. Our Whistle-Blowing Policy establishes whistleblowing channels to facilitate the reporting of issues such as sexual harassment, discrimination, and endangerment to health and safety, along with other misconduct and malpractices including violations of human rights and fair labour practices. The policy urges employees to report genuine cases of such improprieties to their immediate supervisors. Alternatively, employees can also escalate such reports to the CEO or to ARMB's Independent Non-Executive Directors, if they feel the handling of the matter would be otherwise compromised.

Management of Material Sustainability Matters

Our Whistle-Blowing Policy was updated in 3Q 2023 to designate our current Independent Directors as recipients of whistleblowing reports, replacing the outgoing independent directors who had stepped down.



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

Initiatives

The Manager has implemented the following initiatives to uphold human rights and fair labour practices:

- 1 Conducted an assessment on the contractors' compliance with ESG requirements for the Axis Mega Distribution Centre (Phase 2) development project. The assessment was undertaken by our outsourced Internal Auditors in August 2023.

Initiatives implemented to uphold human rights and fair labour practices

- 2 Formulated and conducted onsite human rights assessments on registered key vendors including vendors involved in major repairs and general cleaning services. These assessments commenced in 2Q 2023.

Targets & KPIs

In 2023, there were no incidents, grievances or complaints relating to discrimination, child labour, or forced labour that were raised to the attention of the Manager by employees or external parties such as suppliers, our communities, or the general public.

	2023	2022	2021
Number of substantiated complaints concerning human rights violations	0	0	0

Outlook

The Manager will continue to protect and uphold human rights and fair labour practices both within and throughout our supply chain. We will monitor our contractors' compliance with ESG requirements through ad-hoc site visits and audits conducted on development projects by our outsourced Internal Auditors. We will also continue to undertake onsite human rights assessments on key registered vendors to identify any incidents of non-compliance for further action.



For more information on our supplier assessments, please refer to the Responsible Supply Chain sustainability matter on pages 120 to 122 of this Report.

Management of Material Sustainability Matters



Community Activity & Partnership



Capitals



Social & Relationship

Strategic Pillars



Capital Management



Governance

Business Risks



Global



Human Resource & IT

SDGs



GRI

413: Local Communities

The Manager recognises the impact of Axis-REIT's business operations on the communities in which we operate. As a responsible corporate citizen, we proactively engage with these communities to understand and address their concerns and needs through our Corporate Social Responsibility (CSR) initiatives and development designs. We endeavour to build trust and mutual respect with these communities, and create long-term values through our CSR efforts and initiatives.

The Marketing & Sustainability Manager drives the Manager's Community Activity and Partnership efforts, spearheading initiatives 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 in the immediate vicinities of our operations, but also consider and support underserved areas of the country with greater or more urgent needs. In 2023, our community engagement programmes focused on supporting children's homes near our headquarters. After assessing several potential projects, the Board made the decision to continue a programme that it had initiated in 2022, which provides access for children with disabilities to health-related services. Additionally, the Fund also took on a new initiative, sponsoring the purchase of new van for another children's shelter in the Petaling Jaya area.

The Manager also recognises that the Fund's development projects may potentially have significant negative impacts on the surrounding communities, particularly during construction. As such, our appointed contractors regularly engage with local community leaders to understand the community's concerns and sentiments in order for us to assess and mitigate any negative impacts around our development sites. We also publish our contact details on construction signboards to encourage direct

feedback from the local community, which fosters open communication, builds trust, and addresses concerns directly and more effectively. During 2023, we also worked closely with local authorities to improve the infrastructure fronting our Axis Mega Distribution Centre (Phase 2) development – an initiative which also benefits the local community as a whole.

Key CSR Initiatives

Our CSR initiatives aim to provide direct benefits for their target recipients. Through participation in these initiatives, our employees and tenants also benefit from the opportunity to interact and engage with the communities, understand their emerging needs, and give back to the community. In 2023, the Manager conducted 2 community initiatives and monitored the performance of a long-term project that started in 2022.

Management of Material Sustainability Matters



DONATION OF A VAN FOR A CHILDREN'S SHELTER

Shelter Home for Children, a registered welfare organisation, was established in 1981 to help abused, abandoned, neglected or at-risk children irrespective of race or religion. The home provides protection through its involvement in rescuing and sheltering children from risky and dangerous environments/situations. Upon securing the safety of these children, the home provides a stable, healthy environment to help them overcome any emotional trauma they may carry. Shelter Home for Children currently runs 3 shelters for children, 2 of which are in the Petaling Jaya area and 1 in Kuala Lumpur.

After a detailed needs assessment, the Board chose to sponsor a new, 14-seater van for one of its Petaling Jaya-based homes to replace an existing vehicle that was out of service due to engine failure. Since its handover on 27 December 2023, the new van has been used to transport 11 children to school, to extracurricular activities, to their respective court cases, and for any medical care required. The van supports the home's immediate mobility needs, and contributes to its long-term mission of providing a better future for its wards.



Handover of a van to Shelter Home for Children



PHYSIOTHERAPY AND SPEECH THERAPY FOR CHILDREN WITH DISABILITIES

During 2023, the Fund also sponsored physiotherapy and speech therapy programmes for IQ70+, a home for children with special needs that is registered with the Ministry of Welfare Malaysia and located close to our headquarters in Petaling Jaya. This initiative is an extension to our 2022 programme, where the Fund sponsored weekly physiotherapy and speech therapy sessions for children at IQ70+ over a course of 4 months. As with the 2022 initiative, the 2023 programme also entailed engaging professionally-trained therapists from Pantai Hospital to provide physiotherapy and speech therapy sessions at IQ70+'s home. The 2023 programme ran from June to December 2023, with the Fund reimbursing the hospital directly for its services.

We regularly engage with the caregivers at IQ70+ to track the programme's utilisation and effectiveness. Through this initiative, the Fund sponsored 19 physiotherapy and 23 speech therapy sessions over 6 months. 7 children benefitted from the physiotherapy sessions while another 5 benefitted from speech therapy. The sponsorship helps alleviate IQ70+'s health services costs, which are significant expenses for the home.



Physiotherapy and speech therapy by trained professionals from Pantai Hospital for children with disabilities

Management of Material Sustainability Matters



HANDOVER OF A FULLY-FABRICATED AND FITTED-OUT AMBULANCE TO ST JOHN AMBULANCE OF MALAYSIA (SJAM)

In 2022, we initiated a partnership with SJAM, which led to the Fund's sponsorship of an ambulance for SJAM's operations in Sabah. Our collaboration with this non-governmental organisation (NGO) on this initiative extended through 2023 for the fabrication and fit out of the vehicle, ensuring strict adherence to the standards set by MOH. The ambulance was officially handed over to SJAM in June 2023 at its headquarters in Cheras, Kuala Lumpur, before being shipped via sea to Kota Kinabalu, Sabah, in October 2023 (after securing the essential permits and registrations).

As of November 2023, the ambulance was fully operational, serving a pivotal role in supporting the emergency medical services of Queen Elizabeth Hospital in Kota Kinabalu. This philanthropic commitment underscores the Fund's commitment to the well-being of our broader community. In the spirit of sustained collaboration, we will receive utilisation statistics of the ambulance over the next 5 years.



Handover of a fully-fabricated ambulance to SJAM

CSR Initiatives	Amount Invested (RM)	Outcome	Target Group and No. of Beneficiaries
Donation of a van for Shelter Home for Children, Petaling Jaya	136,000	Transportation for children for school, extracurricular activities, court appearances and medical care.	11 children residing in 1 of the shelter's 3 homes over an estimated vehicle lifespan of 10 years.*
Sponsorship of health services for children with disabilities at IQ70+	45,000	Providing children with disabilities access to 19 sessions of physiotherapy and 23 sessions of speech therapy over 6 months.	Children benefiting from physiotherapy: 7 Children benefiting from speech therapy: 5
Donation of an ambulance to SJAM	N/A (the investment was captured in 2022)	A much-needed additional emergency ambulance service in Kota Kinabalu.	62**

* The number of children in the home vary over time as it is contingent upon referrals from the Ministry of Welfare and the outcomes of their respective court cases or family circumstances.

**No. of patient beneficiaries of the ambulance service since the vehicle entered service in November 2023 to end-December 2023.

Management of Material Sustainability Matters

Targets & KPIs

CSR Initiative Statistics	2023	2022	2021
Total Amount Invested in CSR (RM)	181,000	192,920	200,000
Total Number of Beneficiaries	85***	12**	N/A*

* Not available due to the nature of the project, which entailed the donation of medical equipment and consumables to government hospitals around the Klang Valley area during the height of the COVID-19 pandemic.

** Does not include the estimated number of beneficiaries of the ambulance service (which only entered service in November 2023).

*** Includes the actual number of beneficiaries from the SJAM ambulance service from November 2023 to end-December 2023.

Outlook

Looking ahead, we will continue to monitor our existing long-term community investments and explore new target communities that are in need of support. Our programmes will continue to focus on health and access to services for underprivileged segments, primarily located around our key operational areas. We have allocated RM200,000 for community investment programmes in 2024.

We will also continue our regular engagement efforts with the communities in which we operate, and continue to explore and identify new potential CSR initiatives through a better understanding of their potential social and environmental issues.

Independent Limited Assurance Report on Selected Key Performance Indicators

To the Board of Directors of Axis REIT Managers Berhad (Manager), as the management company of Axis Real Estate Investment Trust (Axis-REIT)

Scope of Work

We have been engaged by Axis-REIT to perform an independent limited assurance engagement in accordance with Malaysian Approved Standards on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) on Selected Key Performance Indicators (Subject Matter Information), marked with a # on the relevant pages of Axis-REIT's Management of Material Sustainability Matters Report for the financial year ended 31 December 2023 (Sustainability Report).

Subject Matter Information

The Subject Matter Information reported in the Sustainability Report on which we provide limited assurance, consists of:

Category	Subject Matter Information	Metric Unit
Environmental - Energy and Carbon Footprint	Total Energy Consumption	MJ and MWh
	Total Building Energy Intensity	MJ/sq. ft.
	Scope 1 GHG Emissions (Genset, Company Vehicle)	tCO ₂ eq
	Scope 2 GHG Emissions	tCO ₂ eq
	Total Building GHG Emissions Intensity (Scope 1 and Scope 2 Combined)	tCO ₂ eq/sq. ft.
Environmental - Water Management	Annual Water Consumption	m ³
	Annual Water Use Intensity	m ³ /sq. ft.
Social - Occupational Health and Safety	Injury Cases (Fatalities, Lost Time Injuries, Restricted Work Cases/Medical Treatment, First Aid, Lost Time Incident Rate)	No./%
	Non-injury Cases (Fire/Explosion, Property/Equipment Damage, Environmental Pollution, Summons Received)	No.
	Non-compliance Incidents/Fines (Incidents of Non-compliance with HSE Policy, Incidents of Non-compliance with Applicable Laws and Regulations, Amounts in Fines Incurred for Regulatory Non-Compliance)	No./Ringgit Malaysia
	Absentee Rate (Male, Female)	%
	Safe Days	No.

Our limited assurance was with respect to the financial year ended 31 December 2023 information and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report, and therefore, do not express any conclusion thereon.

The scope of our work was limited to the Subject Matter Information presented in the Sustainability Report and did not include coverage of data sets or information unrelated to the data and information underlying the Subject Matter Information and related disclosures; nor did it include information reported outside of the Sustainability Report, comparisons against historical data, or the Manager's forward-looking statements.

The boundary of the limited assurance engagement on the Subject Matter Information represents the primary activities of Axis-REIT and the operations of the Manager in managing Axis-REIT. Where indicated, some data are limited to that of common areas of multi-tenanted properties under the Manager's direct operational control.

Reporting Criteria

The Reporting Criteria applied for the reporting of the Subject Matter Information are as follows:

- the Global Reporting Initiative (GRI) Standards; and
- Axis-REIT's internal policies and procedures.

(collectively referred to as the Reporting Criteria)

Independent Limited Assurance Report on Selected Key Performance Indicators

Responsibilities of the Manager of Axis-REIT

The Manager is responsible for the preparation and presentation of the Subject Matter Information in accordance with the Reporting Criteria. The responsibility includes selecting the Reporting Criteria, and designing, implementing and maintaining internal control, using assumptions and estimates that are relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express our conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter Information as presented in the Sustainability Report is not prepared, in all material respects, in accordance with the Reporting Criteria.

We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with the Manager, including performing the engagement in accordance with ISAE 3000. This Standard requires that we plan and perform our engagement to obtain limited assurance about whether the Subject Matter Information as presented in the Sustainability Report is free from material misstatement. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Subject Matter Information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability of the Reporting Criteria used in the circumstances of Axis-REIT for the preparation of the Subject Matter Information, assessing the risks of material misstatement, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information in the Sustainability Report. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Inherent Limitations

Inherent limitations of limited assurance engagements include use of judgement and selective testing of data, which means that it is possible that fraud or error may occur and not be detected in the course of performing the engagement. Our engagement is not designed to detect all weaknesses in the internal control over the preparation and presentation of the Subject Matter Information. Accordingly, there is some risk that a material misstatement may remain undetected.

There are also inherent risks associated with limited assurance engagements performed for non-financial information given the characteristics of the Subject Matter Information and the compilation of source data using definitions and methods for determining, calculating and estimating such information that are developed internally by the Manager. The absence of a single body that establishes the evaluation and measurement criteria for the Subject Matter Information allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and accuracy of data are subject to individual assumptions and judgements. In addition, where the information relies on factors derived by independent third parties, our limited assurance work has not included examination of the derivation of those factors and other third-party information.

Summary of Work Performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance engagement on the Subject Matter Information consists of making inquiries, primarily of persons responsible for the preparation of the Subject Matter Information presented in the Sustainability Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures include:

- Inquired personnel responsible for the Subject Matter Information to gain an understanding of the processes relevant to the engagement in the preparation of the Subject Matter Information and the underlying controls over those processes;
- Inquired personnel responsible for data collection, collation and reporting of the Subject Matter Information for Axis-REIT;
- Identified the risks of material misstatement of the Subject Matter Information whether due to fraud or error and designed and performed limited assurance procedures that were appropriate in the circumstances to obtain sufficient and appropriate evidence, including:
 - (a) undertook site visits at selected location to understand data collection process, source data and relevant assumptions applicable to the sites;
 - (b) checked formulas and inputs used in the calculation of the Subject Matter Information against Axis-REIT's Reporting Criteria; and
 - (c) compared the Subject Matter Information to corresponding information in the relevant underlying supporting documents on a sample basis; and

Independent Limited Assurance Report on Selected Key Performance Indicators

- Checked the appropriateness of the presentation and disclosures of the Subject Matter Information based on the Reporting Criteria.

Although we obtained understanding of Axis-REIT's internal control relevant to the engagement when determining the nature and extent of our procedures, our limited assurance engagement was not designed to provide a conclusion on the effectiveness of Axis-REIT's internal control. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within information technology systems.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*. Accordingly, we are required to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Subject Matter Information as presented in the Sustainability Report has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction on Use

Our work has been undertaken to enable us to express a limited assurance conclusion on the matters stated above in our report prepared solely to the Board of Directors of the Manager in accordance with the terms of our engagement, and for no other purpose or in any other context. We do not accept or assume liability to any party other than the Board of Directors of the Manager, for our work, for this report, or for the conclusion we have reached. We consent to the inclusion of this limited assurance report in Axis-REIT's Integrated Annual Report for the financial year ended 31 December 2023, provided it is clearly understood by recipients of the report that we accept no duty of care to them whatsoever in respect of this report. Any reliance on this report by any third party will do so on its own risk.

Baker Tilly Monteiro Heng PLT

201906000600 (LLP0019411-LCA) & AF 0117

Chartered Accountants

Kuala Lumpur

Date: 20 February 2024

Bursa LINK Sustainability Performance Report

Indicator	Measurement Unit	2023
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Middle Management	Percentage	100.00
Executive	Percentage	100.00
Non-Executive	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	20.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt [^]	3,867.95
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	103.728000
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	53
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	8.00
Senior Management Above 50	Percentage	6.00
Middle Management Under 30	Percentage	0.00
Middle Management Between 30-50	Percentage	8.00
Middle Management Above 50	Percentage	2.00
Executive Under 30	Percentage	8.00
Executive Between 30-50	Percentage	30.00
Executive Above 50	Percentage	12.00
Non-Executive Under 30	Percentage	2.00
Non-Executive Between 30-50	Percentage	16.00
Non-Executive Above 50	Percentage	8.00

[^] This refers to Megawatt-hours.

Bursa LINK Sustainability Performance Report

Indicator	Measurement Unit	2023
Bursa (Diversity)		
Gender Group by Employee Category		
Senior Management Male	Percentage	4.00
Senior Management Female	Percentage	10.00
Middle Management Male	Percentage	6.00
Middle Management Female	Percentage	4.00
Executive Male	Percentage	29.00
Executive Female	Percentage	21.00
Non-Executive Male	Percentage	22.00
Non-Executive Female	Percentage	4.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	50.00
Female	Percentage	50.00
Under 30	Percentage	0.00
Between 30-50	Percentage	17.00
Above 50	Percentage	83.00
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	441
Middle Management	Hours	135
Executive	Hours	257
Non-Executive	Hours	125
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	13.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	0
Middle Management	Number	1
Executive	Number	1
Non-Executive	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	181,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	85

Internal assurance

External assurance

No assurance

(*)Restated

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 Malaysian Code on Corporate Governance (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 Unitholders' best interests 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 SC's Guidelines on Corporate Governance for Capital Market Intermediaries (CGCMI Guidelines). These are in addition to complying with the practices and principles of the MCCG.

Corporate Governance Overview Statement

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:

BOARD'S RESPONSIBILITIES

- 1 Strategic planning, which supports long-term value creation
- 2 Corporate governance, which reinforces ethical, prudent and professional behaviour
- 3 Supervision and oversight of Senior Management towards the accomplishment of the Fund's objectives and mission
- 4 Business plans and the results of their implementation
- 5 Asset management of Axis-REIT's property portfolio
- 6 Risk management and internal controls, including setting the risk appetite and tolerance in the decision-making process
- 7 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

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.

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, HODs, and the Marketing & Sustainability Manager, are responsible for sustainability management and activities across the Fund. The CEO, HODs and the Marketing & Sustainability Manager form the Sustainability Team of Axis-REIT.



BOARD

- Approving ESG strategies and targets/key performance indicators
- Evaluating the overall ESG-related performance on a regular basis
- Overseeing the management of sustainability initiatives, as well as ESG-related risks and strategies

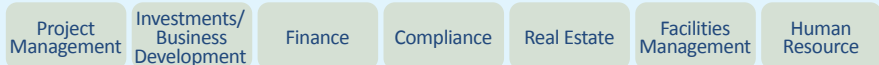


CEO

- Developing and managing sustainability initiatives
- Devising ESG-related strategies in line with business plans
- Assessing the impact and progress of key sustainability action plans
- Ensuring the mitigation of ESG-related risks through the integration of these risks in enterprise risk management procedures



HODs



- Implementing, monitoring and reporting sustainability initiatives, measures and actions that have been set by the CEO and approved by the Board



MARKETING & SUSTAINABILITY MANAGER

- Working closely with the CEO and HODs to implement the approved sustainability initiatives



New in FYE2023:

The Board's responsibilities on sustainability, as contained in the Board Charter, were expanded to include the oversight and management of climate-related risks and opportunities. The Board acknowledged this as the first step towards adopting the TCFD Recommendations.

Senior Management, being responsible for the identification, assessment, and management of climate-related risks and opportunities, has the duty to report to the Board on a periodic basis, such climate-related matters for review and monitoring purposes. The Board shall consider such climate-related matters in its decision-making on business plans and strategies, budgets, including investment and divestment proposals.

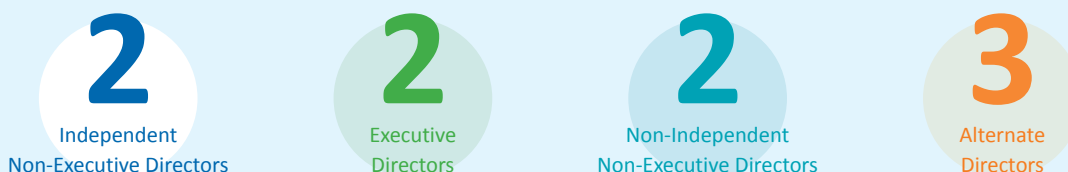
Corporate Governance Overview Statement

Board Composition

The Board comprises a mix of Executive and Non-Executive Directors from diverse professional backgrounds. This allows Senior Management to tap the Board's broad expertise and business experience in deliberating issues pertaining to the management and operations of the Fund.

Board Size

As at 31 December 2023, the Board of Directors comprised the following:



Changes in FYE2023:

- (i) The Board underwent a major change in its composition on 30 May 2023 with the departure of 3 long-serving Independent Non-Executive Directors, who stepped down in accordance with the limit on independent directors' tenures prescribed by the SC's Guidelines on Listed REITs.
- (ii) There was also a change in Alternate Directors on 27 October 2023, when Mr Alex Lee Lao stepped down and Mr Takim Khan Myhre was appointed in his place as the Alternate Director to Dato' Abas Carl Gunnar.

Mix of Skills



Real estate and facilities management



Property management and development



Finance, accounting and taxation



Legal



Entrepreneurship



Human resource and administration

The Board is satisfied with its current composition, given the mix of skills and competencies of its members. The Board further notes that its composition complies with the SC's Guidelines on Listed REITs in terms of independent representation and the SC's CGCMI Guidelines for gender diversity.

Independence and Diversity

1/3

INDEPENDENT DIRECTORS

Complies with the SC's Guidelines on Listed REITs

FEMALE DIRECTORS

Complies with the SC's CGCMI Guidelines

1/2

Corporate Governance Overview Statement

Annual Assessment of the Board, Board Committees and Individual Directors

The Board engaged a third-party consultant, Archer Consulting Group Sdn Bhd (ACG), to facilitate its annual independent assessment of the Board, Board Committees, and each individual Director. ACG conducted these assessments between 26 September 2023 and 3 October 2023 through separate interviews with each Director.



Outcome in FYE2023:

Based on the Nomination Committee's evaluation of ACG's assessment, 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:



Chairman of the Board

- 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



CEO

- Has full executive responsibilities over the execution of the agreed business policies and directions set by the Board, and overall operational decisions in managing Axis-REIT
- Works closely with all HODs through weekly cross-departmental meetings in reviewing matters relating to operational issues, capital management, investment proposals, leasing activities, as well as facilities and project management



Changes in FYE2023:

- There was a change in the Board chairmanship with the departure of YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin on 30 May 2023. He has been succeeded by Dato' Abas Carl Gunnar in accordance with the terms of the Board Charter and the succession plan that was approved by the Board in 2019. Dato' Abas Carl Gunnar had previously served as ARMB's Executive Deputy Chairman.*
- Mr Stephen Tew Peng Hwee @ Teoh Peng Hwee (Stephen Tew) was redesignated from Non-Independent Non-Executive Director to Non-Independent Non-Executive Deputy Chairman on 30 May 2023.*

Corporate Strategy and Target Setting

At the start of FYE2023, 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.

At each of its quarterly meetings, the Board reviewed and assessed the Manager's execution of approved action plans and its progress towards targets and key performance indicators that had been set and approved under the Corporate Sustainability Strategy 2023-2024. The progress, achievements and targets met in FYE2023 are presented in on page 103.



Outcome in FYE2023:

At a strategy workshop held in November 2023, the Sustainability Team formulated enhancements to the corporate strategy with the establishment of an overall financial target as well as non-financial sustainability KPIs. These targets were incorporated in the Corporate Strategy 2024-2025, which was endorsed and adopted by the Board at its first meeting of 2024, convened on 23 January 2024. The Corporate Strategy 2024-2025 is presented on pages 97 to 103.

Corporate Governance Overview Statement

Commitment to Climate Management

As part of the Manager's environmental stewardship, the Board has made a commitment to ensure that the Manager will, in Axis-REIT's transition journey, look into efforts to reduce GHG emissions to as close to zero (carbon neutrality) or to achieve net zero by 2050 or earlier.

Assessment of the Board and the Sustainability Team

The Board, at its final Board meeting for 2023, which was held on 27 October 2023, evaluated the performance of the Sustainability Team. Based on the overall progress and targets met for FYE2023, the Board was satisfied with the team's commitment, progress and achievements during the year.

The Directors were also evaluated for their understanding and commitment to ESG action plans and targets for 2023-2024 during the Board's annual assessment conducted by ACG.



Outcome in FYE2023:

The results of ACG's evaluation revealed that the Directors were committed to monitoring the progress and achievement of the predetermined sustainability targets, and that the Board had devoted sufficient time and effort to set strategic plans amid the changing business environment and evolving stakeholder expectations.

Board Meetings and Procedures

The Board meets every quarter and held 4 meetings in FYE2023. Dates for all Board meetings are determined and fixed in advance so that all Directors can schedule and commit their time effectively. This is governed by the Board Charter, which sets expectations on Board members' time commitments.

At the quarterly meetings held in FYE2023, 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, as well as other operational reports



Reviewed the financial performance of Axis-REIT against the approved budget



Reviewed other proposals tabled by Senior Management



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 Investor Relations and Business Development 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 enabled 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 met to review all reports and proposals from Senior Management. Thereafter, it compiled a comprehensive executive committee report that was presented to the Directors at the Board meetings. These executive committee reports contained financial and operational updates, as well as proposals and recommendations for the Board's consideration, deliberation and decision.

The Company Secretary facilitated 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 were also compiled and distributed to all Directors as soon as practicable once the notices of meetings had been issued, within 5 business days before each meeting.

Meeting among Non-Executive Directors

At the Board meeting held on 27 October 2023, the Non-Executive Directors also held a private session to discuss strategic, governance and operational issues among themselves, without the presence of the Executive Directors and Senior Management.

Corporate Governance Overview Statement

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 via the Company Secretary, who maintains such corporate documents. This includes policies, guidelines and other such documents that have been approved by the Board.

The Manager can 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 Unitholders, ensuring they comply with the applicable policies, rules and procedures. As the Head of Compliance, the Company Secretary also assists the CEO in legal and corporate compliance matters, liaising and working closely with the Fund's external solicitors and professional advisers.

During FYE2023, the Company Secretary attended all Board, Board Committee and Unitholders' meetings, recording and preparing the

minutes of each meeting for the approval of the Board or the respective Board Committee Chairmen. The Company Secretary also ensured that all compliance requirements such as periodic announcements, regulatory submissions and statutory returns were met in accordance with the law, rules and regulations.

The Company Secretary also facilitated communication between the Board, Board Committees and Senior Management, and updated the Board on all relevant regulatory changes.



Outcome in FYE2023:

During FYE2023, the Company Secretary briefed the Board on all notable regulatory updates. These updates, among others, included the following:

- *Guidance Note on Management of Cyber Incidents and Guidelines on Technology Risk Management, both issued by the SC*
- *Amendments to the Main Market Listing Requirements (MMLR) in relation to conflict-of-interest management and mandatory sustainability training for Directors*
- *Amendments to the SC's Guidelines on Listed REITs which imposed a mandatory 12-year limit on independent directors' tenures*

The Company Secretary also distributed regulators' publications to the Directors for their information and notation. These included the SC's Corporate Governance Monitor 2022, Bursa Securities' Illustrative Sustainability Report, and the updated Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

Corporate Policies

The following policies can be accessed on Axis-REIT's corporate website:

Policies	Scope	Review in FYE2023
Board Charter	Provides a clear description of the responsibilities of the Board, its Directors and the Board Committees	<ul style="list-style-type: none"> • Revised on 19 January 2023 to elaborate that the remuneration framework of the Board takes into consideration both the financial performance of Axis-REIT and the achievement of agreed targets in respect of the non-financial performance of Axis-REIT • Further revised on 18 April 2023 to include the oversight and management of climate-related risks and opportunities.

Corporate Governance Overview Statement

Policies	Scope	Review in FYE2023
Code of Conduct	Outlines the rules of professional conduct, proper practices and ethical behaviour expected of the Manager and its personnel	<ul style="list-style-type: none"> Revised on 19 January 2023 to incorporate a provision on the Manager's general commitment to tackle money-laundering
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	<ul style="list-style-type: none"> Updated on 26 July 2023 to name the current Independent Directors as the designated recipients (replacing the outgoing independent directors) of any reports received through whistle-blowing channels
Anti-Bribery and Anti-Corruption Policy	Serves as a guideline in identifying, 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	<ul style="list-style-type: none"> Revised on 27 October 2023 to incorporate certain recommendations proposed in the Best Practice Handbook on Adequate Procedures Please refer to page 124 for more details of the revisions made
Privacy Notice	Serves as a public notice to inform new or existing data subjects of the use of their data by the Manager or parties engaged by the Manager and/or Axis-REIT	<ul style="list-style-type: none"> Revised on 26 July 2023 to update the relevant clauses to be in line with the Personal Data Protection General Code of Practice issued by the Personal Data Protection Commissioner
Policy on Conflict-of-Interest Management	Facilitates the identification, handling and management of conflict-of-interest situations involving the Manager and/or Axis REIT, and applies to all Directors and employees of the Manager	<ul style="list-style-type: none"> Revised on 26 July 2023 to enhance the procedures relating to the disclosure and treatment of conflict-of-interest situations arising from new requirements imposed by Bursa Securities

Board Remuneration and Remuneration Policy

As Axis-REIT is externally managed by ARMB, the Fund itself has no Directors or employees. All Directors and employees are engaged by ARMB, which is a privately-owned company. ARMB, strategically led by the Board, ensures that it appoints experienced and well-qualified personnel to handle the day-to-day operations of managing the Fund. All Directors and employees of the Manager are remunerated by the Manager and not by the Fund.

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.

Guided by the 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 her experience and exposure to facilitate the review of the remuneration proposals. The Board perceives that the independence of the Chairman of the Remuneration Committee contributes to an objective and impartial review process.

The Board's remuneration policy 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 its predetermined targets in respect of non-financial key performance indicators.

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 were reviewed based on market conditions, and the Committee also took into consideration the ESG efforts and achievements of the Manager throughout FYE2023. 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.



New in FYE2023:

In FYE2023, the Board approved the inclusion of ESG factors into the performance appraisals of Senior Management and the Marketing & Sustainability Manager, where the overall results of the performance appraisals would have financial consequences for Senior Management and the Marketing & Sustainability Manager, impacting their salary increments and/or bonuses.

Corporate Governance Overview Statement

A brief overview of the remuneration (comprising salaries, other emoluments, fees, meeting allowances and benefits-in-kind) of current Directors in respect of FYE2023 is presented below:

Range of Remuneration Per Annum	Executive Directors	Non-Executive Directors
RM0 - RM200,000	1*	-
RM200,001 - RM400,000	1	4
RM400,001 - RM600,000	-	-
RM600,001 and above	1	-

Note:

* Mr Takim Khan Myhre, who is an Alternate Director, draws a salary as an employee of the Manager.

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 Board Committees to assist in discharging its duties. These delegated functions are as follows:



EXECUTIVE COMMITTEE

- Manages the business of the Manager and Axis-REIT in accordance with the vision and mission established and approved by the Board
- Oversees and monitors the day-to-day business activities of the Manager and Axis-REIT
- Oversees the internal talent development and senior leadership succession planning



AUDIT COMMITTEE

- 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



REMUNERATION COMMITTEE

- Recommends to the Board the policy framework for the remuneration of Executive and Non-Executive Directors of the Board, as well as Senior Management (if any)
- Reviews the remuneration framework from time to time, to ensure that the Manager attracts and retains individuals of the highest calibre



NOMINATION COMMITTEE

- 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 competencies

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.



Changes in FYE2023:

The compositions of the Audit and Remuneration Committees were restructured on 30 May 2023 following the departure of 3 long-serving Independent Directors. The changes to the memberships of these Board Committees are presented below:



AUDIT COMMITTEE

CURRENT	PAST
CHAIRMAN	
Lim Keng Hwee (redesignated on 30 May 2023)	Mohd Sharif Bin Hj Yusof (resigned on 30 May 2023)
MEMBERS	
Alvin Dim Lao Devika A/P K Sothinathan	YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin (resigned on 30 May 2023) Alvin Dim Lao Lim Keng Hwee Devika A/P K Sothinathan



REMUNERATION COMMITTEE

CURRENT	PAST
CHAIRMAN	
Devika A/P K Sothinathan (appointed on 30 May 2023)	Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor (resigned on 30 May 2023)
MEMBERS	
Dato' Abas Carl Gunnar Stephen Tew	Dato' Abas Carl Gunnar Stephen Tew

Corporate Governance Overview Statement



Changes in FYE2023:

The composition of the Nomination Committee was restructured on 30 May 2023 following the departure of 3 long-serving Independent Directors. The changes to the membership of this Board Committee are presented below:



NOMINATION COMMITTEE

CURRENT	PAST
CHAIRMAN	
Lim Keng Hwee (appointed on 30 May 2023)	Mohd Sharif Bin Hj Yusof (resigned on 30 May 2023)
MEMBERS	
Stephen Tew Devika A/P K Sothinathan (both appointed on 30 May 2023)	YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor (both resigned on 30 May 2023)



The Audit Committee Report, which contains a summary of activities carried out by the Committee during FYE2023, 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 and Mr Stephen Tew, 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, who was appointed to the chair on 30 May 2023.

While the composition of the Remuneration Committee departs from the recommendation of the MCCG, the Board considers the views of the Executive Committee to be essential in the deliberation process, especially in reviewing the remuneration proposal of the CEO. This is because the Executive Committee oversees the primary management activities and business of Axis-REIT, and consequently has a better understanding of the performance and contributions of the CEO.



Audit Committee

The Audit Committee has the duty to ensure that the financial reporting systems, internal controls and risk management systems of the Manager are robust.



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 FYE2023, which were convened in April 2023 and October 2023 with the following agendas:

APRIL 2023

OCTOBER 2023

AGENDA	OUTCOME
(i) Considered the restructuring of the Board and Board Committees to be implemented effective 30 May 2023 when 3 long-serving Independent Directors would step down, for recommendation to the Board	<ul style="list-style-type: none"> - The Committee recommended the proposed restructuring of the Board and Board Committees, with the changes taking effect on 30 May 2023 upon the Board's approval. - Details of the changes are presented in the Board Committees and their Roles section above.
(ii) Reviewed the assessment results on the performance of the Board, Directors and Board Committees, as compiled by ACG	<p>The Committee noted:</p> <ul style="list-style-type: none"> - Satisfactory levels of corporate governance values/practices, as embedded in the functions of the Board, operations, and management processes of ARMB. - Satisfactory assessments of the Board, Board Committees and individual Directors. - That all Directors have remained fit and proper, observing high standards of integrity and fair dealing in carrying out their duties and responsibilities.

Corporate Governance Overview Statement

OCTOBER 2023

AGENDA	OUTCOME
(ii) Assessed the criteria for the annual assessment of Directors (including the assessment of Independent Directors) as employed by ACG in their assessment processes	- No revision to the assessment criteria was recommended by the Committee.
(iii) Reviewed the existing composition of the Board, as well as the effectiveness of the Board and Board Committees	- The Committee was satisfied with the existing composition of the Board and Board Committees. - While 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 composition of its Remuneration Committee, where the Board Chairman is also a member. This exception was based on the assessment that the Chairman is capable of undertaking an effective role in the Remuneration Committee given his position as one of the ultimate major shareholders of the Manager who will act in the best interest of the Manager.
(iv) Reviewed succession plans at Board level	- No new recommendations were raised.
(v) Assessed the training needs of the Directors	- The Committee noted that all Directors complied with training and continuous development requirements.
(vi) Reviewed the term of office and performance of the Audit Committee in accordance with Paragraph 15.20 of the MMLR	- No exception was noted from the assessment results.
(vii) Assessed the retiring Directors based on evaluations conducted	- The Committee recommended the re-election of the retiring Directors for the sole shareholder's approval at the Manager's AGM in 2024.
(viii) Reviewed the proposed appointment of Mr Takim Khan Myhre as Alternate Director to Dato' Abas Carl Gunnar (replacing Mr Alex Lee Lao, who had expressed his intention to step down)	- The review considered Mr Takim Khan Myhre's fit and properness, and his ability to act with due skill, care and diligence. As an Alternate Director, Mr Takim Khan Myhre would have the opportunity to be groomed and trained on the operations of the Board and its decision-making processes, that will help develop his skills and experience as a director.

The Nomination Committee's first meeting, held in April 2023, was specifically convened to discuss the restructuring of the Board and Board Committees pursuant to the then impending departures of the 3 long-serving Independent Directors, whereas the agenda of the meeting convened in October 2023 comprised the annual affairs of the Nomination Committee (items (i) to (vii) in the table above), as well as a special agenda (item (viii)).

Assessment of Independent Directors

The Board undertook the annual evaluation of its 2 Independent Directors based on the results of the assessment that was facilitated by ACG. ACG's report had found that the Independent Directors were capable of exercising their independent judgement in all deliberations and decision-making processes of the Board and Board Committees.

Attendance at Board and Board Committee Meetings in FYE2023

The Appendix accompanying this Statement presents the details of each Director's attendance at Board and Board Committee meetings in FYE2023.

Corporate Governance Overview Statement

Directors' Continuous Development Programmes

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 programmes for consideration and selection by the Directors and Audit Committee members. The Company Secretary also compiles details of the Directors' participation in continuous development programmes for reporting to the Nomination Committee and the Board accordingly.

All Directors of the Manager fulfilled their training requirements in FYE2023, details of which 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 FYE2023.



Details on how the Audit Committee had discharged its duties in FYE2023 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 FYE2023, 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 minimises the risk of 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 identify, 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.

The internal audit function of the Manager is outsourced to an independent consultancy firm, Baker Tilly Monteiro Heng Governance Sdn Bhd, which carries out the internal 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 quarterly 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

Corporate Governance Overview Statement

evaluation is based on the results of the Company Secretary's interview with the leader of the internal audit team, applying an assessment tool that has been approved and adopted by the Audit Committee.

Following the assessment that was conducted on 27 October 2023, the Audit Committee was satisfied that:



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.



Based on the audit fieldwork, the timeliness of the deliverables to the Manager, and comprehensiveness of reporting to the Audit Committee in FYE2023, there were no deficiencies in the internal audit function.



There has been no change to the internal audit approach applied in FYE2023. 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.



Checks on potential conflicts-of-interest were conducted to ensure that there were no situations that could impair the independence of the assurance team from Baker Tilly Monteiro Heng PLT that was conducting the Sustainability Assurance of selected ESG indicators of the Fund. Baker Tilly Monteiro Heng PLT is a firm affiliated to Baker Tilly Monteiro Heng Governance Sdn Bhd, which is the firm engaged as the outsourced Internal Auditors of ARMB.



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 qualified 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 functions, 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 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 the Terms of Reference of the various Board Committees. 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.

To keep the investing public aware of upcoming releases of Axis-REIT's quarterly financial results, the Manager makes it a practice to announce the targeted date for such releases (Targeted Date) 5 market days prior to their release. Following each announcement of the Targeted Date, a black-out period would commence. During this period, the CEO and management are prohibited from meeting and/or being involved in any communications or investor relations activities, until the quarterly financial results are announced and disseminated to the investing public.

Corporate Governance Overview Statement

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 63 to 67.

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 Eleventh AGM on 20 April 2023 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 2022 Integrated Annual Report, which was released on 28 February 2023. Ample time was allocated for Unitholders to read through the 2022 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 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 FYE2022, together with an update on the Fund's activities and progress, the impact of the pandemic on its business and operations, and its prospects for FYE2023. Unitholders had the opportunity to

submit 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. 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 Eleventh AGM are available on Axis-REIT's corporate website.

There was no Unitholders' Meeting held in FYE2023.

Compliance Statement

The Board is satisfied that the Manager has substantially applied the principles and best practice recommendations prescribed under the MCCC in its management of Axis-REIT during FYE2023. This Statement has been tabled and approved by the Board of Directors on 23 January 2024.

Corporate Governance Overview Statement

APPENDIX

Attendance at Board and Board Committee Meetings in FYE2023

	Meeting Attendance				
	Board of Directors	Executive Committee	Audit Committee	Nomination Committee*	Remuneration Committee
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin (Resigned w.e.f 30 May 2023)	2/2		3/3	1/1	
Mohd Sharif Bin Hj Yusof (Resigned w.e.f 30 May 2023)	2/2		3/3	1/1	
Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor (Resigned w.e.f 30 May 2023)	2/2			1/1	1/1
Dato' Abas Carl Gunnar (Alternate Director: Takim Khan Myhre)	4/4	14/14			1/1
Stephen Tew Peng Hwee @ Teoh Peng Hwee (Alternate Director: Maxine Teoh Sui Vern)	4/4	14/14		1/1	1/1
Leong Kit May	4/4	14/14			
Alvin Dim Lao (Alternate Director: Jancis Anne Que Lao)	4/4		4/5		
Lim Keng Hwee	4/4		5/5	1/1	
Devika A/P K Sothinathan	4/4		5/5	1/1	

Note:

* The Nomination Committee underwent a complete restructuring on 30 May 2023 and the details can be found on page 172 of the Corporate Governance Overview Statement

Directors' Continuous Development Programmes in FYE2023

Director	Date	Events
Dato' Abas Carl Gunnar	26 July 2023	Personal Data Protection Policy
	30 August 2023	IFRS Today Podcast – Emission, net-zero commitments
	14 September 2023	Cyber Threat Landscape Report 1H 2023 by Securities Commission Malaysia (resource update)
Stephen Tew	10 - 11 March 2023	Malaysian Annual Real Estate Convention 2023
	26 July 2023	Personal Data Protection Policy
	30 August 2023	IFRS Today Podcast – Emission, net-zero commitments
	14 September 2023	Cyber Threat Landscape Report 1H 2023 by Securities Commission Malaysia (resource update)
Alvin Dim Lao	26 July 2023	Personal Data Protection Policy
	30 August 2023	IFRS Today Podcast – Emission, net-zero commitments
	14 September 2023	Cyber Threat Landscape Report 1H 2023 by Securities Commission Malaysia (resource update)

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Director	Date	Events
Alvin Dim Lao	11 October 2023	Regis-Jefferies Philippine Conference
	7 November 2023	Corporate Governance in the Digital Era
	9 November 2023	Management Association of the Philippines NextGen CEO Conference
	11 November 2023	Set for Success - Championing Finance in Business
Leong Kit May	5 January 2023	CGS-CIMB 15 th Annual Malaysia Virtual Corporate Day
	11 January 2023	2023 Malaysia Real Estate Market Outlook
	8 March 2023	Invest Malaysia 2023 Series 1: Strengthening Resilience & Sustaining Growth
	30 May 2023	AFFIN Conference Series 2023: A New Investment Chapter
	20 & 21 June 2023	Invest ASEAN 2023 - ASEAN Reboot: Reimagining the Future
	26 July 2023	Personal Data Protection Policy
	27 July 2023	Invest Malaysia 2023 Special Series: Launch of the National Energy Transition Roadmap
	30 August 2023	IFRS Today Podcast – Emission, net-zero commitments
	5 September 2023	Advocacy Programme: Conflict of Interest and Governance of Conflict of Interest for Listed Issuers
	14 September 2023	The Basic Concept of Procurement System for Property Professional
	14 September 2023	Cyber Threat Landscape Report 1H 2023 by Securities Commission Malaysia (resource update)
	19 September 2023	Are Your Properties Safe from Fire Disaster?
	19 September 2023	Advocacy Session for Directors and CEO of Main Market Listed Issuers
	16 October 2023	Bursa PLCs Investor Relations Series 2: Centralised Sustainability Intelligence & FTSE4GOOD
	31 October 2023	[AMLA] Money Laundering & Terrorism Financing Through Real Estate
	27 & 28 November 2023	MARC Malaysian Bond & Sukuk Conference 2023: Sustainable Transition to a Greener Economy
Lim Keng Hwee	26 July 2023	Personal Data Protection Policy
	17 August 2023	CTIM: Update on Transfer Pricing Documentation Requirements
	30 August 2023	IFRS Today Podcast – Emission, net-zero commitments
	14 September 2023	Cyber Threat Landscape Report 1H 2023 by Securities Commission Malaysia (resource update)
	29 November 2023	Case Study - Based Webinar : Sustainability and Climate Change Disclosure Requirements
	15 December 2023	MIA Webinar Series : Introduction to Environmental, Social & Governance (ESG) and Sustainable Finance

Corporate Governance Overview Statement

Director	Date	Events
Devika A/P K Sothinathan	24 February 2023	Sexual Consent and Shifting the Burden
	16 March 2023	The Defence of Illegality
	10 June 2023	Constitutional Amendment in Greenlighting Bi-National Children's Citizenship
	20 June 2023	Sustainability Reporting – A Case Study and Lessons Learned
	18 July 2023	Special Voluntary Disclosure Programme (SVDP) 2.0
	26 July 2023	Personal Data Protection Policy
	30 August 2023	IFRS Today Podcast – Emission, net-zero commitments
	14 September 2023	Cyber Threat Landscape Report 1H 2023 by Securities Commission Malaysia (resource update)
	25 October 2023	The Child Rights Challenges Facing Children in Malaysia
	3 November 2023	Panel Discussion Housing Integrated Management System ("HIMS") - Practicalities, Realities and Legal Implications
Jancis Anne Que Lao	26 July 2023	Personal Data Protection Policy
	30 August 2023	IFRS Today Podcast – Emission, net-zero commitments
	14 September 2023	Cyber Threat Landscape Report 1H 2023 by Securities Commission Malaysia (resource update)
	7 November 2023	Corporate Governance in the Digital Era
Maxine Teoh Sui Vern	26 July 2023	Personal Data Protection Policy
	30 August 2023	IFRS Today Podcast – Emission, net-zero commitments
	14 September 2023	Cyber Threat Landscape Report 1H 2023 by Securities Commission Malaysia (resource update)
	19 - 20 September 2023	Pathway for Beginners Series : Shares and Share Capital
	10 October 2023	AGM, Accounts, Annual Returns under Companies Act 2016
	17 October 2023	Company Secretaries Training Programme Significant 2.0 (Part A)
	18 October 2023	Company Secretaries Training Programme Significant 2.0 (Part B)
	19 October 2023	Company Secretaries Training Programme Significant 2.0 (Part C)
	31 October 2023	Dividends : When and How to Pay?
	14 November 2023	Company Secretaries Training Programme Essential 1.0 (Part A)
	15 November 2023	Company Secretaries Training Programme Essential 1.0 (Part B)
	16 November 2023	Company Secretaries Training Programme Essential 1.0 (Part C)
Takim Khan Myhre	14 December 2023	ARMB – Anti-Bribery and Anti-Corruption Refresher Training

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 Axis-REIT's Unitholders are safeguarded.

1 COMPOSITION OF THE AUDIT COMMITTEE

During FYE2023, the composition of the Audit Committee was reduced from 5 members to 3, following the resignation of En Mohd Sharif Bin Hj Yusof as Chairman, and YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin as member, on 30 May 2023. En Mohd Sharif Bin Hj Yusof and YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin had been long-serving Independent Directors of ARMB.

Following the abovementioned change, the composition of the Audit Committee at the end of FYE2023 was as follows:

CHAIRPERSON

- (a) Lim Keng Hwee
- Senior Independent Non-Executive Director
(redesignated on 30 May 2023)

MEMBERS

- (b) Alvin Dim Lao
- Non-Independent Non-Executive Director
(Alternate Director: Ms Jancis Anne Que Lao)
- (c) Devika A/P K Sothinathan
- Independent Non-Executive Director

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 FYE2023 to incorporate the enhancement to the procedures and treatment of conflict-of-interest situations in accordance with the new requirements imposed by Bursa Securities in the MMLR.



The Audit Committee's Terms of Reference are available on the corporate website of Axis-REIT at www.axis-reit.com.my.

3 AUDIT COMMITTEE MEETINGS

The Audit Committee held 5 meetings in FYE2023. 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 5 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 FYE2023, the Audit Committee undertook the following activities:

Financial Reporting:

No.	Activities	Outcome
(a)	Reviewed, at every quarterly meeting, the quarterly financial results to ensure adherence to legal and regulatory reporting requirements.	Recommended the quarterly financial results for the Board's approval prior to public release.
(b)	Engaged with the External Auditors, KPMG PLT, on 18 January 2023, to review the results of Axis-REIT's FYE2022 audit. Discussed the significant audit matters such as valuation of investment properties, revenue recognition, compliance with Axis-REIT's Sukuk covenants, and management override of controls.	Reported the results of the FYE2022 audit of Axis-REIT to the Board for discussion at the Board meeting held on 19 January 2023.

Audit Committee Report

Financial Reporting:

No.	Activities	Outcome
(c)	Reviewed, on 21 February 2023, Axis-REIT's final audited financial statements for FYE2022, which were prepared in accordance with the Deed of Axis-REIT, the applicable SC rules and guidelines, MFRS and IFRS.	Recommended the final audited financial statements of Axis-REIT for FYE2022 for the Board's approval on 21 February 2023.
d)	Reviewed the key audit matter and other audit focus areas in respect of FYE2022. There was no change to the key audit matter (valuation of investment properties) in Axis-REIT's audited financial statements for FYE2022 as compared to the previous year.	<p>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 2022.</p> <p>The External Auditors reviewed the valuation processes adopted 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.</p>
(e)	Kept abreast of newly effective MFRS and auditing standards in FYE2023 through updates from the External Auditors.	Noted that the newly effective MFRS would not have much impact on Axis-REIT for FYE2023.

External Audit:

No.	Activities	Outcome
(a)	<p>Evaluated, on 18 April 2023, the suitability and independence of KPMG PLT as External Auditors against the predetermined evaluation criteria.</p> <p>Noted KPMG's 2021 Transparency Report and their compliance with SC's Audit Oversight Board.</p>	<p>Received KPMG PLT's confirmation of their firm's independence in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Recommended the re-appointment of KPMG PLT as Axis-REIT's External Auditors for FYE2023 to the Board for its approval and onward recommendation to the Trustee of Axis-REIT.</p>
(b)	Reviewed, on 27 October 2023, the External Auditor's audit plan for FYE2023, encompassing the audit approach and reporting requirements prior to the commencement of audit work.	Identified valuation of investment properties as the potential key audit matter in the audit process for FYE2023.



Further details on the Assessment of the External Auditors are set out in the Corporate Governance Overview Statement.

Audit and Non-audit Fees:

No.	Activities	Outcome
(a)	Reviewed the FYE2023 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.	Recommended the FYE2023 proposed audit fees for Axis-REIT and ARSB to the Board for review, prior to seeking the approval from the Trustee of Axis-REIT.
(b)	Reviewed the FYE2023 proposed non-audit fees of Axis-REIT and ARSB by considering if the provision of non-audit services would impede the independence of KPMG PLT as the External Auditors of Axis-REIT.	<p>Satisfied that the provision of non-audit services would not pose any threat to the independence of KPMG PLT as the External Auditors.</p> <p>Recommended the FYE2023 proposed non-audit fees of Axis-REIT and ARSB to the Board for review, prior to seeking the approval from the Trustee of Axis-REIT.</p>

Audit Committee Report

The details of the non-audit services and fees rendered by KPMG PLT and KPMG Management & Risk Consulting Sdn Bhd (KPMG MRC) are presented below:

NON-AUDIT SERVICES RENDERED BY KPMG PLT	NON-AUDIT SERVICES RENDERED BY KPMG MRC, WHICH IS AN AFFILIATED FIRM OF KPMG PLT
<ul style="list-style-type: none"> (i) Review of the Statement on Risk Management and Internal Control for inclusion in the 2023 Integrated Annual Report. (ii) Review of the Finance Service Coverage Ratio in relation to the Sukuk Programme established under ARSB. 	<ul style="list-style-type: none"> (i) The provision of advisory services in relation to Axis-REIT's integrated reporting for FYE2023 and TCFD readiness assessment. (ii) The provision of independent scrutineer services at the general meetings of Axis-REIT.

A summary of the audit and non-audit fees for FYE2023 is as follows:

Fees applicable to Axis-REIT		Fees applicable to ARSB	
Audit	Non-Audit	Audit	Non-Audit
RM150,000	RM187,884 [^]	RM10,000	RM10,000 ^{^^}

[^] Includes RM175,884 in consultancy fees for services rendered in connection with integrated reporting, TCFD readiness assessment, and scrutineer fees paid to KPMG MRC.

^{^^} Fee for the review of the Finance Service Coverage Ratio in relation to the Sukuk Programme established under ARSB.

Internal Audit:

No.	Activities	Outcome
(a)	Undertook quarterly reviews of the internal audit reports and follow-up review reports with the Internal Auditors.	Ensured that action plans recommended by the Internal Auditors were agreed upon and implemented by Management on a timely basis.
(b)	Reviewed, on 18 April 2023, the Internal Auditors' engagement proposal for 2023/2024, comprising their proposed audit scope (covering 4 audit cycles and 4 follow-up reviews) and fees.	Recommended their re-engagement to carry out the internal audit services in respect of the 2023/2024 audit cycles, along with the associated fees, for the Board's approval.
(c)	Conducted, on 27 October 2023, the annual assessment on the effectiveness and independence of the internal audit function.	Reported a satisfactory outcome of the assessment to the Board.



- A summary of the activities of the (outsourced) internal audit function carried out in FYE2023 is contained in the Statement on Risk Management and Internal Control.
- Details relating to the assessment of the effectiveness and independence of the internal audit function are disclosed in the Corporate Governance Overview Statement.

Sustainability Assurance:

No.	Activities	Outcome
(a)	Reviewed the proposed appointment of Baker Tilly Monteiro Heng PLT (an affiliated firm of the Internal Auditors) as the independent assurance service provider engaged to conduct a Sustainability Assurance of selected ESG indicators of Axis-REIT for FYE2023.	Satisfied that no conflict-of-interest situation would arise from the appointment of Baker Tilly Monteiro Heng PLT and recommended their appointment for the Board's approval.

Audit Committee Report

Risk Management and Others:

No.	Activities	Outcome
(a)	Undertook quarterly reviews of the Risk Management Report, which contains the detailed Risk Register that was prepared by Management.	Noted that action plans were implemented to address identified risks (including sustainability risks).
(b)	Undertook quarterly reviews of the list of RPTs and recurrent RPTs (RRPTs) involving interests of related parties.	Satisfied that the RPTs and RRPTs were not detrimental to the interests of Axis-REIT.
(c)	Reviewed, on 18 January 2023, the Audit Committee Report and Statement on Risk Management and Internal Control, for inclusion in Axis-REIT's 2022 Integrated Annual Report.	Ensured that the reports contained informative and meaningful disclosures in line with prescribed regulatory requirements.
(d)	Reviewed, on a quarterly basis, Axis-REIT's income distributions which were made in accordance with the Fund's distribution policy.	Ensured the sufficiency of realised income for each distribution prior to recommending the proposal for the Board's approval.
(e)	Reviewed a conflict-of-interest situation involving the interest of the Executive Chairman.	Please refer to the disclosure on the following page for more information.

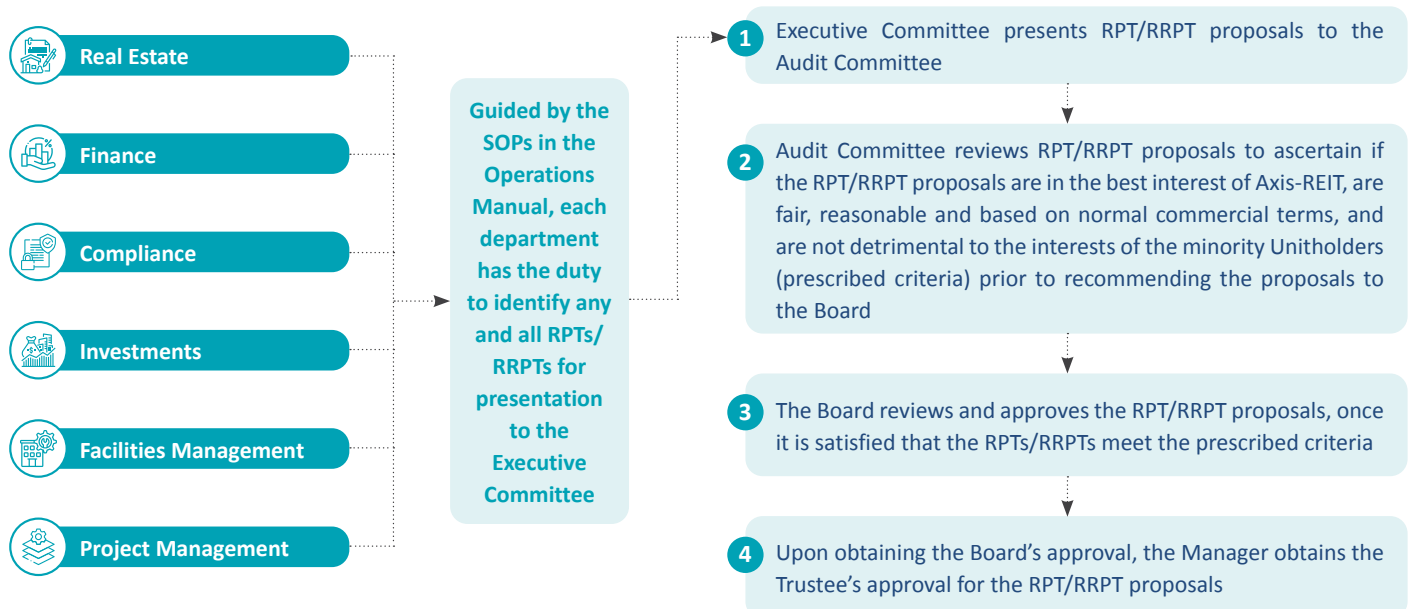


Details of the risk management processes of the Manager are contained in the Statement on Risk Management and Internal Control.

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 or potential conflict of interest arises. Operationally, Senior Management monitors the RPTs/RRPTs on a monthly basis by conducting cross-checks with the relevant departments.

The diagram below depicts the control mechanism for monitoring RPTs and RRPTs. The control mechanism is governed by the SOPs contained in the Manager's Operations Manual:



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 and potential conflict-of-interest situation(s) on a quarterly basis. Summaries of all declarations are tabled at each Audit Committee meeting and Board meeting, properly documented, and kept in the statutory records of the Manager.

During FYE2023, the Audit Committee reviewed all RPTs and RRPTs presented by Senior Management. There were no material RPTs or RRPTs requiring Unitholders' approval.

6 REVIEW OF CONFLICT-OF-INTEREST SITUATIONS

Bursa Securities amended the MMLR in July 2023 to enhance the procedures and treatment of conflict-of-interest situations. The amendment requires Audit Committees to review all conflict-of-interest situations and potential conflict-of-interest situations, and determine the measures that will be taken to resolve, eliminate or mitigate any risks arising from such situations.



New in FYE2023:

The Audit Committee assessed a conflict-of-interest situation involving the interest of the Executive Chairman arising from the employment of his son, Mr Takim Khan Myhre, as a Leasing Executive in the Real Estate department of ARMB with effect from 3 July 2023. Dato' Abas Carl Gunnar and Mr Takim Khan Myhre executed their declaration letters in accordance with ARMB's Policy on Conflict-of-Interest Management and submitted the letters to the Audit Committee and the Board accordingly.

In its assessment, the Audit Committee recommended the following measures to mitigate the risks that may arise from the conflict-of-interest (family relationship) situation:

- (i) Dato' Abas Carl Gunnar shall not participate or have any form of influence over any decision-making relating to his son's employment terms, remuneration and benefits.*
- (ii) ARMB must ensure that any conflict-of-interest/potential conflict-of-interest risk that may occur during Mr Takim Khan Myhre's employment tenure is mitigated.*

7 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 FYE2023, the Audit Committee met twice with the External Auditors without the presence of Management. The aim of the meetings, which were held on 18 January 2023 and 27 October 2023, were to discuss issues, problems and reservations (if any) that the External Auditors wished to highlight to the Committee. A private meeting was also held on 27 October 2023 between the Audit Committee and the Internal Auditors for the same purpose.

Both the External and Internal Auditors reported that they had been extended good cooperation from the Manager and that they were able to access information to carry out their functions effectively.

8 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 2023, 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 27 October 2023, 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.

9 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.

This Audit Committee Report has been approved by the Board on 23 January 2024.

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

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.

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 FYE2023, made the following updates/revisions to the Operations Manual:

- (i) incorporated 'Outsourcing Arrangements' to set out the policies and procedures to be observed in respect of outsourced services such as the internal audit function;
- (ii) increased the materiality threshold for the expenditure of Axis-REIT for the Chief Executive Officer (CEO) for operational efficiency given the current scale of business of Axis-REIT;
- (iii) revised certain job scopes to reflect the current duties and responsibilities, including the Board composition;
- (iv) incorporated the 'Cash Management Policy' to manage, account for and safeguard physical cash receipts in the day-to-day operations of the Manager; and
- (v) 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 2023, approved the annual budget for FYE2023 which underwent a target-setting 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 FYE2023. 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 2023, the Manager assessed its strategic focus and mapped the identified sustainability matters to the strategic pillars under the Corporate Sustainability Strategy i.e. real estate, capital management, facilities management, investment, development, governance, human resource and information technology. At this strategy workshop, the Manager also brainstormed and established a financial target to grow the Fund size to RM5.0 billion by 2024. Based on the outcome of the said workshop, the Manager formulated action plans and set key performance indicators for the next two years (2024-2025).



More details on this Corporate Strategy 2024-2025 are contained on pages 97 to 103 of the Integrated Report 2023.

Statement on Risk Management and Internal Control

Pursuant To Paragraph 15.26(b) Of The Main Market Listing Requirements

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 FYE2023 had been recommended by the Executive Committee of the Manager and approved by the Board of the Manager prior to implementation. During the year, the materiality threshold for the expenditure of Axis-REIT for the CEO has been increased and updated in the Operations Manual. In addition, the Cash Management Policy as contained in the Operations Manual also provides a form of financial control within the operations of the Manager.

Physical and virtual management meetings chaired by the 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 FYE2023 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 quarter to review, assess and discuss business updates, investment proposals and financial performance, and on ad-hoc basis to resolve key operational, financial and other key management issues faced by Management. During FYE2023, a total of 14 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.

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 2023, the asset tagging exercise was carried out and completed at DW1 Logistics Warehouse in Johor. The asset tagging exercise will continue to 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 and climate change vulnerability assessment within its investment decision policies.

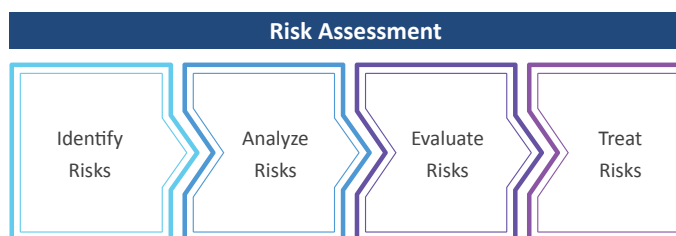
Tenant Relationship Management

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:



Statement on Risk Management and Internal Control

Pursuant To Paragraph 15.26(b) Of The Main Market Listing Requirements

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 FYE2023, 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 FYE2023:

- In its effort to continue to consider ESG factors in risk assessment process, the Manager has, among others,
 - prioritised, obtained and accepted the sustainability linked financing for Axis-REIT. The Manager has successfully achieved and met the sustainability performance target stipulated under the existing sustainability linked financing;
 - incorporated ESG components in the fit-out and refurbishment guide;
 - incorporated ESG requirements into the tenancy agreement (green lease) with the tenant at Axis Facility 2 @ Bukit Raja;
 - developed a process to assign ESG risk ratings for potential tenants based on current ESG due diligence procedures for investment;
- incorporated management of climate change in the Board Charter which was updated on 18 April 2023. The Policy on Conflict-of-Interest Management was updated in July 2023 to incorporate the amendments to the MMLR of Bursa Securities where the procedures and treatment of a conflict-of-interest situation had been enhanced.

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 FYE2023:

1. Internal audit review of Contractor's Compliance with ESG Requirements for Bukit Raja Distribution Centre 2 project;
2. Internal audit review on IT General & Cybersecurity Controls;
3. Internal audit review on Sustainability Reporting (Cycle 1) for Axis-REIT; and
4. Internal audit review of Contractor's Compliance with ESG Requirements for Axis Mega Distribution Centre (Phase 2) project.

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 FYE2023 amounted to RM75,000. 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 FYE2023.

This Statement has been approved by the Board on 20 February 2024.

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 FYE2023 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 2023 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.

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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 2023 ("FYE2023").

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 FYE2023.

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 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
- d) Capital management strategy
- e) Investment strategy
- 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 FYE2023 until the date of this report are as follows:

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin (resigned with effect from 30 May 2023)

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 (resigned with effect from 30 May 2023)

Mohd Sharif Bin Hj Yusof (resigned with effect from 30 May 2023)

Alvin Dim Lao

Alex Lee Lao (Alternate Director to Dato' Abas Carl Gunnar Bin Abdullah) (resigned with effect from 27 October 2023)

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

Devika A/P K Sothinathan

Takim Khan Myhre (Alternate Director to Dato' Abas Carl Gunnar Bin Abdullah) (appointed on 27 October 2023)

Manager's Report

DIRECTORS' BENEFITS

As at the end of FYE2023, 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 FYE2023 are as follows:

	Number of units			
	As at 1.1.2023/ Appointment Date '000 Units	Acquired '000 Units	Sold / Resignation Date '000 Units	As at 31.12.2023 '000 Units
<u>Direct interest:</u>				
Dato' Abas Carl Gunnar Bin Abdullah	24,370	129	-	24,499
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	20	-	# -	# -
Tew Peng Hwee @ Teoh Peng Hwee	57,200	302	(500)	57,002
Alex Lee Lao	58,050	-	# -	# -
Leong Kit May	43	1	-	44
Jancis Anne Que Lao	2,931	13	-	2,944
Maxine Teoh Sui Vern	8	-	-	8
Devika A/P K Sothinathan	10	1	-	11
Takim Khan Myhre ^	70	276	-	346
<u>Indirect interest:</u>				
Dato' Abas Carl Gunnar Bin Abdullah *	10,496	56	-	10,552
Alex Lee Lao **	3,207	-	** -	** -

Manager's Report

DIRECTORS' INTERESTS (CONTINUED)

Notes:

- (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 ("Deed")*
- (ii) *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*
- (iii) *^ Units held by Takim Khan Myhre as at the date of his appointment as alternate director of the Manager i.e. 27 October 2023.*
- (iv) ** 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. His indirect interest ceased with effect from his resignation date i.e. 27 October 2023.*
- (vi) *# Their respective direct interest ceased with effect from their respective resignation dates, i.e. 30 May 2023 (YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin) and 27 October 2023 (Alex 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 RM27,465,000, representing 1.0% per annum of the NAV of Axis-REIT for the period from 1 January 2023 to 31 December 2023.

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, a total acquisition fee of RM40,000 was paid to the Manager arising from the payment of the amount withheld from the purchase price for acquisition of Axis Shah Alam Distribution Centre 4 in 2018 upon fulfilment of the subsequent term pursuant to the sale and purchase agreement.

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.

Manager's Report

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 FYE2023 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 FYE2023 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

Date: 20 February 2024

Statement of Financial Position

as at 31 December 2023

	Note	2023 RM'000	2022 RM'000
Assets			
Non-current assets			
Investment properties	4	4,444,120	4,186,020
Equipment	5	1,391	1,859
		4,445,511	4,187,879
Current assets			
Receivables, deposits and prepayments	6	25,666	24,279
Cash and cash equivalents	7	51,716	43,515
Total current assets		77,382	67,794
Total assets		4,522,893	4,255,673
Financed by:			
Unitholders' funds			
Unitholders' capital	8	2,129,340	1,945,655
Reserves		696,662	626,184
Total unitholders' funds		2,826,002	2,571,839
Non-current liabilities			
Tenants' deposits		60,862	68,664
Deferred tax liabilities	9	18,304	14,480
Financing	10	740,454	733,480
		819,620	816,624
Current liabilities			
Tenants' deposits		24,494	18,414
Payables and accruals	11	38,257	36,256
Financing	10	814,520	812,540
Total current liabilities		877,271	867,210
Total liabilities		1,696,891	1,683,834
Total unitholders' funds and liabilities		4,522,893	4,255,673
Net asset value ("NAV")			
- Before income distribution		2,826,002	2,571,839
- After income distribution		2,784,063 [#]	2,533,362
Number of units in circulation ('000 units)		1,747,492	1,641,054
NAV per unit (RM)			
- Before income distribution		1.6172	1.5672
- After income distribution		1.5932 [#]	1.5439

[#] NAV and NAV per unit after reflecting 2023 final income distribution of 2.40 sen per unit payable on 29 February 2024.

The notes on pages 200 to 245 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Revenue	12	288,410	284,471
Property operating expenses	13	(42,977)	(39,128)
Net property income		245,433	245,343
Profit and other income		1,494	797
Change in fair value of investment properties	4.2.1	77,399	24,438
Fair value change on Islamic derivatives		(2,463)	2,027
Net (loss)/gain on financial liabilities measured at amortised cost		(2,627)	4,654
Net property income and investment income		319,236	277,259
Manager's fees	1(b)	27,465	25,442
Trustee's fees	1(c)	878	1,199
Audit fees		160	147
Non-audit fees			
- KPMG PLT		30	31
- Local affiliate of KPMG PLT		167	103
Tax agent's fees		19	18
Net remeasurement of loss allowance		4,202	1,225
Depreciation of equipment	5	495	591
Administrative expenses		2,401	2,201
Islamic financing costs		60,541	52,973
Valuation fees		1,282	1,279
Non-property expenses		97,640	85,209
Net income before tax		221,596	192,050
Tax expense	14	(3,824)	(1,683)
Net income for the year and total comprehensive income for the year attributable to unitholders		217,772	190,367
Net income for the year is made up as follows:			
Realised			
- Net income before lease incentive adjustment		146,278	158,183
- Lease incentive adjustment (non-distributable)		(903)	(633)
		145,375	157,550
Unrealised			
- Change in fair value of investment properties, as per valuation	4.2	81,311	27,819
- Net (loss)/gain on financial liabilities measured at amortised cost		(2,627)	4,654
- Provision for deferred tax on change in fair value of investment properties		(3,824)	(1,683)
- Fair value change on Islamic derivatives		(2,463)	2,027
		72,397	32,817
		217,772	190,367
Basic/diluted earnings per unit (sen)	15	12.50	11.62
Basic/diluted earnings per unit (before Manager's fees) (sen)	15	14.08	13.17

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2023 (continued)

	Note	2023 RM'000	2022 RM'000
Net income distribution			
First, Second and Third interim income distributions totalling 6.25 sen per unit paid on 31 May 2023, 30 August 2023, 15 December 2023, respectively (2022: First, Second, Third and Fourth interim income distributions totaling 9.51 sen per unit paid on 15 June 2022, 30 August 2022, 30 November 2022 and 20 January 2023, respectively)		108,817	155,906
Final income distribution of 2.40 sen per unit payable on 29 February 2024 (2022: Final income distribution of 0.24 sen per unit paid on 28 February 2023).		41,939	4,179
	16	150,756	160,085
Distribution per unit			
- Gross (sen) - interim		6.25	9.51
- final		2.40	0.24
	16	8.65	9.75
- Net (sen) * - interim		6.25	9.51
- final		2.40	0.24
	16	8.65	9.75

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

	Withholding tax rate	
	2023	2022
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

The notes on pages 200 to 245 are an integral part of these financial statements.

Statement of Changes in Net Asset Value

for the year ended 31 December 2023

		<i>Distributable</i>	<i>Non-distributable</i>	
	Total unitholders' capital RM'000	Realised income RM'000	Unrealised income RM'000	Total unitholders' funds RM'000
At 1 January 2022	1,934,322	32,841	560,158	2,527,321
Net income for the year	-	157,550	32,817	190,367
Total comprehensive income for the year	-	157,550	32,817	190,367
<i>Contributions by and distributions to unitholders</i>				
Issuance of units	11,493	-	-	11,493
Issuing expenses	(160)	-	-	(160)
Distributions to unitholders	-	(157,182)	-	(157,182)
Total transactions with unitholders	11,333	(157,182)	-	(145,849)
At 31 December 2022/1 January 2023	1,945,655	33,209	592,975	2,571,839
Net income for the year	-	145,375	72,397	217,772
Total comprehensive income for the year	-	145,375	72,397	217,772
<i>Contributions by and distributions to unitholders</i>				
Issuance of units	185,945	-	-	185,945
Issuing expenses	(2,260)	-	-	(2,260)
Distributions to unitholders	-	(147,294)	-	(147,294)
Total transactions with unitholders	183,685	(147,294)	-	36,391
At 31 December 2023	2,129,340	31,290	665,372	2,826,002

Note 8

The notes on pages 200 to 245 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023 RM'000	2022 RM'000
Cash flows from operating activities			
Net income before tax		221,596	192,050
<i>Adjustments for:</i>			
Islamic financing costs		60,541	52,973
Profit income		(1,494)	(797)
Change in fair value of investment properties	4	(81,311)	(27,819)
Depreciation of equipment	5	495	591
Net loss/(gain) on financial liabilities measured at amortised cost		2,627	(4,654)
Net remeasurement of loss allowance		4,202	1,225
Fair value change on Islamic derivatives		2,463	(2,027)
Operating income before changes in working Capital		209,119	211,542
Changes in working capital:			
Receivables, deposits and prepayments		(7,253)	2,442
Payables and accruals		1,202	5,112
Tenants' deposits		(4,349)	9,074
Net cash generated from operating activities		198,719	228,170
Cash flows from investing activities			
Profit income received		1,494	797
Acquisition of investment properties	4	(4,040)	(486,690)
Enhancement and development of investment properties	4	(172,749)	(57,281)
Acquisition of equipment	5	(27)	(40)
Decrease in pledged Islamic deposits		-	5,860
Net cash used in investing activities		(175,322)	(537,354)
Cash flows from financing activities			
Islamic financing cost paid		(59,485)	(51,476)
Proceeds from financing		7,937	469,971
Redemption of Islamic Medium Term Notes ("Sukuk")		-	(110,000)
Repayment of hire purchase liabilities		(39)	(41)
Income distribution paid to unitholders		(147,294)	(157,182)
Proceeds from issuance of units		185,945	11,493
Issuing expenses		(2,260)	(160)
Net cash (used in)/from financing activities		(15,196)	162,605
Net increase/(decrease) in cash and cash equivalents		8,201	(146,579)
Cash and cash equivalents at 1 January		24,031	170,610
Cash and cash equivalents at 31 December	(i)	32,232	24,031

Statement of Cash Flows

for the year ended 31 December 2023 (continued)

(i) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Note	2023 RM'000	2022 RM'000
Cash and bank balances	7	7,792	22,451
Islamic deposits placed with licensed banks	7	43,924	21,064
		51,716	43,515
Less: Islamic deposits placed with licensed banks			
- pledged	7	(19,484)	(19,484)
		32,232	24,031

The notes on pages 200 to 245 are an integral part of these financial statements.

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 Jaya
Selangor Darul Ehsan

The financial statements as at and for the financial year ended 31 December 2023 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% (2022: 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 2023 of RM27,465,000 (2022: RM25,442,000) is 1% (2022: 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% (2022: 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 2023 is RM40,000 (2022: RM4,793,000) which was 1% of the purchase price. The acquisition fees are included in the acquisition cost of the investment properties acquired (Note 4).

Notes to the Financial Statements

1. GENERAL (CONTINUED)

(c) Trustee's fees

Pursuant to the Deed, the Trustee is entitled to receive a fee of 0.05% (2022: 0.05%) per annum of the Net Asset Value of Axis-REIT calculated on a monthly accrual basis and payable monthly in arrears. Effective from 1 October 2022, the fee has been adjusted from 0.05% to 0.03% per annum. The Trustee's fees for the year ended 31 December 2023 is RM878,000 (2022: RM1,199,000).

These financial statements were approved by the Board of Directors of the Manager on 20 February 2024.

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 IFRS Accounting 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, interpretations and amendments of the MFRSs 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 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale 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:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

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.

Notes to the Financial Statements

2. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following items, which are measured based on the measurement bases stated below:

Item	Measurement bases
Islamic derivative financial instruments	Fair value
Investment properties	Fair value

(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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

Axis-REIT has adopted amendments to MFRS 101, *Presentation of Financial Statements* which take effect from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to Axis-REIT accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is as set out below.

(a) Basis of consolidation

(i) Subsidiaries

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.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements of Axis-REIT.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

(b) 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.

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.

(c) Equipment

(i) Recognition and measurement

Items of equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation

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	10 years
• Car park machines	10 years
• Software	10 years

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

(d) Leases

(i) Definition of a lease

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 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.

(iii) Subsequent measurement

(a) As a lessor

Axis-REIT recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

(e) 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.

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

(e) 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.

(f) 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.

(g) 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.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

(g) Revenue and other income (continued)

(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.

(h) 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.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

(j) 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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(b), 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.

(k) Fair value measurement

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.

4. INVESTMENT PROPERTIES

	2023 RM'000	2022 RM'000
Land and buildings at fair value:		
At 1 January	4,186,020	3,614,230
Acquisitions	4,040	486,690
Enhancements	12,647	14,697
Development	160,102	42,584
Change in fair value	81,311	27,819
At 31 December	4,444,120	4,186,020

Included in acquisitions during the year is RM40,000 (2022: RM4,793,000) which relates to acquisition fees paid to the Manager (Note 1(b)). For the current financial year, the acquisition fee of RM40,000 was paid to the Manager arising from the payment of the amount withheld from the purchase price for acquisition of Axis Shah Alam Distribution Centre 4 in 2018 upon fulfilment of the subsequent term pursuant to the sale and purchase agreement.

Included in the enhancement and development costs are the capitalised financing costs of RM2,410,000 (2022: Nil).

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

2023

Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2023 %	Fair value as at 31.12.2023 RM'000	Cost of investment as at 31.12.2023 RM'000	Percentage of fair value to Net Asset Value as at 31.12.2023 %
Menara Axis (c)	Leasehold	99	42	Petaling Jaya	Commercial office	53.90	112,500	91,726	4.0
Crystal Plaza (b)	Leasehold	99	36	Petaling Jaya	Commercial office	92.49	113,000	74,637	4.0
Axis Business Park (a) ^	Leasehold	99	37	Petaling Jaya	Office/Industrial	86.70	121,900	102,120	4.3
Infinite Center (f) ^	Leasehold	99	42	Petaling Jaya	Office/Industrial	97.32	45,500	37,424	1.6
Wisma Kemajuan (b) ^	Leasehold	99	42	Petaling Jaya	Office/Industrial	70.95	67,000	37,960	2.4
Axis Business Campus (e) ^	Leasehold	99	44	Petaling Jaya	Office/Industrial	74.82	81,300	63,432	2.9
Axis Shah Alam Distribution Centre 1 (c) ^^	Freehold	-	-	Shah Alam	Manufacturing facilities	100.00	41,000	22,507	1.5
Axis Hypermarket @ Sungai Petani (j) ^	Freehold	-	-	Sungai Petani	Hypermarket	100.00	52,000	39,176	1.8
FCI Senai (d) ^	Leasehold	60	44	Senai, Johor	Manufacturing facilities	100.00	26,500	12,693	0.9
Fonterra HQ (b)	Freehold	-	-	Shah Alam	Office/Industrial	84.71	23,000	11,264	0.8
Quattro West (e) ^	Leasehold	99	49	Petaling Jaya	Commercial office	100.00	61,800	52,207	2.2
Strateg Data Centre (e) ^	Leasehold	99	45	Petaling Jaya	Office/Industrial	100.00	68,000	42,927	2.4
D21 Logistics Warehouse (e) ^	Leasehold	60	32	Tanjung Pelepas	Logistics warehouse	100.00	47,700	49,781	1.7
Niro Warehouse (d)	Leasehold	60	28	Pasir Gudang	Logistics warehouse	100.00	29,200	17,051	1.0
Pasir Gudang Logistics Warehouse 1 (d)	Leasehold	60	44	Pasir Gudang	Logistics warehouse	100.00	23,500	13,973	0.8
Axis Vista (b)	Leasehold	99	43	Petaling Jaya	Office/Industrial	100.00	62,000	37,806	2.2
Axis Northport Distribution Centre 1 (e) ^	Leasehold	99	79	Klang	Logistics warehouse	100.00	96,400	68,075	3.4
Bukit Raja Distribution Centre (f)	Freehold	-	-	Klang	Logistics warehouse	100.00	117,000	80,980	4.1
Seberang Prai Logistics Warehouse 1 (g) ^	Leasehold	60	30	Seberang Prai	Logistics warehouse	100.00	24,900	17,821	0.9

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

2023 (continued)

Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2023 %	Fair value as at 31.12.2023 RM'000	Cost of investment as at 31.12.2023 RM'000	Percentage of fair value to Net Asset Value as at 31.12.2023 %
Seberang Prai Logistics Warehouse 2 (g) ^	Leasehold	60	30	Seberang Prai	Logistics warehouse	100.00	9,880	7,404	0.3
Axis Hypermarket @ Johor (c) ^	Freehold	-	-	Johor Bahru	Hypermarket	100.00	108,500	76,997	3.8
Axis Mega Distribution Centre (c) ^^	Leasehold	99	68	Kuala Langat	Logistics warehouse	100.00	406,000	346,954	14.4
Axis Technology Centre (a) ^	Leasehold	99	44	Petaling Jaya	Office/Industrial	91.76	65,600	53,964	2.3
D8 Logistics Warehouse (d) ^	Leasehold	60	32	Johor Bahru	Logistics warehouse	100.00	40,500	31,787	1.4
Bayan Lepas Distribution Centre (j) ^	Leasehold	60	39	Bayan Lepas	Logistics warehouse	100.00	70,000	50,952	2.5
Seberang Prai Logistics Warehouse 3 (g)	Leasehold	60	29/45	Seberang Prai	Logistics warehouse	100.00	85,000	64,364	3.0
Emerson Industrial Facility Nilai (h) ^	Leasehold	99	72	Nilai	Manufacturing facilities	100.00	46,000	27,509	1.6
Wisma Academy Parcel (a) ^	Leasehold	99	39	Petaling Jaya	Office/Industrial	80.64	75,000	77,326	2.7
The Annex (f) ^	Leasehold	99	39	Petaling Jaya	Office/Industrial	60.35	21,740	13,744	0.8
Axis Industrial Facility 1 @ Shah Alam (h)	Leasehold	99	62	Shah Alam	Office/Industrial	75.07	51,000	53,964	1.8
Axis Shah Alam Distribution Centre 3 (a)	Freehold	-	-	Shah Alam	Logistics warehouse	96.20	199,000	189,953	7.0
Axis Steel Centre @ SILC (a) ^	Freehold	-	-	Nusajaya	Manufacturing facilities	100.00	159,000	155,949	5.6
Axis Shah Alam Distribution Centre 2 (d) ^	Leasehold	99	43	Shah Alam	Logistics warehouse	100.00	52,000	47,614	1.8
Beyonics i-Park Campus Block A (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	19,500	14,469	0.7
Beyonics i-Park Campus Block B (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	17,600	13,115	0.6

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

2023 (continued)

Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2023 %	Fair value as at 31.12.2023 RM'000	Cost of investment as at 31.12.2023 RM'000	Percentage of fair value to Net Asset Value as at 31.12.2023 %
Beyonics i-Park Campus Block C (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	16,000	12,055	0.6
Beyonics i-Park Campus Block D (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	30,400	22,504	1.1
Axis Industrial Facility @ Rawang (k)	Freehold	-	-	Rawang	Manufacturing facilities	100.00	60,000	51,513	2.1
Kerry Warehouse (d) ^	Leasehold	60	50	Johor Bahru	Logistics warehouse	100.00	39,500	36,321	1.4
Wasco Facility @ Kuantan (a) ^	Leasehold	99	86	Kuantan	Manufacturing facilities	100.00	162,000	157,619	5.7
Axis Aerotech Centre @ Subang (b)	Leasehold	49	43	Subang	Manufacturing facilities	100.00	93,000	72,868	3.3
Axis Shah Alam Distribution Centre 4 (b) ^^	Freehold	-	-	Shah Alam	Logistics warehouse	100.00	97,500	88,679	3.5
Indahpura Facility 1 (d) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	9,000	7,343	0.3
Beyonics i-Park Campus Block E (c) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	38,500	32,099	1.4
Senawang Industrial Facility (h) ^^	Freehold	-	-	Senawang	Logistics warehouse	100.00	26,100	19,134	0.9
Nusajaya Tech Park Facility 1 (a) ^	Freehold	-	-	Iskandar Puteri, Johor	Manufacturing facilities	100.00	42,000	42,773	1.5
Nusajaya Tech Park Facility 2 (a) ^	Freehold	-	-	Iskandar Puteri, Johor	Manufacturing facilities	100.00	15,500	14,105	0.5
Axis Facility @ Batu Kawan (i)	Leasehold	30	26	Simpang Ampat, Penang	Logistics warehouse	100.00	19,800	14,706	0.7
Axis Facility 2 @ Nilai (f) ^^	Leasehold	99	66	Nilai	Manufacturing facilities	100.00	52,600	50,920	1.9
Axis Facility 2 @ Bukit Raja (e)	Leasehold	99	66	Klang	Logistics warehouse	100.00	52,000	47,732	1.8

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

2023 (continued)

Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2023 %	Fair value as at 31.12.2023 RM'000	Cost of investment as at 31.12.2023 RM'000	Percentage of fair value to Net Asset Value as at 31.12.2023 %
D37c Logistics Warehouse (d) ^^	Leasehold	41	32	Tanjung Pelepas	Logistics warehouse	100.00	68,000	66,094	2.4
Axis Shah Alam Distribution Centre 5 (d) ^	Leasehold	99	51	Shah Alam	Logistics warehouse	100.00	98,000	96,330	3.5
Axis Industrial Facility 2 @ Shah Alam (b) ^	Leasehold	99	54	Shah Alam	Manufacturing facilities	100.00	17,000	12,256	0.6
Indahpura Facility 2 (a)	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	9,300	8,733	0.3
Indahpura Facility 3 (a)	Freehold	-	-	Johor Bahru	Office/Industrial	100.00	7,500	6,821	0.3
Beyondics i-Park Campus Block F (c)	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	17,000	13,276	0.6
Bukit Raja Distribution Centre 2 (c) ^	Freehold	-	-	Klang	Logistics warehouse	100.00	268,000	236,389	9.5
Xin Hwa Warehouse @ Pasir Gudang (a)	Leasehold	60	51/53	Pasir Gudang	Logistics warehouse	100.00	78,600	76,388	2.8
Pasir Gudang Logistics Warehouse 2 (c)	Leasehold	30	28	Pasir Gudang	Logistics warehouse	100.00	36,000	32,679	1.3
Indahpura Facility 4 (j)	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.00	18,300	16,687	0.6
DW1 Logistics Warehouse (e)	Leasehold	38	31	Tanjung Pelepas	Logistics warehouse	100.00	391,000	395,642	13.8
Axis Industrial Facility 1 @ Meru (d)	Freehold	-	-	Klang	Manufacturing facilities	100.00	41,000	41,682	1.5
Total							4,444,120	3,772,973	

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

- (a) Wasco Facility @ Kuantan, Axis Technology Centre, Wisma Academy Parcel, Axis Business Park, Axis Shah Alam Distribution Centre 3, Xin Hwa Warehouse @ Pasir Gudang, Beyonics i-Park Campus Block A, B, C, D, Nusajaya Tech Park Facility 1 and 2, Indahpura Facility 2 and 3 and Axis Steel Centre @ SiLC were valued on 11 July 2023, 20 July 2023, 7 August 2023, 8 August 2023, 22 August 2023, 29 August 2023, 30 August 2023, 12 September 2023, 12 September 2023, 11 October 2023, 31 October 2023 and 19 December 2023, 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 Steel Centre @ SiLC, Indahpura Facility 3 and Axis Technology Centre which were based on the cost method of valuation.
- (b) Axis Shah Alam Distribution Centre 4, Wisma Kemajuan, Axis Aerotech Centre @ Subang, Fonterra HQ, Crystal Plaza, Axis Vista, and Axis Industrial Facility 2 @ Shah Alam and were valued on 7 July 2023, 1 August 2023, 21 August 2023, 28 August 2023, 14 September 2023, 5 October 2023 and 2 November 2023, 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 valuation, except for Axis Industrial Facility 2 @ Shah Alam which were based on the cost method of valuation and Axis Vista which was based on the comparison method of valuation.
- (c) Axis Hypermarket @ Johor, Axis Shah Alam Distribution Centre 1, Beyonics i-Park Campus Block E, Beyonics i-Park Campus Block F, Pasir Gudang Logistics Warehouse 2, Menara Axis, Bukit Raja Distribution Centre 2 and Axis Mega Distribution Centre were valued on 14 July 2023, 15 August 2023, 17 August 2023, 17 August 2023, 25 August 2023, 5 September 2023, 4 October 2023 and 24 November 2023, 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.
- (d) Axis Industrial Facility 1 @ Meru, Pasir Gudang Logistics Warehouse 1, FCI Senai, Niro Warehouse, Kerry Warehouse, Axis Shah Alam Distribution Centre 5, Indahpura Facility 1, D8 Logistics Warehouse, D37c Logistics Warehouse and Axis Shah Alam Distribution Centre 2 were valued on 5 July 2023, 27 July 2023, 9 August 2023, 16 August 2023, 21 August 2023, 23 August 2023, 29 August 2023, 7 September 2023, 7 September 2023 and 23 October 2023, 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 investment method of valuation.
- (e) Strateq Data Centre, Axis Facility 2 @ Bukit Raja, Axis Business Campus, Quattro West, DW1 Logistics Warehouse, Axis Northport Distribution Centre 1 and D21 Logistics Warehouse were valued on 4 July 2023, 28 July 2023, 6 September 2023, 6 September 2023, 12 October 2023, 2 November 2023 and 24 November 2023, 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.
- (f) The Annex, Axis Facility 2 @ Nilai, Infinite Center and Bukit Raja Distribution Centre were valued on 1 August 2023, 10 August 2023, 16 August 2023 and 27 September 2023, 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 valuation.
- (g) Seberang Prai Logistics Warehouse 3, Seberang Prai Logistics Warehouse 1 & 2 were valued on 17 July 2023, 17 October 2023 and 17 October 2023, respectively by KGV International Property Consultants (PG) 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 for Seberang Prai Logistics Warehouse 3 which was based on the investment method of valuation.
- (h) Emerson Industrial Facility Nilai, Senawang Industrial Facility and Axis Industrial Facility 1 @ Shah Alam were valued on 13 July 2023, 13 July 2023 and 10 October 2023, respectively 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.

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

- (i) Axis Facility @ Batu Kawan was valued on 5 September 2023 by Zerin Properties Corporate Valuers Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (j) Indahpura Facility 4, Bayan Lepas Distribution Centre and Axis Hypermarket @ Sungai Petani were valued on 6 July 2023, 1 August 2023 and 7 September 2023, 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) Axis Industrial Facility @ Rawang was valued on 28 July 2023 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).

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

2022

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 %
Menara Axis (c)	Leasehold	99	43	Petaling Jaya	Commercial office	47.7	112,500	91,655	4.4
Crystal Plaza (b)	Leasehold	99	37	Petaling Jaya	Commercial office	92.0	113,000	73,378	4.4
Axis Business Park (a) ^	Leasehold	99	38	Petaling Jaya	Office/Industrial	81.7	121,900	102,120	4.7
Infinite Center (f) ^	Leasehold	99	43	Petaling Jaya	Office/Industrial	96.5	45,400	37,424	1.8
Wisma Kemajuan (d) ^	Leasehold	99	43	Petaling Jaya	Office/Industrial	67.7	67,000	37,960	2.6
Axis Business Campus (e) ^	Leasehold	99	45	Petaling Jaya	Office/Industrial	74.8	80,700	63,411	3.1
Axis Shah Alam Distribution Centre 1 (c) ^^	Freehold	-	-	Shah Alam	Manufacturing facilities	100.0	40,700	22,507	1.6
Axis Hypermarket @ Sungai Petani (j) ^	Freehold	-	-	Sungai Petani	Hypermarket	100.0	52,000	39,117	2.0
FCI Senai (d) ^	Leasehold	60	45	Senai, Johor	Manufacturing facilities	100.0	26,500	12,693	1.0
Fonterra HQ (b)	Freehold	-	-	Shah Alam	Office/Industrial	84.7	23,000	11,264	0.9
Quattro West (e) ^	Leasehold	99	50	Petaling Jaya	Commercial office	100.0	61,000	51,593	2.4
Strateg Data Centre (e) ^	Leasehold	99	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	0.9
Axis Vista (c)	Leasehold	99	44	Petaling Jaya	Office/Industrial	100.0	60,000	37,753	2.3
Axis Northport Distribution Centre 1 (b) ^	Leasehold	99	80	Klang	Logistics warehouse	100.0	91,500	67,076	3.6
Bukit Raja Distribution Centre (f)	Freehold	-	-	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

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

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	-	-	Johor Bahru	Hypermarket	100.0	107,000	76,997	4.2
Axis Mega Distribution Centre (c) ^^	Leasehold	99	69	Kuala Langat	Logistics warehouse	100.0	316,500	259,315	12.3
Axis Technology Centre (a) ^	Leasehold	99	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	99	73	Nilai	Manufacturing facilities	100.0	44,000	27,509	1.7
Wisma Academy Parcel (a) ^	Leasehold	99	40	Petaling Jaya	Office/Industrial	78.4	75,000	77,326	2.9
The Annex (f) ^	Leasehold	99	40	Petaling Jaya	Office/Industrial	60.4	21,740	13,624	0.8
Axis Industrial Facility 1 @ Shah Alam (c)	Leasehold	99	63	Shah Alam	Manufacturing facilities	77.6	50,000	53,813	1.9
Axis Shah Alam Distribution Centre 3 (d)	Freehold	-	-	Shah Alam	Logistics warehouse	100.0	198,000	187,914	7.7
Axis Steel Centre @ SILC (d) ^	Freehold	-	-	Nusajaya	Manufacturing facilities	100.0	163,000	155,949	6.3
Axis Shah Alam Distribution Centre 2 (b) ^	Leasehold	99	44	Shah Alam	Logistics warehouse	100.0	50,000	47,614	1.9
Beyonics i-Park Campus Block A (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.0	19,000	14,469	0.7
Beyonics i-Park Campus Block B (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.0	17,000	13,115	0.7

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

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 %
Beyonics i-Park Campus Block C (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.0	15,000	12,055	0.6
Beyonics i-Park Campus Block D (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.0	29,000	22,504	1.1
Axis Industrial Facility @ Rawang (m)	Freehold	-	-	Rawang	Manufacturing facilities	100.0	60,000	51,513	2.3
Kerry Warehouse (d)	Leasehold	60	51	Johor Bahru	Logistics warehouse	100.0	39,500	33,821	1.5
Wasco Facility @ Kuantan (c) ^	Leasehold	99	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	-	-	Shah Alam	Logistics warehouse	100.0	93,500	84,639	3.6
Indahpura Facility 1 (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.0	8,200	7,343	0.3
Beyonics i-Park Campus Block E (a) ^	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.0	37,000	32,099	1.4
Senawang Industrial Facility (f) ^^	Freehold	-	-	Senawang	Logistics warehouse	100.0	24,700	19,134	1.0
Nusajaya Tech Park Facility 1 (a) ^	Freehold	-	-	Iskandar Puteri, Johor	Manufacturing facilities	100.0	42,000	42,773	1.6
Nusajaya Tech Park Facility 2 (a) ^	Freehold	-	-	Iskandar Puteri, Johor	Manufacturing facilities	100.0	15,500	14,105	0.6
Axis Facility @ Batu Kawan (l)	Leasehold	30	27	Simpang Ampat, Penang	Logistics warehouse	100.0	19,000	14,706	0.7
Axis Facility 2 @ Nilai (f) ^^	Leasehold	99	67	Nilai, Negeri Sembilan	Manufacturing facilities	100.0	51,600	50,920	2.0

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

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 %
Axis Facility 2 @ Bukit Raja (e)	Leasehold	99	67	Klang	Manufacturing facilities	-	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	99	52	Shah Alam	Logistics warehouse	100.0	96,000	96,330	3.7
Axis Industrial Facility 2 @ Shah Alam (a)	Leasehold	99	55	Shah Alam	Manufacturing facilities	100.0	14,700	12,256	0.6
Indahpura Facility 2 (d)	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.0	9,000	8,733	0.3
Indahpura Facility 3 (d)	Freehold	-	-	Johor Bahru	Office/Industrial	100.0	7,000	6,821	0.3
Beyonds i-Park Campus Block F (d)	Freehold	-	-	Johor Bahru	Manufacturing facilities	100.0	15,000	13,276	0.6
Bukit Raja Distribution Centre 2 (c)	Freehold	-	-	Klang	Manufacturing facilities	-	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	-	-	Johor Bahru	Manufacturing facilities	100.0	18,200	16,687	0.7
DW1 Logistics Warehouse (e)	Leasehold	38	32	Tanjung Pelepas	Logistics warehouse	100.0	391,000	395,642	15.2
Axis Industrial Facility 1 @ Meru (d)	Freehold	-	-	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)

- (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 valuation.
- (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.
- (d) 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 investment method of valuation.
- (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 valuation.
- (g) 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, Appraisers & Estate Agents Malaysia using the cost method of valuation.
- (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.

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

- (i) 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.
- (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.
- (l) 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).

4.1 Income and expenses recognised in profit or loss in respect of investment properties

	Note	2023 RM'000	2022 RM'000
Revenue	12	288,410	284,471
Property operating expenses	13	(42,977)	(39,128)
Change in fair value of investment properties	4.2.1	77,399	24,438

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

4.2 Fair value information

As at 31 December 2023, the fair value of investment properties amounting to RM4,444,120,000 (2022: RM4,186,020,000) is categorised as Level 3 in accordance with MFRS 13, using unobservable inputs.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair value:

	Note	2023 RM'000	2022 RM'000
At 1 January		4,186,020	3,614,230
Acquisitions		4,040	486,690
Enhancements		12,647	14,697
Development		160,102	42,584
		4,362,809	4,158,201
Gains and losses recognised in profit or loss			
Change in fair value - unrealised	4.2.1	81,311	27,819
At 31 December		4,444,120	4,186,020

4.2.1 The change in fair value as presented in the profit or loss of RM77,399,000 (2022: RM24,438,000) is after offsetting unbilled lease income receivable amounting to RM3,912,000 (2022: RM3,381,000).

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	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
a) The investment method considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process. Capitalisation relates to income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as capitalisation rates), yield or discount rates (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.	<ul style="list-style-type: none"> • Risk-adjusted term capitalisation rates ranging from 3.00% - 7.50% (2022: 5.50% - 7.25%). • Risk-adjusted reversion capitalisation rates of 3.00% - 8.00% (2022: 5.75% - 7.50%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Risk-adjusted term capitalisation rates were lower (higher). • Risk-adjusted reversion capitalisation rates were lower (higher).

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

4.2 Fair value information (continued)

Valuation 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.	<ul style="list-style-type: none"> Adjusted land value ranging from RM292 per sq. ft. to RM410 per sq. ft. (2022: RM297 per sq. ft. to RM393 per sq. ft.). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> 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 method may be significantly affected by the location of the property and the market prices for materials and labour.	<ul style="list-style-type: none"> Land value ranging from RM32 per sq. ft. to RM247 per sq. ft. (2022: RM30 per sq. ft. to RM245 per sq. ft.). Main floor area cost ranging from RM80 per sq. ft. to RM250 per sq. ft. (2022: RM45 per sq. ft. to RM255 per sq. ft.). Depreciation rates ranging from 2.0% to 60% (2022: 2.0% to 70%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Land value were higher (lower). Main floor area cost were higher (lower). Depreciation rates were lower (higher).

Significant estimation uncertainty and judgements

In the current and previous financial year, some valuation reports include a lesser degree of material uncertainty, given the unknown impact of the 2019 Novel Coronavirus ("COVID-19") in the endemic stage. A degree of caution was attached to those valuations and frequent reviews are recommended.

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (CONTINUED)

4.2 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.

4.3 Maturity analysis of operating lease payment receivables

Axis-REIT leases out its investment properties under operating leases. The future minimum lease payment receivable under non-cancellable leases is as follows:

	2023 RM'000	2022 RM'000
Less than one year	275,811	268,955
One to two years	213,977	249,606
Two to three years	170,986	199,477
Three to four years	150,539	171,477
Four to five years	122,609	161,761
More than five years	779,999	882,894
Total undiscounted lease payment receivable	1,713,921	1,934,170

Notes to the Financial Statements

5. EQUIPMENT

	Office equipment, furniture and fittings RM'000	Car park machines RM'000	Software RM'000	Total RM'000
Cost				
At 1 January 2022	1,600	3,930	905	6,435
Additions	11	29	-	40
At 31 December 2022/1 January 2023	1,611	3,959	905	6,475
Additions	2	-	25	27
At 31 December 2023	1,613	3,959	930	6,502
Accumulated depreciation				
At 1 January 2022	479	2,876	670	4,025
Depreciation for the year	160	341	90	591
At 31 December 2022/1 January 2023	639	3,217	760	4,616
Depreciation for the year	161	279	55	495
At 31 December 2023	800	3,496	815	5,111
Carrying amounts				
At 1 January 2022	1,121	1,054	235	2,410
At 31 December 2022/1 January 2023	972	742	145	1,859
At 31 December 2023	813	463	115	1,391

Equipment purchased under hire purchase

At 31 December 2023, the net carrying amount of equipment purchased under hire purchase was RM131,000 (2022: RM156,000).

Notes to the Financial Statements

6. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2023 RM'000	2022 RM'000
Trade			
Trade receivables		957	6,479
Tenancy contract assets	6.1	2,040	2,943
		2,997	9,422
Non-trade			
Other receivables		2,682	3,850
Deposits	6.2	13,539	3,269
Prepayments		6,332	5,958
Islamic derivative assets	6.3	116	1,780
		22,669	14,857
		25,666	24,279

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 agreements.

6.2 Included in deposits is RM10,195,000 (2022: Nil) paid for potential new acquisitions of investment properties.

6.3 The Islamic derivatives (profit rate swaps) consist of three separate notional contract amounts of RM110,000,000, RM110,000,000 and RM200,000,000, respectively (2022: two separate notional contract amounts of RM110,000,000 and RM110,000,000, respectively). Profit rate swaps are used by Axis-REIT to achieve an approximate mix of fixed and floating rates exposure in line with its policy.

7. CASH AND CASH EQUIVALENTS

	2023 RM'000	2022 RM'000
Cash and bank balances	7,792	22,451
Islamic deposits placed with licensed banks	43,924	21,064
	51,716	43,515

Included in Islamic deposits placed with licensed banks is an amount of RM300,000 (2022: RM300,000) which is pledged for banking facilities granted to Axis-REIT (Note 10) and an amount of RM19,184,000 (2022: RM19,184,000) 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

8. TOTAL UNITHOLDERS' FUNDS

8.1 Unitholders' capital

	2023 Number of units '000	2022 Number of units '000
Issued and fully paid units with no par value classified as equity instruments:		
At 1 January	1,641,054	1,634,524
Issued for cash	100,000	-
Issued under Income Distribution Reinvestment Plan ("IDRP")	6,438	6,530
At 31 December	1,747,492	1,641,054
	2023 RM'000	2022 RM'000
Issued and fully paid units with no par value classified as equity instruments:		
At 1 January	1,945,655	1,934,322
New units issued:		
100,000,000 units @ RM1.75 per unit and 6,438,121 units @ RM1.70 per unit (2022: 6,529,923 units @ RM1.76 per unit)	185,945	11,493
Issuing expenses	(2,260)	(160)
At 31 December	2,129,340	1,945,655

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.

	2023		2022	
	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	95,637	171,190	86,745	155,274
Kumpulan Wang Persaraan (Diperbadankan)	146,807	262,785	147,162	263,420
Employees Provident Fund Board	273,725	489,968	256,878	459,812
Axis-REIT's substantial unitholders' indirect unitholding:				
Kumpulan Wang Persaraan (Diperbadankan) (i)	33,417	59,816	32,251	57,729

Notes to the Financial Statements

8. TOTAL UNITHOLDERS' FUNDS (CONTINUED)

8.2 Unitholdings of substantial unitholders, Directors of the Manager and their related parties (continued)

	2023		2022	
	Number of units '000	Market value RM'000	Number of units '000	Market value RM'000
Directors of the Manager - direct unitholding:				
Dato' Abas Carl Gunnar Bin Abdullah	24,499	43,853	24,370	43,622
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin (ii)	-	-	20	36
Tew Peng Hwee @ Teoh Peng Hwee	57,002	102,034	57,200	102,388
Alex Lee Lao (iii)	-	-	58,050	103,910
Leong Kit May	44	79	43	77
Jancis Anne Que Lao (iv)	2,944	5,270	2,931	5,246
Maxine Teoh Sui Vern (v)	8	14	8	14
Devika A/P K Sothinathan	11	20	10	18
Takim Khan Myhre (vi)	346	619	-	-
Directors of the Manager - indirect unitholding:				
Dato' Abas Carl Gunnar Bin Abdullah (vii)	10,552	18,888	10,496	18,788
Alex Lee Lao (iii)	-	-	3,207	5,741

Notes to the Financial Statements

8. TOTAL UNITHOLDERS' FUNDS (CONTINUED)

8.2 Unitholdings of substantial unitholders, Directors of the Manager and their related parties (continued)

	2023		2022	
	Number of units '000	Market value RM'000	Number of units '000	Market value RM'000
Direct unitholdings of close family members of the Directors of the Manager:				
Datin Kuyas Emiloglu (also known as Ka Ya-Shih)	10,478	18,756	10,422	18,655
Leon Lee Lao	2,359	4,223	2,348	4,203
Lao, Yin Yong Lee	-	-	859	1,538
Tan Siew Geok	846	1,514	842	1,507
Jeanette Ivy Robertson Lomax	-	-	255	456
Amanda Tan Myhre	74	132	74	132
John Lee Lao	-	-	1,202	2,152
Dean Lee Lao	-	-	2,448	4,382
Edward Teoh Eu Shang	1	2	1	2
Yolbars Khan Myhre	55	98	54	97
Takim Khan Myhre (vi)	-	-	54	97
K Sothinathan A/L Kanagasingam (Deceased)	209	374	209	374
Alex Lee Lao	58,358	104,461	-	-
Christopher Chang Tze Kun	25	45	-	-

Notes:

- (i) Held by fund managers of Kumpulan Wang Persaraan (Diperbadankan).
- (ii) YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin resigned as a director of the Manager on 30 May 2023.
- (iii) Alex Lee Lao resigned as the alternate director to Dato' Abas Carl Gunnar Bin Abdullah on 27 October 2023.
- (iv) Jancis Anne Que Lao is the alternate director to Alvin Dim Lao.
- (v) Maxine Teoh Sui Vern is the alternate director to Tew Peng Hwee @ Teoh Peng Hwee.
- (vi) Takim Khan Myhre is the alternate director to Dato' Abas Carl Gunnar Bin Abdullah effective from 27 October 2023.
- (vii) Deemed interested in the direct unitholdings of his spouse, Datin Kuyas Emiloglu (also known as Ka Ya-Shih) and his daughter, Amanda Tan Myhre.

The market value of the units was determined by multiplying the number of units with the market price as at 31 December 2023 of RM1.79 per unit (2022: RM1.79 per unit).

Notes to the Financial Statements

9. DEFERRED TAX LIABILITIES

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 1.1.2022 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31.12.2023 RM'000
Investment properties	12,797	1,683	14,480	3,824	18,304

10. FINANCING

	Note	2023 RM'000	2022 RM'000
Non-current			
Islamic Medium Term Notes ("Sukuk")	10.1	450,000	450,000
Hire purchase liabilities	10.2	-	19
Term financing – secured	10.3	293,750	285,750
Transaction costs			
- Sukuk	10.1	(585)	(742)
- Term financing – secured	10.3	(2,711)	(1,547)
		740,454	733,480
Current			
Revolving credit – secured	10.4	814,500	812,500
Hire purchase liabilities	10.2	20	40
		814,520	812,540
		1,554,974	1,546,020

Notes to the Financial Statements

10. FINANCING (CONTINUED)

10.1 Islamic Medium Term Notes ("Sukuk")

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 out as follows.

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.

10.2 Hire purchase liabilities

Hire purchase liabilities are subject to financing costs at 3.5% (2022: 3.5%) per annum.

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 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.

During the financial year, a new term financing was obtained and is secured over the investment properties as indicated in Note 4 to the financial statements. It is payable on 7 June 2035. The related transaction costs are amortised and charged to profit and loss over the expected tenure of 12 years.

Notes to the Financial Statements

10. FINANCING (CONTINUED)

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 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Others RM'000	At 31.12.2022/ 1.1.2023 RM'000	Net changes from financing cash flows RM'000	Others RM'000	At 31.12.2023 RM'000
Sukuk	559,037	(110,000)	221	449,258	-	157	449,415
Hire purchase liabilities	100	(41)	-	59	(39)	-	20
Term financing – secured	259,956	23,977	270	284,203	6,498	338	291,039
Revolving credit – secured	365,500	445,994	1,006	812,500	1,439	561	814,500
Total liabilities from financing activities	1,184,593	359,930	1,497	1,546,020	7,898	1,056	1,554,974

11. PAYABLES AND ACCRUALS

	Note	2023 RM'000	2022 RM'000
Current			
Trade			
Trade payables		16,066	19,843
Non-trade			
Other payables and accrued expenses	11.1	21,254	16,275
Islamic derivative liabilities	6.3	937	138
		22,191	16,413
		38,257	36,256

11.1 Included in other payables and accrued expenses are amounts due to the Manager and the Property Manager of RM2,381,000 (2022: RM2,152,000) and RM883,000 (2022: RM849,000), respectively. These amounts are unsecured, interest-free and payable monthly in arrears.

Notes to the Financial Statements

12. REVENUE

	2023 RM'000	2022 RM'000
Rental income from investment properties		
- Rental income billed in accordance with tenancy contracts	273,064	262,268
- Lease incentive adjustment	(903)	(633)
- Unbilled lease income receivable	3,912	3,381
	276,073	265,016
Revenue from contracts with customers		
- Car park income	5,754	5,079
- Other income	6,583	14,376
	12,337	19,455
	288,410	284,471

13. PROPERTY OPERATING EXPENSES

	Note	2023 RM'000	2022 RM'000
Assessment		6,906	6,445
Service contracts and maintenance		12,874	11,086
Property management fees	1(a)	5,733	5,671
Property management reimbursements		3,836	3,841
Utilities		4,676	4,095
Others		8,952	7,990
		42,977	39,128

Notes to the Financial Statements

14. TAX EXPENSE

	Note	2023 RM'000	2022 RM'000
Deferred tax expense			
- Current year	9	3,824	1,683
Total tax expense		3,824	1,683
Reconciliation of tax expense			
Net income before tax		221,596	192,050
Income tax using Malaysian tax rate of 24% (2022: 24%)		53,183	46,092
Non-deductible expenses		2,304	1,616
Effect of fair value change on investment properties which is not subject to tax		(11,186)	(4,934)
Effect of exemption from income tax	14.1	(44,301)	(42,774)
		-	-
Real Property Gains Tax ("RPGT")			
Cumulative fair value gain on investment properties subject to RPGT		3,824	1,683
		3,824	1,683

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

Basic EPU is calculated by dividing the net income for the year attributable to unitholders of Axis-REIT by the weighted average number of units in circulation during the year.

The calculation of basic earnings per unit is based on income after taxation attributable to unitholders for the year of RM217,772,000 (2022: RM190,367,000) and the weighted average number of units in circulation during the year of 1,740,479,062 (2022: 1,638,102,155).

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.

Notes to the Financial Statements

16. DISTRIBUTION TO UNITHOLDERS

Distribution to unitholders is from the following sources:

	2023 RM'000	2022 RM'000
Net property income		
- current year	245,433	245,343
- prior year	153	239
Profit and other income	1,494	797
	247,080	246,379
Less: Non-property expenses	(97,640)	(85,209)
	149,440	161,170
Adjustments to earnings available for distribution:		
- depreciation of equipment	495	591
- net measurement of loss allowance	4,202	1,225
- other non-cash items	(3,009)	(2,748)
	151,128	160,238
Less: Undistributed income	(372)	(153)
	150,756	160,085
Gross distribution per unit (sen)	8.65	9.75
Net distribution per unit (sen)	8.65	9.75

17. MANAGEMENT EXPENSE RATIO

	2023	2022
Management Expense Ratio ("MER") (%)	1.20	1.22

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.

Notes to the Financial Statements

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:

- (a) Financial assets measured at amortised cost ("FAAC");
- (b) Financial liabilities measured at amortised cost ("FLAC"); and
- (c) Fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	FAAC/(FLAC) RM'000	FVTPL RM'000
2023			
Financial assets			
Receivables and deposits	17,539	17,423	116
Cash and cash equivalents	51,716	51,716	-
	69,255	69,139	116
Financial liabilities			
Tenants' deposits	(85,356)	(85,356)	-
Payables and accruals	(38,257)	(37,320)	(937)
Financing	(1,554,974)	(1,554,974)	-
	(1,678,587)	(1,677,650)	(937)
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)

Notes to the Financial Statements

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.2 Net gains and losses arising from financial instruments

	2023 RM'000	2022 RM'000
Net (losses)/gains on:		
Fair value through profit or loss	(2,463)	2,027
Financial assets measured at amortised cost	(2,708)	(428)
Financial liabilities measured at amortised cost	(63,168)	(48,319)
Total	(68,339)	(46,720)

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

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

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying 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

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 RM957,000 (2022: RM6,479,000). 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:

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Past due 1 - 30 days	835	-	835
Past due 31 - 60 days	20	-	20
Past due 61 - 90 days	18	-	18
	873	-	873
Credit impaired			
Past due more than 90 days	6,274	(6,190)	84
Trade receivables	7,147	(6,190)	957
Tenancy contract assets	2,040	-	2,040
	9,187	(6,190)	2,997
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

There are trade receivables on which Axis-REIT has not recognised any loss allowance as these are collateralised by tenants' deposits.

Notes to the Financial Statements

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:

	2023 RM'000	2022 RM'000
Balance at 1 January	1,988	763
Net remeasurement of loss allowance	4,202	1,225
Balance at 31 December	6,190	1,988

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.

These banks and financial institutions have low credit risks. Consequently, Axis-REIT is of the view that the loss allowance is not 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of Axis-REIT's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Financial liabilities	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
2023							
<i>Non-derivative financial liabilities</i>							
Payables and accruals	37,320	-	37,320	37,320	-	-	-
Tenants' deposits*	85,356	-	98,705	24,494	21,124	21,545	31,542
Revolving credit - secured	814,500	3.67 - 4.32	817,337	817,337	-	-	-
Term financing - secured	291,039	3.40 - 4.36	351,064	11,844	75,786	129,083	134,351
Hire purchase liabilities	20	3.50	23	23	-	-	-
Sukuk	449,415	3.82 - 4.65	519,359	19,160	19,160	392,451	88,588
	1,677,650		1,823,808	910,178	116,070	543,079	254,481
<i>Derivative financial liabilities</i>							
Islamic derivatives	937	-	937	937	-	-	-
	1,678,587		1,824,745	911,115	116,070	543,079	254,481

* The carrying amount of tenants' deposits has been discounted using the imputed profit rate of 4.08% (2022: 3.37%) per annum.

Notes to the Financial Statements

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of Axis-REIT's financial liabilities as at the end of the reporting period based on undiscounted contractual 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							
<i>Non-derivative financial liabilities</i>							
Payables and accruals	36,118	-	36,118	36,118	-	-	-
Tenants' deposits*	87,078	-	103,054	18,414	19,150	21,312	44,178
Revolving credit - secured	812,500	2.65 - 3.99	815,072	815,072	-	-	-
Term financing - secured	284,203	2.67 - 4.20	347,696	10,707	10,707	146,888	179,394
Hire purchase liabilities	59	3.50	70	47	23	-	-
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
<i>Derivative financial liabilities</i>							
Islamic derivatives	138	-	138	138	-	-	-
	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 4.08% (2022: 3.37%) per annum.

Notes to the Financial Statements

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 hire purchase 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 three separate notional contract amounts of RM110,000,000, RM110,000,000 and RM200,000,000, respectively (2022: two separate notional contract amounts of RM110,000,000 and RM110,000,000, respectively) 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, July 2032 and January 2033, respectively (2022: mature in June 2025 and July 2032).

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:

	2023 RM'000	2022 RM'000
Financial assets		
<i>Fixed rate instrument</i>		
Islamic deposits placed with licensed banks	43,924	21,064
Financial liabilities		
<i>Fixed rate instruments</i>		
Hire purchase liabilities	20	59
Term financing – secured	59,250	59,250
Sukuk	450,000	450,000
	509,270	509,309
<i>Floating rate instruments</i>		
Term financing – secured	234,500	226,500
Revolving credit – secured	814,500	812,500
	1,049,000	1,039,000

Notes to the Financial Statements

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.6 Market risk (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis

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 rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
2023		
Floating rate instruments	(10,490)	10,490
Profit rate swaps	4,200	(4,200)
2022		
Floating rate instruments	(10,390)	10,390
Profit rate swap	2,200	(2,200)

Notes to the Financial Statements

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.7 Fair value information

The carrying amounts of cash and cash equivalents, receivables and deposits, payables and accruals and short-term financing approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2023										
Financial assets										
Islamic derivatives	-	116	-	116	-	-	-	-	116	116
Financial liabilities										
Tenants' deposits	-	-	-	-	-	-	85,356	85,356	85,356	85,356
Islamic derivatives	-	937	-	937	-	-	-	-	937	937
Financing	-	-	-	-	-	-	1,540,733	1,540,733	1,540,733	1,554,954
Hire purchase liabilities	-	-	-	-	-	-	23	23	23	20
	-	937	-	937	-	-	1,626,112	1,626,112	1,627,049	1,641,267
2022										
Financial assets										
Islamic derivatives	-	1,780	-	1,780	-	-	-	-	1,780	1,780
Financial liabilities										
Tenants' deposits	-	-	-	-	-	-	87,078	87,078	87,078	87,078
Islamic derivatives	-	138	-	138	-	-	-	-	138	138
Financing	-	-	-	-	-	-	1,557,451	1,557,451	1,557,451	1,545,961
Hire purchase liabilities	-	-	-	-	-	-	69	69	69	59
	-	138	-	138	-	-	1,644,598	1,644,598	1,644,736	1,633,236

Notes to the Financial Statements

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.7 Fair value information (continued)

Level 2 fair value

Islamic derivatives

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 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 (2022: 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

Type	Description of valuation technique and inputs used
Tenants' deposits, financing and hire purchase 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%.

Notes to the Financial Statements

20. CAPITAL MANAGEMENT (CONTINUED)

The financing ratio of Axis-REIT at the end of the reporting period were as follows:

	Note	2023 RM'000	2022 RM'000
Total financing	10	1,554,974	1,546,020
Total assets value		4,522,893	4,255,673
Financing ratio (%)		34.38	36.33

There was no change in Axis-REIT's approach to capital management during the financial year.

21. CAPITAL COMMITMENTS

	2023 RM'000	2022 RM'000
Significant capital expenditure commitments		
Investment properties		
<i>Contracted but not provided for and payable:</i>		
- Within one year	99,329	192,521

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.

Notes to the Financial Statements

22. RELATED PARTIES (CONTINUED)

Significant related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	2023 RM'000	2022 RM'000
Acquisition of investment properties from related parties of the Directors of the Manager	-	16,300
Rental income received and receivable from company controlled by certain Director of the Manager (note 22.1)	-	4,897

The above transactions have been entered into in the normal course of business and have been established based on negotiated terms and conditions.

22.1 During the financial year, the company controlled by a director of the Manager ceased to be a related party following the resignation of that director.

23. SUBSEQUENT EVENT

On 16 January 2024, Axis-REIT completed the acquisition of a hypermarket in Temerloh, in the State of Pahang, for a total cash consideration of RM25,750,000.

Statement by the Manager

In the opinion of the Directors of the Manager, the financial statements set out on pages 194 to 245 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 IFRS Accounting Standards so as to give a true and fair view of the financial position of Axis Real Estate Investment Trust at 31 December 2023 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:

.....
Tew Peng Hwee @ Teoh Peng Hwee
Director

.....
Leong Kit May
Director

Petaling Jaya,

Date: 20 February 2024

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 194 to 245, 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, at Petaling Jaya in the state of Selangor Darul Ehsan on 20 February 2024.

.....
Ng Choy Tip

Before me:

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 2023. 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 2023 are in line with and are reflective of the objectives of Axis-REIT. Four distributions have been declared for the financial year ended 31 December 2023 as follows:

- 1) 1st interim income distribution of 2.05 sen per unit paid on 31 May 2023;
- 2) 2nd interim income distribution of 2.05 sen per unit paid on 30 August 2023;
- 3) 3rd interim income distribution of 2.15 sen per unit paid on 15 December 2023; and
- 4) Final income distribution of 2.40 sen per unit payable on 29 February 2024.

For and on behalf of the Trustee,
RHB Trustees Berhad
(Company No.: 200201005356 (573019-U))

.....
Tony Chieng Siong Ung
Director

Kuala Lumpur,

Date: 20 February 2024

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 2023, 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 material accounting policy information, as set out on pages 194 to 245.

In our opinion, the financial statements give a true and fair view of the financial position of Axis-REIT as of 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 RM4,444,120,000 as at 31 December 2023.

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, some valuation reports include a lesser degree of material uncertainty, given the unknown impact of the 2019 Novel Coronavirus ("COVID-19") in the endemic stage. A degree of caution was attached to those valuations and 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 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.

Independent Auditors' Report to the Unitholders of Axis Real Estate Investment Trust

(Established in Malaysia)

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 IFRS Accounting 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) 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 involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Axis-REIT.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- iv) 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 continue as a going concern.
- v) 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.
- vi) 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 audit. We remain solely responsible for our audit opinion.

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: 20 February 2024

Florence Chua Lei Choon
Approval Number: 03347/01/2026 J
Chartered Accountant

Property Portfolio Details

No.	Property	Net Property Income			Property Valuation					Land Tenure		
		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	5,190	2,667	2,523	112,571	112,500	-71	91,726	20,774	Leasehold	42	19
2	Axis Business Campus	4,262	1,601	2,661	80,721	81,300	579	63,432	17,868	Leasehold	44	29-38
3	Axis Business Park	10,225	2,998	7,227	121,900	121,900	-	102,120	19,780	Leasehold	37	21-25
4	Axis Technology Centre	4,898	1,293	3,605	64,962	65,600	638	53,964	11,636	Leasehold	44	13-33
5	Axis Vista	3,454	487	2,967	60,053	62,000	1,947	37,806	24,194	Leasehold	43	50
6	Crystal Plaza	10,164	2,129	8,035	114,260	113,000	-1,260	74,637	38,363	Leasehold	36	28
7	Infinite Centre	4,437	1,263	3,174	45,400	45,500	100	37,424	8,076	Leasehold	42	37
8	Quattro West	4,899	1,496	3,403	61,614	61,800	186	52,207	9,593	Leasehold	49	41
9	Strateq Data Centre	4,987	301	4,686	68,000	68,000	-	42,927	25,073	Leasehold	45	24
10	The Annex	337	250	87	21,861	21,740	-121	13,744	7,996	Leasehold	39	41
11	Wisma Academy Parcel	6,983	2,313	4,670	75,000	75,000	-	77,326	-2,326	Leasehold	39	27
12	Wisma Kemajuan	5,011	1,713	3,298	67,000	67,000	-	37,960	29,040	Leasehold	42	30
13	Axis Aerotech Centre @ Subang	6,968	267	6,701	92,000	93,000	1,000	72,868	20,132	Leasehold	43	5
14	Axis Mega Distribution Centre	20,508	1,763	18,745	404,139	406,000	1,861	346,954	59,046	Leasehold	68	6
15	Axis Industrial Facility 1 @ Shah Alam	4,976	2,870	2,106	50,151	51,000	849	53,964	-2,964	Leasehold	62	31
16	Axis Shah Alam Distribution Centre 1	2,993	189	2,804	40,700	41,000	300	22,507	18,493	Freehold	NA	29
17	Axis Shah Alam Distribution Centre 2	3,896	414	3,482	50,000	52,000	2,000	47,614	4,386	Leasehold	43	39
18	Axis Shah Alam Distribution Centre 3	9,733	2,263	7,470	200,039	199,000	-1,039	189,953	9,047	Freehold	NA	9-16
19	Axis Shah Alam Distribution Centre 4	5,771	860	4,911	97,540	97,500	-40	88,679	8,821	Freehold	NA	11-32

Property Portfolio Details

No.	Property	Net Property Income			Property Valuation					Land Tenure		
		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	5,914	673	5,241	92,499	96,400	3,901	68,075	28,325	Leasehold	79	32
21	Bukit Raja Distribution Centre	7,066	484	6,582	117,126	117,000	-126	80,980	36,020	Freehold	NA	17-29
22	Fonterra HQ	1,421	242	1,179	23,000	23,000	-	11,264	11,736	Freehold	NA	24
23	Axis Industrial Facility @ Rawang	4,065	609	3,456	60,000	60,000	-	51,513	8,487	Freehold	NA	13-22
24	Emerson Industrial Facility Nilai	3,375	248	3,127	44,000	46,000	2,000	27,509	18,491	Leasehold	72	16-25
25	Senawang Industrial Facility	1,712	78	1,634	24,700	26,100	1,400	19,134	6,966	Freehold	NA	24
26	Axis Facility @ Batu Kawan	1,632	227	1,405	19,000	19,800	800	14,706	5,094	Leasehold	26	4
27	Bayan Lepas Distribution Centre	5,975	810	5,165	67,000	70,000	3,000	50,952	19,048	Leasehold	39	23
28	Axis Hypermarket @ Sungai Petani	3,577	173	3,404	52,058	52,000	-58	39,176	12,824	Freehold	NA	16
29	Seberang Prai Logistics Warehouse 1	1,402	118	1,284	24,900	24,900	-	17,821	7,079	Leasehold	30	22
30	Seberang Prai Logistics Warehouse 2	554	42	512	9,900	9,880	-20	7,404	2,476	Leasehold	30	27
31	Seberang Prai Logistics Warehouse 3	6,801	745	6,056	77,082	85,000	7,918	64,364	20,635	Leasehold	29/45	18-20
32	Wasco Facility @ Kuantan	14,337	1,167	13,170	159,000	162,000	3,000	157,619	4,381	Leasehold	86	9-21
33	Axis Steel Centre @ SiLC	6,636	847	5,789	163,000	159,000	-4,000	155,949	3,051	Freehold	NA	13
34	Beyonics i-Park Campus - Block A	1,363	163	1,200	19,000	19,500	500	14,469	5,031	Freehold	NA	8

Property Portfolio Details

No.	Property	Net Property Income			Property Valuation					Land Tenure		
		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)
35	Beyonics i-Park Campus - Block B	1,235	148	1,087	17,000	17,600	600	13,115	4,485	Freehold	NA	8
36	Beyonics i-Park Campus - Block C	1,127	140	987	15,000	16,000	1,000	12,055	3,945	Freehold	NA	8
37	Beyonics i-Park Campus - Block D	2,117	244	1,873	29,000	30,400	1,400	22,504	7,896	Freehold	NA	8
38	Beyonics i-Park Campus - Block E	2,665	288	2,377	37,000	38,500	1,500	32,099	6,401	Freehold	NA	6
39	D8 Logistics Warehouse	2,882	255	2,627	40,314	40,500	186	31,787	8,713	Leasehold	32	15
40	D21 Logistics Warehouse	3,467	290	3,177	43,732	47,700	3,968	49,781	-2,081	Leasehold	32	19
41	FCI Senai	2,011	174	1,837	26,500	26,500	-	12,693	13,807	Leasehold	44	16
42	Indahpura Facility 1	546	95	451	8,200	9,000	800	7,343	1,657	Freehold	NA	7
43	Kerry Warehouse	3,071	286	2,785	42,000	39,500	-2,500	36,321	3,179	Leasehold	50	10
44	Niro Warehouse	1,886	284	1,602	29,200	29,200	-	17,051	12,149	Leasehold	28	20
45	Nusajaya Tech Park Facility 1	3,518	383	3,135	42,000	42,000	-	42,773	-773	Freehold	NA	6
46	Nusajaya Tech Park Facility 2	1,111	157	954	15,500	15,500	-	14,105	1,395	Freehold	NA	7
47	Pasir Gudang Logistics Warehouse 1	1,647	259	1,388	23,153	23,500	347	13,973	9,528	Leasehold	44	18
48	Axis Hypermarket @ Johor	7,791	672	7,119	107,000	108,500	1,500	76,997	31,503	Freehold	NA	13
49	Axis Facility 2 @ Nilai	3,745	131	3,614	51,600	52,600	1,000	50,920	1,680	Leasehold	66	8
50	Axis Facility 2 @ Bukit Raja	2,364	438	1,926	48,371	52,000	3,629	47,732	4,268	Leasehold	66	37
51	D37c Logistics Warehouse	5,148	463	4,685	66,200	68,000	1,800	66,094	1,906	Leasehold	32	5

Property Portfolio Details

No.	Property	Net Property Income			Property Valuation					Land Tenure		
		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)
52	Axis Shah Alam Distribution Centre 5	6,366	611	5,755	96,000	98,000	2,000	96,330	1,670	Leasehold	51	32
53	Axis Industrial Facility 2 @ Shah Alam	844	110	734	14,700	17,000	2,300	12,256	4,744	Leasehold	54	41
54	Indahpura Facility 2	636	57	579	9,000	9,300	300	8,733	567	Freehold	NA	5
55	Indahpura Facility 3	578	77	501	7,000	7,500	500	6,821	679	Freehold	NA	5
56	Beyonics i-Park Campus - Block F	1,204	86	1,118	15,000	17,000	2,000	13,276	3,724	Freehold	NA	3
57	Bukit Raja Distribution Centre 2	7,928	614	7,314	235,963	268,000	32,037	236,389	31,611	Freehold	NA	24
58	Xin Hwa Warehouse @ Pasir Gudang	5,208	596	4,612	77,000	78,600	1,600	76,388	2,212	Leasehold	51/53	5-7
59	Pasir Gudang Logistics Warehouse 2	3,129	471	2,658	36,000	36,000	-	32,679	3,321	Leasehold	28	19-28
60	Indahpura Facility 4	1,241	67	1,174	18,200	18,300	100	16,687	1,613	Freehold	NA	2
61	DW1 Logistics Warehouse	26,773	1,716	25,057	391,000	391,000	-	395,642	-4,642	Leasehold	31	4
62	Axis Industrial Facility 1 @ Meru	2,650	102	2,548	41,000	41,000	-	41,682	-682	Freehold	NA	16-26
Total		288,410	42,977	245,433	4,362,809	4,444,120	81,311	3,772,973	671,147			

Unitholders' Statistics

Analysis of Unitholdings as per the Record of Depositors

As at 31 January 2024

Issued and fully paid up Units: 1,747,492,159 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	862	6.95	17,318	Neg
100 - 1,000	3,161	25.47	1,727,483	0.10
1,001 - 10,000	5,697	45.91	23,623,014	1.35
10,001 - 100,000	2,135	17.20	59,978,694	3.43
100,001 to less than 5% of issued units	553	4.46	1,416,894,447	81.08
5% and above of issued units	2	0.02	245,251,203	14.03
	12,410	100.00	1,747,492,159	100.00

30 LARGEST UNITHOLDERS

Name of Unitholders	No. of Units Held ^	%
1 KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	146,982,075	8.41
2 EMPLOYEES PROVIDENT FUND BOARD	98,269,128	5.62
3 LEMBAGA TABUNG HAJI	84,476,630	4.83
4 AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM BUMIPUTERA	80,000,000	4.58
5 TEW PENG HWEE @ TEOH PENG HWEE	57,001,789	3.26
6 ALEX LEE LAO	54,525,864	3.12
7 AMANAHRAYA TRUSTEES BERHAD - PUBLIC ITTIKAL SEQUEL FUND	46,187,733	2.64
8 EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	45,399,409	2.60
9 EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	39,245,798	2.25
10 EXEMPT AN FOR AIA BHD.	31,808,198	1.82
11 EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	31,673,272	1.81
12 AMANAHRAYA TRUSTEES BERHAD - PUBLIC SMALLCAP FUND	27,813,361	1.59
13 EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	25,613,654	1.47
14 PERMODALAN NASIONAL BERHAD	22,245,186	1.27
15 HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (NP-OTHER-REITS)	19,588,500	1.12
16 URUSHARTA JAMAAH SDN. BHD. (2)	18,105,881	1.04
17 JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	17,767,700	1.02
18 JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	17,629,900	1.01
19 MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	16,689,138	0.96
20 PAMB FOR PRULINK EQUITY FUND	15,970,428	0.91
21 PERTUBUHAN KESELAMATAN SOSIAL	14,595,541	0.84
22 DATO' ABAS CARL GUNNAR BIN ABDULLAH	14,338,134	0.82
23 AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM BUMIPUTERA 3 - DIDIK	13,781,074	0.79
24 PBTB FOR TAKAFULINK DANA EKUITI	12,544,129	0.72
25 URUSHARTA JAMAAH SDN. BHD. (AHAM AM 2)	12,377,733	0.71
26 AMANAHRAYA TRUSTEES BERHAD - PUBLIC ISLAMIC SELECT TREASURES FUND	12,251,709	0.70

Unitholders' Statistics

Name of Unitholders	No. of Units Held [^]	%
27 HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (LIFE PAR)	11,738,731	0.67
28 KUMPULAN WANG BERSAMA SYARIAH	10,701,371	0.61
29 AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM MALAYSIA	10,683,700	0.61
30 AMANAHRAYA TRUSTEES BERHAD - AMANAH SAHAM BUMIPUTERA 2	10,630,181	0.61
	1,020,635,947	58.41

[^] according to securities accounts on a non-consolidated basis

MAJOR UNITHOLDERS (10% and above)

Name of Major Unitholders	Direct Interest		Indirect Interest	
	No. of Units	%	No. of Units	%
EMPLOYEES PROVIDENT FUND BOARD	280,123,329	16.03	-	-
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	146,982,075	8.41	33,962,302 ^{^^}	1.94

^{^^} Held by Fund Managers of Kumpulan Wang Persaraan (Diperbadankan)

DIRECTORS' INTERESTS

Name of Directors/Alternate Directors	Direct Interest		Indirect Interest	
	No. of Units	%	No. of Units	%
Dato' Abas Carl Gunnar (Director)	24,498,845	1.40	10,551,895 [*]	0.60
Stephen Tew (Director)	57,001,789	3.26	-	-
Leong Kit May (Director)	43,637	Neg	-	-
Alvin Dim Lao (Director)	-	-	-	-
Lim Keng Hwee (Director)	-	-	-	-
Devika A/P K Sothinathan (Director)	10,523	Neg	-	-
Jancis Anne Que Lao (Alternate Director)	2,943,987	0.17	-	-
Maxine Teoh Sui Vern (Alternate Director)	7,500	Neg	-	-
Takim Khan Myhre (Alternate Director)	345,703	0.02	-	-

^{*} 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

Remarks:

These Unitholders' Statistics have been prepared as at 31 January 2024 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 2023



MARKET INDICATIONS

Market growth was moderated on a year-on-year basis in 2023, primarily due to base year effects and a slowdown in merchandise exports. With the reopening of international borders in the Asia-Pacific region, mainland China is anticipated to play a role in the international tourism sector's gradual recovery, which is a crucial component of the Malaysian economy pre-pandemic. This is expected to mitigate the impact of sluggish growth in merchandise exports. Despite these challenges, domestic demand has shown resilience in the first half of 2023, bolstered by improvements in labour market conditions. Additionally, the gradual relaxation of restrictions on the entry of migrant labour is providing benefits to industry sectors that depend on foreign workers.

The Malaysian economy recorded a growth rate of 3.3% in the third quarter of 2023, marking an increase from 2.9% in the second quarter of 2023, anchored by strong domestic demand, which reflects the MADANI Government's ongoing efforts to rejuvenate the Malaysian economy. Business investment activity experienced a boost, propelled by the progression of multi-year projects and capacity expansion initiatives. The Malaysian economy expanded by 3.9% in the first three quarters of 2023, a slower growth compared to a 9.3% increase in the same period last year.

Since the transition to the endemic phase in April 2022, labour market conditions have demonstrated consistent improvement. In Q3/2023, the unemployment rate stood at 3.4%, indicating a slight decrease from 3.5% in the second quarter of the same year and a decline from the corresponding period in the previous year (3.7% in Q3/2022). This rate is also the lowest recorded since the pandemic, aligning with pre-pandemic figures that ranged between 3.3% and 3.4%. The consistent growth of employment has been noticed in the service sector, including the food and beverage sector, wholesale and retail trade, and administrative and support service activities. Approaching 2024, the labour market is projected to maintain its recovery momentum and in line with the positive economic trends.

The overall pervasiveness of inflation reduced, coinciding with a decrease in headline inflation throughout 2023, reaching 2% in the third quarter of 2023, marking a decline from the second quarter's 2.8%. The Consumer Price Index (CPI) gained 1.5% in November 2023, signifying a slight m-o-m decline (1.8% in October 2023) and a substantial y-o-y decline (4% in November 2022).

Bank Negara Malaysia (BNM) adjusted the level of monetary accommodation by increasing the Overnight Policy Rates (OPR) once in May 2023, raising it by 25 bps to 3.0%, a measure that remained in effect throughout 2023. This commitment is made with the assurance that the monetary policy stance is geared towards supporting sustainable economic growth while upholding price stability.

The Business Conditions Index (BCI) experienced a notable decline to 79.7 points in Q3/2023, marking a significant change in comparison to the previous quarter (82.4 in Q2/2023) and a considerable y-o-y decline from 99.8 in Q3/2022. In terms of business conditions, this marks the lowest result observed since before the onset of the Covid-19 pandemic.

Malaysia's Industrial Production Index (IPI) currently stands at 131.8 points. As of November 2023, the Industrial Production Index (IPI) experienced a modest y-o-y increase of 0.6% when compared to the same period last year at 131.1 points. Meanwhile, on a m-o-m comparison, the IPI fell by -0.9% (133.0 points in October 2023). The m-o-m decline in November 2023 saw a decrease in the mining sector by 1.9%, manufacturing by -0.1%, and electricity production by 4.2%. This contrasted with the previous month's (October 2023) performance, where the mining sector grew by 7.4%, manufacturing by 0.9%, and electricity production by 5.6%.

Approved Investment, 2020 to Jan – Sept 2023

Malaysia	2020	2021	2022	2023 ^P (Jan – Sept 2023)
▶ Number of Approved Projects	4,758	4,568	4,517	3,949 ^P
▶ Domestic Investment (RM Million)	103,199.1	100,817.0	104,420.7	99,254.2 ^P
▶ Foreign Investment (RM Million)	64,197.0	208,583.5	163,335.4	125,698.8 ^P
▶ Total Capital Investment (RM Million)	167,396.1	309,400.4	267,756.0	224,953.0 ^P

Source: Malaysia Investment Development Authority (MIDA)

*All the 2023 data are preliminary or estimated figures. Full-year 2023 data have not been released as of the date of this report.

Property Market Overview 2023

Between the period of Q1/2023 and Q3/2023, Malaysia attracted RM225.0 billion of approved investments in the primary, manufacturing and services sectors involving 3,949 projects between January-September 2023, reflecting a 6.7% increase in investment value when compared to the same period in 2022 at RM211.0 billion. The total approved investment consists of 52.3% (RM117.7 billion) allocated to the service sector, followed by the manufacturing sector at RM99.8 billion (44.4%) and the primary sector at RM7.4 billion (3.3%).

Foreign Direct Investments (FDI) remain the main contributor to the total approved investments at 55.9% with RM125.7 billion between January and September 2023, reflecting an 11.8% decrease compared to the corresponding period in the previous year in 2022. In contrast, the Domestic Direct Investment (DDI) of the first nine months of 2023 accounted for 44.1% with RM99.3 billion investment value, marking a promising growth of 45% when compared to the same period in 2022. Noteworthy foreign investments were led by the Netherlands with a total of RM35 billion, followed by Singapore (RM20.4 billion), the United States (RM18.9 billion), China (RM11.6 billion), and Japan (RM11.2 billion).

Bank Negara Malaysia (BNM) foresees the Malaysian economy achieving approximately 4% growth in 2023, followed by a further expansion of 4% to 5% in 2024. This forecast remains resilient in the face of challenging global economic conditions, encompassing geopolitical tensions, ongoing disruptions in the supply chain, the implementation of stringent monetary policies to counteract global inflation, and diverse growth outlooks in major economies—some of which are crucial trading partners for Malaysia. As per the World Bank, ongoing multi-year investment projects will offer additional assistance to the country's economic growth. Additionally, activities related to tourism by both domestic and international travelers are anticipated to recover gradually.

INDUSTRIAL SECTOR OVERVIEW

Malaysia's industrial sector has not only shown remarkable resilience but has also witnessed substantial improvement, with the manufacturing sector playing a pivotal role in contributing significantly to the nation's GDP. The manufacturing sector has successfully attracted a total capital investment of RM99.8 billion in Q1-Q3/2023, marking a notable increase of 53.8% year-on-year from the RM64.9 billion recorded in Q1-Q3/2022. This growth can be attributed to the ongoing global trend of digitalisation and globalisation, coupled with the surge in e-commerce activities that have played a key role in supporting and benefiting the supply chain.

Foreign Direct Investments (FDIs) in the manufacturing sector constituted approximately 85.0% of the total capital investment in Q1-Q3/2023, amounting to RM84.8 billion, while domestic investments made up the remaining 15.0% (RM15.0 billion). The Netherlands emerged as the leading contributor to FDI value (12 approved projects, RM34.3 billion), followed by The United States of America (18 approved projects, RM15.6 billion) and The People's Republic of China (39 approved projects amounting to RM9.3 billion).

Similarly, the primary drivers behind the RM99.8 billion in total approved investments were the electrical and electronics industry, commanding a substantial 57.5% share at RM57.4 billion. Following closely were the machinery and equipment industry (9.6% share, RM9.6 billion) and the non-metallic mineral products industry (4.8% share, RM4.8 billion). Malaysia holds the seventh most significant market share in electrical & electronics (E&E) globally, and it has managed to attract investment from Tesla, leading to the establishment of its head office in the country. This move has the potential to bring significant benefits to the supply chain and various small and medium enterprises.

The Ministry of International Trade and Industry (MITI) is set to undertake a thorough review and formulation of a comprehensive set of strategies and action plans within the New Industrial Master Plan 2030 (NIMP 2030). This initiative aims to propel industrial development and foster synergies at both policy and industry levels, particularly in the creation of a supportive ecosystem that catalyses Malaysia's industrial progress. With a conducive business environment and recognition as a pivotal supply chain hub, Malaysia will continue to maintain its status as a favoured destination for foreign investments.

Property Market Overview 2023

Manufacturing Sector: Investment Overview, 2021 to Q3/2023

Malaysia	2021	2022	Q3/2023
▶ Number of Approved Projects	702	801	607
▶ Domestic Investment (RM Million)	15,489.3	18,252.8	14,984.0
▶ Foreign Investment (RM Million)	179,598.6	66,021.3	84,836.3

Source: Malaysia Investment Development Authority (MIDA)

INDUSTRIAL MARKET

1.0 GREATER KUALA LUMPUR

1.1 Industrial Sector

Greater Kuala Lumpur (Greater KL) region witnessed a substantial y-o-y increase of 58.5% in approved total capital investments, rising from RM7.79 billion in 2021 to RM12.35 billion in 2022. This growth aligns with the upsurge in approved projects within Selangor during the corresponding period. The nation's industrial sector continues to thrive, buoyed by encouraging investment sales volume, intense e-commerce penetration and consistent manufacturing output.

As of Q1-Q3/2023, 160 manufacturing projects worth RM17.01 billion were approved in WP Kuala Lumpur and Selangor, bolstered by robust domestic demand, driven by improving employment and income levels, as well as the execution of multi-year projects.

Greater Kuala Lumpur: Approved Manufacturing Projects, 2021 to Q3/2023

State	2021		2022		Q3/2023	
	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	278.4	11	139.4	3	47.3
▶ Selangor	247	7,511.0	265	12,207.7	157	16,963.6
▶ Greater KL	264	7,789.4	276	12,347.1	160	17,010.9

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in Greater KL in 2023 include:

- Port Klang Authority (PKA) has unveiled plans to construct a RM28 billion cargo port on Carey Island, serving as a strategic backup to the existing Klang port, with a primary emphasis on terminal infrastructures. Positioned as a special economic zone, the port aims to focus on manufacturing activities and value-added logistics services, with a targeted completion date set for 2060.
- Sime Darby Swedish Auto has launched its second Volvo Setia Alam 3S centre with a floor area of 23,000 sq. ft. in U13 Shah Alam. It is used as a Volvo car showroom, service and body repair facilities centre.
- Rivertree Group has launched its maiden industrial project - Esteem Business Park, a RM180 million industrial project in Taman Perindustrian Meru Selatan, Klang. Covering an area of 4.06 hectares, the development comprises 39 industrial units to be revealed in two phases. Phase 1 is scheduled for completion by 2025, with Phase 2 following suit in 2026. Distinguishing itself with a commitment to sustainability, the park incorporates eco-smart solutions and features geared towards environmental responsibility.
- The government has a plan to develop Subang Airport through the Subang Airport Regeneration Plan (SARP) into a preferred aerospace and business aviation hub by developing the General Aviation/Business Aviation (GA/BA) field and provide a complete Aerospace Ecosystem, which will transform the airport into a regional aviation hub in future.

Property Market Overview 2023

- Beam Mobility Malaysia Sdn Bhd, a micro-mobility operator, launched its 8,000 sq. ft. central warehouse in Subang Jaya in March 2023. The facility supports Beam's operations by providing fully charged batteries and hardware maintenance and serves as a hub for the main distribution centre.
- The Selangor government has introduced five incentives to attract investments into the Integrated Development Region in South Selangor (Idriss) under the First Selangor Plan 2021-2025. This initiative aims to boost development in the 40,000-acre area, spanning across Sepang and Kuala Langat districts, with an estimated gross development value of RM1 trillion.
- China's Baosteel Can Making (Malaysia) Sdn Bhd has completed its new manufacturing facility in Eco Business Park V with a total development sum of RM56 million. The manufacturing facility spans a gross floor area of 226,000 sq. ft., accommodating a single-storey warehouse annexed with a double-storey office building on a 16.32-acre industrial land.
- Sea Ltd, the Singapore e-commerce platform company, Shopee, has committed to expanding in Malaysia by setting up cloud services, data hosting and processing, and a new logistics e-commerce warehouse. There will be two projects: a three-storey green facility in Kulai Johor and, a two-storey mega warehouse and an integrated hi-tech logistics park in Bandar Bukit Raja, Klang.
- Mercedes-Benz Malaysia and Hap Seng Star have launched their new 49,543 sq. ft. Autohaus built upon 3.26 acres of land in Bukit Tinggi, Klang. The facility aims to enhance customer services and retail experience, featuring amenities like the Star Lounge, self-service café, kid's playroom, and a luxurious ladies' powder room.
- Ovotherm International, a supplier of sustainable egg packaging solutions, has opened its first manufacturing site in Klang, which spans approximately 106,000 sq. ft. with an investment sum of RM38 million.
- Sultan Abdul Aziz Shah Airport in Subang Jaya is set to undergo a revamp, with a projected cost of RM1.5 billion over three years in two phases. The development will focus on Terminal 2, followed by Terminal 3, which will be demolished and rebuilt to accommodate 3 million passengers.
- Australian data centre operator NEXTDC Ltd plans to invest a total of RM3 billion over the next 5 to 10 years in the development of Kuala Lumpur 1 (KL1), a Tier IV-certified 65-megawatt Data Centre in Petaling Jaya. This facility is poised to become the first-Tier IV accredited data centre above five MW in Peninsula Malaysia.
- Great Wall Motor (GWM) has launched its new 4S centre in USJ Subang, operated by Superhub Auto. This new 4S flagship store encompasses sales, services, spare parts and body & paint facilities, covering an area of 130,680 sq. ft. in USJ Subang.
- Vantage Data Centre intends to invest RM13.32 billion in developing KUL 2, its second data centre campus in Cyberjaya. Encompassing 35 acres, KUL 2 will consist of 10 buildings, providing a total capacity of 256MW and covering 2.76 million sq. ft.
- IJM Land's NADI Rimbayu BizHub, covering 262 acres, features a 221-acre commercial park and a 41-acre industrial park. The launch included seven industrial plots (2 to 10 acres) and 10 acres of land reserved for the development of 22 semi-detached factories with a proposed land area of 10,000 sq. ft., all of which have been fully sold.
- Equinix Inc will launch KL1, its second data centre in Cyberjaya, in Q1/2024, addressing the increased demand for e-commerce, 5G, and cloud services. KL1 will house 450 cabinets in a 1,300 sq m space, part of its total 2,630 sq m capacity (900 cabinets), upon completion.
- AIMS Group plans to construct AIMS Cyberjaya Block 2, which is scheduled to be completed by the end of 2023. This facility will host a purpose-built data centre featuring an IT load of 8MW.

Property Market Overview 2023

- Westports Malaysia has received approval from the Port Klang Authority (PKA) to expand its container terminals from 10 to 17, aiming to boost current capacity from 14 million TEUs to 27 million TEUs in the next decade.
- IJM Corp's subsidiary, IJM RE, has partnered with FMM Elmina to co-develop two modern logistics hubs, Storio Hub 1 & 2, on a 22-acre freehold land in Elmina, Shah Alam. The project boasts a total floor space of 500,000 sq. ft. and 110,000 pallet positions.
- Logistics service provider KGW Group Bhd has relocated its core operations to a new two-storey warehouse in Glenmarie, Shah Alam. The move is part of an expansion initiative that includes centralising operations and increasing the workforce. The company will specifically focus on warehousing and distributing healthcare products, including medical devices.
- Tesla Sdn Bhd has established its 55,000 sq. ft. hub, the Malaysia headquarters, and service centre in Cyberjaya, Selangor. This facility serves as a central hub for corporate operations, marketing, training, customer support activities and vehicle services. It is equipped with advanced diagnostic tools and staffed by highly trained Tesla technicians.
- YTL Power International and KDEB Waste Management have joined forces to co-develop the Sultan Idris Shah Green Energy Plant in Rawang, Selangor, with an estimated investment of RM4.5 billion. The facility, covering 245 acres, aims to convert municipal waste from various areas into 58MW of electricity.
- PKNS has launched a 152.57-hectare green industrial park in Kota Puteri. Phase 1, scheduled for completion by 2027, encompasses 304 twin factories equipped with ESG components. The park will also feature amenities such as a clubhouse, recreational area and centralised labour quarters.
- Jinn Pinn Minn Group (JPM Group) and CETA Green Technologies Sdn Bhd are set to develop ASEAN's first electric vehicle (EV) and hydrogen-powered test, development and certification hub within Klang Valley with an initial capital investment of between RM161 million and RM230 million.
- Global Vision Logistics Sdn Bhd's (GVL) upcoming Shah Alam International Logistics Hub (SAILH), situated on a 71-acre industrial parcel with a net lettable area of 6 million sq. ft., is set to be finalised by 2028, boasting a total Gross Development Value (GDV) of RM2 billion. The initial phase of the project will include a four-storey warehouse complex, a four-storey car park facility, a single-storey office building, and an ancillary structure, totalling a built-up area of 4.3 million sq. ft. (with 2.8 million sq. ft. designated as lettable area).
- Daiso Malaysia Group Sdn Bhd is currently building its largest worldwide distribution centre on Pulau Indah in Klang. Anticipated to be operational in January 2027, the expansive facility spans 156,927 sq m. This global hub is strategically located to enhance the overall efficiency of Daiso's international network, catering to demand in Asia, the Americas, the Middle East, Australia, and New Zealand.
- UMW Lubetech Sdn Bhd officially opened a new automated lubricants blending plant in Pulau Indah Industrial Park, Klang. Covering an extensive area of 140,000 sq. ft. on 6.9 acres of land, this facility replaces its previous facilities in Shah Alam.
- DAMAC Group, a UAE luxury real estate developer, plans an RM250 million investment for a 1.21-hectare data centre in Cyberjaya or KL Central Business District, with a proposed land size of 1.21 hectares.
- NCT Group has signed an MoU with China's Zhejiang Unity Technology Co Ltd, making it the first international semiconductor group to establish its facility and invest in NCT Smart Industrial Park (NSIP) in Sepang.
- ST Telemedia Global Data Centres (STT GDC) and Basis Bay have joined forces for a collaborative project involving the construction of two data centre buildings in Kuala Lumpur and Cyberjaya, spanning 1.21 hectares. These facilities are designed to accommodate a total IT load of 20MW, with the completion of the first building expected in 2024 and the second in 2025.

Property Market Overview 2023

- Tenpower (A Chinese cylindrical lithium-ion battery developer) has committed to investing RM1.3 billion in Selangor with the construction of its manufacturing plant spanning 48 acres of industrial land in Banting.
- Selangor's PKNS partners with Singapore's RDA Ventures to build three data centres in Cyberjaya on a portion of PKNS's 34-acre land. The project will unfold over eight years in three phases, with construction set to begin in the first quarter of the upcoming year.
- Sunsuria Kejora Business Park (SKBP), a 60.8-acre industrial development in Bandar Puncak Alam by Sunsuria Berhad, has fully sold its first phase of 3-storey semi-detached factories.
- LONGi Green Energy Technology Co invests RM1.8 billion in a 140-acre solar photovoltaic (PV) manufacturing facility in Serendah. The first phase has been completed, with the second phase set to be completed by March 2024, with a total production capacity of 8.8 GW per year.
- Loob Holding, the owner of Tealive, has launched a tapioca pearl production facility in Selangor. In collaboration with its Chinese partners, the RM10 million (\$2.2 million) plant boasts a monthly production capacity of 400 tonnes, ranking among Malaysia's largest.
- The ISP Group of Companies (ISP) broke ground on its Purpose-Built Workers Accommodation (PBWA) project in Kapar, Selangor, on a 2.05-acre site. The 10-storey facility, slated for completion by Q4/2024, will accommodate 3,780 individuals across 210 furnished units together with some of the value-added facilities.

1.1.1 Overview

WP Kuala Lumpur and Selangor: Industrial Property Volume and Value of Transactions, 2021 to Q3/2023^(p)

State	Industrial Property Type	2021		2022		Q3/2023 ^(p)	
		Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)
► WP Kuala Lumpur	Vacant Plot	2	3.91	5	15.97	5	40.51
	Terraced	53	89.33	80	173.61	52	90.87
	Semi-Detached	8	40.10	6	29.10	17	82.72
	Detached	14	91.92	31	362.60	22	148.21
	Industrial Complex	17	7.29	24	9.03	15	6.31
	Others	3	2.61	3	2.39	0	0
	Total	97	235.16	149	592.70	111	368.62
► Selangor	Vacant Plot	400	3,727.65	592	3,159.55	380	2,405.48
	Terraced	888	912.97	1,247	1,217.91	912	930.83
	Semi-Detached	430	1,567.46	563	2,304.71	361	1,579.60
	Detached	187	2,582.49	272	3,100.67	203	3,125.14
	Industrial Complex	7	38.49	10	5.13	9	4.08
	Others	40	88.18	47	264.86	56	217.67
	Total	1,952	8,917.24	2,731	10,052.82	1,921	8,262.80

Property Market Overview 2023

State	Industrial Property Type	2021		2022		Q3/2023 ^(p)	
		Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)
► Greater KL	Vacant Plot	402	3,731.56	597	3,175.52	385	2,445.99
	Terraced	941	1,002.30	1,327	1,391.52	964	1,021.70
	Semi-Detached	438	1,607.56	569	2,333.81	378	1,662.32
	Detached	201	2,674.41	303	3,463.27	225	3,273.35
	Industrial Complex	24	45.78	34	14.16	24	10.39
	Others	43	90.79	50	267.25	56	217.67
	Total	2,049	9,152.40	2,880	10,645.52	2,032	8,631.42

Source: National Property Information Centre (NAPIC)

Note: ^(p) = Preliminary data

In 2022, there were 2,880 industrial property transactions worth RM10.65 billion within Greater KL, recording an increase of 16.4% in transaction value and 40.6% in transaction volume y-o-y (2021: RM9.15 billion; 2,049 transactions). Rising industrial transactional activities are propelled by an upswing in manufacturing and a sustained growth trajectory in the data centre sector.

Subsequently, 2,032 transactions valued at RM8.63 billion were recorded as of Q3/2023, with terraced factories/warehouses representing the highest share of 964 units (47.4% share), followed by vacant plots (18.9% share, 385 units), semi-detached factories/warehouses (18.6% share, 378 units), detached factories/warehouses (11.1% share, 225 units), “others” category (2.8% share, 56 units) and industrial complexes/units (1.2% share, 24 units).

In terms of transaction value by property types, detached factories/warehouses aggregated the highest transacted sum at RM3,273.35 million in Q3/2023, followed by vacant plots at RM2,445.99 million, semi-detached factories/warehouses at RM1,662.32 million, terraced factories/warehouses at RM1,021.70 million, “others” category at RM217.67 million and industrial complexes/units at RM10.39 million.

Specifically, WP Kuala Lumpur’s industrial property transaction value was recorded at RM592.70 million in 2022, recording an almost twofold increase from RM235.16 million in 2021. This is in line with a 53.6% increase in transaction volume to 149 units in 2022 (2021: 97 units). As of Q3/2023, the aggregate transaction volume was recorded at 111 units, with a combined transaction value of RM368.62 million.

There were significant improvements observed in the industrial market activity in Selangor as well. It recorded a 12.7% y-o-y increase in total transaction value from RM8.92 billion in 2021 to RM10.05 billion in 2022, corresponding with a substantial 39.9% increase in transaction volume, reaching 2,731 cases in 2022 (2021: 1,952 cases). As of Q3/2023, there were 1,921 transactions, amounting to a total transacted value of RM8.26 billion.

Property Market Overview 2023

1.1.2 Supply: Existing and Future

WP Kuala Lumpur and Selangor: Supply of Industrial Properties by Type, 2021 to Q3/2023

State	Industrial Property Type	Existing Supply (No. of Units)			Future Supply (No. of Units)	
		2021	2022	Q3/2023	Incoming	Planned
► WP Kuala Lumpur	Terraced	2,545	2,545	2,545	0	37
	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	28,785	28,919	29,004	262	458
	Semi-Detached	6,826	6,932	7,056	420	782
	Detached	5,356	5,419	5,481	337	495
	Flatted Factory	264	264	264	464	0
	Industrial Complex	108	108	108	3	2
	Cluster	0	0	92	0	345
	Total	41,339	41,642	42,005	1,486	2,082
► Greater KL	Terraced	31,330	31,464	31,549	262	495
	Semi-Detached	7,238	7,344	7,468	420	782
	Detached	5,867	5,930	5,992	337	495
	Flatted Factory	1,934	1,934	1,934	464	0
	Industrial Complex	108	108	108	3	2
	Cluster	0	0	92	0	345
	Total	46,477	46,780	47,143	1,486	2,119

Source: National Property Information Centre (NAPIC)

In Greater KL, the existing supply of industrial properties amounted to 47,143 units as of Q3/2023, with the majority consisting of terraced factories (66.9% share, 31,549 units), followed by semi-detached factories (15.8% share, 7,468 units) and detached factories (12.7% share, 5,992 units). On the other hand, the bulk of Greater KL's 3,605 units in the supply pipeline was mainly contributed by semi-detached factories (33.3% share, 1,202 units), followed by detached factories (23.1% share, 832 units) and terraced factories (21.0% share, 757 units).

In WP Kuala Lumpur, the cumulative supply has remained unchanged since 2021 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 Q3/2023.

In Selangor, the existing cumulative supply of industrial properties stood at 42,005 units as of Q3/2023, predominantly of the terraced factories type (69.0% share, 29,004 units), followed by semi-detached factories (16.8% share, 7,056 units) and detached factories (13.0% share, 5,481 units). On the other hand, the bulk of Selangor's 3,568 units in the pipeline were mainly semi-detached factories (33.7% share, 1,202 units), followed by detached factories (23.3% share, 832 units) and terraced factories (20.2% share, 720 units).

Property Market Overview 2023

WP Kuala Lumpur and Selangor: Supply of Industrial Properties by District, 2021 to Q3/2023

State	District	Existing Supply (No. of Units)			Future Supply (No. of Units)	
		2021	2022	Q3/2023	Incoming	Planned
▶ WP Kuala Lumpur	Bandar Kuala Lumpur	227	227	227	0	0
	Bandar Petaling Jaya	0	0	0	0	0
	Mukim Ampang	0	0	0	0	0
	Mukim Batu	3,046	3,046	3,046	0	0
	Mukim Cheras	0	0	0	0	0
	Mukim Hulu Kelang	0	0	0	0	0
	Mukim Kuala Lumpur	488	488	488	0	22
	Mukim Petaling	1,295	1,295	1,295	0	0
	Mukim Setapak	82	82	82	0	15
	Total	5,138	5,138	5,138	0	37
▶ Selangor	Gombak	4,742	4,811	4,851	58	153
	Hulu Langat	7,391	7,391	7,376	24	45
	Hulu Selangor	4,334	4,393	4,393	59	62
	Klang	8,632	8,769	8,819	530	1,104
	Kuala Langat	569	591	627	172	296
	Kuala Selangor	257	261	513	45	415
	Petaling	14,413	14,413	14,413	498	0
	Sabak Bernam	35	35	35	28	2
	Sepang	966	978	978	72	5
	Total	41,339	41,642	42,005	1,486	2,082

Source: National Property Information Centre (NAPIC)

As of Q3/2023, 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 were located in Mukim Kuala Lumpur, whereas the remaining 15 units were 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 Q3/2023 are Petaling (34.3% share, 14,413 units), followed by Klang (21.0% share, 8,819 units) and Hulu Langat (17.6% share, 7,376 units). Of the 3,568 units in the future supply pipeline, the majority of the industrial property supply will be located in Klang (45.8% share, 1,634 units), followed by Petaling (14.0%, 498 units) and Kuala Langat (13.1% share, 468 units).

Property Market Overview 2023

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 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
1	HS(M) 4080, PT 7667, Tempat Cheras Jaya, Mukim Cheras, District of Hulu Langat, Selangor	Industrial Land with Building	1.69	LH	5 th January 2023	17.5	Attractive Venture (KL) Sdn Bhd
2	HS(M) 23159, PT 24405, Tempat Bukit Permatang Kumbang Jalan Puchong, Mukim Petaling, District of Petaling, Selangor	Industrial Land with Building	1.01	LH	6 th January 2023	19.0	Sedaya Rasmi (M) Sdn Bhd
3	Subang 1, Lot 36545 Jalan TS 6/5 Taman Perindustrian Subang, Subang Jaya, Selangor	Industrial Land with Building	5.51	-	13 th January 2023	29.3	Mapletree Logistics Trust
4	Chee Wah, No. 16, Jalan PPU 3, Taman Perindustrian Puchong Utama, Puchong, Selangor	Industrial Land with Building	1.90	-	13 th January 2023	20.9	Mapletree Logistics Trust
5	GM 256, Lot 1569, Mukim Batu, District of Gombak, Selangor	Industrial Land with Building	4.00	FH	19 th January 2023	35.0	TYH Management Sdn Bhd
6	HS(M) 43704, PT 71256, Tempat Batu 3 ½, Jalan Kapar, Mukim Kapar, District of Klang, Selangor	Industrial Land with Building	4.83	FH	26 th April 2023	23.4	Wilee Vegetable Oils Sdn Bhd
7	Lot No. BBR3-i10/05, Mukim Kapar, District of Klang, Selangor	Vacant Land	2.26	FH	28 th April 2023	13.0	Kitacon Sdn Bhd
8	Lot 12 held under HS(D) 65115, PT No. 84452, Mukim Kapar, District of Klang, Selangor	Vacant Land	20.31	FH	2 nd May 2023	60.2	Astino (Malaysia) Colour Steel Sheets Sdn Bhd
9	No. 5 & 7, Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park, Seksyen U1, Shah Alam, Selangor	Industrial Land with Building	N/A	FH	15 th May 2023	39.7	CapitaLand Malaysia REIT Management Sdn Bhd
10	GRN 215192, Lot No. 61798, Bandar Glenmarie, District of Petaling, Selangor	Industrial Land with Building	1.18	FH	10 th July 2023	19.4	Conway Terminals Manufacturer Sdn Bhd

Property Market Overview 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
11	PN 1433, Lot No. 35604, Mukim Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Industrial Land with Building	1.19	LH	18 th July 2023	29.0	Gorgeous Arena Sdn Bhd
12	PN 5266, Lot 22968; HSD 95208, PT 4508; PN 21006, Lot 6269; HSM 1, PT 22910; PN 6396, Lot 49366; PM 79, Lot 47088, all in Mukim of Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Development Land with Building	26.11	LH	20 th July 2023	408.0	Paragon TSL Sdn Bhd
13	Rawang Perdana, Rawang, Selangor	Industrial Land	12.82	FH	21 st July 2023	24.0	TST Land Sdn Bhd
14	HS(D) 165120, PT 84457, Mukim Kapar, District of Klang, Selangor	Industrial Land	10.79	FH	25 th July 2023	34.7	Hond Tat Polymer Sdn Bhd
15	Kuang, Rawang, Selangor	Development Land	245.00	FH	3 rd August 2023	115.0	Sunway Rawang City Sdn Bhd
16	Lot No. 1830, Jalan Kem, off Jalan Teluk Gong, Kawasan Perindustrian Pandamaran, District of Klang, Selangor	Industrial Land with Building	14.44	-	7 th August 2023	60.0	-
17	Lot 2319, Wisma Lion, Kawasan Perindustrian Olak Lempit, Mukim Tanjung Dua Belas, Banting, Selangor	Industrial Land with Building	26.79	FH	1 st September 2023	92.0	Unichamp Mineral Sdn Bhd
18	Lot 16, Jalan 3, Kawasan Perusahaan Cheras Jaya, Balakong, Selangor	Industrial Land with Building	1.20	LH	6 th September 2023	16.2	Menang Nusantara Sdn Bhd
19	HS(D) 164876, PT 84120, Mukim Kapar, District Klang, Selangor	Industrial Land with Building	6.58	FH	25 th September 2023	75.8	Senheng Electric (KL) Sdn Bhd
20	PM 1029, Lot 30487, Locality of Jalan Genting Kelang, Mukim Setapak, District Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Industrial Land	3.53	LH	5 th October 2023	43.1	Urban Reach Sdn Bhd
21	Plot 8, HS(D) 321668, PT 3283, Pekan Serdang, District Petaling, Selangor	Industrial Land with Building	0.24	FH	10 th October 2023	6.7	JLL Electrical Sdn Bhd

Property Market Overview 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
22	GRN 32544, Lot 1930, Mukim Klang, District Klang, Selangor	Industrial Land with Building	4.54	FH	12 th October 2023	40.0	Array Metal (M) Sdn Bhd
23	HS(D) 156381, PT 149650, Mukim Klang, District Klang, Selangor	Industrial Land	14.00	LH	16 th October 2023	36.6	Ong Saut Mee
24	GRN 50352, Lot 4843, Mukim Jeram, District Kuala Selangor, Selangor	Industrial Land	19.38	FH	19 th October 2023	18.4	Syarikat Minho Kilning Sdn Bhd
25	HS(D) 164195, PT152617; HS(D) 164196 PT152618; HS(D) 164197 PT152619, all in Mukim and District of Klang, Selangor	Industrial Land	12.85	LH	31 st October 2023	42.0	Tri-Mode System (M) Berhad
26	HS(D) 324738, PT No. -, Tempat Industrial Site at Batu Tiga, Mukim Damansara, District Petaling, Selangor	Industrial Land with Building	6.00	LH	2 nd November 2023	41.0	Atrium REIT Managers Sdn Bhd
27	GRN 215223, Lot 61842, Bandar Glenmarie, District Petaling, Selangor	Industrial Land with Building	1.05	FH	1 st December 2023	18.5	TT dotCom Sdn Bhd
28	HS(D) 64640, PT 18122, Seksyen 20, Bandar Serendah, District Ulu Selangor, Selangor	Industrial Land	22.22	LH	4 th December 2023	52.3	Perodua Sales Sdn Bhd
29	Plot No. 7, HS(D) 321667, PT 3282, Pekan Serdang, District Petaling, Selangor	Industrial Land with Building	0.24	FH	20 th December 2023	6.9	8 Food Avenue Sdn Bhd

Source: NAPIC & Savills Research

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.

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.

Detached factories and warehouses in Temasya Glenmarie and Hicom Glenmarie Industrial Park command monthly asking rentals ranging from RM2.00 per sq. ft. to RM2.40 per sq. ft. In contrast, the monthly asking rentals of similar premises ranged from RM1.80 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 RM1.80 per sq. ft. to RM2.20 per sq. ft.

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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 ranging from RM1.00 per sq. ft. to RM1.30 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 RM1.20 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 Kajang ranged from RM1.40 per sq. ft. to RM1.70 per sq. ft. per month. In Semenyih, the monthly asking rentals ranged between RM1.00 per sq. ft. and RM1.50 per sq. ft.

2.0 JOHOR

2.1 Industrial Sector

For Q1-Q3/2023, Johor recorded 165 approved manufacturing projects with a total investment value of RM7.01 billion, a decrease in investment value compared to RM8.85 billion registered in Q1-Q3/2022.

Johor: Approved Manufacturing Projects, 2021 to Q3/2023

Johor	2021	2022	Q3/2023
► Number of Approved Projects	134	166	165
► Total Capital Investment (RM Million)	6,953.2	14,582.5	7,010.7

Source: Malaysia Investment Development Authority (MIDA)

Several notable announcements on the investment and expansion plans of industrial facilities in Johor during 2023 included:

- Dialog Group Bhd has expanded its terminal operations with the launch of Dialog Terminals Langsung 3 in Tanjung Langsung, spanning 24,000 cubic metres of capacity and is set to start operations by the end of 2024.
- Pelabuhan Tanjung Pelepas Sdn Bhd, which operates the Port of Tanjung Pelepas (PTP), plans to invest RM3 billion as capital expenditure (capex) over the next five years to expand its capacity by 3.5 million TEUs (20-foot equivalent unit) to 16.5 million. The project will include infrastructure and equipment as well as automation and digitalisation.
- Oliver Healthcare Packaging intends to set up its first manufacturing facility with a floor area of 6,400 sq m on 4.2 acres of land with an investment sum of about RM200 million in i-TechValley in SiLC, Johor.
- Capital A Bhd's engineering arm, Asia Digital Engineering (ADE), has opened its new maintenance, repair and overhaul (MRO) hangar facility at Senai with a floor area of 5,000 sq m, spanning across a land area of 43.46 hectares of land. It is the first MRO facility at the Senai International Airport Aviation Park and ADE's third MRO facility.
- Sea Ltd has proposed expansion plans in Malaysia to set up cloud services, data hosting and processing, and a new logistics e-commerce warehouse located in Kulai. The cloud computing project will be located in a three-storey green facility in Kulai, Johor, with 24 data hall suites, mechanical and electrical rooms, office space, as well as storage and parking facilities, which is targeted to be completed by Q1/2024.
- Bucher Emhart Glass Sdn Bhd will construct a new manufacturing facility with a built-up area of approximately 300,000 sq. ft. in i-Park @ Senai Airport City, commencing in Q2/2023 with an investment sum of RM108 million. The project will be completed in 2024.

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- China-based EcoCeres Renewable Fuels Sdn Bhd is investing RM1 billion to set up a sustainable aviation fuel (SAF) production facility in Tanjung Langsat, Pasir Gudang, expected to be completed by the end of 2024.
- Colorcon Malaysia Sdn Bhd plans to invest approximately RM230 mil to build its first manufacturing facility at i-TechValley Industrial Park in the SiLC. The new manufacturing facility will cover an area of 90,000 sq. ft., expected to be completed by July 2025.
- Maersk, a worldwide maritime transport and logistics firm, plans to establish a major logistics hub at the Port of Tanjung Pelepas in Malaysia by 2030. By 2026, Maersk aims to increase capacity by almost 480,000 sq m across Malaysia, Indonesia, Singapore, and the Philippines.
- GDS, a leading developer and operator of high-performance data centres, launched its Nusajaya Tech Park Data Center Campus where Phase 1 of the campus (consisting of Nusajaya 1, 2, 3 data centres or NTP1, 2, 3) boasts a total net floor area of 22,500 sq m and a total IT power capacity of 69.5MW.
- SGS has announced the opening of an advanced state-of-the-art electromagnetic compatibility (EMC) and radio frequency (RF) testing laboratory in Senai, which spans 5,300 sq m.
- JLand Group (JLG) and Cenergi SEA Bhd have sealed a joint venture partnership for the deployment of rooftop solar and energy solutions across JLG's industrial parks in Johor, namely Senai Industrial Park, Tebrau Industrial Park, Pasir Gudang Industrial Park, and Tanjung Langsat Industrial Park, which span a total of 4,479.47 hectares of land.
- Ferrotec Power Semiconductor Malaysia Sdn Bhd is anticipated to complete its 60,000 sq. ft. manufacturing facility in Pasir Gudang by the fourth quarter of 2024. The investment for this project amounts to RM520 million.
- The Port of Tanjung Pelepas (PTP), a joint venture between the MMC Group and APM Terminals, has inked an agreement with Mitsui E&S Co., Ltd. (Mitsui) to produce 48 electric rubber tyre gantry cranes. Both parties have expressed their interest in establishing a long-term partnership covering equipment purchases, inventory management, and after-sales services.
- Tiong Nam Logistics Holdings Bhd entered into a joint venture (JV) agreement with JLand Group Sdn Bhd (JLG) to develop a high-tech logistics industrial park on a 300-acre piece of land at Sedenak Technology Valley. The construction is expected to begin in 2025.
- Alton Industry Ltd (USA), a US global supplier of consumer and commercial tools, appliances and floor care, is planning to invest at least RM500 million for a manufacturing and research and development (R&D) facility in Johor, scheduled for completion in 2024.
- Wiwynn Corporation, a leading Taiwan-based provider of cloud IT infrastructure for hyper-scale data centres, has launched its newly inaugurated Phase I facility dedicated to server rack integration in Senai Airport City, Johor. Additionally, Phase II, the Server PCBA Plant, is scheduled to commence operations by 2024.
- T Industrial Park, located in Pekan Nenas, has achieved 100% occupancy for three out of its nine phases, which spanned 572.2 acres, driven by a significant RM800 mil investment from the US-based appliances supplier Alton Industry Ltd Group.
- Sunway Construction Sdn Bhd (SCSB) has officially accepted the letter of initial appointment (LOIA) from K2 Strategic Infrastructure Malaysia Sdn Bhd to initiate and conclude the planned development of a Data Centre in Johor. The completion of the project is anticipated by November 2024.
- YTL Power International Bhd is collaborating with Nvidia Corp to build an AI infrastructure, with Phase 1 expected to commence operations by Q3/2024 and be hosted in YTL Power's 500MW solar-powered Green Data Centre Park in Johor.

Property Market Overview 2023

2.2 Industrial Property Market

2.2.1 Overview

Johor: Industrial Property Volume and Value of Transactions, 2021 to Q3/2023^(p)

Industrial Property Type	2021		2022		Q3/2023 ^(p)	
	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)
▶ Vacant Plot	227	891.76	322	1,030.99	248	989.30
▶ Terraced	184	126.39	254	166.09	239	207.11
▶ Semi-Detached	172	325.65	317	617.40	340	820.40
▶ Detached	178	1,182.18	173	2,069.40	156	997.65
▶ Industrial Complex	0	0.00	0	0.00	3	4.36
▶ Others	49	63.14	64	245.56	146	340.86
Total	810	2,589.11	1,130	4,129.43	1,132	3,359.68

Source: National Property Information Centre (NAPIC)

Note: ^(p) = Preliminary data

In Johor, the total industrial property transaction value in 2022 was recorded at RM4,129.43 million, a growth of 59.5% compared with RM2,589.11 million in 2021. Likewise, the transaction volume increased by 39.5% from 810 units in 2021 to 1,130 units in 2022. Recent projects like the rapid transit system (RTS), nearing completion of the Gemas-Johor Bharu double-track, and the proposed Special Economic Zone (SEZ) have driven investors' interest, boosting transactions in Johor.

Subsequently, 1,132 transactions with RM3,359.68 million were recorded in Q1-Q3/2023; semi-detached factories/warehouses recorded the highest share of volume transacted at 340 units (30.0% share), followed by vacant plots (21.9% share, 248 units), terraced factories/warehouses (21.1% share, 239 units), detached factories/warehouses (13.8% share, 156 units) and "others" category (12.9% share, 146 units).

In terms of transaction value by property types, detached factories/warehouses aggregated the highest sum at RM997.65 million in Q1-Q3/2023, followed by vacant plots at RM989.30 million, semi-detached factories/warehouses at RM820.40 million, "others" category at RM340.86 million and terraced factories/warehouses at RM207.11 million.

Property Market Overview 2023

2.2.2 Supply: Existing and Future

As of Q3/2023, the cumulative supply of industrial properties in Johor was reported at 19,101 units, an increase of 383 units from 2022 (18,718 units). Of the newly added units, 207 were located in Johor Bahru, 115 were in Kulai, 26 were in Muar, 22 were in Batu Pahat, and 11 were in Tangkak, whereas Pontian and Segamat have added 1 unit each.

Johor: Supply of Industrial Properties by Type, 2021 to Q3/2023

State	Industrial Property Type	Existing Supply (No. of Units)			Future Supply (No. of Units)	
		2021	2022	Q3/2023	Incoming	Planned
► Johor	Terraced	8,063	8,131	8,240	218	0
	Semi-Detached	4,766	4,788	4,900	128	40
	Detached	4,047	4,078	4,155	86	52
	Flatted Factory	0	0	0	0	0
	Industrial Complex	425	425	426	1	0
	Cluster	1,224	1,296	1,380	124	0
	Total	18,525	18,718	19,101	557	92

Source: National Property Information Centre (NAPIC)

In terms of distribution by industrial property type, the existing supply was predominantly terraced factories (43.1% share, 8,240 units), followed by semi-detached factories (25.7% share, 4,900 units) and detached factories (21.8%, 4,155 units). Terraced factories make up most of the future supply (218 units incoming), followed by semi-detached factories (128 units incoming, 40 units planned) and detached factories (86 units incoming, 52 units planned).

Johor Bahru is expected to remain the second leading district with the largest share of industrial properties in the foreseeable future, reflecting its continued significant position in the industrial sector. It hosted at least 16% of Malaysia's industrial supply as of Q3/2023. Likewise, the top three districts for the 649 units of future supply were mainly Johor Bahru (45.9% share, 298 units), Kulai (17.3% share, 112 units) and Batu Pahat (11.4% share, 74 units).

Johor: Supply of Industrial Properties by District, 2021 to Q3/2023

District	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2021	2022	Q3/2023	Incoming	Planned
► Batu Pahat	1,532	1,539	1,561	20	54
► Johor Bahru	11,685	11,860	12,067	292	6
► Kluang	987	987	987	49	0
► Kota Tinggi	395	395	395	62	8
► Kulai	2,456	2,466	2,581	109	3
► Mersing	69	69	69	0	0
► Muar	173	173	199	21	0
► Pontian	507	508	509	0	12
► Segamat	513	513	514	4	9
► Tangkak	208	208	219	0	0
Total	18,525	18,718	19,101	557	92

Source: National Property Information Centre (NAPIC)

Property Market Overview 2023

2.2.3 Capital Values

Tabulated below are the general capital values of selected industrial properties in Johor.

Johor: Selected Industrial Property Transactions, 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
1	PN 58633 Lot 67513, and HS(D) 45350 PTD 65026, both in Mukim Senai, District of Johor Bahru, Johor	Industrial Land with Buildings	1.00	LH	10 th April 2023	6.0	V.S Plus Sdn Bhd
2	GM 773 Lot 6976, Mukim Tebrau, District of Johor Bahru, Johor and HS(M) 888 MLO 2536 Mukim Tebrau, District of Johor Bahru, Johor	Agriculture and Industrial Land	7.01	FH	12 th May 2023	9.4	SDS Top Baker Sdn Bhd
3	GM 100 Lot 139; GM 170 Lot 138; GM 1431 Lot 83305, all in Mukim of Plentong, District of Johor Bahru, Johor	Industrial Land	14.95	FH	30 th May 2023	33.9	Ha Teng Holdings Sdn Bhd
4	PN 70450 Lot 198507, Mukim Plentong, District of Johor Bahru, Johor	Industrial Land with Buildings	1.65	LH	13 th June 2023	4.5	SJ Holdings Sdn Bhd
5	HS(D) 303855 Lot PTD 148262, Mukim Plentong, District of Johor Bahru, Johor	Industrial Land with Buildings	3.00	LH	28 th June 2023	15.3	SWS Capital Bhd
6	No. 20 & 22 Jalan Gemilang 1, Taman Perindustrian Cemerlang, Ulu Tiram, Johor	Detached Factories	1.94	FH	10 th July 2023	14.0	Micron Engineering Metal Sdn Bhd
7	HS(D) 74885 PTD 112726, Mukim Senai, District of Kulai, Johor	Development Lands	403.78	FH	6 th September 2023	211.1	Eco Business Park 6 Sdn Bhd
8	HS(D) 500355, PTD 101353, Mukim Plentong, District of Johor Bahru, Johor	Industrial Land with Buildings	10.00	LH	15 th September 2023	48.0	Ferrotec Power Semiconductor Malaysia Sdn Bhd
9	Jalan Ban Foo, Ulu Tiram, Johor Bahru, Johor	Industrial Lands	21.20	-	20 th September 2023	32.7	Mohm Chemical Sdn Bhd
10	HS(D) 624363 PTD 223774 and HS(D) 624362 PTD 223773, both in Mukim Pulai, District of Johor Bahru, Johor	Vacant Land	5.75	FH	7 th November 2023	30.1	STT GDC Malaysia 2 Sdn Bhd

Property Market Overview 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
11	HS(D) 624358 PTD 223768; HS(D) 624359, PTD 223769; HS(D) 624360, PTD 223771; HS(D) 624361, PTD 223772; HS(D) 624371, PTD 223770, all in Mukim Pulau, District of Johor Bahru, Johor	Vacant Land	16.6	FH & LH	7 th November 2023	87.0	STT GDC Malaysia 2 Sdn Bhd
12	GRN 250459, Lot 182938, Mukim Plentong, District of Johor Bahru, Johor	Industrial Land with Building	0.95	FH	9 th November 2023	7.6	Hsing Lung Sdn Bhd
13	No. 11, Jalan Persiaran Teknologi, Taman Teknologi, Johor, Senai, Johor and Plo 271, 51647, Jalan Gangsa, Pasir Gudang, Johor	Industrial Facilities	19.24	LH	10 th November 2023	151.2	-
14	GRN 499617 Lot 150591; GRN 499618 Lot 150592; GRN 499619 Lot 150593; GRN 499620 Lot 150594; Lot 150599, Lot 150600; HS(D) 624352 PTD223761; HS(D) 624353 PTD223762; HS(D) 624368 PTD223780; HS(D) 624369 PTD 223781 all in Mukim of Pulau, District of Johor Bahru, Johor	Industrial Lands	20.39	FH	15 th November 2023	111.0	Yu Ao Sdn Bhd
15	HS(D) 602898 PTD 5868; HS(D) 602455 PTD 5401; HS(D) 306832 PTD 2994; HS(D) 306833 PTD 2995; HS(D) 306837 PTD 3003; HS(D) 306838 PTD 3004; HS(D) 306839 PTD 3006, all in Mukim of Tanjung Kupang, District of Johor Bahru, Johor and GRN 361960, Lot 132561, Mukim Pulau, District of Johor Bahru, Johor	Vacant Lands	115.90	FH	17 th November 2023	146.1	PGB Landmark Sdn Bhd

Property Market Overview 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
16	HS(D) 585174 PTD 209486; HS(D) 624546 PTD 224339; HS(D) 624547 PTD 224340; HS(D) 624548 PTD 224341; HS(D) 624549 PTD 224342; HS(D) 624550 PTD 224343 and HS(D) 624551 PTD 224344; PTD 224345; all in Mukim of Pulai, District of Johor Bahru, Johor	Vacant Lands	60.29	FH	17 th November 2023	315.2	Microsoft Payments (Malaysia) Sdn Bhd
17	Westlite Tampoi, 12, Jalan Bayu, Taman Perindustrian Tampoi Jaya, Johor Bahru, Johor	Worker Dormitory (5,790 beds)	7.00	FH	4 th December 2023	146.0	Kumpulan Wang Persaraan (KWAP)

Source: NAPIC & Savills Research

Note: ⁽¹⁾ FH = Freehold; LH = Leasehold

2.2.4 Rental Values

In 2023, 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; similar units in Tanjung Pelepas Port were going from RM1.70 per sq. ft. to RM2.00 per sq. ft. per month.

In Gelang Patah, the asking rentals ranged from RM1.00 per sq. ft. to RM1.40 sq. ft. per month, whereas Nusa Cemerlang, Nusajaya (SILC) commanded monthly asking rental ranging from RM1.00 per sq. ft. to RM1.60 per sq. ft.

The monthly asking rentals in Taman Perindustrian Cemerlang, Ulu Tiram, ranged between RM1.00 per sq. ft. and RM1.20 per sq. ft.

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 commanded a higher monthly asking rental ranging from RM1.40 per sq. ft. to RM1.80 per sq. ft. 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

Penang approved 107 manufacturing projects worth RM38.90 billion as of Q3/2023, indicating an improvement in investments compared to the last year (Q3/2022: 99 projects worth RM9.23 billion).

Penang: Approved Manufacturing Projects, 2021 to Q3/2023

Penang	2021	2022	Q3/2023
► Number of Approved Projects	111	135	107
► Total Capital Investment (RM Million)	76,223.7	13,710.9	38,902.1

Source: Malaysia Investment Development Authority (MIDA)

Property Market Overview 2023

In 2023, notable industrial sector announcements in Penang included:

- AEM, a global leader in test innovation, celebrates the grand opening of its new manufacturing plant in Prai. The new plant spans 365,000 sq. ft., housing assembly, quality assurance, warehouse, R&D lab, and more for the advancement of testing and handling equipment, with a total development value of RM65 million.
- Artroniq Bhd and Beno Inc. have entered a partnership to produce Beno's Reevo electric bicycles in Malaysia, planning to establish a production plant in Batu Kawan, Penang, with an RM5 million investment. The investment total value is anticipated to surpass RM100 million by 2025.
- Elna PCB, a Taiwan-based printed circuit board (PCB) manufacturer, is investing approximately RM1 billion in its new 10,289 sq m facility in Seberang Perai Tengah. The new plant will focus on producing PCBs for automotive, server, networking, laptop, desktop, and consumer electronic devices. The facility is expected to be completed and ready for operation in 2023.
- Ideal Capital Bhd has launched the Penang Technology Park@Bertam, a significant RM4.2 billion investment in an industrial park located in Bertam. This development marks the first of its kind in the North Seberang Perai district, featuring 880 acres of industrial land tailored for high-technology industries, with 30% reserved for commercial purposes.
- Malaysian automation solution provider Greatech Technology Bhd is investing approximately RM1.3 billion to expand its fourth manufacturing plant in Batu Kawan, Penang. The new facility in Batu Kawan Industrial Park, covering 4.69 hectares, is expected to be operational by the end of 2023. Upon completion, Greatech's total floor area will exceed 1.2 million sq. ft.
- Cell AgriTech Sdn Bhd, a home-based company, is setting up Malaysia's first cultivated meat production facility in Penang, with a budget of around RM20 million, which will focus on cultivating fish meat. The construction of the facility is scheduled to start in May and is expected to be completed by the end of 2024.
- AMD Global Services (M) Sdn Bhd is enhancing its global business services and engineering capabilities through a new cutting-edge office and lab facility in Penang, known as GBS by the Sea. The facility, spanning 300,000 sq. ft., consists of a 9-storey office building and a 6-storey multi-level carpark and is set to be completed in 2024.
- Air Products, a global industrial gases company, has revealed plans to construct and manage two nitrogen plants in Penang's Bayan Lepas Free Industrial Zone and Batu Kawan Industrial Park. This strategic investment in increased capacity and infrastructure aims to reinforce Air Products' dominant position in Northern Malaysia and enhance its ability to fulfil market requirements.
- My EG Lodging Sdn Bhd has successfully obtained a tender from Penang Development Corp for the construction and operation of a worker village in Batu Kawan Industrial Park 3, Seberang Perai Selatan. The project, which includes an 8.39-acre land lease at the cost of RM20.39 million, obliges MY EG Lodging to develop and manage the facilities autonomously for 30 years.
- EG Industries Berhad partners with Yamaha to set up a RM180 million Smart 'Lights-Out' Factory 4.0 in Batu Kawan, dedicated to producing 5G Advanced Optical Modules for wireless networks, targeted for commencement in the first half of 2024.
- SlimHaus Technology Sdn Bhd, a Malaysian-based Industrialised Building System (IBS) modular home manufacturer, invested approximately RM18 million in its first 35,000 sq. ft. manufacturing facility in Valdor, Seberang Perai, focusing on IBS steel frames and modular packages. Operations are set to begin in July, and the company aims to open a second R&D-focused facility in 2025.
- Ebara Precision Machinery Malaysia Sdn Bhd (Ebara Malaysia), a prominent Japanese company specialising in vacuum and planarization technologies, is committing an investment of approximately RM30.4 million to establish its first manufacturing facility. This facility aims to provide value-added products and quality services to address the increasing demand for precision components, primarily from the semiconductor, light-emitting diode, and electronic industries.

Property Market Overview 2023

- Solarvest Holdings Berhad, a clean energy specialist, has successfully obtained a contract from Dexcom Malaysia Sdn Bhd to set up a 3.6 megawatt-peak (MWp) solar photovoltaic system at its Batu Kawan's manufacturing facility. It is estimated to generate 3.6MW of clean energy, which will enable Dexcom to offset 3,190 tons of carbon dioxide.
- Ideal Capital Bhd plans to construct Penang Technology Park in Bertam (PTP) within the next three years. With 880 acres of land, including 700 acres for net saleable area, PTP will emphasise high-tech industries, reserving 30% for commercial purposes.
- Enovix Corporation, a leading silicon battery company, intends to invest US\$100 million (RM451 million) to establish a new manufacturing facility in Penang Science Park. The new facility aims to scale up its advanced silicon battery technology business due to the robust growth in the nation.
- Bosch has launched its semiconductor facilities in Penang, spanning a land area of 100,000 sq m; the new site includes approximately 18,000 sq m of clean rooms, office space, and Research and Development (R&D) laboratories to accommodate up to 400 associates. Bosch plans to allocate RM1.62 billion in investments for the Batu Kawan Industrial Park site until the mid-2030s.
- YBS International Bhd's RM567 million Penang Science Park plant, specialising in lithium battery production for various devices, will begin operations by Q4/2023. The plant is located on a 10-acre site with a 320,000 sq. ft. production floor area. The company will invest a total sum of RM120 million in upgrading and expanding the plant's capacity in 2024.
- Federal Oats Mills Sdn Bhd has revealed a cutting-edge oat processing plant covering 260,000 sq. ft. in Prai. The plant specialises in oat products such as flakes, hulled oats, oat bran, and flour. The new facility is equipped with modern and fully automated features, aligning with the objectives outlined in the New Industrial Master Plan (NIMP 2030).
- GlobalFoundries (GF) has announced the opening of its new facility hub in Penang. The GF Malaysia office, located in Bayan Lepas, helps complement the recently opened GF Singapore fabrication plant.
- Sunway Bukit Gambier Sdn Bhd has signed a joint development agreement with Penang Development Corporation (PDC) to collaborate in developing a 559-acre industrial land in Batu Kawan. The proposed industrial park will consist of factories, industrial lots, and commercial components, with a gross development value (GDV) of at least RM3.5 billion.
- Micron Technology Inc. launched its second manufacturing plant in Batu Kawan Industrial Park. The expansion of its new state-of-the-art assembly and test facility in Batu Kawan Industrial Park enables the company to boost production output and further strengthen its assembly and test capabilities.
- Phabritek Sdn Bhd has launched a new facility in Batu Kawan with a substantial investment of RM100 million. The facility is dedicated to the production of optoelectronic components, primarily focusing on advancements in modern communication, especially within the optical communication sector.
- MY EG Lodging (NC) Sdn Bhd, a subsidiary of e-government service provider MyEG Services Bhd, has signed a 30-year lease agreement with Penang Development Corp to jointly develop a foreign workers' village project on an 8.39-acre land in Batu Kawan Industrial Park 3 with development sum of RM108 million. The workers' village will offer medium-density residences capable of housing at least 8,000 foreign workers, which is expected to be completed by 4Q/2025.
- DHL Supply Chain plans to invest €131 million (RM0.67 billion) in Malaysia, focusing on adding 113,000 sq m of warehouse space across four new facilities in Penang, Kuala Lumpur, and Johor Bahru, with advanced automation set for the Penang Logistics Hub 5, scheduled to be completed in 2024.

Property Market Overview 2023

- Jutze Interconnect Sdn Bhd, a prominent wire harness and cable manufacturer, has injected an initial investment of RM28 million into its new environmentally friendly facility in Bayan Lepas. The company also plans an additional investment of RM65 million over the next 3 to 5 years to address the increasing demand for its products.
- INV New Material Technology (M) Sdn Bhd has launched its initial plant in Penang Technology Park, involving an investment of RM3.2 billion for its first phase. Situated within Penang Technology Park, the facility boasts an annual production capacity of 1.3 billion sq m, focusing on wet-process separators and coated separators.
- Paramount Corp Bhd is expanding into industrial development with Paramount Palmera in Bukit Minyak, Penang. This freehold light industrial project in central Seberang Perai has a gross development value of RM157 million and consists of 52 semi-detached and 6 detached light industrial factories. The project is set to be completed by 2025.
- xFusion International Pte Ltd is set to invest over RM1 billion in the next three years for its first global supply centre in Malaysia. The facility, spanning 254,491 sq. ft. in Prai, will boast an annual production capacity surpassing 150,000 equipment units. Positioned as a crucial hub for xFusion's global markets, including GPU servers, this investment underscores the company's commitment to expanding its international presence.
- PIE Industrial Bhd is investing RM30 million to upgrade its two Seberang Jaya plants for the production of high-end aviation, medical and industrial electronic devices. The renovated two plants, spanning across 400,000 sq. ft., will be operational by Q3/2023 and Q1/2024, respectively.

3.2 Industrial Property Market

3.2.1 Overview

Penang: Industrial Property Volume and Value of Transactions, 2021 to Q3/2023^(p)

Industrial Property Type	2021		2022		Q3/2023 ^(p)	
	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)
► Vacant Plot	116	388.24	104	522.21	155	418.82
► Terraced	138	114.31	183	141.73	127	110.39
► Semi-Detached	103	232.28	122	336.36	86	251.18
► Detached	74	769.18	68	603.07	51	492.40
► Industrial Complex	20	99.77	32	17.11	12	9.41
► Others	13	8.86	13	2.93	16	53.87
Total	464	1,612.64	522	1,623.42	447	1,336.07

Source: National Property Information Centre (NAPIC)

Note: ^(p) = Preliminary data

Property Market Overview 2023

In Penang, the total value of industrial property transactions in 2022 amounted to RM1,623.42 million, showing a marginal increase of 0.7% compared to the RM1,612.64 million recorded in 2021. Conversely, the transaction volume experienced a notable growth of 12.5%, rising from 464 units in 2021 to 522 units in 2022. The presence of a robust electrical and electronics (E&E) cluster has not only positioned but also evolved Penang into a regional electronics manufacturing hub. The implementation of the New Industrial Master Plan (NIMP) 2030 is also set to enhance the industrial sector in Penang. Investment promotion agencies and incentives will be directed towards tiered tax rates based on outcomes, such as the creation of high-value jobs, integration of local firms into supply chains, formation of new industrial clusters, and the strengthening of monitoring of investments that receive incentives. This strategy aims to ensure the realisation of expected benefits, consequently boosting demand for industrial properties in the state.

As of Q1-Q3 2023, 447 industrial property transactions worth RM1,336.07 million were recorded, of which vacant plots recorded the highest share of volume at 155 units (34.7% share), followed by terraced factories/warehouses (28.4% share, 127 units), semi-detached factories/warehouses (19.2% share, 86 units), detached factories/warehouses (11.4% share, 51 units), "others" (3.6% share, 16 units) and industrial complexes/units (2.7% share, 12 units).

3.2.2 Supply: Existing and Future

Penang's cumulative supply of industrial properties stood at 9,734 units as of Q3/2023. The majority of the current supply consists of terraced factories (53.1% share, 5,169 units), followed by semi-detached factories (20.5% share, 2,000 units) and detached factories (20.2% share, 1,965 units).

Penang: Supply of Industrial Properties by Type, 2021 to Q3/2023

Industrial Property Type	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2021	2022	Q3/2023	Incoming	Planned
▶ Terraced	5,171	5,157	5,169	5	0
▶ Semi-Detached	1,886	2,000	2,000	112	136
▶ Detached	1,950	1,957	1,965	24	10
▶ Flatted Factory	511	511	511	1	0
▶ Industrial Complex	71	72	72	0	0
▶ Cluster	17	17	17	0	0
Total	9,606	9,714	9,734	142	146

Source: National Property Information Centre (NAPIC)

On the other hand, the bulk of Penang's 288 units in the pipeline were mainly semi-detached factories (86.1% share, 248 units), followed by detached factories (11.8% share, 34 units) and terraced factories (1.7% share, 5 units).

In the context of the incoming supply, the 142 units in the pipeline were predominantly semi-detached factories (78.9% share, 112 units), followed by detached (16.9% share, 24 units) and terrace factories (3.5% share, 5 units). These incoming products are mainly located in Seberang Perai Utara (55 units), Seberang Perai Tengah (41 units), Seberang Perai Selatan (36 units) and Barat Daya (10 units). The launch of Ready-Built-Factories in Penang Technology Park (PTP) has contributed to the incoming supply of industrial units in Penang.

The 146 units under planned supply comprised semi-detached factories (93.2% share, 136 units) and detached factories (6.8% share, 10 units). Likewise, 60 of these units are located in Seberang Perai Utara, 58 units are from Seberang Perai Selatan, and 28 units are in Seberang Perai Tengah.

Property Market Overview 2023

Seberang Perai Tengah and its neighbouring districts of Seberang Perai Utara and Selatan collectively host 82.2% (8,006 units) of the state's total industrial properties as of Q3/2023. To address the land scarcity issue in Penang, the Penang Development Corporation has initiated the Penang South Island (PSI) reclamation project, which has been scaled down to 2,300 acres, specifically focusing on "Island A." This development is structured in two primary phases, spanning 20 years. Additionally, the Penang Development Corporation (PDC) is actively involved in the infrastructure development of 800 acres of land in East Batu Kawan, which is slated for completion by 2028. This area will later accommodate the 246-acre Bandar Cassia Technology Park (BCTP), serving as the third township and extending Batu Kawan Industrial Park (BKIP) and Batu Kawan Industrial Park 3 (BKIP 3), contributing to a total of 600 acres of industrial land. As such, the majority of the 288 units in the supply pipeline are located in Seberang Perai Utara (39.9% share, 115 units), followed by Seberang Perai Selatan (32.6%, 94 units), Seberang Perai Tengah (24.0% share, 69 units) and Barat Daya (3.5% share, 10 units) as well.

Penang: Supply of Industrial Properties by District, 2021 to Q3/2023

District	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2021	2022	Q3/2023	Incoming	Planned
► Barat Daya	883	884	896	10	0
► Seberang Perai Selatan	1,021	1,075	1,083	36	58
► Seberang Perai Tengah	5,382	5,449	5,449	41	28
► Seberang Perai Utara	1,488	1,474	1,474	55	60
► Timur Laut	832	832	832	0	0
Total	9,606	9,714	9,734	142	146

Source: National Property Information Centre (NAPIC)

3.2.3 Capital Values

The table below lists selected industrial property transactions in Penang in 2023.

Penang: Selected Industrial Property Transaction, 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
1	PN 10341, Lot No. 7035, Mukim 13, District of Seberang Perai Tengah, Penang	Industrial Land with Building	1.00	LH	3 rd April 2023	10.5	All Cables Sdn Bhd
2	GM 4779, Lot No. 1700; GM 306, Lot No. 1668; GM 321, Lot No. 1701, all in Mukim 14, District of Seberang Perai Tengah, Penang	Vacant Land	15.14	FH	5 th April 2023	34.0	Wangsaga Industries Sdn Bhd
3	GM 81 Lot 713; GM 82 Lot 714; GM 334 Lot 744; GM 335 Lot 745; GM 354 Lot 746, all in Mukim 05, District of Seberang Perai Selatan, Penang	Vacant Lands	2.27	FH	11 st April 2023	2.4	Heng Huat Resources Group Bhd

Property Market Overview 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
4	PN 7074, Lot 5999, Mukim 11, District of Seberang Perai Tengah, Penang	Industrial Land with Building	1.00	LH	26 th April 2023	10.2	Volcano Name Plate Sdn Bhd
5	Lot 2955, Lot 2956 and Lot 2957, Mukim 16, District of Seberang Perai, Penang	Industrial Land with Building	5.36	FH	23 rd May 2023	30.2	Swift Haulage Bhd
6	PN 10902, Lot 20164, Mukim 13, District of Seberang Perai Tengah, Penang	Industrial Land	7.23	LH	23 rd June 2023	15.7	Heng Huat Resources Group Bhd
7	HS(D) 30937, PT 2995, Mukim 01, District of Seberang Perai Tengah, Penang	Industrial Land with Building	4.32	LH	1 st August 2023	23.8	NationGate System Sdn Bhd
8	GRN 59352, Lot No. 2778, Mukim 7, District of Seberang Perai Selatan, Penang	Industrial Land with Building	2.11	FH	14 th August 2023	17.7	Coraza Systems Malaysia Sdn Bhd
9	GM 2533, Lot 10048, Mukim 06, District of Seberang Perai Tengah, Penang	Vacant Land	9.71	FH	18 th September 2023	39.8	SkyDorm Sdn Bhd
10	GRN 40425, Lot 386, and GM 223, Lot 481, Sg. Bakap, Mukim 12, District of Seberang Perai Selatan, Penang	Development Land	18.00	FH	10 th October 2023	70.6	Projek Tetap Teguh Sdn Bhd
11	PN 6849, Lot 3826 and PN 10414, Lot 7067, all in Mukim 13, District of Seberang Perai Tengah, Penang	Industrial Land & Buildings	7.8	LH	10 th November 2023	41.8	SkyDorm Industries Sdn Bhd
12	No. 38, Jalan Perniagaan Seri Tambun, Taman Westlite Dormitory, Bukit Tambun, Simpang Ampat, Penang	Worker Dormitory (3,321 beds)	4.1	FH	4 th December 2023	81.0	Kumpulan Wang Persaraan (KWAP)
13	Bukit Tengah Industrial Park, Kawasan Perindustrian Prai Fasa 4, Bukit Mertajam, Penang	Industrial Land with Building	10.4	LH	18 th December 2023	66.8	Sunway Real Estate Investment Trust
14	PN 2759, Lot 5728, Mukim 12, District of Barat Daya, Penang	Industrial Land	4.1	LH	21 st December 2023	41.9	FoundPac Sdn Bhd

Source: NAPIC & Savills Research

Note: ⁽¹⁾ FH = Freehold; LH = Leasehold

Property Market Overview 2023

3.2.4 Rental Values

In 2023, detached factories in Bayan Lepas Industrial Park command monthly asking rentals within the range from RM2.20 per sq. ft. to RM4.50 per sq. ft.

The monthly asking rentals for detached premises in Bukit Tengah Industrial Park ranged from RM1.10 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 rental rates within the range of RM1.60 per sq. ft. to RM2.00 per sq. ft. per month.

4.0 PAHANG

4.1 Industrial Sector

In 2022, Pahang approved 13 manufacturing projects, a slight reduction from the 14 projects approved in 2021. Despite this, the overall capital investment saw a significant decrease, dropping from RM10.49 billion in 2021 to RM2.54 billion in 2022. As of Q3/2023, the state has secured approximately RM826.6 million in total capital investment, encompassing 12 approved manufacturing projects.

Pahang: Approved Manufacturing Projects, 2021 to Q3/2023

Pahang	2021	2022	Q3/2023
► Number of Approved Projects	14	13	12
► Total Capital Investment (RM Million)	10,490.4	2,537.3	826.6

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in Pahang include:

- Citiglobal and Abu Dhabi Future Energy Co PJSC (Masdar) have signed a memorandum of understanding (MoU) to jointly develop a few major renewable energy projects such as solar, battery energy storage systems (BESS), wind and other energy technologies. It includes the development of a 2GW solar farm in Pahang that will cater to the local and export renewable energy markets.
- UEM Lestra Berhad, the green industries subsidiary of UEM Group Berhad, and Enggang Holdings Sdn Bhd have formed a strategic partnership to promote renewable energy in Pahang. The primary objective of their collaboration is the development of a 170 MWp solar plant in Gebeng, situated near the industrial park. This initiative aims to provide clean energy to both the industrial zone and contribute to the growth of Pahang's renewable energy sector.
- PT Resources Holdings Bhd, a frozen seafood processor, has entered into a partnership with Ocean Exchange (Fujian) Foreign Trade Services Co Ltd to develop the Malaysia East Coast International Supply Chain Intelligent Park collaboratively. This joint effort seeks to enhance bilateral trade between Malaysia and China, specifically through Fuzhou. The estimated investment value for this initiative is approximately RM1 billion.
- Nextgreen Crowning Package Pulp Molding Sdn Bhd (NGCP), an affiliate of Nextgreen Global Bhd (NGGB), has effectively established a factory within NGGB's Green Technology Park in Pekan, Pahang. The facility has a total built-up area of 14,780 sq. ft. It specialises in food-grade empty fruit bunch pulp moulding and has the capacity to produce four million units of pulp moulding. Currently, the factory is in the trial production phase.
- Synapse Network Sdn Bhd (SNSB) is set to invest RM200 million in a 3-acre plot at Pahang Technology Park (PTP) through a lease agreement with the East Coast Economic Region Development Council (ECERDC). The investment aims to establish a data centre to meet the growing demand from the ASEAN region.

Property Market Overview 2023

- Dialog Malic Acid Sdn Bhd is set to build and operate a malic acid plant within the Integrated Chemical Site of BASF PETRONAS Chemicals Sdn Bhd in Gebeng. The plant is projected to have an annual production capacity of 12,000 metric tonnes, with an estimated investment of around US\$80 million (RM375 million).
- G Capital Bhd is set to invest RM4.5 billion in hydropower projects, aiming to generate 300MW of power in Perak (257.1 MW) and Pahang (26MW), with potential revenue surpassing RM12 billion. Currently, 110MW has secured Feed-In-Tariff (FiT) approval, and the remaining 118.2MW is progressing through pre-feasibility and power system studies. The initial focus centres on four approved projects (22MW in Perak and 26MW in Pahang), with a total investment of RM659.24 million and expected revenue of RM1.44 billion upon commercial operation.

4.2 Industrial Property Market

4.2.1 Overview

Pahang: Industrial Property Volume and Value of Transactions, 2021 to Q3/2023^(p)

Industrial Property Type	2021		2022		Q3/2023 ^(p)	
	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)
▶ Vacant Plot	93	60.13	103	58.36	52	346.03
▶ Terraced	28	11.13	58	24.21	37	15.77
▶ Semi-Detached	9	7.66	18	14.36	7	6.99
▶ Detached	12	38.02	21	74.17	12	31.19
▶ Industrial Complex	0	0.00	0	0.00	0	0.00
▶ Others	14	5.66	20	11.96	7	2.87
Total	156	122.60	220	183.05	115	402.85

Source: National Property Information Centre (NAPIC)

Note: ^(p) = Preliminary data

In 2022, the aggregate value of industrial property transactions in Pahang registered a yearly increase of 49.3% to RM183.05 million from RM122.60 million in 2021. Relatively, the volume of transactions improved by 41.0%, from 156 to 220 transactions during the same period. The increase in aggregate transaction value was observable in all industrial property types, except for vacant plots, which saw a decrease in value from 93 transactions worth RM60.13 million in 2021 to 103 transactions worth RM58.36 million in 2022.

Subsequently, 115 transactions worth RM402.85 million were recorded as of Q3/2023, of which vacant plots recorded the highest share of volume at 52 units (45.2% share), followed by terraced factories/warehouses (32.2% share, 37 units), detached factories/warehouses (10.4% share, 12 units), semi-detached factories/warehouses (6.1% share, 7 units) and “others” (6.1% share, 7 units).

In terms of transaction value by property types, vacant plots also aggregated the highest sum at RM346.03 million as of Q3/2023, followed by detached factories/warehouses at RM31.19 million, terraced factories/warehouses at RM15.77 million, semi-detached factories/warehouses at RM6.99 million and the “others” category of factories at RM2.87 million.

Property Market Overview 2023

4.2.2 Supply: Existing and Future

Pahang: Supply of Industrial Properties by Type, 2021 to Q3/2023

Industrial Property Type	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2021	2022	Q3/2023	Incoming	Planned
► Terraced	2,312	2,365	2,397	22	151
► Semi-Detached	412	412	412	12	8
► Detached	787	797	798	2	26
► Flatted Factory	0	0	0	0	0
► Industrial Complex	73	73	73	0	3
► Cluster	0	0	0	0	0
Total	3,584	3,647	3,680	36	188

Source: National Property Information Centre (NAPIC)

As of Q3/2023, the cumulative supply of industrial properties in Pahang reached 3,680 units, marking an increase of 32 units in Bentong and 1 unit in Kuantan compared to the previous year. The top three districts with the largest share of the existing supply were Kuantan (51.6% share, 1,900 units), followed by Temerloh (20.5% share, 755 units) and Rompin (7.0% share, 258 units). Likewise, the top three destinations for the 224 units of future supply are Kuantan (39.3% share, 88 units), Jerantut (21.0% share, 47 units) and Bentong (13.4% share, 30 units).

In terms of supply breakdown by property type, the bulk of the existing supply in Q3/2023 comprised 2,397 terraced factories, representing 65.1% of the total existing supply. This is followed by detached factories (21.7% share, 798 units), semi-detached factories (11.2%, 412 units) and industrial complexes (2.0%, 73 units).

Amongst the 224 units of future supply, 173 units were terraced factories, followed by 28 detached factories, 20 semi-detached factories and 3 industrial complexes.

Pahang: Supply of Industrial Properties by District, 2021 to Q3/2023

District	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2021	2022	Q3/2023	Incoming	Planned
► Bentong	118	118	150	0	0
► Bera	59	59	59	0	30
► Cameron Highlands	38	38	38	0	0
► Jerantut	206	206	206	5	47
► Kuantan	1,877	1,899	1,900	22	88
► Lipis	105	105	105	0	0
► Maran	67	67	67	0	1
► Pekan	61	61	61	8	2
► Raub	81	81	81	0	4
► Rompin	217	258	258	0	13
► Temerloh	755	755	755	1	3
Total	3,584	3,647	3,680	36	188

Source: National Property Information Centre (NAPIC)

Property Market Overview 2023

4.2.3 Capital Values

Listed below are selected transactions in 2023.

Pahang: Selected Industrial Property Transaction, 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
1	PN 5627 Lot No. 71559, Mukim Kuala Kuantan, District of Kuantan, Pahang	Detached Factory with Office	0.41	LH	6 th January 2023	2.5	Yuan Fa Marketing Sdn Bhd
2	PN 28530 Lot No. 110338, Mukim Sungai Karang, District of Kuantan, Pahang	Vacant Land	27.16	LH	7 th March 2023	19.1	Industrial Concrete Products Sdn Bhd
3	HS(D) 20550, PT No. 21752, Mukim Mentakab, District of Temerloh, Pahang	Vacant Land	0.51	FH	16 th March 2023	3.0	Golden Solaris Sdn Bhd
4	HS(D) 15531, PT No. 7962, Mukim Kuala Kuantan, District of Kuantan, Pahang	Detached Factory with Office	0.96	LH	16 th May 2023	3.8	Golden HP Agency Sdn Bhd
5	GRN 1755 Lot No. 1644, Mukim Penor, District of Kuantan, Pahang	Vacant Land	5.92	FH	25 th July 2023	3.0	YC Realty Holdings Sdn Bhd
6	HS(D) 18645 PT No. 6551, Mukim Sungai Karang, District of Kuantan, Pahang	Detached Factory	1.03	FH	14 th August 2023	2.3	Liang Kan Hardware Sdn Bhd
7	PN 16186 Lot No. 2237, Mukim Langgar, District of Pekan, Pahang	Vacant Land	5.99	LH	7 th November 2023	4.5	Ikhtiar Eramas Sdn Bhd

Source: Savills Research

Note: ⁽¹⁾ FH = Freehold; LH = Leasehold

4.2.4 Rental Values

Monthly asking rentals for detached factories generally ranged from 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 RM1.10 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.

Property Market Overview 2023

5.0 NEGERI SEMBILAN

5.1 Industrial Sector

In 2022, Negeri Sembilan approved 33 manufacturing projects totaling approximately RM7.13 billion, indicating a substantial 145.8% increase in capital investment compared to 2021. However, in the Q1-Q3/2023 period, the state registered 25 approved manufacturing projects with a total capital investment of RM1.19 billion, marking a decrease compared to the RM7.02 billion recorded in Q1-Q3/2022.

Negeri Sembilan: Approved Manufacturing Projects, 2021 to Q3/2023

Negeri Sembilan	2021	2022	Q3/2023
▶ Number of Approved Projects	30	33	25
▶ Total Capital Investment (RM Million)	2,901.2	7,132.0	1,192.9

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in 2023 include:

- Delta Aerospace Sdn Bhd and NS Corporation have entered into a Memorandum of Understanding (MoU) to establish a manufacturing complex in Negeri Sembilan. The focus of this complex will be on producing the 8-seater Heron 8 seaplane, aiming to enhance their standing as a prominent player in seaplane manufacturing, maritime aircraft operations, and research and development.
- NHK Spring, an integrated metal substrate manufacturer, is set to enlarge its production capacity in Negeri Sembilan to meet the increasing demand for integrated metal substrates. The construction of a new plant and facilities is anticipated to conclude by December 2023.
- Seremban Engineering Bhd (SEB) and NS Corp, the investment arm of Negeri Sembilan, have formed a joint venture (JV) to develop three parcels of land spanning 28 acres in the Port Dickson area. The primary focus of this venture is on conducting jetty operations for imports and exports, as well as engaging in warehousing, tank farms, and associated logistics activities.
- Azza Mewah Sdn Bhd has introduced the Kelisa Mewah Industrial Park in Senawang, which is situated on 40 hectares of industrial land. The park features 362 ready-built factories comprising cluster, semi-detached, and detached units. The initial phase of the development is scheduled for completion by 2025, with the announcement that 55% (112 factories) of the first phase has already been successfully taken up.
- Dutch Lady Milk Industries Bhd (DLMi) is underway with the construction of a new facility with an investment amount of RM540 million, situated on a 12.9-hectare expanse in Bandar Enstek. The production facility is anticipated to commence operations in mid-2024, with the overall project slated for completion within three years. This expansion primarily aims to bolster production capacity in response to the growing market demand.
- TH Properties Sdn Bhd, a wholly-owned subsidiary of Lembaga Tabung Haji, has unveiled the final phase of development for Techpark @ Enstek Phase 3 in Bandar Enstek, Negeri Sembilan. Encompassing 616.64 acres, this phase boasts the largest plot among all the phases. Techpark @ Enstek Phase 3 is set to include industrial plots and semi-detached factories, with a total gross development value of RM1.36 billion. The development will unfold in six phases over 14 years, with the initial phase of Phase 3 expected to be completed by 2026, covering an area of 189.38 acres.
- The Malaysia Vision Valley (MVV) Industrial Park, spanning 760 acres in Parcel B, Labu, is poised for a potential gross development value of RM2.8 billion. Pending approval, this industrial park is anticipated to launch in 2024.

Property Market Overview 2023

- NexV Manufacturing Sdn Bhd, a joint venture between GoAuto Group and Careplus Group Bhd, is set to build a new electric vehicle manufacturing and assembly plant on a 29.68-hectare land in Chembong industrial area, Rembau, with a gross development value of RM600 million. The plant is projected to be completed by 2028, with the initial phase scheduled to begin in Q1/2024, followed by phases two and three in 2026 and 2028, respectively.
- Mahsuri Food Sdn Bhd, a prominent food manufacturer, is making a RM250 million investment in a new 24,000 sq m manufacturing plant located in Bandar Enstek. The facility is expected to be fully operational by early 2025 and will encompass warehouses, quality assurance labs, research and development centres, and offices. Notably, the entire facility will be powered by renewable energy, reflecting Mahsuri's commitment to enhancing production capacity and delivering high-quality halal products.
- United U-Li Corp Bhd has earmarked RM100 million for the expansion of a new plant in Nilai, spanning 20 acres and planned in two phases. Phase 1, scheduled to commence in the third quarter, is expected to be completed by the first quarter of 2024, enhancing the company's capacity by 25%-30%. The overall project, slated for completion in 2025, envisions a substantial 50% increase in production capacity.
- A South Korean aerospace company involved in the manufacturing of light aircraft and unmanned aerial vehicles has expressed interest in establishing operations in Negri Sembilan's Aerospace Valley (NSAV) during a trade mission led by the International Trade and Industry Ministry.

5.2 Industrial Property Market

5.2.1 Overview

Negeri Sembilan: Industrial Property Volume and Value of Transactions, 2021 to Q3/2023^(p)

Industrial Property Type	2021		2022		Q3/2023 ^(p)	
	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)	Volume (No. of Units)	Value (RM Million)
▶ Vacant Plot	96	276.16	194	322.69	122	299.90
▶ Terraced	122	50.76	186	75.51	167	87.46
▶ Semi-Detached	66	136.93	114	255.66	73	174.20
▶ Detached	28	229.94	30	146.94	24	188.57
▶ Industrial Complex	1	8.00	1	23.90	1	16.21
▶ Others	4	1.40	4	1.40	4	16.16
Total	317	703.18	529	826.10	391	782.51

Source: National Property Information Centre (NAPIC)

Note: ^(p) = Preliminary data

In Negeri Sembilan, 529 industrial properties, valued at RM826.10 million, changed hands in 2022. This marked a 17.5% increase in transaction value compared to the preceding year, which was recorded at RM703.18 million. Additionally, the transaction volume experienced a notable surge of 66.9%, rising from 317 units in 2021 to 529 units in 2022. Across most categories, there was growth in the transacted value over the specified period. The only exception was detached factories/warehouses, which saw a slight decrease of 36.1% to RM146.94 million from the initial value of RM229.94 million. Notably, vacant plots emerged as the primary driver of this overall increase, with a recorded value of RM322.69 million, constituting a significant 39.1% share of the total transacted value in 2022.

Property Market Overview 2023

391 transactions were recorded with RM782.51 million in Q3/2023; terraced factories/warehouses recorded the highest share of volume at 167 units (42.7% share), followed by vacant plots (31.2% share, 122 units), semi-detached factories/warehouses (18.7% share, 73 units), detached factories/warehouses (6.1% share, 24 units), “others” category of factories (1.0% share, 4 units) and industrial complexes/units (0.3% share, 1 unit).

In terms of transaction value by property types, vacant plots aggregated the highest sum at RM299.90 million in Q3/2023. This is followed by detached factories/warehouses at RM188.57 million, semi-detached factories/warehouses at RM174.20 million, terraced factories/warehouses at RM87.46 million, industrial complexes/units at RM16.21 million and the “others” category of factories at RM16.16 million.

5.2.2 Supply: Existing and Future

Negeri Sembilan: Supply of Industrial Properties by Types, 2021 to Q3/2023

Industrial Property Type	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2021	2022	Q3/2023	Incoming	Planned
► Terraced	3,734	3,734	3,734	69	187
► Semi-Detached	854	872	872	94	138
► Detached	747	747	747	21	279
► Flatted Factory	0	0	0	0	0
► Industrial Complex	221	221	221	0	0
► Cluster	0	0	0	0	0
Total	5,556	5,574	5,574	184	604

Source: National Property Information Centre (NAPIC)

As of Q3/2023, the cumulative supply of existing industrial properties in Negeri Sembilan stood at 5,574, which indicates no changes as compared to 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 788 units in the pipeline were mainly detached factories (38.1% share, 300 units), followed by terraced factories (32.5% share, 256 units) and semi-detached factories (29.4% share, 232 units).

In terms of geographical distribution, the top three districts which represented almost 92% of Negeri Sembilan’s existing industrial supply as of Q3/2023 are Seremban (81.0% share, 4,515 units), Jempol (5.6% share, 312 units) and Port Dickson (5.1% share, 282 units). Of the 788 units in the future supply pipeline, the majority of industrial supply is located in Seremban (87.7% share, 691 units), followed by Jempol (9.9% share, 78 units) and Tampin (2.4% share, 19 units) as well.

Negeri Sembilan: Supply of Industrial Properties by District, 2021 to Q3/2023

District	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2021	2022	Q3/2023	Incoming	Planned
Jelevu	5	5	5	0	0
Jempol	312	312	312	25	53
Kuala Pilah	159	159	159	0	0
Port Dickson	282	282	282	0	0
Rembau	35	35	35	0	0

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District	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2021	2022	Q3/2023	Incoming	Planned
Seremban	4,497	4,515	4,515	159	532
Tampin	266	266	266	0	19
Total	5,556	5,574	5,574	184	604

Source: National Property Information Centre (NAPIC)

5.2.3 Capital Values

Notable industrial property transactions in Negeri Sembilan in 2023 are shown below.

Negeri Sembilan: Selected Industrial Property Transactions in 2023

No.	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)	Buyer
1.	PT 11653, Jalan Techvalley 6/2, Kawasan Perindustrian Sendayan Techvalley, Seremban, Negeri Sembilan	Industrial Land with Building	14.63	FH	25 th October 2023	48.0	Axis Real Estate Investment Trust (Axis Reit)
2.	HS(D) 224803 PT 12689, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan	Industrial Land	1.95	FH	8 th December 2023	4.3	PeterLabs Sdn Bhd

Source: Savills Research

Note: ⁽¹⁾ FH = Freehold; LH = Leasehold

5.2.4 Rental Values

In 2023, 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 and logistics sectors are strengthening their position as preferred investment choices despite challenging headwinds such as tighter and more volatile global financial conditions, inflationary pressures, economic uncertainty and others. The swift ascent of digital innovation and the widespread integration of technologies like artificial intelligence and the Internet of Things (IoT) are expected to propel the future expansion of Malaysia's high-grade logistics warehouses and more streamlined storage solutions.

Conversely, the implementation of the New Industrial Master Plan 2030 is poised to reshape Malaysia into a high-tech, industrialised nation, emphasising the manufacturing and manufacturing-related services sector. The country's industrial sector is expected to sustain its growth, supported by robust investment sales volume, widespread e-commerce adoption, and consistent manufacturing output. The depreciation of the Malaysian Ringgit is anticipated to fuel a temporary surge in investments within the country with a low base of the Real Effective Exchange Rate (REER), which helps alleviate currency fluctuations, making exports comparatively more affordable and stimulating trade engagement with foreign investors.

Property Market Overview 2023

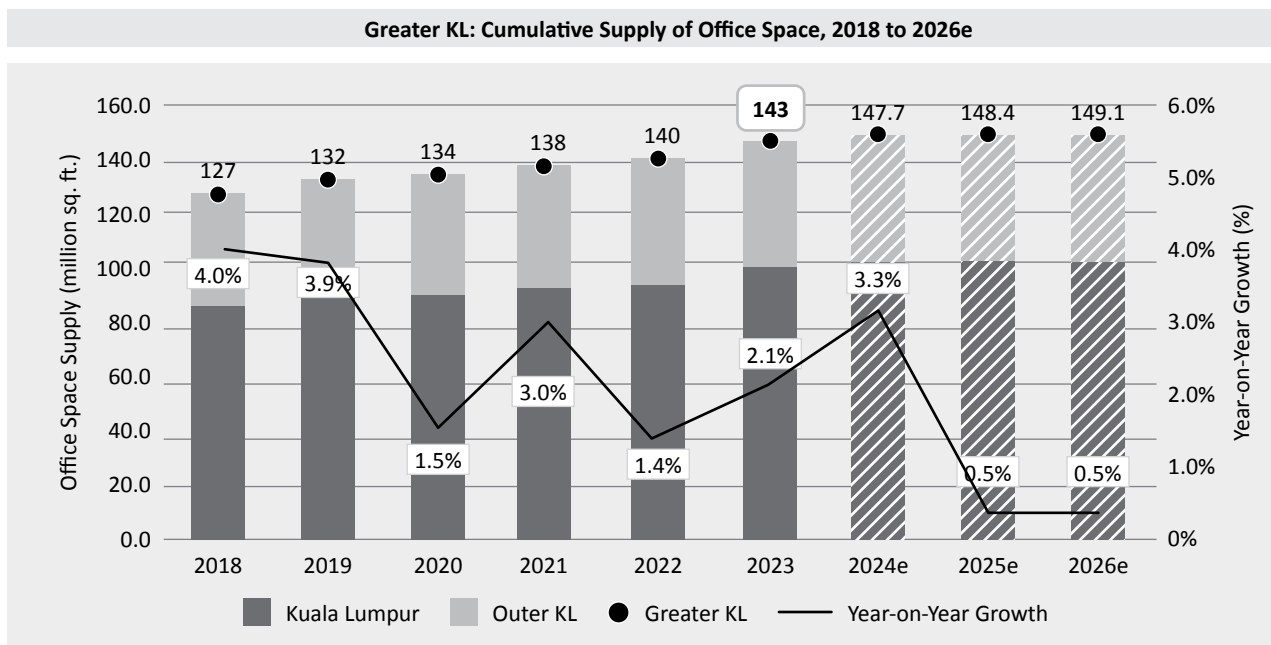
OFFICE MARKET

7.0 GREATER KUALA LUMPUR

7.1 Supply: Existing and Future

Greater Kuala Lumpur's office market recorded a cumulative supply of about 143 million sq. ft. in 2023, representing a yearly growth of 2.1% since last year, from about 140 million sq. ft. in 2022. Overall, Kuala Lumpur hosts the largest share of Greater KL's office space (67.6%, 96.7 million sq. ft.) in 2023, with the remaining 32.5% (46.5 million sq. ft.) being in the Outer KL region.

In terms of new completions observed this year, approximately 3.1 million sq. ft. of new office space was added in Greater KL, all of which are located in Kuala Lumpur. This addition translates to a 3.3% yearly growth rate from Kuala Lumpur's cumulative office space of 93.6 million sq. ft. in 2022. Notable new office completions include Corporate Towers at Pavilion Damansara Heights (1.20 million sq. ft.), V2 Office Tower at Sunway Velocity (0.38 million sq. ft.), Aspire Tower at KL Eco City (0.67 million sq. ft.), The MET Corporate Towers at KL Metropolis (0.63 million sq. ft.), and Senada Commercial at KLGCC (0.20 million sq. ft.). No new office completions were noted in the Outer KL region this year.



Source: Savills Research

Note: e = estimate

In Greater KL's future supply pipeline, an additional 5.9 million sq. ft. of new office space is expected by 2026, bringing the cumulative office space to about 149 million sq. ft. The addition of new office space over the next three years (2024 – 2026) will mark an expected Compound Annual Growth Rate (CAGR) of 1.4% from 2023 to 2026. Collectively, Kuala Lumpur is scheduled to host the highest share of future office space, with an estimated net office space of 4.4 million sq. ft., while the remaining 1.5 million sq. ft. will be in the Outer KL region.

In 2024 alone, about 4.5 million sq. ft. of new office space is due for completion in Greater KL. This is projected to contribute to a 3.3% yearly growth rate from 2023. Some notable upcoming office developments next year include Merdeka 118 (1.65 million sq. ft.), Oxley Tower 3 KLCC (0.32 million sq. ft.), and The Exchange TRX Campus Office (LQ Office) (0.20 million sq. ft.) in Kuala Lumpur, as well as Office Towers @ Atwater, Section 13 (0.37 million sq. ft.) in Outer KL.

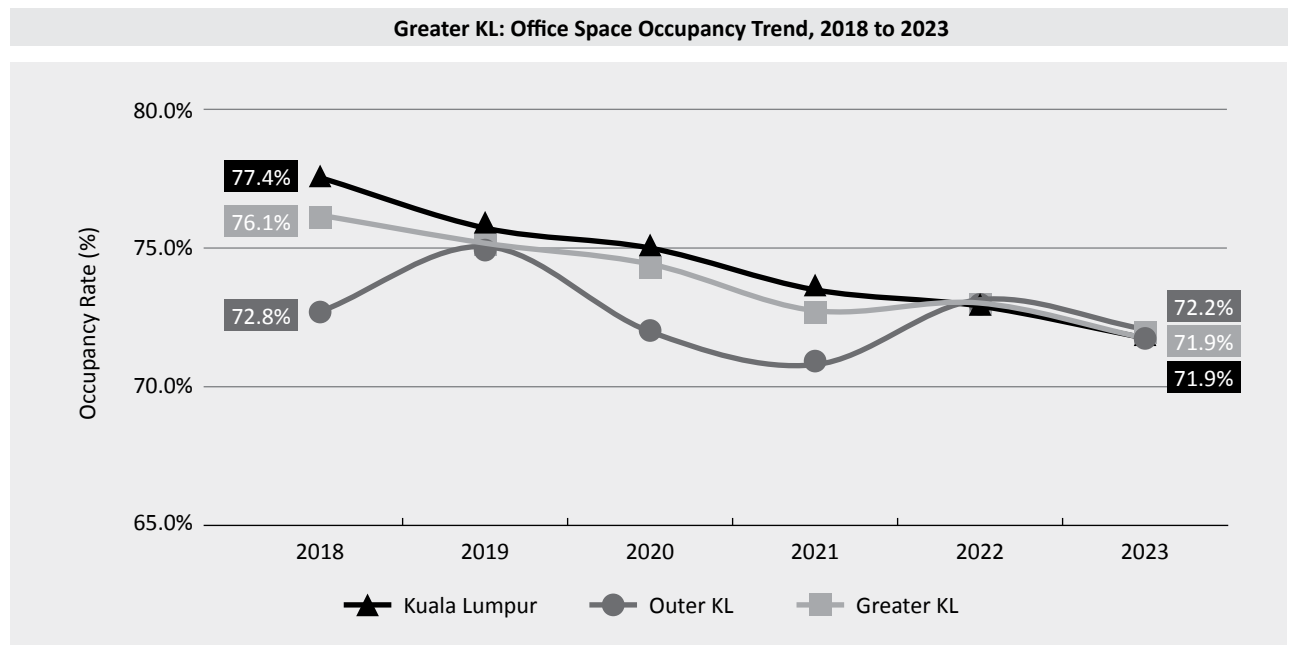
Property Market Overview 2023

Subsequently, current projections expect approximately 0.7 million sq. ft. of new office space in 2025 and another 0.7 million sq. ft. in 2026. The majority of this incoming net office space will be in Outer KL, with the expected completion of the office towers at Sunway South Quay Sq. These include South Quay Tower 2 (0.54 million sq. ft.) in 2025 and South Quay Tower 1 (0.44 million sq. ft.) in 2026.

7.2 Occupancy Rates

In 2023, the Greater KL office market registered an occupancy rate of 71.9%, indicating a slight annual decrease of -1.6% compared to the 73.1% recorded in 2022. Similarly, the Outer KL market experienced a marginal decline, with a 72.2% occupancy rate in 2023, reflecting a -1.4% decrease from the 73.2% occupancy rate in 2022. Despite these slight declines, the Greater KL office market observed a relatively active office leasing market, sustained by a series of rightsizing and flight-to-quality tenant movements observed within the year, as tenants prefer high-quality office spaces featuring sustainable building elements.

Evidently, newer office buildings with sustainability credentials noted improved occupancy rates. This includes the Imazium at Damansara Uptown. This Grade A LEED Platinum building successfully achieved full occupancy of 100% this year. An especially noteworthy occurrence in tenant movements involved the strategic rightsizing and consolidation of Liberty Insurance with AmGeneral Insurance, exemplifying a discernible trend towards flight-to-quality tenant movements in the office market landscape. Liberty Insurance relocated from its older HQ Office at Jalan Sultan Ismail and consolidated with AmGeneral at a newer, green-rated office building in Pusat Bandar Damansara. Overall, improvement in occupancy rates is expected, driven by the increasing demand for newer, green-rated office buildings.

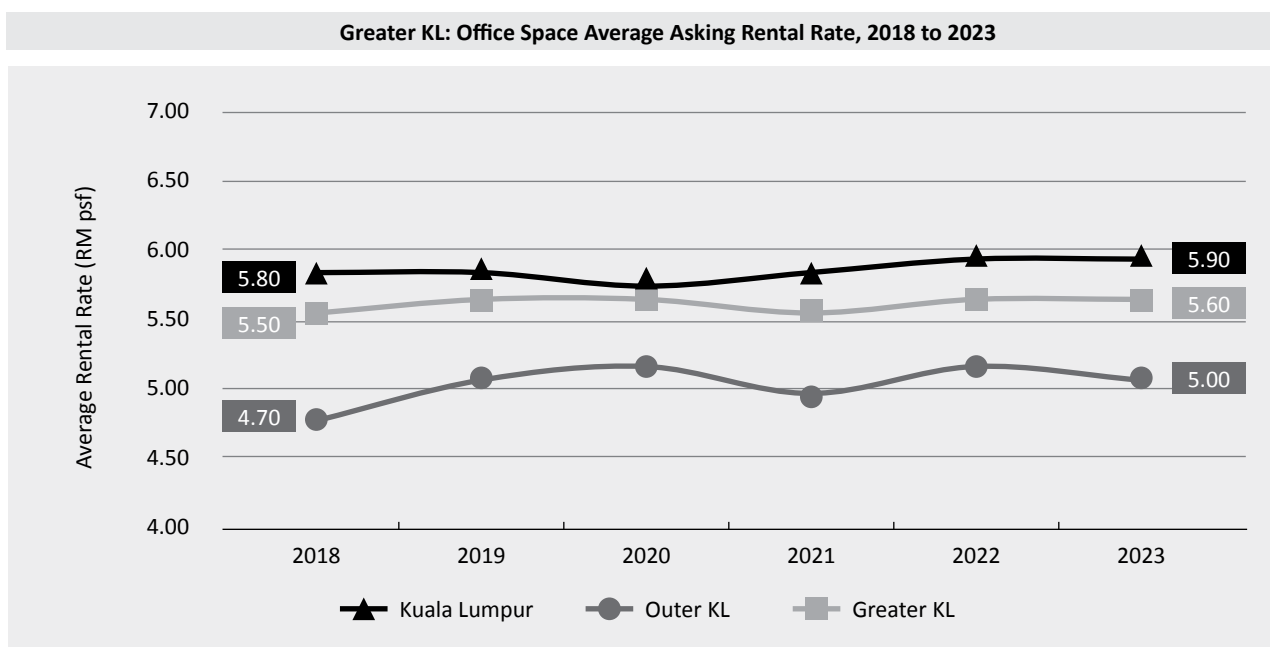


Source: Savills Research

Property Market Overview 2023

7.3 Rental Rates

In 2023, Greater KL's average gross asking rental rate remained stable at RM5.60 per sq. ft. per month, showing no changes compared to the previous year. Overall, the Kuala Lumpur region recorded the highest average gross asking rental rate in 2023 at RM5.90 per sq. ft. per month, maintaining a record set in 2018. In the Outer KL region, the gross asking rental rate stood at RM5.00 per sq. ft. per month in 2023, slightly higher than the region's average asking rental over the recent years, which was at RM4.90 per sq. ft. per month from 2018 to 2023.



Source: Savills Research

Greater KL's stable average gross asking rentals is due to landlords' commitment to providing competitive rental rates and leasing incentives. These incentives, primarily in the form of rent-free periods, aim to sustain rental revenue, although they are not as extensive as those offered to tenants during the pandemic. As newer, high-quality office buildings become available in Greater KL, landlords of older buildings are expected to pursue upgrades in functionality, façades, amenities, and other aspects to remain competitive. Nevertheless, many will be constrained by the practical and cost-effective limits of these older developments.

7.4 Capital Values

The Greater KL office investment market showed some signs of recovery this year, marking a positive shift from the challenges posed by the pandemic. In 2023, eight office transactions were noted, including two strata transactions and the rest as en-bloc sales. A total of approximately 1.61 million sq. ft. of net office space was transacted, amounting to a market value of RM1,129 million.

Notable transactions in Greater KL include a related party transaction in Q3/2023 involving the sale of Menara CelcomDigi by Puncak Wangi Sdn. Bhd. to Sentral REIT, a wholly owned subsidiary of Malaysian Resources Corporation Berhad (MRCB), at RM450 million (RM1,000 per sq. ft.). Another significant transaction was the acquisition of 24 floors of office suites at Oxley Tower 3 by Alliance Bank for RM406 million. This off-plan property is intended for use as Alliance Bank's future HQ office upon completion. The office suites plus retail units purchased have a total net lettable area of 0.33 mil sq. ft. and are slated for completion in Q4/2024. Additionally, Q3/2023 also noted the sale of Menara TM Semarak for RM72 million (RM222 per sq. ft.). Titijaya Land Berhad's acquisition of this property aims to generate rental income and facilitate the Group's entry into the data centre business.

Property Market Overview 2023

Greater KL: Major Office Transactions in 2023

Quarter/ Year	Buildings	Region	NLA (sq. ft.)	Price	Price (RM per sq. ft.)	Buyer
Q1/2023	Bangunan KWSP Damansara Fairway	Outer KL	62,911	RM24 mil	RM381	LKL International Berhad
Q1/2023	Menara HSBC	KL City	173,000	RM55 mil	RM318	Pact REIT Managers Sdn. Bhd.
Q3/2023	Menara TM Semarak	KL Suburban	324,158	RM72 mil	RM222	Titijaya Land Berhad
Q3/2023	Menara CelcomDigi	Outer KL	450,000	RM450 mil	RM1,000	Sentral REIT
Q3/2023	3 Damansara Office Tower	Outer KL	101,258	RM52 mil	RM514	Lagenda Harta Sdn. Bhd. (a subsidiary of Lagenda Properties Berhad)
Q4/2023	Oxley Tower 3, KLCC	KL City	315,711	RM406 mil*	n.a.	Alliance Bank Malaysia Berhad
Q4/2023	Wisma Rapid	KL Suburban	60,884	RM32 mil	RM532	Segi Permai Sdn. Bhd.
Q4/2023	Menara Serba Dinamik	Outer KL	119,022	RM38 mil	RM319	APB Resources Berhad

Source: Savills Research

Note: *Details of the sale include 4 adjoining retail lots at the 2-storey retail podium, with an NLA of 9,569 sq. ft. and 24 floors of office suites at Oxley Tower 3 (a 29-storey strata office tower), with an NLA of 0.32 million sq. ft.

8.0 OFFICE MARKET OUTLOOK

The office market prospects for Greater KL appear optimistic as office leasing activities remain active in 2023. With the growing influence of sustainability and health and wellness trends on business practices, the demand for high-quality office space with green building credentials is expected to persist. Meanwhile, flight-to-quality tenant movements are anticipated with the increasing emphasis on Environmental, Social, and Governance (ESG) responsibilities. As most organisations aim to fulfil their internal and external ESG obligations, the strong demand for newer, green-rated buildings is expected to be the primary driver of office market activity.

Presently, remote working practices, including hybrid models and work-from-home arrangements, have been largely preferred by employees since the Covid-19 pandemic. As a result, more organisations have embraced this trend to enhance their employees' work experience and achieve other employee wellness objectives. Despite this, demand for office space persists, as more rightsizing movements from older buildings that lack sustainable elements are expected. Organisations are inclined to adopt hybrid working models and occupy smaller office spaces equipped with state-of-the-art green features and other health and wellness elements. Moreover, landlords have begun offering flexible office leasing options with short-term leases and multifunctional office spaces to support organisations adopting hybrid models.

Moving forward, the demand for green-rated, ESG-compliant office buildings is expected to persist, driven by rightsizing and flight-to-quality tenant movements. Landlords are likely to continue offering leasing incentives to maintain rental revenue. Meanwhile, efforts to upgrade older buildings' functionality, user efficiency, façades, amenities, and sustainability credentials will be undertaken, albeit within the constraints of budgetary and structural limitations.

Property Market Overview 2023

HYPERMARKET SEGMENT

9.0 Johor

9.1 Supply: Existing

The cumulative supply of hypermarkets in Johor accumulates at 5.54 million sq. ft. as of Q3/2023. The supply remains the same from the previous year, with no additional supply of hypermarkets as of the third quarter of 2023.

Johor: Existing Supply of Hypermarkets, 2021 to Q3/2023

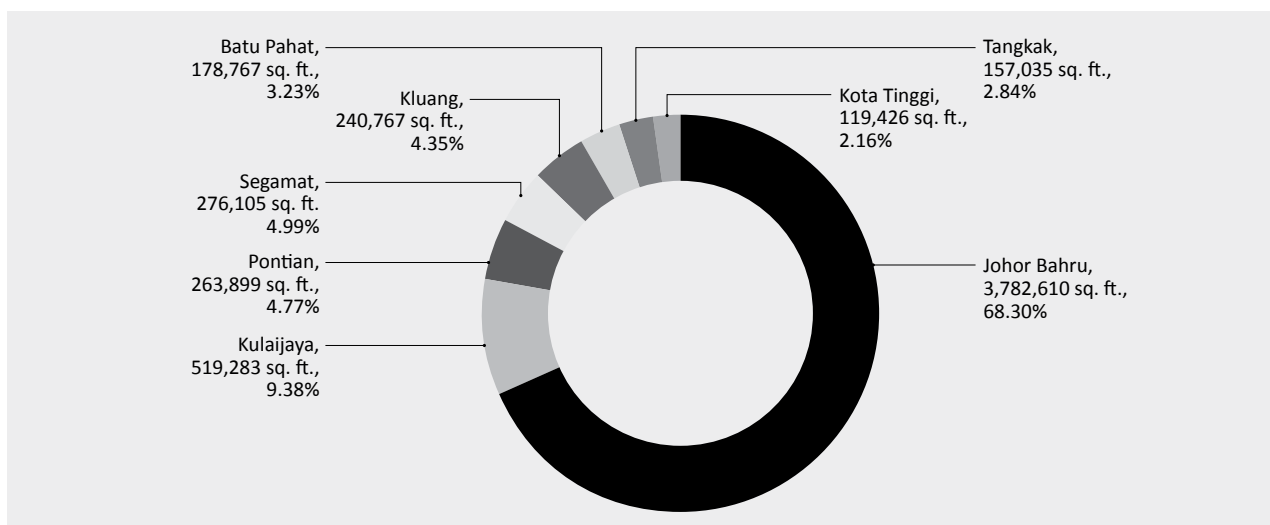
Locality	2021		2022		Q3/2023	
	No. of Properties	Estimated NLA (sq. ft.)	No. of Properties	Estimated NLA (sq. ft.)	No. of Properties	Estimated NLA (sq. ft.)
▶ Johor Bahru	28	3,782,610	28	3,782,610	28	3,782,610
▶ Kulaijaya	4	519,283	4	519,283	4	519,283
▶ Kota Tinggi	2	119,426	2	119,426	2	119,426
▶ Pontian	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	276,105	4	276,105	4	276,105
▶ Tangkak	1	157,035	1	157,035	1	157,035
Total	47	5,537,892	47	5,537,892	47	5,537,892

Source: NAPIC & Savills Research

More than half of the current hypermarkets are located within Johor Bahru, comprising about 28 hypermarkets with a total space of 3.78 million sq. ft., 68.30% of the total hypermarkets in Johor and followed by the locality of Kulaijaya with four hypermarkets, 9.38% of the total hypermarkets in Johor, with a total space of 519,283 sq. ft.

Meanwhile, the localities of Segamat, Pontian and Kluang hold a percentage of 4.99%, 4.77%, and 4.35% share of the total hypermarket space, respectively. In a more suburban area, Kota Tinggi, Tangkak and Batu Pahat remained to have less than 4 hypermarkets within the locality.

Johor: Existing Supply of Hypermarket Distributions by Locality



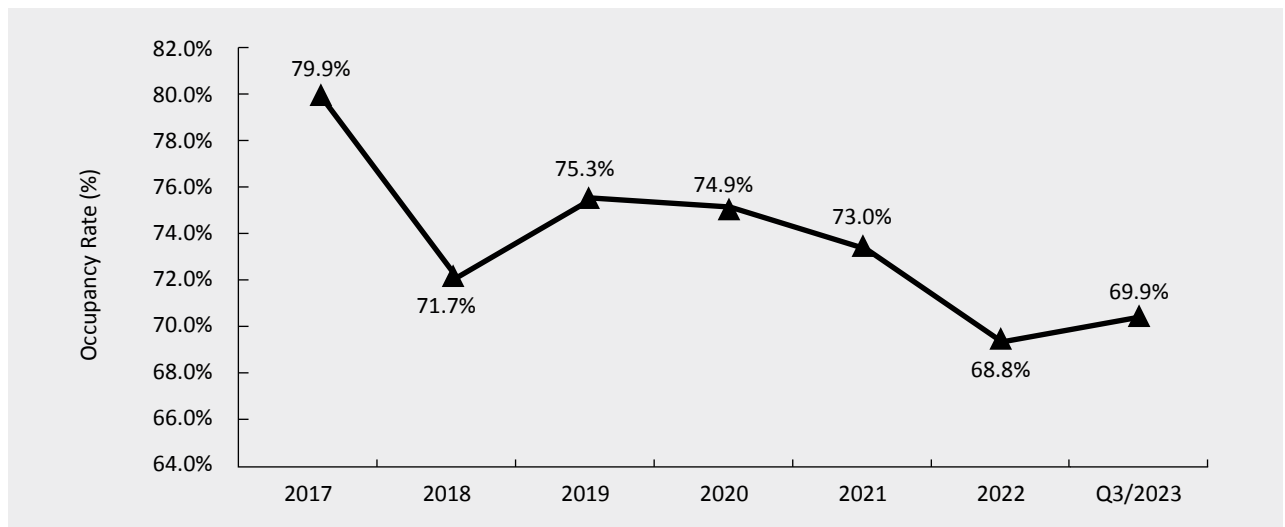
Source: NAPIC & Savills Research

Property Market Overview 2023

9.2 Occupancy

According to NAPIC, the average occupancy rates of shopping complexes (inclusive of shopping centres, arcades and hypermarkets) in Johor have improved from 68.8% to 69.9% as of Q3/2023. However, it remains below the levels observed before the pandemic. The increase was mainly attributed to the rise in occupancy rates in the locality of Johor Bahru, Pontian and Muar, which saw a substantial growth of occupancy rates ranging between 2% to 3% compared to the rates in 2022.

Johor: Average Occupancy Rate of Retail Spaces 2017 to 3Q 2023



Sources: NAPIC & Savills Research

9.3 Rental Rates

Johor: Rental Rates of Selected Hypermarkets, 2022 to 1H 2023

Hypermarket	Floor/Level	Average Floor Area (sq. ft.)	Rental (RM per sq. ft./month)	
			2022	1H2023
► Central Town Prime Area				
AEON BiG	Ground	161 - 969	4.30 - 20.50	4.30 - 20.50
► Central Town Secondary Area				
Eonsave 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 - 11.91
	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	4.00 - 13.00

Property Market Overview 2023

Hypermarket	Floor/Level	Average Floor Area (sq. ft.)	Rental (RM per sq. ft./month)	
			2022	1H2023
► 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
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	97 - 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	2.60 - 10.80	2.60 - 12.20

Source: NAPIC & Savills Research

Giant Plentong recorded the highest rental rate in the suburban secondary area, at RM53.90 per sq. ft. per month, considering a smaller unit size offered. Meanwhile, Giant Tampoi and Giant Southern City, located in the prime suburban area, fetch significantly lower prices, at RM34.20 per sq. ft. per month and RM20.50 per sq. ft. per month, respectively.

The rental rates for ground level in AEON Big, located in the central town prime area, have remained stable since 2022, ranging from RM4.30 per sq. ft. to RM20.50 per sq. ft. per month. The rental rate for Eonsave in the central town secondary area holds the highest rental rate at RM14.30, whilst the lowest is in Pasaraya Borong NSK at RM3.00 per sq. ft.

Between 2022 and the first half of 2023, there is no apparent rent growth across the hypermarkets.

Property Market Overview 2023

9.4 Hypermarket Transactions

Johor: Hypermarket Transactions, 2018 to 2023

Year	Hypermarket	NLA (sq. ft.)	Price	Price (RM per sq. ft.)	Buyer
2018	Mydin Mutiara Rini	900,417	RM220 mil	RM244	KWAP
2019	Mydin Mall	260,000	RM60 mil	RM230	Mydin Mohamed Holdings Bhd
2022	Eonsave Hypermarket Taman Scientex	150,000	RM25 mil	RM166	Getro Sdn Bhd
2023	Giant Hypermarket Plentong	726,122	RM140 mil	RM192	Sunway REIT

Source: Savills Research

10.0 KEDAH

10.1 Supply: Existing

As of Q3/2023, the cumulative space supply of hypermarkets in Kedah is at 1.17 million sq. ft. The supply remained muted, and there has been no additional supply since 2022.

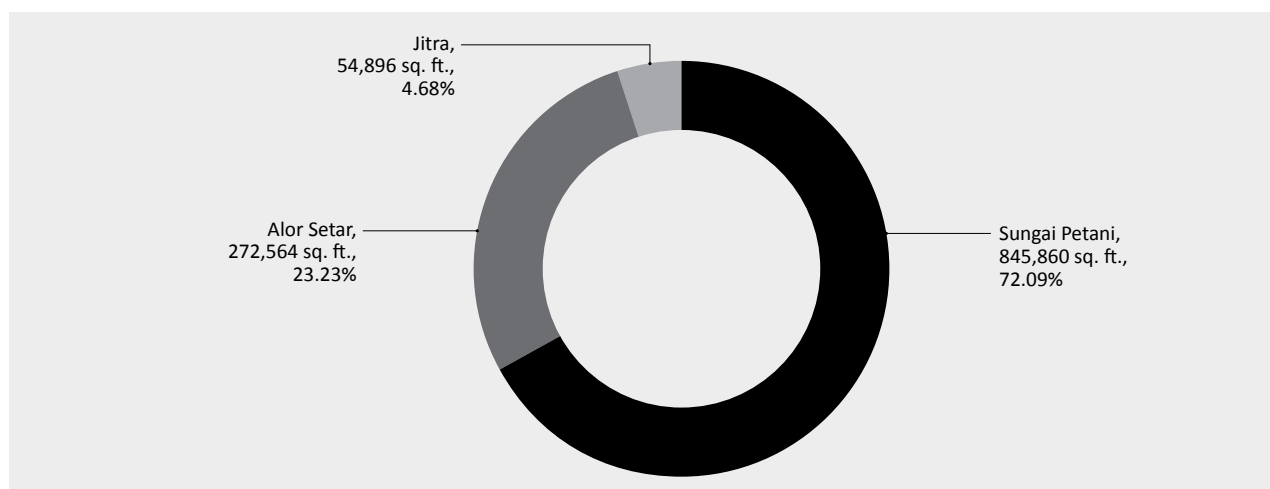
Kedah: Existing Supply of Hypermarkets, 2021 to Q3/2023

Locality	2021		2022		Q3/2023	
	No. of Properties	Estimated NLA (sq. ft.)	No. of Properties	Estimated NLA (sq. ft.)	No. of Properties	Estimated NLA (sq. ft.)
▶ Alor Setar	4	322,218	3	272,564	3	272,564
▶ Sungai Petani	6	770,890	7	845,860	7	845,860
▶ Jitra	1	54,896	1	54,896	1	54,896
KEDAH	11	1,148,003	11	1,173,320	11	1,173,320

Source: NAPIC & Savills Research

Sungai Petani has the highest supply of hypermarket space at 72.09% of the total supply. Alor Setar (23.2%, 272,564 sq. ft.) and Jitra (4.7%, 54,896 sq. ft.) have remained stable in the number of hypermarket supplies since 2022.

Kedah: Existing Supply of Hypermarket Distributions by Locality



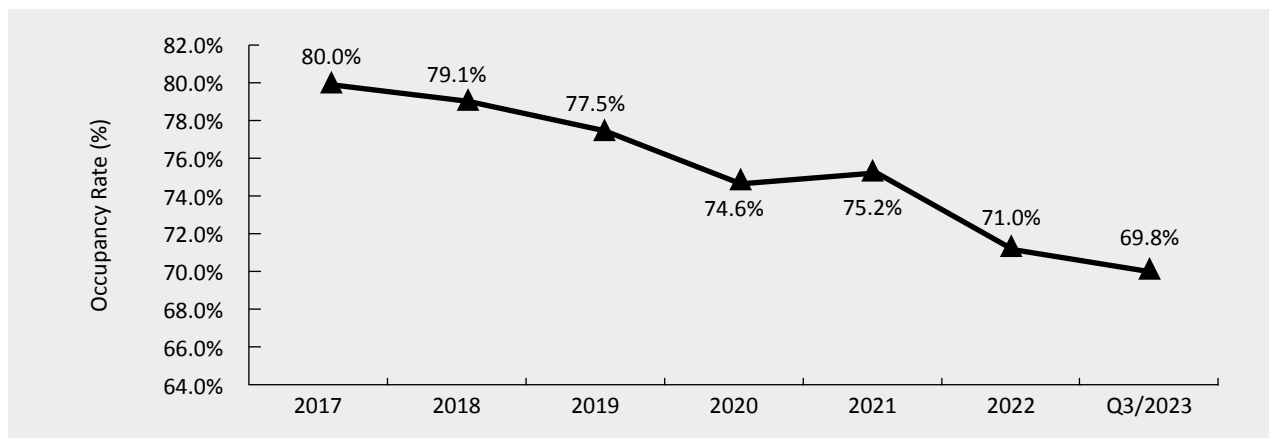
Source: NAPIC & Savills Research

Property Market Overview 2023

10.2 Occupancy

As of Q3/2023, the average occupancy rate of the shopping complex in Kedah (inclusive of shopping centres, arcades and hypermarkets) is at 69.8%, a slight decline from 2022. The occupancy rates have been on a declining trend since 2017.

Kedah: Average Occupancy Rate of Retail Spaces 2017 to Q3/2023



Source: NAPIC & Savills Research

10.3 Rental Rates

Selected hypermarkets in a prime area of Kedah see a rental rate in the range between RM1.50 per sq. ft. to RM18.50 per sq. ft. per month.

Located in Kota Setar, ground floor units in the Mydin hypermarket operate with a minimum rental rate of RM6.90 per sq. ft. up to RM15.10 per sq. ft. per month. Ground floor rental rates in Lotus's hypermarket ranged between RM1.50 per sq. ft. to RM18.50 per sq. ft. per month; The Lotus's Mergong located in a more mature area with residential neighbourhoods commands a higher rental rate.

Kedah: Rental Rates of Selected Hypermarkets, 2022 to 1H 2023

Hypermarket	Floor/Level	Average Floor Area (sq. ft.)	Rental Range (RM per sq. ft./month)	
			2022	1H 2023
► 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 - 829	1.50 - 5.00	1.50 - 5.00
► Kubang Pasu				
Lotus's Jitra	Ground	592 - 2,260	1.90 - 7.50	1.90 - 7.50

Source: NAPIC & Savills Research

Property Market Overview 2023

Hypermarket Market Outlook

The economic uncertainties in Malaysia resulted in a notable decline in the Consumer Sentiment Index (CSI) over the first three quarters of the year, reflecting a change in the consumer confidence landscape. The CSI started relatively optimistic at 99.2 points and has since fallen to 78.9 as of Q3/2023. The continuous drop over the quarters is primarily attributed to the impact of monetary tightening by Bank Negara, coupled with pessimism on future employment opportunities and a lower disposable income.

The total retail sales reported by the Department of Statistics Malaysia (DOSM) increased by 10% year-on-year (y-o-y) to RM597.0 billion in the first ten months of 2023. However, the growth pattern indicates a slower growth of consumer spending on a Q-o-Q basis. Similarly, the growth rate of the supermarket and hypermarket sub-sector recorded a lower growth rate.

The retail market in Johor is poised for significant growth, driven by the upcoming Johor-Singapore Rapid Transit System (RTS) Link, providing better and faster access to and out of Johor from Singapore. The continuous influx of Singaporeans in Johor, after another round of increase of GST from 8% to 9% by the Singapore government, will boost retail spending in Johor, especially in the hypermarket sector.

Several announced investments in Kedah for the year 2023 are anticipated to contribute to an increase in population as job opportunities expand. This, in turn, is expected to drive up demand for household items and groceries, reflecting a robust retail demand. The supermarket and hypermarket segments are garnering the attention of investors with several hypermarket transactions observed in the market. The sale of six Giant hypermarkets (five in Klang Valley and one in Johor) shows the increasing interest in the market.

ESG Performance Data

Economic Performance Data

Performance Indicators	2023	2022	2021
Tenant Satisfaction			
Overall 'Hello Axis' Tenant Satisfaction Ratings	4.31	4.22	4.32
'Hello Axis' Tenant Satisfaction Ratings by Building Type			
Multi-tenant	4.50	4.44	4.11
Single-tenant	4.12	4.00	4.53
Annual Tenant Satisfaction Survey Score	7.61	7.49	7.31
Occupancy Rate (%)	97	95	96
Quality Assets & Services - New Acquisitions			
Number of acquisitions and developments completed	1	4	5
Responsible Supply Chain Management			
Local Suppliers			
Total Procurement Spent on Local Suppliers (RM million)	205.6	87.1 ¹	44.6 ¹
Percentage Spent on Local Suppliers (%)	100	100	100
Supplier Training			
Total Number of Training Programmes Offered to Suppliers	48	34 ²	15
Total Number of Attendees	884	450 ²	148
Screening and Audit of Suppliers against ESG Criteria (%)	100	100	100

Environmental Performance Data

Performance Indicators	2023	2022	2021
Total Common Areas (sq. ft.)	1,010,359.00	983,477.00³	978,439.00³
Energy & Carbon Footprint			
Energy Consumption			
Total Energy Consumption (MJ)	13,924,606.96 [#]	14,541,535.38 ⁴	14,117,741.28 ⁴
Fuel Consumption Genset (MJ)	47,099.19 [#]	44,068.98	51,176.88
Fuel Consumption Company Vehicle (MJ)	360,789.37 [#]	-	-
Purchased Electricity (MJ)	13,516,718.40 [#]	14,497,466.40 ⁵	14,066,564.40 ⁵
Building Energy Intensity (MJ/sq. ft.)	13.42 [#]	14.79 ⁴	14.43 ⁴
GHG Emissions			
Total GHG Emissions (tCO ₂ eq)	3,169.03	3,144.40 ⁴	3,051.56 ⁴
Scope 1 Emissions (tCO ₂ eq)	29.14 [#]	3.28	3.80
Scope 2 Emissions (tCO ₂ eq)	2,928.62 [#]	3,141.12 ⁵	3,047.76 ⁵
Scope 3 Emissions (tCO ₂ eq) Category 6: Business Travel	19.26	-	-
Scope 3 Emissions (tCO ₂ eq) Category 7: Employee Commuting	192.01	-	-
Building GHG Emissions Intensity (tCO ₂ eq/sq. ft.)	0.00290 [#]	0.00320 ⁴	0.00312 ⁴

Notes:

¹ This data has been restated due to an update in the calculation methodology.

² This data has been restated include an additional 3 courses that were held at the end of the year.

³ This data has been restated due to an update on the calculation methodology for the gross floor areas of all multi-tenanted properties.

⁴ This data was restated to include energy consumption for Axis-REIT's Penthouse (our HQ) and updates to the calculation methodology for the gross floor areas of all multi-tenanted properties.

⁵ This data was restated to include energy consumption for Axis-REIT's Penthouse (our HQ).

[#] This data has been subjected to independent assurance. The Independent Limited Assurance Report is included on pages 159 to 161 of this Report.

ESG Performance Data

Environmental Performance Data

Performance Indicators	2023	2022	2021
Water Management			
<i>Total Water Consumption (m³)</i>	103,728 [#]	97,667 ⁶	61,670
<i>Water Intensity (m³/sq. ft.)</i>	0.10 [#]	0.10 ⁷	0.06 ⁷
Waste Management			
Total Waste Disposed to Landfill (kg)	1,183,547	964,010	-
Total Waste Diverted from Disposal (kg)	42,710	35,754	900
<i>Paper</i>	24,090	19,768	438
<i>Glass/Metal/Aluminium</i>	8,795	7,421	184
<i>Plastic</i>	5,930	4,284	196
<i>E-waste</i>	3,895	4,281	82
Recycling Rate (%)	3.5	3.6	-
Total Construction Waste Reused and Recycled (kg)	88,150	5,301,650	-

Social Performance Data

Performance Indicators	2023	2022	2021
Occupational Health and Safety			
Workplace Injury Cases			
<i>Fatalities</i>	0 [#]	0	0
<i>Lost Time Injuries</i>	0 [#]	0	0
<i>Restricted Work Cases/Medical Treatment</i>	0 [#]	0	0
<i>First Aid</i>	0 [#]	0	0
<i>Lost Time Incident Rate</i>	0 [#]	0	0
Workplace Non-injury Cases			
<i>Fire/Explosion</i>	0 [#]	0	0
<i>Property/Equipment Damage</i>	0 [#]	0	0
<i>Environmental Pollution</i>	0 [#]	0	0
<i>Summons Received</i>	0 [#]	0	0
Non-compliance Incidents/Fines			
<i>Non-compliance with HSE Policy</i>	0 [#]	0	0
<i>Non-compliance with applicable laws and regulations</i>	0 [#]	0	0
<i>Amount in fines incurred for regulatory non-compliance (RM)</i>	0 [#]	0	0
Absentee Rate by Gender (%)			
<i>Female</i>	1.20 [#]	1.04	0.91
<i>Male</i>	1.12 [#]	2.50	1.04
Safe Days During the Year	365 [#]	365	365

Notes:

⁶ Annual water consumption data for 2022 was restated due to an error in data collection.

⁷ Annual water use intensity for 2021 and 2022 were restated to reflect an update in the calculation methodology of the gross floor areas for all multi-tenanted buildings.

[#] This data has been subjected to independent assurance. The Independent Limited Assurance Report is included on pages 159 to 161 of this Report.

ESG Performance Data

Social Performance Data

Performance Indicators	2023	2022	2021
Talent Development			
Total Training Hours	957.5	657.7	425.5
Total Training Hours by Gender			
<i>Female</i>	519.5	289.1	276.0
<i>Male</i>	438.0	368.6	149.5
Total Training Hours by Employment Category			
<i>Senior Management</i>	440.5	236.5	234.0
<i>Middle Management</i>	135.0	83.0	52.0
<i>Executive</i>	257.0	277.0	132.5
<i>Non-Executive</i>	125.0	61.2	7.0
Average Training Hours per Employee	12.0	8.4	5.6
Average Training Hours by Gender			
<i>Female</i>	16.8	9.0	8.6
<i>Male</i>	8.9	8.0	3.4
Average Training Hours by Employment Category			
<i>Senior Management</i>	40.0	21.5	21.3 ⁸
<i>Middle Management</i>	16.9	10.4	6.5
<i>Executive</i>	6.4	7.5	3.7
<i>Non-Executive</i>	6.0	2.8	0.3
Employees Receiving Performance and Career Development Reviews by Gender (%)			
<i>Female</i>	100	100	100
<i>Male</i>	100	100	100
Diversity & Inclusion			
Gender Composition by Employment Categories (%)			
<i>Senior Management</i>			
<i>Female</i>	10	10	10
<i>Male</i>	4	4	4
<i>Middle Management</i>			
<i>Female</i>	4	4	4
<i>Male</i>	6	6	7
<i>Executive</i>			
<i>Female</i>	21	22	21
<i>Male</i>	29	26	26
<i>Non-Executive</i>			
<i>Female</i>	4	5	7
<i>Male</i>	22	23	21

Note:

⁸ This value has been restated due to a rounding error.

ESG Performance Data

Social Performance Data

Performance Indicators	2023	2022	2021
Diversity & Inclusion			
Age Group Composition by Employee Category (%)			
<i>Senior Management</i>			
≤30	0	0	0
30-50	8	8	11
≥50	6	6	4
<i>Middle Management</i>			
≤30	0	0	1
30-50	8	8	8
≥50	2	3	1
<i>Executive</i>			
≤30	8	5	5
30-50	30	28	29
≥50	12	14	13
<i>Non-Executive</i>			
≤30	2	4	4
30-50	16	15	16
≥50	8	9	8
Percentage of Employees Under Contract or Temporary Employees (%)	13	8	7
Total Number of New Hires by Employee Category			
<i>Senior Management</i>	0	0	0
<i>Middle Management</i>	0	1	1
<i>Executive</i>	4	4	1
<i>Non-Executive</i>	0	2	0
New Hires by Gender (%)			
<i>Female</i>	0	3	0
<i>Male</i>	5	7	3
New Hires by Age Group (%)			
≤30	2.5	3	0
30-50	2.5	4	3
≥50	0	3	0
Total Number of Employee Turnover by Employee Category			
<i>Senior Management</i>	0	0	0
<i>Middle Management</i>	1	1	2
<i>Executive</i>	1	2	3
<i>Non-Executive</i>	0	2	0
Turnover Rate by Gender (%)			
<i>Female</i>	1	2	1
<i>Male</i>	1	4	5

ESG Performance Data

Social Performance Data

Performance Indicators	2023	2022	2021
Diversity & Inclusion			
Turnover Rate by Age Group (%)			
≤30	0	1	1
30-50	0	4	1
≥50	2	1	4
Total Number of Parental Leaves Taken by Gender			
Female	0	0	1
Male	1	0	1
Ratio of Basic Salary and Remuneration of Male to Female Employee by Employee Category			
Senior Management	1.0:1.1	1.0:1.0	1.0:1.1
Middle Management	1.0:1.1	1.0:1.1	1.0:1.1
Executive	1.0:0.8	1.0:0.8	1.0:0.8
Non-Executive	1.0:0.6	1.0:0.7	1.0:0.8
Human Rights & Labour Practices			
Number of substantiated complaints concerning human rights violations	0	0	0
Community Activity & Partnership			
Community Investment (RM)	181,000.00	192,920.00	200,000.00
Total number of beneficiaries of the investment in communities	85	-	-

Governance Performance Data

Performance Indicators	2023	2022	2021
Business Ethics			
Number of Compliance Breaches or Misconduct	0	0	0
Number of Whistleblowing Reports or Complaints Received	0	0	0
Percentage of operations assessed for corruption-related risks (%)			
Percentage of Employees who Attended Anti-bribery and Corruption-related Training by Employee Category (%)	20	-	-
Senior Management	100	100	-
Middle Management	100	100	-
Executive	100	100	-
Non-Executive	100	100	-
Cybersecurity and Data Protection			
Incidents of Cybersecurity Breaches	0	0	0
Number of Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	0	0	0

GRI Content Index

Axis-REIT has reported the information with reference to the GRI Standards for the period covering the full calendar year from 1 January to 31 December 2023 as cited in this GRI content index.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Who We Are and What We Do - About Axis-REIT, pages 4 to 5
	2-2 Entities included in the organization's sustainability reporting	About Our Report, pages 2 to 3
	2-3 Reporting period, frequency and contact point	About Our Report, pages 2 to 3
	2-4 Restatements of information	About Our Report, pages 2 to 3
	2-5 External assurance	About Our Report, pages 2 to 3
	2-6 Activities, value chain and other business relationships	About Our Report, pages 2 to 3
	2-7 Employees	Diversity & Inclusion, pages 148 to 152
	2-8 Workers who are not employees	Diversity & Inclusion, pages 148 to 152
	2-9 Governance structure and composition	Corporate Governance Overview Statement, pages 164 to 179
	2-10 Nomination and selection of the highest governance body	Corporate Governance Overview Statement, pages 164 to 179
	2-11 Chair of the highest governance body	Corporate Governance Overview Statement, pages 164 to 179
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Overview Statement, pages 164 to 179
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Overview Statement, pages 164 to 179
	2-14 Role of the highest governance body in sustainability reporting	About Our Report, pages 2 to 3 Corporate Governance Overview Statement, pages 164 to 179
	2-15 Conflicts of interest	Audit Committee Report, pages 180 to 184
	2-16 Communication of critical concerns	Business Ethics, pages 123 to 125 Human Rights & Labour Practices, pages 153 to 154
	2-17 Collective knowledge of the highest governance body	Corporate Governance Overview Statement, pages 164 to 179
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement, pages 164 to 179
	2-19 Remuneration policies	Corporate Governance Overview Statement, pages 164 to 179
	2-20 Process to determine remuneration	Corporate Governance Overview Statement, pages 164 to 179
	2-22 Statement on sustainable development strategy	Letter to Unitholders from the Chairman & CEO, pages 32 to 36
	2-23 Policy commitments	Management of Material Sustainability Matters, pages 106 to 158
	2-24 Embedding policy commitments	Management of Material Sustainability Matters, pages 106 to 158
	2-25 Processes to remediate negative impacts	Management of Material Sustainability Matters, pages 106 to 158

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics, pages 123 to 125 Human Rights & Labour Practices, pages 153 to 154
	2-27 Compliance with laws and regulations	Energy & Carbon Footprint, pages 129 to 133 Occupational Health & Safety, pages 141 to 144
	2-28 Membership associations	Our Climate Journey, pages 28 to 31
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, pages 78 to 81
	2-30 Access to information	Stakeholder Engagement, pages 78 to 81
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment, pages 82 to 85
	3-2 List of material topics	Materiality Assessment, pages 82 to 85
	3-3 Management of material topics	Management of Material Sustainability Matters, pages 106 to 158
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance, pages 106 to 108
	201-2 Financial implications and other risks and opportunities due to climate change	Risk and Opportunities, pages 86 to 96
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Economic Performance, pages 106 to 108
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Supply Chain Management, pages 120 to 122
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics, pages 123 to 125
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics, pages 123 to 125
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics, pages 123 to 125
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy & Carbon Footprint, pages 129 to 133
	302-3 Energy intensity	Energy & Carbon Footprint, pages 129 to 133
	302-4 Reduction of energy consumption	Energy & Carbon Footprint, pages 129 to 133
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management, pages 134 to 136
	303-3 Water withdrawal	Water Management, pages 134 to 136
	303-5 Water consumption	Water Management, pages 134 to 136
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Energy & Carbon Footprint, pages 129 to 133
	305-2 Energy indirect (Scope 2) GHG emissions	Energy & Carbon Footprint, pages 129 to 133
	305-3 Other indirect (Scope 3) GHG emissions	Energy & Carbon Footprint, pages 129 to 133
	305-4 GHG emissions intensity	Energy & Carbon Footprint, pages 129 to 133
	305-5 Reduction of GHG emissions	Energy & Carbon Footprint, pages 129 to 133
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management, pages 137 to 140
	306-2 Management of significant waste-related impacts	Waste Management, pages 137 to 140
	306-3 Waste generated	Waste Management, pages 137 to 140

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Waste Management, pages 137 to 140
	306-5 Waste directed to disposal	Waste Management, pages 137 to 140
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible Supply Chain Management, pages 120 to 122
	308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Supply Chain Management, pages 120 to 122
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Diversity & Inclusion, pages 148 to 152
	401-3 Parental leave	Diversity & Inclusion, pages 148 to 152
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health & Safety, pages 141 to 144
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health & Safety, pages 141 to 144
	403-5 Worker training on occupational health and safety	Occupational Health & Safety, pages 141 to 144
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health & Safety, pages 141 to 144
	403-9 Work-related injuries	Occupational Health & Safety, pages 141 to 144
	403-10 Work-related ill health	Occupational Health & Safety, pages 141 to 144
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Talent Development, pages 145 to 147
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Development, pages 145 to 147
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent Development, pages 145 to 147
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board of Directors, pages 12 to 13 Diversity & Inclusion, pages 148 to 152
	405-2 Ratio of basic salary and remuneration of women to men	Diversity & Inclusion, pages 148 to 152
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Rights & Labour Practices, pages 153 to 154
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Responsible Supply Chain Management, pages 120 to 122 Human Rights & Labour Practices, pages 153 to 154
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Responsible Supply Chain Management, pages 120 to 122 Human Rights & Labour Practices, pages 153 to 154
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Activity & Partnership, pages 155 to 158
	413-2 Operations with significant actual and potential negative impacts on local communities	Community Activity & Partnership , pages 155 to 158
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible Supply Chain Management, pages 120 to 122
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cybersecurity & Data Protection, pages 126 to 128

TCFD Disclosure Content Index

Theme	Recommended Disclosure	Reference Page
Governance	Describe the Board's oversight of climate-related risks and opportunities	Our Climate Journey, page 30 Corporate Governance Overview Statement, page 165
	Describe the management's role in assessing and managing climate-related risks and opportunities	Our Climate Journey, page 30 Corporate Governance Overview Statement, page 165
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term	Risks and Opportunities, pages 95 to 96
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Risks and Opportunities, pages 95 to 96
	Describe the resilience of the organisation's strategy taking into consideration different climate-related scenarios, including 2°C or lower	N/A <i>(The Manager is planning to conduct climate scenario analysis to assess the impact of climate-related risks on the resiliency of our corporate strategy.)</i>
Risk Management	Describe the organisation's process for identifying and assessing climate-related risks	Risks and Opportunities, pages 86 to 96 Energy & Carbon Footprint, page 131
	Describe the organisation's process for managing climate-related risks	Risks and Opportunities, pages 86 to 96 Energy & Carbon Footprint, page 131
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Risks and Opportunities, pages 86 to 96 Energy & Carbon Footprint, page 131
Metrics and Targets	Disclose the metrics used by the organisation to assess the climate-related risks and opportunities in line with its strategy and risk management process	Energy & Carbon Footprint, pages 131 to 133
		Water Management, pages 135 to 136
		Waste Management, pages 139 to 140
	Describe Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions and the related risks	Energy & Carbon Footprint, pages 132 to 133
	Describe the targets used to manage climate-related risks and opportunities and performance against the targets	Our Climate Journey, pages 30 to 31
		Energy & Carbon Footprint, page 131
		Water Management, page 135
		Waste Management, page 139

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 quarterly payments that are payable within one month from the book closure date. In the event of an IDRП being applied in conjunction with an income distribution, the income distribution will be paid no later than 5 market days after one month from the book closure date pursuant to the waiver granted by Bursa Securities dated 19 April 2012. 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:

- The current year's realised income before taxation;
- The current year's tax-exempt income, if any;
- A portion of 'Accumulated Retained Earnings' that has been taxed;
- 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:

Type of Unitholder	Withholding tax rate		
	2023	2022	2021
► Resident corporate	Nil [^]	Nil [^]	Nil [^]
► Resident non-corporate	10%	10%	10%
► Non-resident individual	10%	10%	10%
► Non-resident corporate	24%	24%	24%
► Non-resident institution	10%	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?

The total income distribution for the financial year 2023, was 8.65 sen per Unit, of which 2.21 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*	865.00	865.00
► Resident non-corporate	865.00	800.60
► Non-resident individual	865.00	800.60
► Non-resident corporate	865.00	710.44
► Non-resident institution	865.00	800.60

* Resident corporate Unitholders will enjoy tax transparency but will be subject to the prevailing corporate tax rate.

► What is my net distribution yield for 2023?

For the financial year 2023, the total distribution was 8.65 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 2023
► Resident corporate	13.84%	4.83%
► Resident non-corporate	12.81%	4.47%
► Non-resident individual	12.81%	4.47%
► Non-resident corporate	11.37%	3.97%
► Non-resident institution	12.81%	4.47%

* 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 1,747,492,159 Units were in circulation as at 31 December 2023.

► **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 private placement 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, among others, the repayment of Axis-REIT's bank financing, acquisitions, capital expenditure including development projects, and for working capital purposes.

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 4 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 requisition 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.

► **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 Shariah non-compliant activities must not exceed the 20% of the total turnover of the Islamic REIT;
- 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 total turnover is below the 20% benchmark;
- c. Investments in non-real estate assets, deposits and money market instruments and financing facilities 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.

Frequently Asked Questions (FAQ)

► **What are Shariah non-compliant activities?**

- (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;
- (i) Shariah non-compliant entertainment; and
- (j) other activities deemed non-compliant according to Shariah principles, as determined by the SAC.

► **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.

Glossary

<IR>	Framework International <IR> Framework
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
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
GRI	Global Reporting Initiative
Financing ratio	Financing to Total Assets
IAR2023	Integrated Annual Report 2023
IDRP	Income Distribution Reinvestment Plan
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
SPT	Specific Performance Target for Sustainability-linked financing
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 Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth (12th) 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, 25 April 2024 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 2023 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 and is 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) 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
- (ii) the Proposed Renewal of 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 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.”

Notice of Twelfth Annual General Meeting

ORDINARY RESOLUTION NO. 2

PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW UNITS FOR THE PURPOSE OF THE INCOME DISTRIBUTION REINVESTMENT PLAN (IDRP) THAT PROVIDES THE UNITHOLDERS OF AXIS-REIT THE OPTION TO REINVEST THEIR INCOME DISTRIBUTION INTO NEW UNITS (PROPOSED RENEWAL OF IDRP AUTHORITY)

“THAT pursuant to the IDRP as approved by the Unitholders at the Unitholders’ meeting convened and held on 26 July 2011 and subject to requisite approvals being obtained, approval be and is hereby given to the Directors of the Manager 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 issue price of the said new Units, which will be fixed by the Directors of the Manager on the price-fixing date to be determined and announced (Price-Fixing Date), shall not be more than 10% discount to the 5-day volume weighted average market price (VWAMP) of the Units immediately prior to the Price-Fixing Date, of which the 5-day VWAMP shall be adjusted ex-income distribution before applying the aforementioned discount;

THAT such authority, once renewed, shall continue to be in force until:

- (i) 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 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 (IDRP Units) shall, upon allotment and issue, rank equally in all respects with the Units already in existence except that the IDRP 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 IDRP 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

29 February 2024

Notice of Twelfth Annual General Meeting

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 meeting 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 meeting, 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.
- (3) 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 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.
- (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 18 April 2024 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 meeting or appoint proxy(ies) to attend and vote on his/her behalf 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:

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 12th 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 2023 of Axis-REIT together with the Reports attached thereon, before the Unitholders at this 12th 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) 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 20% of the total number of Units issued in Axis-REIT.
- (b) As of the date of this notice of AGM, the Directors of the Manager have not issued any new Units pursuant to the general mandate which was procured and approved by the Unitholders in the preceding year 2023.

Notice of Twelfth 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);
 - (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 new 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 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 issue price of the said new Units, which will be fixed by the Directors of the Manager on the Price-Fixing Date, shall not be more than 10% discount to the 5-day VWAMP of the Units immediately prior to the Price-Fixing Date, of which the 5-day VWAMP shall be adjusted ex-income distribution before applying the aforementioned discount.
- (b) Axis-REIT had applied the IDRP to the third interim income distribution for the period from 1 July 2023 to 30 September 2023 (2023 Third Interim Income Distribution) which was declared on 27 October 2023 (2023 IDRP) where a total of 6,438,121 new Units were issued under the 2023 IDRP on 15 December 2023. The new Units issued under the 2023 IDRP were listed on the Main Market of Bursa Securities on 18 December 2023.
- (c) The proceeds raised from 6,438,121 Units issued under the 2023 IDRP in conjunction with the 2023 Third Interim Income Distribution (after deducting the related issuing expenses), were utilised to refurbish and/or renovate the properties of Axis-REIT.
- (d) With the Proposed Renewal of IDRP Authority, delays and further costs involved in convening separate Unitholders' meetings to approve such issue of new Units can be avoided. 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.



REAL ESTATE INVESTMENT TRUST

(A real estate investment trust constituted under the laws of Malaysia)

INSTRUMENT OF PROXY

Central Depository System Account No.	No. of Units held in Axis-REIT

*I/We (full name of individual/corporation)

*MyKad/Passport No./Registration No. Contact No.

Email address

of (address)

being a Unitholder of **Axis Real Estate Investment Trust (Axis-REIT)** hereby appoint the following:

Full Name <i>(In block letters)</i> :		MyKad/Passport No.:	Proportion of Unitholdings	
			No. of Units	Percentage (%)
Address:				
Email address:	Contact No.:			

***OR failing him/her/AND,**

Full Name <i>(In block letters)</i> :		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 Twelfth Annual General Meeting (12th 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, 25 April 2024, 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	FOR	AGAINST
Ordinary Resolution No. 1	Proposed Renewal of Authority		
Ordinary Resolution No. 2	Proposed Renewal of IDRP Authority		

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 2024

.....

Signature of Unitholder OR Common Seal

* Strike out whichever is not desired.

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 meeting 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 meeting, 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.
- (3) 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 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.
- (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 18 April 2024 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 meeting or appoint proxy(ies) to attend and vote on his/her behalf 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:

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 12th AGM. The Instrument of Proxy is also available for download from the same link.

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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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REAL ESTATE INVESTMENT TRUST

Axis REIT Managers Berhad (200401010947 (649450-W))

As the Manager of Axis-REIT

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