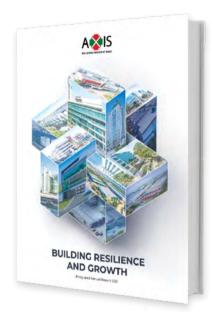




BUILDING RESILIENCE AND GROWTH

Integrated Annual Report 2021

COVER **RATIONALE**



BUILDING RESILIENCE AND GROWTH

Our IAR2021 theme and cover depicts the efforts of bringing together the synergies of our resources to build resilience and growth, and ensure sustainable value creation for all stakeholders.

INSIDE THIS REPORT

ABOUT OUR REPORT

SEC 1	02 - 03
JLC I	02 03

W	HO WE ARE AND WHAT WE DO	SEC 2	04 - 25
	About Axis-REIT		04
	Salient Features of Axis-REIT		06
Axis-REIT Structure			07
	Corporate Information		08
	Axis Team's Organisational Structure		10
	Board of Directors' Profile		12
	Key Management Profile		22

BU	ILDING OUR RESILIENCE	SEC 3	26 - 65
	COVID-19 - Moving Forward in the New Nor	mal	26
	Letter to Unitholders from the Chairman & C	EO	28
	Manager's Discussion and Analysis		32
	• CEO's Review		
	Financial Review		
	Operations Review		
	Investment Review		
	 Investor Relations & Media Coverage 		
	Market Outlook		
	Report on Shariah Compliance & Shariah Ad	viser's Report	64

DRIVING VALUE CREATION	SEC 4	66 - 133
Operating Environment		66
Risks & Opportunities		72
 Stakeholder Engagement 		
 Business Risks and Opportunities 		
Strategy – Business Plan 2022 - 2023		82
Value Creation & Sustainable Developn	nent Goals	86
Management of Sustainability Matters		88

LEADERSHIP THAT CREATES VALUE

Corporate Governance Overview Statement	134
Audit Committee Report	147
Statement on Risk Management and Internal Control	152
Directors' Responsibility Statement	156

SEC 5 134 - 156

SEC 6 157 - 229 **FINANCIAL STATEMENTS** 158 The Manager's Report 162 Statement of Financial Position Statement of Profit or Loss and Other Comprehensive Income 163 Statement of Changes in Net Asset Value 166 167 Statement of Cash Flows 169 Notes to the Financial Statements 223 Statement by the Manager 224 Statutory Declaration Trustee's Report 225 Independent Auditors' Report 226

ADDITIONAL INFORMATION	SEC 7	230 - 265
Property Portfolio Details Unitholders' Statistics Property Market Overview 2021 Frequently Asked Questions (FAQ)		230 233 235 263
Glossary		265

NOTICE OF TENTH ANNUAL **GENERAL MEETING**

266 - 269

INSTRUMENT OF PROXY



Oth ANNUAL GENERAL **MEETING**

BROADCAST VENUE:

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

Thursday, 28 April 2022 at 10.00 a.m. (Malaysia time)

FACTS AT A GLANCE



MARKET CAPITALISATION RM3,170,977,000



TOTAL ASSETS UNDER MANAGEMENT RM3,838,760,000



TOTAL SPACE UNDER MANAGEMENT 11,374,703 SQ. FT.



TOTAL PURCHASES FOR FYE2021 RM223,195,000



FAIR VALUE GAIN ON INVESTMENT PROPERTIES FOR FYE2021 RM67,787,000



WEIGHTED AVERAGE LEASE EXPIRY (BASED ON RENTAL) **5 YEARS**



DISTRIBUTION PER UNIT FOR FYE2021 9.49 SEN



Xin Hwa Warehouse @ Pasir Gudang is the latest completed property acquisition in FYE2021.

More details on page 56

PROPERTY MAP

CENTRAL REGION



Office

Menara Axis Crystal Plaza Quattro West



Office/Industrial

Axis Business Campus Axis Business Park 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 @ Bukit Raja
Axis Facility 2 @ Nilai
Axis Industrial Facility @ Rawang
Axis Industrial Facility 1 @ Shah Alam
(formerly known as Axis MRO Hub)
Axis Industrial Facility 2 @ Shah Alam
(formerly known as Axis Industrial
Facility @ Shah Alam)
Axis Shah Alam Distribution Centre 1
Bukit Raja Distribution Centre 2



Logistics Warehouse

Emerson Industrial Facility Nilai

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
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





Office/Industria

20 Logistics Warehouse

22 Manufacturing Facility

02 ,

Hypermarket

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 D Beyonics i-Park Campus – Block E

Beyonics i-Park Campus – Block F

FCI Senai

Indahpura Facility 1
Indahpura Facility 2

Nusajaya Tech Park Facility 1

Nusajaya Tech Park Facility 2



Logistics Warehouse

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



Hypermarket

Axis Hypermarket @ Johor (formerly known as Tesco Bukit Indah)



NET LETTABLE AREA 204,851 sq. ft.

PURCHASE PRICE RM56.4 million OCCUPANCY RATE 45.82%

CRYSTAL PLAZA

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

CARRYING VALUE RM113.0 Million

PORTFOLIO DETAILS:

Acquisition Date

3 August 2005

Total Investment Outlay RM73.3 million

Number of Car Park (bays) 250

Major Tenants

- DHL Asia Pacific Shared Services Sdn Bhd
- Asiaworks Malaysia Sdn Bhd
- Price Solutions Sdn Bhd

MENARA AXIS

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

REGION

CARRYING VALUE RM112.5 Million

CENTRAL

NET LETTABLE AREA 178,406 sq. ft.

PURCHASE PRICE RM71.4 million

OCCUPANCY RATE 76.20%

PORTFOLIO DETAILS:

Acquisition Date 3 August 2005

Total Investment Outlay RM91.3 million

Number of Car Park (bays)

Major Tenants

- Orient Overseas Container Line (M) Sdn Bhd
- Philips Malaysia Sdn Bhd
- DHL Asia Pacific Shared Services Sdn Bhd
- Malaysian Palm Oil Council



NET LETTABLE AREA 104,196 sq. ft.

PURCHASE PRICE RM39.8 million **OCCUPANCY RATE** 100%

OUATTRO WEST

No. 4, Lorong Persiaran Barat 46100 Petaling Jaya Selangor

CARRYING VALUE RM60.0 Million

PORTFOLIO DETAILS:

Acquisition Date

30 November 2007

Total Investment Outlay RM51.5 million

Number of Car Park (bays) 130

Major Tenants

- Kenanga Investment Bank Bhd
- MIMS Medica Sdn Bhd
- Roca Malaysia Sdn Bhd

Etika Sdn Bhd

• Media Mulia

Sdn Bhd

OFFICE/INDUSTRIAL



NET LETTABLE AREA 155,113 sq. ft.

PURCHASE PRICE RM32.5 million OCCUPANCY RATE 74.82%

AXIS BUSINESS CAMPUS

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

CARRYING VALUE RM80.7 Million

PORTFOLIO DETAILS:

Acquisition Date

30 June 2006

Total Investment Outlay RM63.4 million

Number of Car Park (bays) 441

Major Tenants

- Krohne (M) Sdn Bhd Grabcar Sdn Bhd
- Carl Zeiss Sdn Bhd
- FJ Benjamin (M) Sdn Bhd

NET LETTABLE AREA 329,767 sq. ft.

PURCHASE PRICE RM84.6 million

OCCUPANCY RATE 80.56%

AXIS BUSINESS PARK

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

CARRYING VALUE RM121.1 Million

PORTFOLIO DETAILS:

Acquisition Date

3 August 2005

Total Investment Outlay RM102.1 million

Number of Car Park (bays) 432

Major Tenants

- Fuiifilm Business Innovation Asia Pacific
- Zitron Enterprise (M) Sdn Bhd Hitachi eBworx Sdn Bhd
- Alcon Laboratories (M) Sdn Bhd

OFFICE/INDUSTRIAL

Services



NET LETTABLE AREA 170,730 sq. ft.

PURCHASE PRICE RM49.0 million OCCUPANCY RATE 52.13%

AXIS TECHNOLOGY CENTRE

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

CARRYING VALUE RM64.0 Million

PORTFOLIO DETAILS:

Acquisition Date

15 November 2010

Total Investment Outlay

RM53.1 million

Number of Car Park (bays) 318

Maior Tenants

- Fresenius Kabi Malaysia Sdn Bhd
- Fresenius Medical Care Malaysia Sdn Bhd
- NZ New Images Sdn Bhd
 - Ingress Motors Centre Sdn Bhd



NET LETTABLE AREA 118,557 sq. ft.

PURCHASE PRICE RM32.0 million **OCCUPANCY RATE** 100%

AXIS VISTA

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

CARRYING VALUE RM58.0 Million

PORTFOLIO DETAILS:

Acquisition Date

9 December 2008

Total Investment Outlay RM35.2 million

Number of Car Park (bays)

Major Tenants

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

M OFFICE/INDUSTRIAL



NET LETTABLE AREA 35,710 sq. ft.

PURCHASE PRICE RM7.2 million

OCCUPANCY RATE 84.71%

FONTERRA HQ

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

CARRYING VALUE RM22.8 Million

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



NET LETTABLE AREA 140,417 sq. ft.

PURCHASE PRICE RM25.5 million

OCCUPANCY RATE 97.32%

INFINITE CENTER

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

CARRYING VALUE RM45.0 Million

PORTFOLIO DETAILS:

Acquisition Date

3 August 2005 **Total Investment Outlay**

RM37.1 million Number of Car Park (bays)

182

Major Tenants

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

M OFFICE/INDUSTRIAL



NET LETTABLE AREA 104,903 sq. ft.

PURCHASE PRICE RM37.0 million

OCCUPANCY RATE 100%

STRATEO DATA CENTRE

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

CARRYING VALUE RM68.0 Million

PORTFOLIO DETAILS:

Acquisition Date 25 January 2008

Total Investment Outlay RM42.9 million

Number of Car Park (bays)

Maior Tenants

• Strateg Data Centre Sdn Bhd



NET LETTABLE AREA 45,400 sq. ft.

PURCHASE PRICE RM12.0 million

OCCUPANCY RATE 60.35%

THE ANNEX

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

CARRYING VALUE RM21.5 Million

PORTFOLIO DETAILS:

Acquisition Date 1 October 2012

Total Investment Outlay RM13.6 million

Number of Car Park (bays) 31

Major Tenants

• Sports Garage Sdn Bhd

M OFFICE/INDUSTRIAL



NET LETTABLE AREA 236,075 sq. ft.

PURCHASE PRICE RM73.0 million

OCCUPANCY RATE 71.99%

WISMA ACADEMY PARCEL

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

CARRYING VALUE RM75.0 Million

PORTFOLIO DETAILS:

Acquisition Date

1 October 2012

Total Investment Outlay RM77.3 million

Number of Car Park (bays)

Major Tenants

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

WISMA KEMAJUAN

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

CARRYING VALUE RM66.0 Million

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

MANUFACTURING FACILITY



NET LETTABLE AREA 178,978.60 sq. ft.

DEVELOPMENT COST RM73.1 million (including land and incidental cost)

100%

AXIS AEROTECH CENTRE @ SUBANG

Jalan Aeroangkasa 4 Seksyen U3 40150 Shah Alam Selangor

CARRYING VALUE RM91.0 Million

PORTFOLIO DETAILS:

Acquisition Date 7 February 2018

Total Investment Outlay RM73.1 million

Number of Car Park (bays)

Major Tenants

• Upeca Aerotech Sdn Bhd

OCCUPANCY RATE



NET LETTABLE AREA 149,605 sq. ft.

PURCHASE PRICE RM37.0 million

OCCUPANCY RATE 100%

AXIS FACILITY 2 @ BUKIT RAJA

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

CARRYING VALUE RM39.0 Million

PORTFOLIO DETAILS:

Acquisition Date 17 March 2020

Total Investment Outlay RM37.7 million

Number of Car Park (bays)

Major Tenants

• Lion Steelworks Sdn Bhd

NET LETTABLE AREA

PURCHASE PRICE RM29.0 million

OCCUPANCY RATE 70.69%

198,777 sq. ft.



NET LETTABLE AREA 246,500 sq. ft.

PURCHASE PRICE RM50.0 million

OCCUPANCY RATE 100%

AXIS FACILITY 2 @ NILAI

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

CARRYING VALUE RM51.0 Million

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

NET LETTABLE AREA 282,152 sq. ft.

PURCHASE PRICE RM42.0 million

OCCUPANCY RATE 100%

AXIS INDUSTRIAL

CARRYING VALUE

RM51.5 million

Major Tenants

• Shuangfei Wire Harness Sdn Bhd

MANUFACTURING FACILITY



NET LETTABLE AREA 161,280 sq. ft.

NET LETTABLE AREA

41,061 sq. ft.

PURCHASE PRICE RM52.5 million

PURCHASE PRICE

RM11.9 million

OCCUPANCY RATE 100%

OCCUPANCY RATE

100%

AXIS INDUSTRIAL FACILITY 1 @ SHAH ALAM

(formerly known as Axis MRO Hub) No. 3, Jalan Keluli 15/16

Section 15 40200 Shah Alam Selangor

CARRYING VALUE RM53.3 Million

PORTFOLIO DETAILS:

Acquisition Date

18 December 2014

Total Investment Outlay RM53.6 million

Number of Car Park (bays)

Major Tenants

• SR Technics Malaysia Sdn Bhd

AXIS INDUSTRIAL FACILITY 2 @ SHAH ALAM (formerly known as Axis Industrial Facility @ Shah Alam) Lot 16, Jalan Pengapit 15/19 Seksyen 15 40200 Shah Alam

Selangor **CARRYING VALUE**

RM13.8 Million

PORTFOLIO DETAILS:

Acquisition Date

3 December 2020

Total Investment Outlay RM12.3 million

Number of Car Park (bays)

Maior Tenants

GT-Max Construction Sdn Bhd

FACILITY @ RAWANG

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

RM50.0 Million

PORTFOLIO DETAILS:

Acquisition Date 15 November 2016

Total Investment Outlay

Number of Car Park (bays)



NET LETTABLE AREA 110,406 sq. ft.

PURCHASE PRICE RM18.5 million

OCCUPANCY RATE 100%

AXIS SHAH ALAM DISTRIBUTION CENTRE 1

Lots 2-22,2-24,2-26,2-28 Jalan SU 6A Taman Perindustrian Subang (Lion Industrial Park) Section 22 40300 Shah Alam, Selangor

CARRYING VALUE RM40.5 Million

PORTFOLIO DETAILS:

Acquisition Date 31 July 2007

Total Investment Outlay RM22.5 million

Number of Car Park (bays)

Major Tenants

• Upeca Aerotech Sdn Bhd



NET LETTABLE AREA 326,231 sq. ft.

PURCHASE PRICE RM120.0 million

OCCUPANCY RATE 100%

BUKIT RAJA DISTRIBUTION **CENTRE 2**

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

CARRYING VALUE RM122.0 Million

PORTFOLIO DETAILS:

Acquisition Date

31 March 2021

Total Investment Outlay RM121.8 million

Number of Car Park (bays)

Major Tenants

• FIW Steel Sdn Bhd

MANUFACTURING FACILITY



NET LETTABLE AREA 291,642 sq. ft.

PURCHASE PRICE RM26.5 million

OCCUPANCY RATE 100%

EMERSON INDUSTRIAL FACILITY NILAI

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

CARRYING VALUE RM42.0 Million

PORTFOLIO DETAILS:

Acquisition Date 30 August 2012

Total Investment Outlay RM27.4 million

Number of Car Park (bays)

Major Tenants

• Emerson Process Management Manufacturing (M) Sdn Bhd

LOGISTICS WAREHOUSE



NET LETTABLE AREA 515,000 sq. ft.

PURCHASE PRICE RM85.0 million

AXIS MEGA DISTRIBUTION CENTRE

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

CARRYING VALUE RM316.0 Million

PORTFOLIO DETAILS:

Acquisition Date 15 October 2010

Total Investment Outlay RM258.7 million

Number of Car Park (bays)

DEVELOPMENT COST (PHASE 1) RM171.8 million

Major Tenants

 Nestlé Products Sdn Bhd



NET LETTABLE AREA 339,194 sq. ft.

PURCHASE PRICE RM65.0 million

OCCUPANCY RATE 100%

OCCUPANCY RATE

100%

AXIS NORTHPORT DISTRIBUTION **CENTRE 1**

Lot 19. Lebuh Hishamuddin 1 Selat Klang Utara 42000 Pelabuhan Klang Selangor

CARRYING VALUE RM91.5 Million

PORTFOLIO DETAILS:

Acquisition Date 20 October 2009

Total Investment Outlay RM67.1 million

Number of Car Park (bays)

Major Tenants

• Northport (Malaysia) Berhad

LOGISTICS WAREHOUSE



NET LETTABLE AREA 164,400 sq. ft.

PURCHASE PRICE RM45.0 million

OCCUPANCY RATE 100%

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 RM48.4 Million

PORTFOLIO DETAILS:

Acquisition Date 31 March 2015

Total Investment Outlay RM47.0 million

Number of Car Park (bays)

Major Tenants

- Total Logistics Services (M) Sdn Bhd
- Tele-Paper (M) Sdn Bhd



NET LETTABLE AREA 685,082 sq. ft.

PURCHASE PRICE RM183.0 million

OCCUPANCY RATE 100%

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 RM198.0 Million

PORTFOLIO DETAILS:

Acquisition Date 18 December 2014

Total Investment Outlay RM187.5 million

Number of Car Park (bays)

Major Tenants

- POS Logistics Berhad
- LF Logistics Services (M) Sdn Bhd

LOGISTICS WAREHOUSE



NET LETTABLE AREA 262,000 sq. ft.

PURCHASE PRICE RM83.0 million

OCCUPANCY RATE 100%

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 RM93.0 Million

PORTFOLIO DETAILS:

Acquisition Date 4 June 2018

Total Investment Outlay RM84.3 million

Number of Car Park (bays)

Major Tenants

• J&T Express (Malaysia) Sdn Bhd



NET LETTABLE AREA 285,249 sq. ft.

PURCHASE PRICE RM95.0 million

OCCUPANCY RATE 100%

AXIS SHAH ALAM DISTRIBUTION **CENTRE 5**

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

CARRYING VALUE RM95.0 Million

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

LOGISTICS WAREHOUSE



NET LETTABLE AREA 456,435 sq. ft.

PURCHASE PRICE RM71.8 million

OCCUPANCY RATE 100%

BUKIT RAJA DISTRIBUTION **CENTRE**

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

CARRYING VALUE RM113.0 Million

PORTFOLIO DETAILS:

Acquisition Date 14 December 2009

Total Investment Outlay RM80.2 million

Number of Car Park (bays)

Major Tenants

• LF Logistics Services (M) Sdn Bhd

NET LETTABLE AREA 148,011 sq. ft.

PURCHASE PRICE RM18.5 million

OCCUPANCY RATE 100%

SENAWANG INDUSTRIAL **FACILITY**

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

CARRYING VALUE RM24.6 Million

PORTFOLIO DETAILS:

Acquisition Date

5 December 2018

Total Investment Outlay RM18.9 million

Number of Car Park (bays)

• Denso Wiper Systems (Malaysia) Sdn Bhd





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 RM19.0 Million

NET LETTABLE AREA 44,000 sq. ft.

DEVELOPMENT COST RM14.7 million(including land and incidental cost)

OCCUPANCY RATE 100%

PORTFOLIO DETAILS:

Acquisition Date 19 December 2019

Total Investment Outlay RM14.7 million

Number of Car Park (bays)

Major Tenants

• Federal Express Services (M) Sdn Bhd

LOGISTICS WAREHOUSE



NET LETTABLE AREA 205,151 sq. ft.

PURCHASE PRICE RM48.5 million

OCCUPANCY RATE 100%

BAYAN LEPAS DISTRIBUTION CENTRE

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

RM65.0 Million

PORTFOLIO DETAILS:

Acquisition Date 17 January 2012

Total Investment Outlay RM51 million

Number of Car Park (bays)

Major Tenants

• DHL Properties (Malaysia) Sdn Bhd

LF Loosnics

NET LETTABLE AREA 106,092 sq. ft. PURCHASE PRICE RM17.4 million

OCCUPANCY RATE 100%

SEBERANG PRAI LOGISTICS WAREHOUSE 1

Plot 24, Tingkat Perusahaan 6 Kawasan Perusahaan Prai Phase 4 13600 Seberang Prai Tengah Penang

CARRYING VALUE RM24.6 million

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

LOGISTICS WAREHOUSE



NET LETTABLE AREA 41,893 sq. ft.

PURCHASE PRICE RM6.9 million

OCCUPANCY RATE 100%

SEBERANG PRAI **LOGISTICS WAREHOUSE 2**

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

CARRYING VALUE RM9.8 Million

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



NET LETTABLE AREA 395,225 sq. ft.

PURCHASE PRICE RM59.0 million

OCCUPANCY RATE 100%

SEBERANG PRAI LOGISTICS **WAREHOUSE 3**

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

CARRYING VALUE RM76.0 Million

PORTFOLIO DETAILS:

Acquisition Date 15 February 2012

Total Investment Outlay RM63.9 million

Number of Car Park (bays)

Major Tenants

• Schenker Logistics (M) Sdn Bhd

HYPERMARKET



NET LETTABLE AREA 138,000 sq. ft.

PURCHASE PRICE RM38.0 million

OCCUPANCY RATE 100%

AXIS HYPERMARKET @ SUNGAI PETANI

Jalan Lencongan Barat 08000 Sungai Petani Kedah

CARRYING VALUE RM49.0 Million

PORTFOLIO DETAILS:

Acquisition Date

7 September 2007

Total Investment Outlay RM39.0 million

Number of Car Park (bays)

Major Tenants

• TF Value-Mart Sdn Bhd



EAST COAST REGION

MANUFACTURING FACILITY

WASCO FACILITY (a) KUANTAN

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

CARRYING VALUE RM158.0 Million

NET LETTABLE AREA 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

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



NET LETTABLE AREA 688,011 sq. ft.

PURCHASE PRICE RM153.5 million OCCUPANCY RATE 100%

AXIS STEEL CENTRE @ SILC

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

CARRYING VALUE RM163.0 Million

PORTFOLIO DETAILS:

Acquisition Date

30 December 2014

Total Investment Outlay RM155.9 million

Number of Car Park (bays)

Major Tenants

Yongnam Engineering Sdn Bhd

NET LETTABLE AREA 67,260 sq. ft.

PURCHASE PRICE RM14.2 million **OCCUPANCY RATE** 100%

BEYONICS I-PARK CAMPUS - BLOCK A

No. 95, Jalan i-Park 1/10 Kawasan Perindustrian i-Park 81000 Bandar Indahpura Kulaijaya, Johor

CARRYING VALUE

PORTFOLIO DETAILS:

Acquisition Date 28 January 2016

Total Investment Outlay RM14.5 million

Number of Car Park (bays)

• Beyonics Precision (Malaysia) Sdn Bhd

MANUFACTURING FACILITY



NET LETTABLE AREA 60,967 sq. ft.

PURCHASE PRICE RM12.9 million OCCUPANCY RATE 100%

BEYONICS I-PARK CAMPUS - BLOCK B

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

CARRYING VALUE

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

NET LETTABLE AREA 55,476 sq. ft.

PURCHASE PRICE RM11.7 million OCCUPANCY RATE 100%

BEYONICS I-PARK CAMPUS - BLOCK C

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

CARRYING VALUE RM15.0 Million

PORTFOLIO DETAILS:

Acquisition Date 28 January 2016

Total Investment Outlay RM11.9 million

Number of Car Park (bays)

Major Tenants

• Beyonics Precision (Malaysia) Sdn Bhd



NET LETTABLE AREA 104,606 sq. ft.

PURCHASE PRICE RM22.1 million

OCCUPANCY RATE 100%

BEYONICS I-PARK CAMPUS - BLOCK D

No. 98, Jalan i-Park 1/10 Kawasan Perindustrian i-Park 81000 Bandar Indahpura, Kulajiaya

CARRYING VALUE RM29.0 Million

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

NET LETTABLE AREA 132,706 sq. ft.

PURCHASE PRICE RM31.5 million

OCCUPANCY RATE 100%

BEYONICS I-PARK CAMPUS - BLOCK E

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

CARRYING VALUE

PORTFOLIO DETAILS:

Acquisition Date 9 August 2018

Total Investment Outlay RM32.1 million

Number of Car Park (bays)

• Beyonics Precision (Malaysia) Sdn Bhd

MANUFACTURING FACILITY



NET LETTABLE AREA 57,545 sq. ft.

PURCHASE PRICE RM12.98 million

OCCUPANCY RATE 100%

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 RM15.0 Million

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 RM25.6 Million

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



NET LETTABLE AREA 136,619 sq. ft.

PURCHASE PRICE RM12.3 million

OCCUPANCY RATE 100%



NET LETTABLE AREA 33,448 sq. ft.

PURCHASE PRICE RM7.2 million

INDAHPURA FACILITY 1

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

CARRYING VALUE RM8.2 Million

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



NET LETTABLE AREA 35,339 sq. ft.

PURCHASE PRICE RM8.5 million

OCCUPANCY RATE 100%

100%

INDAHPURA FACILITY 2

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

CARRYING VALUE

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



NET LETTABLE AREA 104,694 sq. ft.

PURCHASE PRICE RM42.0 million

OCCUPANCY RATE 100%

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

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



NET LETTABLE AREA 42,068 sq. ft.

PURCHASE PRICE RM13.8 million

OCCUPANCY RATE 100%

NUSAJAYA TECH PARK FACILITY 2

No. 14, Jalan Teknologi Perintis 1/3 Taman Teknologi Nusajaya 79200 Iskandar Puteri, Johor

CARRYING VALUE RM15.5 Million

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



NET LETTABLE AREA 171,000 sq. ft.

PURCHASE PRICE RM30.0 million OCCUPANCY RATE 100%

D8 LOGISTICS WAREHOUSE

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

CARRYING VALUE RM40.1 Million

PORTFOLIO DETAILS:

Acquisition Date 1 March 2011

Total Investment Outlay RM31.7 million

Number of Car Park (bays)

Major Tenants

• Schenker Logistics (Malaysia) Sdn Bhd



NET LETTABLE AREA 174,920 sq. ft.

PURCHASE PRICE RM27.0 million **OCCUPANCY RATE** 100%

D21 LOGISTICS WAREHOUSE

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

CARRYING VALUE RM42.1 Million

PORTFOLIO DETAILS:

Acquisition Date 30 April 2008

Total Investment Outlay RM48.3 million

Number of Car Park (bays)

Major Tenants

• Maersk Logistics & Services Malaysia Sdn Bhd

LOGISTICS WAREHOUSE



NET LETTABLE AREA 222,723 sq. ft.

PURCHASE PRICE RM65.0 million OCCUPANCY RATE 100%

D37C LOGISTICS WAREHOUSE

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

CARRYING VALUE RM66.2 Million

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



NET LETTABLE AREA 163,000 sq. ft.

PURCHASE PRICE RM33.0 million **OCCUPANCY RATE** 100%

KERRY WAREHOUSE

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

CARRYING VALUE RM39.5 Million

PORTFOLIO DETAILS:

Acquisition Date 24 July 2017

> **Total Investment Outlay** RM33.8 million

Number of Car Park (bays)

Major Tenants

• Kerry Ingredients (Malaysia) Sdn Bhd

LOGISTICS WAREHOUSE



NET LETTABLE AREA 167,193 sq. ft.

PURCHASE PRICE RM14.5 million

OCCUPANCY RATE 100%

NIRO WAREHOUSE

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

CARRYING VALUE RM29.2 Million

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



NET LETTABLE AREA 130,743 sq. ft.

PURCHASE PRICE RM12.5 million **OCCUPANCY RATE** 100%

PASIR GUDANG LOGISTICS **WAREHOUSE 1**

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

CARRYING VALUE RM22.7 Million

PORTFOLIO DETAILS:

Acquisition Date

4 August 2008

Total Investment Outlay RM13.8 million

Number of Car Park (bays)

• Guan Chong Cocoa Manufacturer Sdn Bhd

LOGISTICS WAREHOUSE



NET LETTABLE AREA 464,613 sq. ft.

PURCHASE PRICE RM75.0 million

OCCUPANCY RATE 100%

XIN HWA WAREHOUSE @ PASIR GUDANG

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

CARRYING VALUE RM75.0 Million

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

HYPERMARKET



NET LETTABLE AREA 233,579 sq. ft.

PURCHASE PRICE RM75.6 million

OCCUPANCY RATE 100%

AXIS HYPERMARKET @ JOHOR

(formerly known as Tesco Bukit Indah)

No. 1, Jalan Bukit Indah 15 81200 Johor

CARRYING VALUE RM106.0 Million

PORTFOLIO DETAILS:

Acquisition Date 1 October 2010

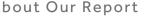
Total Investment Outlay RM77.0 million

Number of Car Park (bays)

Major Tenants

• Lotuss Stores (Malaysia) Sdn Bhd

ABOUT OUR REPORT





This is our third Integrated Annual Report since we embarked on integrated reporting back in 2019. As we continue to deliver on the Fund's primary objectives, the transition to integrated reporting has been an important step in our evolution. It helps us recognise and quantify our impact on our stakeholders and resources. This in turn, allows us to set impactful goals and ambitions to create shared value for all our stakeholders over the short, medium and long term by integrating sustainability matters into our business model, strategy and day-to-day activities, build resilience and growth in our operations, 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 IAR2021 is available at www.axis-reit.com.my/annualreport2021.php

Scan the QR code or click on www.axis-reit.com.my/ annualreport2021.php for a digital experience of this Report.



REPORTING PHILOSOPHY & FRAMEWORK

This Integrated Annual Report 2021 ("IAR2021" or the "Report") has been prepared by Axis REIT Managers Berhad ("ARMB" or the "Manager") on behalf of Axis Real Estate Investment Trust ("Axis-REIT" or the "Fund"), per the International Integrated Reporting Council's ("IIRC") Integrated Reporting Framework ("<IR> Framework"). Through this 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 IAR2021 include:

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

SCOPE & BOUNDARY

Reporting Period

Our reports are produced and published annually. Unless otherwise stated, the IAR2021 covers both financial and non-financial information for the financial year ended 31 December 2021 ("FYE2021"), which spanned from 1 January 2021 to 31 December 2021.

Reporting Boundary

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

Target Readers

This Report is primarily intended to address the information requirements of Axis-REIT's Unitholders and long-term investors. Information relevant to the way we create value for other key stakeholders is also present.

Financial & Non-Financial Reporting

The IAR2021 extends beyond financial reporting and includes nonfinancial performance indicators, risks, opportunities and outcomes that are attributable to our stakeholders, which have a significant influence on Axis-REIT's ability to create value. This includes environmental, social and governance ("ESG") disclosures for all properties belonging to Axis-REIT and managed by the Manager.

Materiality, Risk & Strategy

In FYE2021, we carried out a materiality assessment to identify material sustainability matters that are significant and relevant to both Axis-REIT and our stakeholders, given the prevailing impact of the COVID-19 pandemic and other changes to the operating environment. Based on the sustainability matters identified from the new materiality matrix, we have further 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 Strategy – Business Plan 2022 - 2023. Details of the materiality assessment process and ESG disclosures are available in the *Driving Value Creation* section of this Report.

EXCLUSIONS OR CHANGES IN REPORTING

There have been no major exclusions or changes in reporting since the 2020 Integrated Annual Report. However, the content has been restructured to convey our message more effectively and to incorporate an overview of our efforts in addressing the emerging sustainability risks and opportunities within the proximity of our operations.

BOARD RESPONSIBILITY STATEMENT

ARMB's Board of Directors ("BOD" or the "Board") acknowledges its responsibilities in ensuring the integrity of this Report, which in the Board's opinion, addresses issues that are material to the Fund's ability to create value and fairly present its integrated performance. This Report was approved by the Board on 16 February 2022.

KPMG PLT is the statutory auditor appointed to audit Axis-REIT's financial statements for FYE2021. The audit was limited to the consolidated financial statements on pages 162 to 229 of this Report. We have yet to obtain external assurance for our nonfinancial information, but we acknowledge the enhanced credibility of an independent verification and will seek sustainability assurance on selected key indicators in FYE2023.

FORWARD-LOOKING STATEMENTS

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

FEEDBACK & CONTACT POINT

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

ICON NAVIGATION

Further information is available where you see these icons:



More information is available online



Additional information can be found within the Report

Our Six Resources:



Financial



Human



Intellectual



Manufactured



Social & Relationship



Natural

Strategic Pillars:



Development

Management



Capital Management



Real Estate



Governance

Sustainability Matters:

Facilities



Economic Performance



Community Activity & Partnership



Diversity & Inclusion

Business



Responsible Supply Chain Management

Human Rights



Tenant Satisfaction



Quality Assets &

Ethics Quality Assets

- New



Waste Management

Occupational

Health & Safety

& Labour

Practices



Cybersecurity & **Data Protection**

Services



Water Management

& Services

Acquisitions



Talent Development

Risks:



Financial

Investment

Development



Environmental



Global



Real Estate Management



Human Resource & IT

ABOUT AXIS-REIT



Yield-accretive asset purchases

OUR VISION

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

To successfully benchmark





Proactive asset and tenant management

MANAGEMENT 0 The Manager is committed to delive

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PRINCIPLE

SIX



Prudent capital and risk management



investors.

Upholding the highest levels of corporate governance

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.



Excellent investor relations



TOTAL PROPERTIES

58

The Fund was constituted by a Deed and is principally regulated by applicable securities laws, the SC's Guidelines on Listed REITs, the MMLR of Bursa Securities, the rules of the depository and relevant taxation laws and rulings.

On 15 June 2005, the Deed constituting Axis-REIT was executed between Axis **REIT Managers Berhad and RHB** Trustees Berhad. The Deed was registered with the SC on 16 June 2005, which marked the establishment of Axis-REIT in Malaysia. Axis-REIT was thereafter reclassified as an Axis-REIT is Islamic REIT on

Malaysia's first REIT, listed on **Bursa Securities** on 3 August 2005, to own and invest primarily in industrial and office real estate.

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.

11 December 2008.

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

The primary objectives of the



HYPERMARKET

About Our Report

Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information







LOGISTICS WAREHOUSE

MANUFACTURING FACILITY



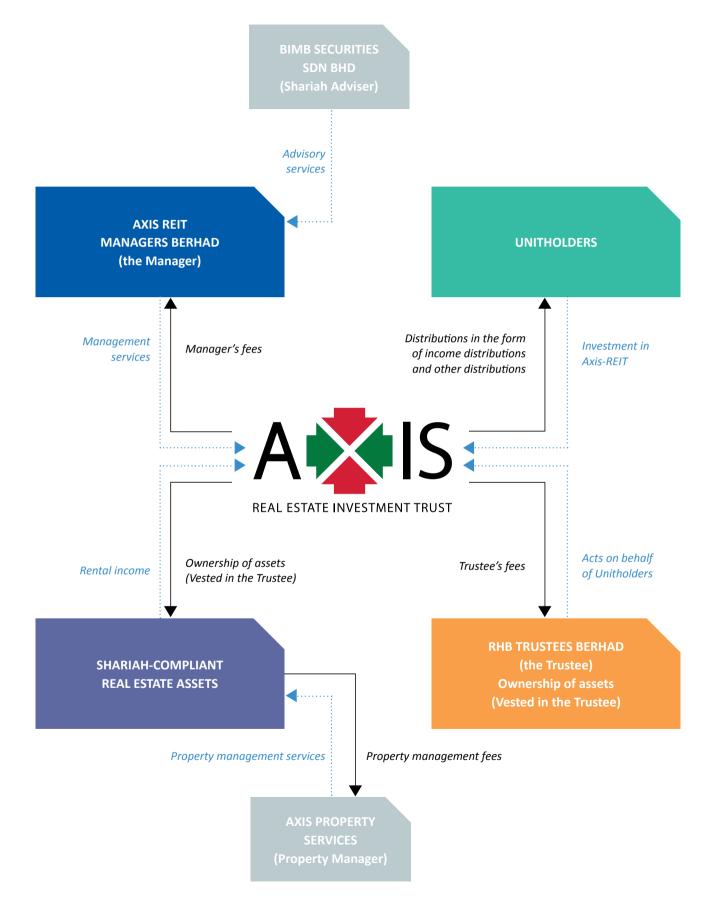
About Our Report

WHO WE ARE AND WHAT WE DO

Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

AXIS-REIT STRUCTURE

Fund Category	Real Estate Investment Trust	
Fund Type	Income and Growth	
Vision of the Fund	To successfully benchmark Axis-REIT against the world's most successful REITs in terms of total returns to Unitholders and be the REIT of choice for Shariah and non-Shariah investors	
Mission of the Fund	To provide consistent distributions to Unitholders through growing the property portfolio, upholding the highest level of corporate governance, excellent capital and risk management, and preserving capital values	
Issued Fund Size	1,634,524,115 Units	
Market Capitalisation	RM3,170,977,000	
Assets Under Management	RM3,838,760,000	
Permissible Investments	At least 75% of the Fund's total asset value must be invested in real estate that generates recurrent rental income at all times	
Initial Public Offering Retail Price	RM0.625 per Unit (equivalent to RM1.25 per Unit prior to the Unit Split)	
Financial Year End	31 December	
Distribution Policy	Quarterly income distribution:	
	1st to 3rd quarter – at least 95% of the current financial year-to-date distributable income	
	4th quarter – at least 99% of the current financial year-to-date distributable income	
Financing Limitations	Not exceeding 50% of the total asset value of the Fund	
Revaluation Policy	The investment properties shall be revalued at least once a financial year by independent registered valuers	
Minimum Initial Investment	100 Units	
Quotation	Main Market of Bursa Securities	
Bursa Securities Stock Number	AXREIT 5106	



Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

BOARD OF DIRECTORS OF THE MANAGER

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin

Independent Non-Executive Chairman

Dato' Abas Carl Gunnar Bin Abdullah

Executive Deputy Chairman

Leong Kit May

Chief Executive Officer/ Executive Director

Stephen Tew Peng Hwee (a) Teoh Peng Hwee

Non-Independent Non-Executive Director

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

Mohd Sharif Bin Hj Yusof Senior Independent Non-Executive

Alvin Dim Lao

Director

Non-Independent Non-Executive Director

Alex Lee Lao

Alternate Director To Dato' Abas Carl Gunnar Bin Abdullah

Jancis Anne Que Lao Alternate Director To Alvin Dim Lao

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



EXECUTIVE COMMITTEE OF THE MANAGER

Dato' Abas Carl Gunnar Bin Abdullah Chairman

Stephen Tew Peng Hwee @ Teoh Peng Hwee

Leong Kit May

AUDIT COMMITTEE OF THE MANAGER

Mohd Sharif Bin Hj Yusof Chairman

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin

Alvin Dim Lao

NOMINATION COMMITTEE OF THE MANAGER

Mohd Sharif Bin Hj Yusof Chairman

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin

Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor

REMUNERATION COMMITTEE OF THE MANAGER

Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor Chairman

Dato' Abas Carl Gunnar Bin Abdullah

Stephen Tew Peng Hwee @ Teoh Peng Hwee

MANAGER OF AXIS-REIT

Axis REIT Managers Berhad

MANAGER'S PRINCIPAL PLACE **OF BUSINESS**

Penthouse, Menara Axis No. 2, Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan Tel No: 603-7958 4882 603-7957 6881 Fax No:

MANAGER'S REGISTERED OFFICE

802. 8th Floor Block C, Kelana Square 17 Jalan SS7/26 47301 Petaling Jaya Selangor Darul Ehsan Tel No: 603-7803 1126 603-7806 1387 Fax No:

eadvisory@epsilonas.com

COMPANY SECRETARY OF THE MANAGER

(SSM PC No. 202008000587) (MAICSA 7045547)

Rebecca Leong Siew Kwan

TRUSTEE OF AXIS-REIT

RHB Trustees Berhad

Level 10, Tower One **RHB Centre** Jalan Tun Razak 50400 Kuala Lumpur

603-9280 5933 Tel No: 603-9280 5934 Fax No: Website: www.rhbgroup.com

SHARIAH ADVISER OF AXIS-REIT

BIMB Securities Sdn Bhd

Level 32, Menara Multi-Purpose Capital Square

No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur 603-2613 1600 Tel No: Fax No: 603-2613 1799

Website: www.bimbsec.com.my

REGISTRARS OF AXIS-REIT

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13 46200 Petaling Jaya

Selangor Darul Ehsan

Tel No: 603-7890 4700 603-7890 4670 Fax No:

Website: www.boardroomlimited.com.my

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

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, 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

STOCK NAME AND STOCK CODE

AXREIT 5106

INVESTOR RELATIONS

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

Leong Kit May

Chief Executive Officer/Executive Director

or

Chan Tze Wee

Senior Manager, Investments & Investor Relations

CONTACT DETAILS

Penthouse, Menara Axis No. 2, Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan Tel No: 603-7958 4882

Fax No: 603-7957 6881

Email: info@axis-reit.com.my

WEBSITE

www.axis-reit.com.my

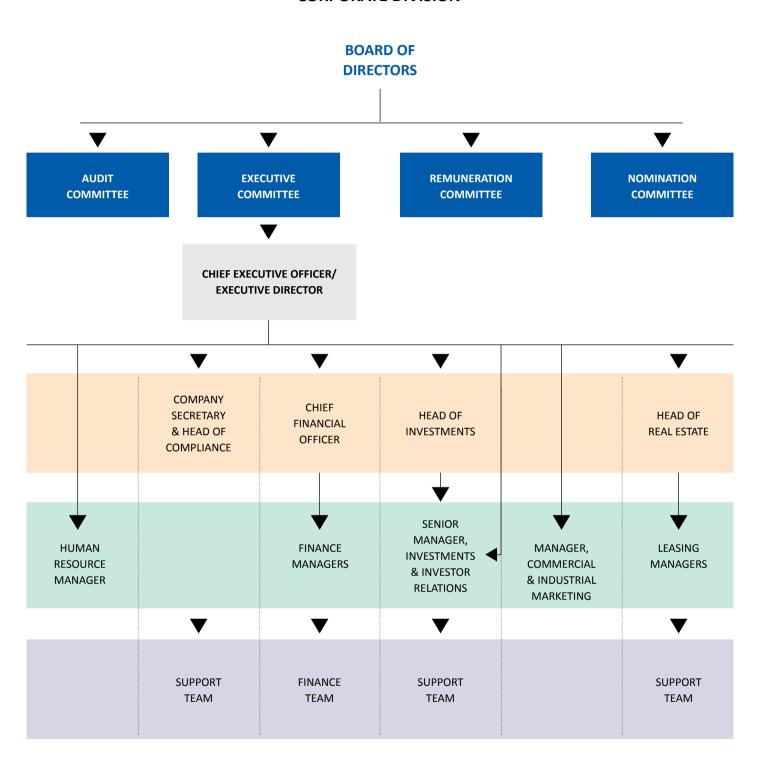
Axis Team's Organisational Structure Financial Statements

Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

WHO WE ARE AND WHAT WE DO

About Our Report

CORPORATE DIVISION



PROPERTY MANAGEMENT DIVISION



AXIS TEAM'S PROFILE



Building Our Resilience

Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

APPOINTED ON

10 August 2007









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

Independent Non-Executive Chairman

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE/OCCUPATION

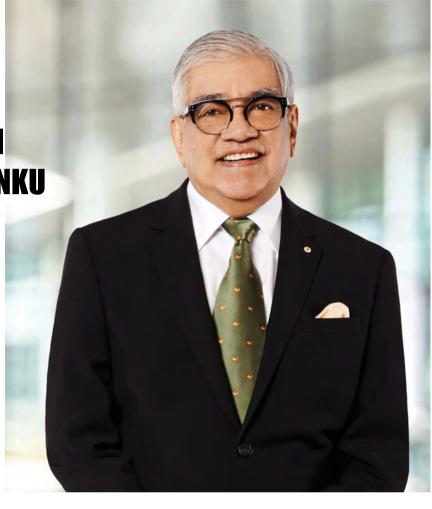
Tunku Shahabuddin started his career as an economist with Esso (M) Ltd, before moving into the finance industry as a manager of a finance company within the Malayan Banking Group. Tunku Shahabuddin then started his own businesses, which spanned the manufacturing, production, trading, construction, financial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

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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES **AND/OR LISTED ISSUERS**

OTHER MEMBERSHIPS/APPOINTMENTS/ INVOLVEMENTS

- Inaugural and former member of the National Institute for Scientific and Industrial Research (now known as SIRIM)
- Former Chairman of the Selangor Turf Club



- Presently the International Relations Chairman of the Selangor Turf Club
- Honorary Life Chairman of the Malaysia Australia Business Council
- Former President of the Asia-Pacific Region of the Alliance Internationale de Tourisme
- Former Honorary Consul General of Austria

AWARDS RECEIVED

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

APPOINTED ON

15 March 2005









Executive Deputy Chairman

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

Dato' Abas Carl Gunnar is also a director and shareholder of a number of private companies that are involved in property development and property investment.

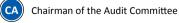


Board of Directors' Profile

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS

KEY TO **MEMBERSHIP OF BOARD COMMITTEES**



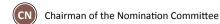




Chairman of the Executive Committee



Executive Committee



Nomination Committee



Chairman of the Remuneration Committee



Not applicable



Remuneration Committee

Board of Directors' Profile

Board of Directors' Profile

About Our Report

WHO WE ARE AND WHAT WE DO

Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

APPOINTED ON

15 November 2011







LEONG KIT MAY

Chief Executive Officer/Executive Director



- 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 in the audit industry with Ernst & Young, where she gained audit and accounting experience. In 2001, she joined the UOA group of companies and was involved in various areas of the group's property operations, including development, construction and investment. 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 project of converting Axis-REIT into the first Islamic Office/Industrial REIT in Malaysia. She continued to assume greater management responsibilities, and in November 2011, was appointed to the Board of the Manager as an Executive Director. As part of the Board's succession plans, Kit May was groomed to become Chief Executive Officer ("CEO") of ARMB. In preparation for this, she took on the position of Chief Operating Officer of ARMB in 2015, before assuming the role of CEO on 1 January 2016.



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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

• Axis REIT Sukuk Berhad

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS

- Former Vice Chairman of the Malaysian REIT Managers Association ("MRMA") (2017-2020)
- Committee Member of MRMA

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

APPOINTED ON

25 October 2004









Non-Independent Non-Executive Director

ACADEMIC/PROFESSIONAL QUALIFICATIONS

• Diploma from the Institute of Marketing, United Kingdom

WORKING EXPERIENCE/OCCUPATION

Stephen started his career as a real estate agent in 1982, and today owns real estate agency, Hectares & Stratas Sdn Bhd. Over the years, Stephen has been involved in the development of many purpose-built buildings for investment income, and these buildings have housed numerous multinational companies. In 1992, he teamed up with Dato' Abas Carl Gunnar Bin Abdullah and other investors to develop Crystal Plaza. This was followed by the development of Axis Business Park, Axis Plaza and Menara Axis, which collectively formed the core property portfolio of Axis-REIT during its initial public offering.

Stephen is also a director and shareholder of a number of private companies that are principally involved in investment holding.



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

KEY TO **MEMBERSHIP OF BOARD COMMITTEES**



Chairman of the Audit Committee

Audit Committee

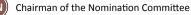


Chairman of the Executive Committee



Executive Committee







Chairman of the Remuneration Committee



Not applicable





14

Board of Directors' Profile **SECTION 2**

Board of Directors' Profile

Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

APPOINTED ON

20 November 2006











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

Independent Non-Executive Director

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE/OCCUPATION

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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/ **OR LISTED ISSUERS**

Glomac Berhad

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS

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



AWARDS RECEIVED

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

APPOINTED ON

30 December 2011









Non-Independent Non-Executive Director

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Degree 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 and specialisation for the food, plastics 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, a multi-faceted property development company with industrial, hospitality and commercial projects in the Philippines. 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

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS

- Former President and current Member of the Philippine Chapter of the Entrepreneurs' Organization
- Current Member of the Wallace Business Forum and The Technology Club of the Philippines (Massachusetts Institute of Technology Alumni in the Philippines)

KEY TO MEMBERSHIP OF BOARD COMMITTEES



Chairman of the Audit Committee

Audit Committee



Chairman of the Executive Committee



Executive Committee



Chairman of the Nomination Committee



Chairman of the Remuneration Committee



Not applicable





Remuneration Committee

Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

Board of Directors' Profile

APPOINTED ON

10 August 2007











Senior Independent Non-Executive Director

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE/OCCUPATION

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

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



PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

- Atlan Holdings Berhad
- AYS Ventures Berhad

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS None

APPOINTED ON

22 March 2005









ALEX LEE LAO

Alternate Director to Dato' Abas Carl Gunnar Bin Abdullah

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE/OCCUPATION

Alex Lee Lao is currently a Director of D&L Industries Inc., a Philippine Stock Exchange-listed company that is involved in product customisation and specialisation for the food, plastics and aerosol industries. He has had over 40 years of experience, leading organisations involved in manufacturing, marketing and distribution across a broad range of industries such as colours, chemicals, adhesives, aerosols, paint, ink, paper, textiles, rubber, powder coatings, detergent, plastics, allied products and food and beverages.

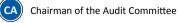
Alex is also a director of a number of private companies which are involved in property development and property investment.



PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS

KEY TO MEMBERSHIP OF BOARD COMMITTEES



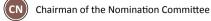




Chairman of the Executive Committee



Executive Committee







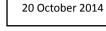




Not applicable

About Our Report

APPOINTED ON









JANCIS ANNE QUE LAO

Alternate Director to Alvin Dim Lao

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE/OCCUPATION

Jancis is currently the Project Development Director of LBL Prime Properties Incorporated ("LBL"), a multi-faceted property development company with industrial, hospitality and commercial projects in the Philippines.

Prior to joining LBL, Jancis was based in New York, and worked with Davis Brody Bond, an architectural firm specialising in institutional and commercial 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

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS

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

APPOINTED ON

1 July 2020









MAXINE TEOH SUI VERN

Alternate Director to Stephen Tew Peng Hwee @ Teoh Peng Hwee

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Law (LL.B Honours) University of
- Bar Professional Training Course BPP University
- Barrister-at-Law (Middle Temple)
- Advocate & Solicitor of the High Court of Malaya

WORKING EXPERIENCE/OCCUPATION

Maxine has been practising conveyancing law at her own firm, Maxine & Co., since April 2020, where she provides legal advice and services to her clients.

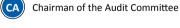
Prior to establishing her own firm, Maxine undertook her conveyancing pupillage at Nagiz & Partners Advocates & Solicitors from 2017 to 2018. Thereafter, she took the role as a legal officer at Hectares & Stratas Sdn Bhd, a real estate agency, until March



PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS None

KEY TO **MEMBERSHIP OF BOARD COMMITTEES**



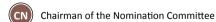
Audit Committee



Chairman of the Executive Committee



xecutive Committee



Nomination Committee



Chairman of the Remuneration Committee

Remuneration Committee



Not applicable

21

Other Disclosures

- 1. 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.
- Except as disclosed, 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.
- 2. None of the Directors of ARMB has any conflict of interest with ARMB and/ or Axis-REIT.

- (other than traffic offences) within the past 5 years.
- 4. None of the Directors of ARMB has had any public sanction or penalty imposed on them by the relevant regulatory bodies during FYE2021.
- 3. None of the Directors of ARMB has been convicted of any offence 5. Details of the attendance of each Director of ARMB at Board meetings held during FYE2021 are contained in the Corporate Governance Overview Statement of this Report.
 - 6. Details of the unitholdings held by each Director of ARMB in Axis-REIT are contained in the Unitholders' Statistics section of this Report.

WHO WE ARE AND WHAT WE DO

Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information



LEONG KIT MAY

Chief Executive Officer/Executive Director





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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

· Axis REIT Sukuk Berhad

OTHER MEMBERSHIPS/APPOINTMENTS/INVOLVEMENTS

- Former Vice Chairman of the Malaysian REIT Managers Association ("MRMA") (2017-2020)
- Committee Member of MRMA

AWARDS RECEIVED

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



NIKKI NG

Chief Financial Officer





DATE FIRST APPOINTED AS KEY SENIOR MANAGEMENT PERSONNEL

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE

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

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

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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

AWARDS RECEIVED

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



JACKIE LAW Head of Real Estate





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, lovalty and satisfaction. She also assists the CEO in evaluating potential asset acquisitions.

Jackie 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





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 its 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 by 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









17 July 2019

ACADEMIC/PROFESSIONAL QUALIFICATIONS

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

WORKING EXPERIENCE

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

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

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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

None



CHAN TZE WEE Senior Manager, Investments & Investor Relations





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

WORKING EXPERIENCE

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

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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES **AND/OR LISTED ISSUERS**

AWARDS RECEIVED

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



LOW AY KEEAN Human Resource Manager









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 Keean is responsible for the full spectrum of human resource, office administration and information technology functions in ARMB. These encompass manpower, recruitment and selection, compensation and benefits, training, employee welfare, industrial relations matters and general office administration, as well as overseeing the information technology systems of ARMB.

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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS



SELINA KHOR Property Manager of Axis-REIT





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

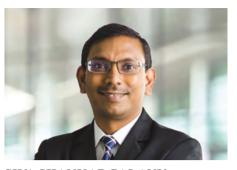
WORKING EXPERIENCE

Selina is the registered owner of Axis Property Services, 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 Axis Facilities Management Sdn Bhd ("AFM") in the provision of property management services to Axis-REIT. These range from property maintenance and management, to fit-out projects and enhancement

Selina has close to 40 years' experience in the property industry, having started at Rahim & Co Chartered Surveyors Sdn Bhd in 1982. She has held various roles including registered valuer, estate agent and property manager during her career before establishing Axis Property Services.

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES AND/OR LISTED ISSUERS

None



SIVA SHANKAR PALANY Head of Facilities Management Axis Facilities Management Sdn Bhd



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
- 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. 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



Key Management Profile

LOH YEN FERN

Head of Project Management Axis Facilities Management Sdn Bhd



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 has 25 years' experience in the construction and building industry in Malaysia, where she has specialised in project planning, management, and facilities

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

PRESENT DIRECTORSHIPS IN PUBLIC COMPANIES **AND/OR LISTED ISSUERS**

None

Other Disclosures

None of the key senior management personnel of ARMB has:

- 1. Any family relationship with any Director of ARMB and/or major shareholder of ARMB, and/or major unitholder of Axis-REIT:
- 2. Any conflict of interest with ARMB 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 FYE2021.

Driving Value Creation
Leadership that Creates Value
Financial Statements

About Our Report Who We Are and What We Do

COVID-19 - Moving Forward in the New Normal



When COVID-19 was declared a pandemic in 2020, Axis-REIT was quick to implement a 3-pronged response to address

the needs of our people, ensure business continuity for the Fund and our tenants, and provide assistance where it was most urgently needed. We sought to achieve sustainable outcomes by understanding and balancing the needs of our stakeholders with the mission of the Fund.

our priority has been the well-being and contractors. Towards this end. we implemented the necessary safety protocols as standard operating procedures ("SOPs") and personal protective equipment ("PPE") to our employees. Of equal urgency was the need to support business continuity for our tenants and the Manager amid unprecedented lockdown restrictions, which we achieved through the implementation of work from home and segregated office arrangements, as well as options for rental deferments and waivers on season car park rentals.

2021: ENHANCING THE RESPONSE

We had headed into 2021 with hopes for a recovery to 'business as usual', premised on plans for a national vaccination rollout, when a surge in domestic COVID-19 cases delayed such hopes. Fortunately, we were able to draw on the success of our 2020 COVID-19 Response, refining the

strategy to enable the Fund to move forward in the new normal. This entailed balancing adherence to SOPs and ensuring the safety of our stakeholders at all times, while leveraging on tools and technology to position the Fund for a strong post-pandemic recovery.

Towards this end, during 2021, we maintained our COVID-19 response and incorporated enhanced initiatives to move forward and embrace 'new normal' operating conditions. These enhancements included supporting the government's national vaccination programme by encouraging vaccinations (and subsequently vaccine boosters) for our employees and all visitors to our multi-tenanted properties and encouraging our single-tenant property occupants to do the same. We also implemented fortnightly testing, facilitated by the provision of home COVID-19 test kits to all staff, to improve the assurance of a safe working environment.

We continued to advocate business continuity, embracing innovative solutions to circumvent disruptions and movement restrictions. This included continuing the segregated working arrangements that we had initiated in 2020, placing our staff across three separate offices to reduce the number of persons physically present at each office location. We leveraged tech solutions to enable seamless experiences and uninterrupted operations, such as driving digital marketing campaigns through virtual inspections and real estate agent briefings, and further enhancing our 'Hello Axis' portal for continued improvement in tenant management and servicing. We also continued to support our tenants, contractors and service providers by maintaining constant communication to understand their needs and forge stronger relationships for better collaboration.

Recognising that the public healthcare system remained under tremendous strain amid a surge in domestic COVID-19 cases in mid-2021, the Manager stepped up to donate urgently-needed medical equipment and supplies for hospitals in the Klang Valley. Doubling the annual Corporate Social Responsibility ("CSR") allocation to RM200,000, Axis-REIT channelled the funds to IDEAS Community Projects and Projek #BangsaMalaysia's Hospital Emergency Fund, to provide assistance where it was most urgently needed in a transparent, effective and efficient manner.

SUMMARY OF COVID-19 RESPONSE INITIATIVES: 2020-2021

	2020			2021
Objectives	Initiatives	Enablers	2021 Focus & Enhancements	Enablers
Ensuring a Safe Working Environment	 Work- from-home arrangements Segregated office arrangements 	 Enforcement of National Security Council ("NSC") and Ministry of Health ("MOH") Guidelines & SOPs Provision of PPE Remote access & tech applications 	Improved Awareness & Assurance	 Encouraging vaccinations & boosters Provision of home COVID-19 test kits Compulsory fortnightly testing
Supporting Business Continuity	 Rental deferments Car park rental waiver 	 Internal risk monitoring Clear and consistent communications 	Business As Usual	 Leveraging more tech applications Virtual inspections Virtual agent briefings
Providing Community Support	Channeling of CSR allocations to public healthcare institutions	 CSR allocation Collaboration with Mercy Malaysia and	Heightened Support	 Doubled CSR budget Collaborations with IDEAS and Projek #BangsaMalaysia's Hospital Emergency Fund

OUTLOOK

At the time of writing, there remains much uncertainty, with concerns over the emergence of new COVID-19 variants. However, much of the world is looking to embrace the new normal, anticipating an environment where COVID-19 will be managed as an endemic disease. This will set the stage for the continued reopening of economic sectors and a sustainable economic recovery.

For Axis-REIT, we are optimistic in our outlook for industrial properties, and will continue to proactively manage our COVID-19 response to ensure the Fund is well-positioned to benefit from an economic recovery, and to capitalise on opportunities in the industrial real estate segment.

Driving Value Creation Leadership that Creates Value

About Our Report Who We Are and What We Do

Letter to Unitholders from the Chairman & CEO Financial Statements Additional Information

Despite the volatility in investor sentiment, the Fund successfully completed a Sukuk issuance as well as an equity private placement exercise. Collectively these exercises raised RM544.7 million for the Fund, building a war chest that puts us in a strong position to take advantage of near term development, acquisitive and enhancement opportunities. We attribute the success of these corporate exercises to investor confidence in the Fund – which reflects trust in the Fund's solid fundamentals, sound long-term strategies and strong management and

Key Operating & Financial Highlights

leadership.

Concluded acquisitions of 5 industrial properties for a total consideration of RM223.2 million, adding 908,678 sq. ft. of net lettable industrial space to the portfolio.

Achieved continued growth in revenue and net income in FYE2021. Revenue grew 6% to RM246.2 million, while realised net income rose 9% to RM136.2 million.

Declared a total DPU of 9.49 sen in FYE2021, which translates to a distribution yield of 4.9% (based on the Fund's closing Unit price as at 31 December 2021).

NAV per unit increased by 5% to RM1.55.

Successfully launched the Fund's 4th Sukuk, raising RM210.0 million.

Successfully completed the issuance and private placement of **188 million units**, raising gross proceeds of RM334.7 million.

Secured tenancy renewals for 1.75 million sq. ft. of space, with a 5.6% positive rental reversion.

Raised portfolio occupancy to 96% as at 31 December 2021 with a weighted average lease expiry of 5 years.

Advanced our ESG agenda with the enactment of Governance as Axis-REIT's 6th Strategic Pillar, the introduction of Human Rights & Labour Practices as a new sustainability matter and including Diversity & Inclusion as an enhanced matter.



2021 In Review: Building Resilience & Growth

As the world encountered continued disruptions and headwinds from the **COVID-19** pandemic through 2021, Axis-REIT's strong fundamentals delivered another year of resilience and growth.

Dear Unitholders,

On behalf of the Board of Directors of Axis-REIT, we are pleased to present the Fund's Integrated Annual Report for the financial year ended 31 December 2021.

The impact of the extension of pandemicrelated movement controls was manageable for Axis-REIT, as the Fund's industrial-centric portfolio and tenant profile were lessimpacted by movement control order ("MCO") restrictions than consumer-facing businesses. In fact, the protracted pandemic reiterated the need for resilient and efficient supply chains, which augured well for warehousing and logistics properties. The prolonged MCO also prompted businesses to review their working arrangements, which resulted in companies making decisions to right-size their

business space requirements and diversify their locations, benefitting smaller offices in satellite and secondary locations.

Against this backdrop, we were able to draw on our experience and successes of 2020, and focus on executing our strategic plans while managing the short-term operational challenges, with a view to achieve favourable long-term outcomes for all stakeholders.

We are pleased to report that the Fund turned in strong financial and operating metrics in FYE2021. Total revenue rose 6% to a record RM246.2 million, while realised net income rose 9% to RM136.2 million. Axis-REIT's balance sheet strength paved the way for continued growth of our property portfolio, with the Fund adding over 900,000 sq. ft. of net lettable area ("NLA") during the year, extending its leadership in the industrial space

PORTFOLIO HIGHLIGHTS

Axis-REIT's reputation, operational expertise and financial strength enable the Fund to capitalise on a broad range of opportunities in portfolio building efforts. These enable the Manager to leverage on the Fund's strengths and considerable appetite to seek significant acquisitive and development targets to enhance its portfolio and extend its leadership in the industrial real estate space. This has been particularly useful in the current environment where the acceleration of e-commerce and the need for supply chain enhancements have driven interest and demand for warehouse and logistics industrial properties.

On the supply side, the pandemic has also prompted more businesses to adopt asset-light models, leading to increased divestments of real estate assets. This has presented listings of sizeable and attractive industrial properties on the market that would otherwise have remained privately-held.

Amid this backdrop, we are excited to have announced Axis-REIT's fourth development project, which will be carried out over the FYE2022 and FYE2023 periods. The RM130 million project involves the redevelopment of Axis-REIT's recently acquired Bukit Raja Distribution Centre 2 into a 620,096 sq. ft. warehouse. Shopee Express Malaysia Sdn Bhd ("Shopee Express") has signed a 15-year lease on this upcoming development. The project is a milestone for the Fund, not only as our largest development to-date in terms of size, but also because it presents exposure to the fast-growing e-commerce sector with a leading regional e-commerce player. The project will also be our first development project involving significant reconstruction and refurbishment of an existing asset in our portfolio.

During the year, the Fund had also concluded 5 property acquisitions for a total consideration of RM223.2 million, bringing the portfolio to 58 properties. The 5 properties complement our existing industrialfocussed portfolio, adding 908,678 sq. ft. of net lettable industrial space to our Johor and Klang Valley portfolios, raising our total space under management to 11.4 million sq. ft. as at 31 December 2021.

Our Asset Enhancement Initiatives ("AEIs") enable us to preserve and enhance our properties through structural, mechanical and aesthetic upgrades and refurbishment. During 2021, we invested RM19.4 million in AEIs across our portfolio of existing assets and we are pleased to note that most of our AEIs incorporated sustainability elements such as the installation of energy and water efficient fittings to optimise cost savings and reduce the Manager's environmental footprint.

Looking ahead, the Fund will continue to seek and pursue acquisitive and development opportunities, focusing on logistics and manufacturing facilities with long leases and strong covenants, welllocated warehousing that supports last-mile distribution, as well as offices, business parks and industrial properties with potential for future redevelopment and enhancement.

Who We Are and What We Do

About Our Report

Additional Information

OPERATIONS REVIEW

Axis-REIT has and continues to attract and retain a strong tenant profile. Our current tenant list comprises multi-national and large local companies. The Fund's branding, strategic portfolio and ability to deliver comprehensive business space solutions and services also continues to drive renewals and draw new tenancies as well as high tenant satisfaction scores.

During FYE2021, Axis-REIT successfully secured renewed tenancies for 1.75 million sq. ft. of space. These efforts, along with new property acquisitions, raised the Fund's portfolio occupancy to 96% and secured a 5.6% positive rental reversion across the portfolio.

FINANCIAL HIGHLIGHTS

Axis-REIT's investment and operational performance is reflected in the Fund's strong financial results for FYE2021. Revenue increased by 6% year-on-year ("yoy") to RM246.2 million, while realised net income rose by a stronger 9% vov to RM136.2 million, driven by incremental income from newly-acquired properties in 2020 and 2021, improved occupancy rates, positive rental reversions and lower property operating costs.

The Fund declared a total Distribution per Unit ("DPU") of 9.49 sen for FYE2021, up 8.5% yoy. This translates to a competitive distribution yield of 4.9% based on the Fund's closing Unit price as at 31 December 2021.

Axis-REIT's balance sheet remains strong, with net assets at RM2.5 billion after the successful equity placement and Sukuk issuances in FYE2021. As at 31 December 2021, Axis-REIT's financing ratio stood at 30.9%, comfortably below the statutory limits, allowing the Fund to capitalise on suitable acquisitive and development opportunities as and when they arise. Net Asset Value ("NAV") per Unit increased by 5% to RM1.55, and the Fund closed the year trading at a 25% premium to its NAV.

RISK MANAGEMENT & SUSTAINABILITY

We believe the impact of the pandemic will continue to be a key risk factor at a macroeconomic level in the near term, and this will warrant continued monitoring. The Manager has always taken a comprehensive approach to identify and understand financial and non-financial risks and how they influence the Fund in the short, medium and long term. Towards this end, we periodically conduct materiality assessments to evaluate our risk priorities and ensure our risk framework is up-to-date and commensurate with the broader macroeconomic and operating environment.

Following the unprecedented events of the last two years, we conducted a new materiality assessment in FYE2021 to review our position and priorities amid the fluid landscape. The assessment concluded that Economic Performance remained our top priority, while Occupational Health & Safety recorded a notable increase in importance amid the ongoing pandemic. Cybersecurity & Data Protection was also flagged

as a heightened risk matter amid the increasing application and dependence on technology in our day-to-day operations.

INTEGRATING ESG CONSIDERATIONS IN OUR BUSINESS STRATEGY

With ESG awareness on the rise, we have seen an accelerated push for companies and businesses to disclose and measure their environmental, social and governance impacts. For Axis-REIT, we have embraced the need to approach and assess our business and operations in a holistic and comprehensive manner, to ensure long term sustainability and value creation.

Towards this end, we continually review our business strategy and ensure we increasingly incorporate impactful ESG considerations with meaningful targets and milestones. These strategies and goals are mapped into our business and operating strategies to ensure they are aligned with our economic goals.

In FYE2021, we enacted Governance as Axis-REIT's 6th Strategic Pillar, to uphold the rules, responsibilities and procedures of the Manager, and to safeguard our integrity, ethics and cybersecurity practices.

During the year, the Manager expanded its ESG matters with the addition of Human Rights & Labour Practices as a new sustainability matter, to protect the rights of our employees and ensure fair labour practices throughout our value chain. We also introduced Diversity & Inclusion as an enhanced matter to strengthen the foundation of our business and emphasise fair treatment and equal opportunities for every employee. We enhanced our Cybersecurity framework, establishing new information technology ("IT") Guidelines to improve data integrity and confidentiality, and to ensure business continuity. We also formulated a Cyber Hygiene Checklist as prescribed by the SC.

On the ground, we continued to increase our emphasis on sustainability considerations across our operations. To complement our on-going energy and water efficiency initiatives that have been in place since 2019 and 2020 respectively, we implemented enhanced waste management efforts in 2021, tracking the volume of waste generated as a first step towards establishing waste reduction targets.

For our investment activities, we enhanced the sustainability assurance of our acquisition strategy by implementing an initial due diligence assessment scoring system in our asset acquisition process. We also raised the bar for our vendors by including assessments on compliance with our Supplier Code of Conduct and adoption of ESG/sustainability practices in our annual vendor evaluation process.

Through these enhancements, we refined our focus to not only direct our efforts to these issues but to better communicate our priorities to our stakeholders, and ensure commitment and application of ESG matters in our business strategies as well as across our value chain.

2022 OUTLOOK AND STRATEGY

The world appears to be adapting to living with COVID-19 as the "new normal", as higher vaccination rates have reduced the severity and fatality rates of the disease, and as medical treatments have improved patient outcomes.

We have entered 2022 on stronger fundamentals, with Malaysia's GDP expected to build on the recovery of 2021 and stage stronger growth in the coming year. Official forecasts peg the country's GDP growth at between 5.5% and 6.5%, driven by the reopening of economic sectors and a recovery in external demand. Malaysia's economy also stands to benefit from a recovery in commodity prices, improved labour market conditions and the implementation of infrastructure projects with high multiplier effects.

There are still downside risks – in particular, associated with the unpredictable nature of the pandemic, as well as normalising global interest rates and decelerating growth in China - which could potentially weigh on a global recovery. Having said that, we are, on balance, optimistic in our outlook for the Fund in the coming year.

Our strategy will continue to focus on building resilience in our operations, financials and ESG matters. We will achieve this through:

- Leaning on our strengths to capitalise on opportunities that will extend our leadership in the industrial space segment, including evaluating redevelopment opportunities in property developments and acquisitions;
- 2 Collaborating with our tenants to implement effective and impactful AEIs to meet their requirements and needs while maintaining capital discipline:
- 3 Ensuring an optimal and efficient capital structure, closely monitoring profit rate movements and maximising the efficiency of cash flows to ensure the Fund has sufficient headroom for operational and expansion activities; and
- 4 Advancing our ESG agenda across all our activities, including through our physical assets (by ensuring the environmental sustainability of our buildings and properties towards achieving Green Building Standards) and governance (by ensuring commitment to our ESG matters internally and across our value chain), and exploring the possibility of sustainable financing options.

ACKNOWLEDGEMENTS & APPRECIATION

On behalf of the Board, we would like to thank our employees for their continued efforts in adapting and persevering through these challenging times. Axis-REIT's performance in the last 2 years is testament to the team's commitment and dedication. We also wish to express our gratitude to our tenants, suppliers, real estate agents and community partners for the continued collaboration that has allowed us to attain mutually beneficial outcomes.

We are also appreciative for the recognition from industry and media partners for following awards in 2021:

- The Edge Billion Ringgit Club 2021
- Highest Growth in Profit After Tax over Three Years (REIT Category)
- The Edge Billion Ringgit Club 2021

Highest Returns to Shareholders over Three Years (REIT Category)

- The Asset ESG Corporate Awards 2021 Gold Award
- MIRA Investor Relations Awards 2021 Best Company for IR (Mid Cap)
- MIRA Investor Relations Awards 2021 Best IR Professional (Mid Cap) - Chan Tze Wee
- **PwC Malaysia Building Trust Awards 2021** Finalist (FBM Mid 70 Index)

Axis-REIT's continued resilience and growth demonstrates the Manager's ability to stay the course and deliver on the Fund's mission and targets while effectively managing short-term disruptions. It reflects the Fund's solid foundations and sound strategies, as well as the Manager's ability to capitalise on these strengths to benefit all stakeholders.

We look forward to 2022 on better footing, which sets the stage for stronger growth in the years ahead, as we continue to build for the long-term and position the Fund for sustainable value creation.

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin Chairman

31

Leong Kit May

Chief Executive Officer/Executive Director

16 February 2022

Who We Are and What We Do Driving Value Creation

Leadership that Creates Value Financial Statements

CEO'S REVIEW



FYE2021.

Axis-REIT continued to demonstrate resilience and growth through 2021 despite the challenges posed by protracted pandemic conditions during the year.

WHILE THE BROADER MACROECONOMIC **ENVIRONMENT WAS** CHALLENGING, THERE WERE **OPPORTUNITIES THAT EMERGED** FOR THE INDUSTRIAL REAL **ESTATE SEGMENT. THESE INCLUDED A RECOVERY IN** MALAYSIA'S MANUFACTURING SECTOR, LOCALISATION AND/ OR DIVERSIFICATION OF SUPPLY CHAINS, AS WELL AS CONTINUED **GROWTH IN E-COMMERCE,** WHICH COLLECTIVELY UNDERPINNED DEMAND FOR **QUALITY MANUFACTURING AND** LOGISTICS WAREHOUSE ASSETS.

Concurrently, there was also an uptick in interest for decentralised office space, to the benefit of owners of office assets in suburban Kuala Lumpur, as market data showed a marginal increase in occupancy rates for offices in the Outer Kuala Lumpur¹ area as at the third quarter of 2021. More importantly, the prolonged lockdown also prompted companies to review their operating strategies, including taking decisions to rightsize their operations and adopt assetlight operating models. This, in turn, created investment opportunities for unique, sizeable industrial assets.

Details of our ESG progress are available in the Driving Value Creation section on pages 66 to 133 of this Report.

our ESG considerations in a sustainable manner.



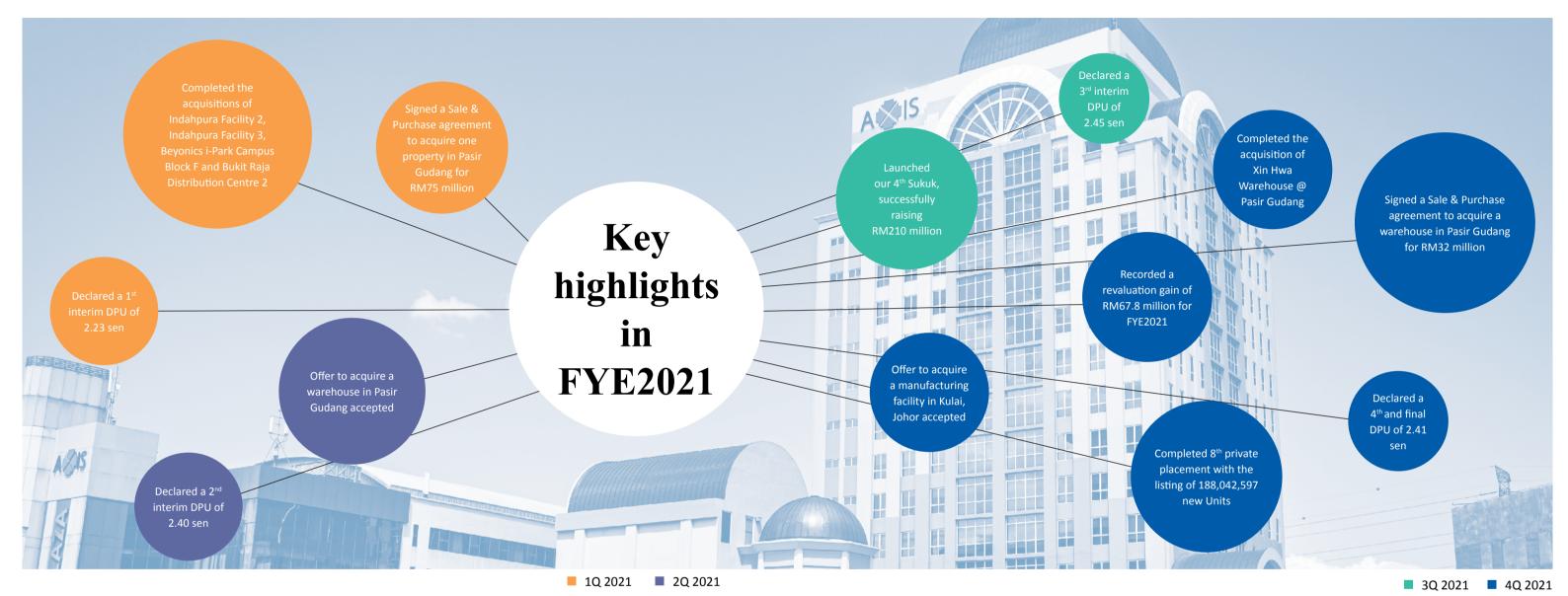
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Manager's Discussion and Analysis

Manager's Discussion and Analysis

About Our Report Who We Are and What We Do

Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

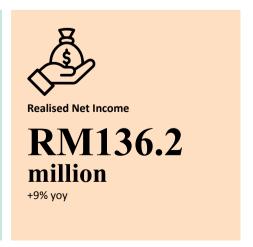


RESULTS HIGHLIGHTS FOR FYE2021

Our key performance indicators reflect steady growth and business performance despite the challenges and uncertainties during FYE2021.







9.49sen +8.5% yoy
Cost of Financing
3.63% p.a.



Who We Are and What We Do Driving Value Creation Leadership that Creates Value

Financial Statements Additional Information

About Our Report

FINANCIAL REVIEW

2021 was another challenging year, but we are pleased to report strong financial results and a positive outlook for Axis-REIT.

Despite the uncertain and challenging macroeconomic backdrop, Axis-REIT recorded continued growth throughout the year. The Fund saw improvements in revenue and net property income, which grew 6% and 7.2% yoy respectively, to RM246.2 million (FYE2020: RM232.2 million) and RM212.9 million (FYE2020: RM198.5 million). The Fund's total income distribution rose 9.3% to RM138.0 million (FYE2020: RM126.2 million) while full year DPU for FYE2021 increased by 8.5% to 9.49 sen. This translates to an attractive distribution yield of 4.9%, based on Axis-REIT's closing Unit price of RM1.94 on 31 December 2021.

The Manager continues to be disciplined in selecting the right, yield-accretive acquisition targets that lift earnings and capital growth. During the year, the Fund completed 5 property acquisitions for a total purchase consideration of RM223.2 million. These properties were immediately income-generating, contributing to Axis-REIT's FYE2021 income as soon as the acquisitions were concluded. The Fund's investment properties also recorded an unrealised revaluation gain of RM67.8 million for FYE2021, which reflects the quality of the Fund's portfolio and the strength of its underlying performance.

Revenue	(RM'000)		Net property in	come (RM'000)	Rea	alised net in	come (RM'000)	
232,234	246,	195	198,518	212,881	124	,938	136,211	
FYE2020	FYE2	021	FYE2020	FYE2021	FYE	2020	FYE2021	
Inc	come distrib	ution (RM'00	00)	DPU (sen)				
126,20)3	13	37,985	8.75 s	en	9.	.49 sen	
FYE2020			FYE2021	FYE2020			FYE2021	

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

Summary of Results

	2017	2018	2019	2020	2021
Total Revenue (RM'000)	172,715	210,588	222,464	232,234	246,195
Property Operating Expenses (RM'000)	(26,512)	(27,827)	(30,756)	(33,716)	(33,314)
Net Property Income (RM'000)	146,203	182,761	191,708	198,518	212,881
Profit and Other Income (RM'000)	984	725	1,434	875	804
Changes in Fair Value of Investment Properties (RM'000) *	25,441	35,607	94,064	10,796	63,197
Net Gain/(Loss) on Financial Liabilities measured at amortised cost ** (RM'000)	1,163	3,687	(2,348)	(428)	(1,705)
Net Loss on Disposal of Investment Properties (RM'000)	(419)	-	-	-	-
Fair Value Change on Derivatives (RM'000)	206	(306)	(933)	(905)	1,746
Net Property and Investment Income (RM'000)	173,578	222,474	283,925	208,856	276,923
Non-Property Expenses (RM'000)	51,018	63,026	70,474	66,285	72,884
Net Income before Taxation (RM'000)	122,560	159,448	213,451	142,571	204,039

	2017	2018	2019	2020	2021
Breakdown of Net Income after Taxation:	2017	2018	2013	2020	2021
- Realised Income after Taxation (RM'000)	90,796	113,442	115,179	124,938	136,211
- Unrealised Income after Taxation (RM'000)	31,764	41,537	94,059	17,126	64,153
Income Available for Distribution (RM'000)	92,668	108,011	116,872	126,390	138,224
Earnings per Unit (Realised + Unrealised) ("EPU") (sen)	10.97	12.57	16.61	9.86	13.80
Income Distribution (RM'000)	92,457	107,825	116,752	126,203	137,985
Distribution Per Unit ("DPU") (sen)	8.26	8.74	9.26	8.75	9.49
Distribution Yield (based on closing market price on 31 December) (%)	5.51	5.60	5.23	4.31	4.89
EPU Yield (based on closing market price on 31 December) (%)	7.31	8.06	9.38	4.86	7.11
Management Expense Ratio ("MER") (%)	1.31	1.30	1.29	1.27	1.25
Annual Total Return *** (%)	(1.70)	9.83	19.40	19.63	0.24
Average Total Return (3 years) (%)	(1.08)	3.78	9.18	16.29	13.09
Average Total Return (5 years) (%)	5.31	7.37	5.20	10.07	9.48

After offsetting unbilled lease income receivables.

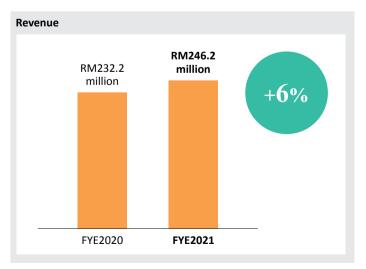
Unrealised gain/(loss) on discounted tenants' deposits received in compliance with MFRS 139.

Based on movements in the Unit price and DPU yield.

Revenue: Increased by RM14.0 million (+6%) to RM246.2 million

Axis-REIT's earnings remained resilient, with top line growth accelerating to 6% in FYE2021, lifting the Fund's revenue to RM246.2 million (FYE2020: RM232.2 million).

Growth was driven by incremental revenue from the 5 new property acquisitions that were concluded in FYE2021, as well as full-year revenue contributions from the properties that were acquired in FYE2020. Improved occupancy rates as well as a 5.6% positive rental reversion across the portfolio also lifted rental income during FYE2021.



Revenue composition: Rental income accounted for 96.5% of total revenue

Rental income accounted for RM237.7 million or 96.5% of total revenue. while the balance was derived from car park income and other income.

Our car parks serve our tenants for long-term (season) parking and visitors for hourly parking. The Fund's car park income fell 11.7% yoy to RM4.1 million during FYE2021, mainly due to a drop in the number of visitors to our multi-tenanted properties during the MCO.

Who We Are and What We Do

• BUILDING OUR RESILIENCE

Driving Value Creation
Leadership that Creates Value
Financial Statements
Additional Information

About Our Report

Manager's Discussion and Analysis

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Rental income	159,491	199,527*	211,475*	224,001*	237,669*
Car park income	7,817	5,890	6,355	4,615	4,075
Other income	5,407	5,171	4,634	3,618	4,451
Total	172,715	210,588	222,464	232,234	246,195

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

Property Operating Expenses: Marginally lower due to the absence of one-off costs

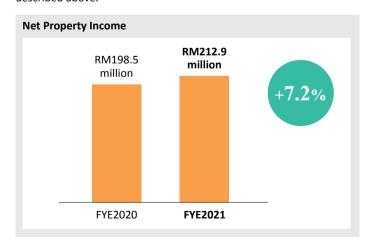
Despite the growth of the Fund's portfolio, property operating expenses incurred during FYE2021 declined slightly, by RM0.4 million or 1.2%, from a year earlier. The decline was due to the absence of one-off costs of close to RM1.0 million incurred during FYE2020 to repair a retaining wall that had collapsed and damaged the driveways of two properties in our portfolio.

Since the start of the pandemic, the Manager has stepped up preventive measures at multi-tenanted properties, raising the frequency of cleaning and utilising anti-viral and anti-bacterial cleaning products. These measures have remained in place, keeping the Fund's maintenance costs marginally elevated, though not by a material amount.

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Assessment and quit rent	5,072	5,407	5,495	6,203	7,039
Property Manager's fee and on-site personnel costs	5,905	6,900	7,633	8,221	8,467
Security	1,981	2,305	2,742	3,147	2,903
Takaful	1,168	1,521	1,393	1,451	1,447
Maintenance and others	12,386	11,694	13,493	14,695	13,458
Total	26,512	27,827	30,756	33,716	33,314

Net Property Income: Up 7.2%, outpacing top line growth

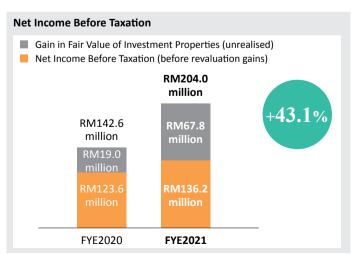
Net property income for FYE2021 amounted to RM212.9 million, up 7.2% from a year earlier, outpacing top line growth following a slight expansion in margins due to the reduction in property costs as described above.



Net Income Before Taxation: RM61.4 million higher, lifted by unrealised revaluation gains

Axis-REIT's net income before taxation for FYE2021 jumped 43.1% from a year earlier, to RM204.0 million.

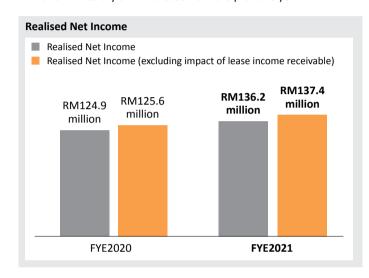
The jump was underpinned by an unrealised revaluation gain of RM67.8 million on the Fund's portfolio of 58 properties as at 31 December 2021, which reflects the quality of the Fund's portfolio and the strength of its underlying performance.



Realised Net Income Up 9% at RM136.2 million

Axis-REIT's realised net income after taxation, including the impact of lease incentive adjustments pursuant to MFRS16, rose 9% to RM136.2 million.

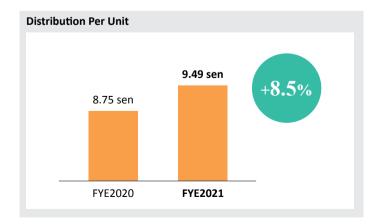
Excluding the lease incentive adjustments, net income for FYE2021 would have amounted to RM137.4 million against RM125.6 million in FYE2020 – a healthy 9.4% increase from the previous year.



DPU: 9.49 sen, translating to an attractive distribution yield of 4.9% Axis-REIT's net distributable income for FYE2021 rose to RM138.2 million, and the Fund undertook to distribute RM138 million, representing a 99.8% payout ratio.

Despite the enlarged number of Units in issue following the placement exercise implemented at the end of FYE2021, the Fund's distribution for FYE2021 amounted to 9.49 sen per Unit, exceeding FYE2020's DPU (8.75 sen per Unit) by 8.5%.

Based on Axis REIT's closing Unit price of RM1.94 on 31 December 2021, FYE2021's DPU translated to a commendable distribution yield of 4.9%.



The application of the Income Distribution Reinvestment Plan ("IDRP") in conjunction with the payment of the final DPU in FYE2020 ("2020 IDRP") was successfully completed in March 2021. Pursuant to the 2020 IDRP, a total of 4,150,222 IDRP Units were issued and listed on Bursa Securities on 12 March 2021. Consequently, the total number of Axis-REIT Units in issue increased from 1,442,331,296 to 1,446,481,518 post the completion of the 2020 IDRP. The Fund retained RM11.7 million in capital from the 2020 IDRP, which was deployed towards AEIs of its property portfolio.

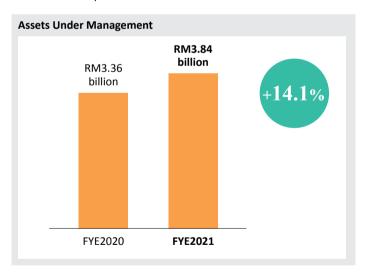
While the Fund has consistently implemented successful IDRPs for its distributions since 2011, there was no IDRP option for distributions declared during FYE2021. This was to accommodate the equity placement exercise that was concluded in December 2021. Having successfully completed the exercise, the Manager intends to resume the Fund's IDRP programme offering in FYE2022.

FINANCIAL POSITION

Total Assets: Up 14.1% yoy to RM3.84 billion

Axis-REIT maintained a strong financial position and a healthy balance sheet that positions the Fund for growth in the years to come.

Continued investments in the portfolio, together with appreciation in the fair value of its investment properties, lifted the Fund's total assets to RM3.84 billion as at 31 December 2021 – an increase of 14.1% from RM3.36 billion a year earlier.



39

Additional Information

41

About Our Report Who We Are and What We Do

Portfolio Yield: Average net yield stable at 7.5%

Rental yields for the Fund's portfolio remained fairly stable, with average gross and net yields of 8.7% and 7.5% respectively during FYE2021.

Hypermarkets garnered the highest yields, topping the portfolio with a net yield of 8.2%, followed by Logistics Warehouse properties at 8.1% and Manufacturing Facilities at 7.6%.

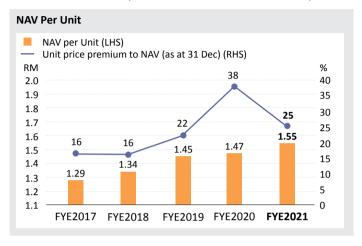
Yields for the Office segment held steady as well, with gross and net yields at 8.4% and 5.9% respectively, despite the challenging business environment.

	Portfolio	Yield (%)
Asset Type	Gross	Net
Office	8.4	5.9
Office/Industrial	8.9	6.8
Logistics Warehouse	9.0	8.1
Manufacturing Facility	8.4	7.6
Hypermarket	8.8	8.2
Average	8.7	7.5

NAV Per Unit: RM1.55 as at 31 December 2021

The Fund's NAV rose to RM2.5 billion as at 31 December 2021, up 19% from a year earlier, translating to an NAV per Unit of RM1.55.

Based on Axis-REIT's closing Unit price of RM1.94 as at 31 December 2021, the Fund traded at a 25% premium to its NAV at the close of the year.



Summary of Performance

	2017	2018	2019	2020	2021
Total Asset Value (RM'000)	2,549,609	2,840,463	3,085,681	3,364,083	3,838,760
NAV before final income distribution (RM'000)	1,591,136	1,664,081	2,078,764	2,123,004	2,527,321
NAV per Unit before final income distribution					
- As at 31 December (RM)	1.29	1.34	1.45	1.47	1.55
NAV after final income distribution (RM'000)	1,579,798	1,633,768	2,062,976	2,090,552	2,491,747
NAV per Unit after final income distribution					
- As at 31 December (RM)	1.28	1.32	1.44	1.45	1.52
Units in Circulation ('000 units)	1,232,327	1,237,285	1,435,250	1,442,331	1,634,524
- Lowest NAV per Unit during the year	1.25	1.29	1.33	1.46	1.46
- Highest NAV per Unit during the year	1.29	1.34	1.45	1.48	1.55
Market Value per Unit - As at 31 December (RM)	1.50	1.56	1.77	2.03	1.94
Highest Traded Price for the year (RM)	1.72	1.59	1.99	2.25	2.11
Lowest Traded Price for the year (RM)	1.45	1.19	1.55	1.66	1.81

Portfolio Valuation: 58 Properties valued at RM3.6 billion

During FYE2021, Axis-REIT invested RM223.2 million to conclude 5 property acquisitions that raised the Fund's count to 58 properties with a total NLA of 11.4 million sq. ft. as at 31 December 2021 – up from 53 properties with an NLA of 10.5 million sq. ft. a year earlier.

Axis-REIT's property portfolio is revalued annually in compliance with the SC's Guidelines on Listed REITs and MFRS140. Any increase or decrease in fair value is charged to the Statement of Profit or Loss as a net appreciation or depreciation on the revaluation of investment properties. For FYE2021, the independent valuation conducted on our investment properties valued the portfolio at RM3.6 billion, which included a revaluation gain of RM67.8 million for the year.

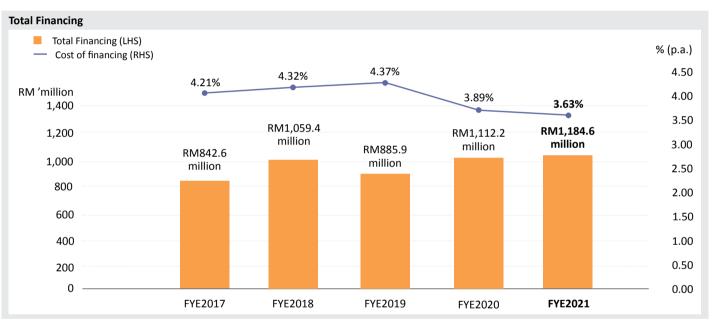
	2017	2018	2019	2020	2021
No. of properties	40	45	48	53	58
NLA ('million sq. ft.)	8.1	9.3	9.5	10.5	11.4
Portfolio carrying value before revaluation (RM million)	2,451.8	2,755.9	2,889.0	3,261.2	3,546.4
Portfolio carrying value after revaluation (RM million)	2,482.2	2,798.5	2,990.6	3,280.2	3,614.2
Unrealised gain (RM'000)	30,395	42,558	101,553	18,966	67,787
Portfolio Total Investment Outlay (including enhancements) (RM million)	2,151.0	2,424.8	2,515.3	2,786.0	3,052.2
Accumulated Revaluation Gain (RM million)	331.2	373.7	475.3	494.2	562.0

Financing Profile

	2017	2018	2019	2020	2021
Total financing (RM'000)	842,594	1,059,367	885,859	1,112,183	1,184,593
Total assets (RM'000)	2,549,609	2,840,463	3,085,681	3,364,083	3,838,760
Financing ratio	33.0%	37.3%	28.7%	33.1%	30.9%
Cost of financing (p.a.)*	4.2%	4.3%	4.4%	3.9%	3.6%
Percentage of short-term financing	71%	77%	43%	55%	47%
Percentage of medium- and long-term financing	29%	23%	57%	45%	53%
Total unencumbered assets	15	19	16	25	19
Percentage of unencumbered assets over total assets	27%	28%	27%	44%	29%

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

Total Financing: RM1.18 billion in Committed Financing Facilities



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

As at 31 December 2021, the Fund had committed financing facilities amounting to RM1.18 billion (FYE2020: RM1.11 billion), with a financing ratio of 30.9% (FYE2020: 33.1%).

The 5 property acquisitions concluded in FYE2021 were fully financed utilising existing banking facilities.

In order to take advantage of the current low interest rate environment, the Manager locked in financing rates to rebalance the Fund's financing facilities in favour of fixed rate facilities. Consequently, the Fund's proportion of fixed rate facilities has risen, from 53% of the total financing facilities as at end-FYE2020, to 64% as at end-FYE2021. This was aimed at protecting the Fund against adverse financing rate movements and ensuring the stability of income and distributions to Unitholders.

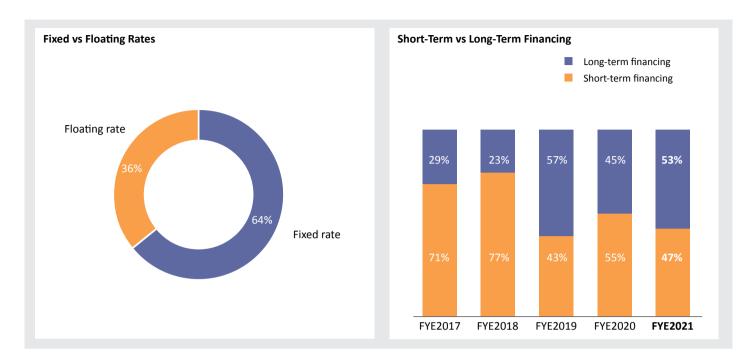
During the year, the Manager also sought to increase the Fund's exposure to long-term financing, shifting the Fund's ratio of short to medium/ long term financing to 47:53 as at 31 December 2021, from 55:45 a year earlier. This was, in part, achieved through our 4th Sukuk issuance (which raised RM210 million in 7-year and 10-year unrated Islamic Medium Term Notes) that was used to refinance existing short-term financing facilities.

In line with our prudent capital management strategy, we undertook our 8th private placement exercise during FYE2021. The placement exercise saw the issuance of 188 million new Units at an issue price of RM1.78 to various institutional funds. The placement exercise was completed in December 2021 raising gross proceeds of RM334.7 million, which were utilised to pare down the Fund's existing financing facilities and to provide headroom for future acquisitions and development.

About Our Report

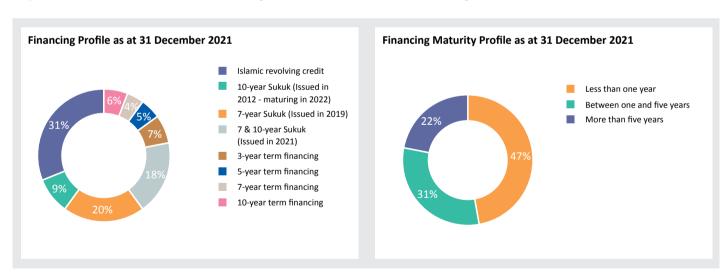
Leadership that Creates Value Additional Information

Who We Are and What We Do



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 the Fund's balance sheet is robust and well-prepared for any unexpected challenges and opportunities.

As at 31 December 2021, our financing portfolio (before incidental costs of financing) consisted of RM560.0 million in Sukuk issuances (7-year and 10-year tenures), RM260.8 million in term financing facilities and RM365.5 million in revolving credit facilities.



Financing Ratio: Lower at 30.9% as at 31 December 2021

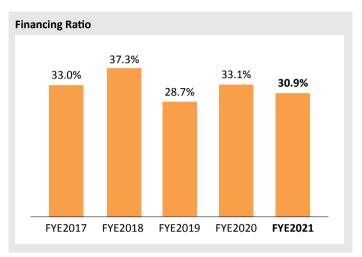
Axis-REIT continues to adopt a prudent financial strategy, keeping its financing ratio well below the limits prescribed by the SC's Guidelines on Listed REITs.

As at 31 December 2021, the Fund's financing ratio stood at 30.9%, down from 33.1% a year earlier.

The Fund's relatively low financing ratio paves the way for further acquisitions and growth as it gives the Fund headroom to take on a further RM734.8 million in financing facilities before the financing ratio breaches the 50% limit set by the SC.

It is also worth noting that during 2020, the SC had announced a temporary increase in the financing ratio for REITs, raising the cap to 60% until 31 December 2022.

The Fund's cost of financing stood at 3.6% p.a. and all financing facilities are secured by properties.



Liquidity and Credit Position

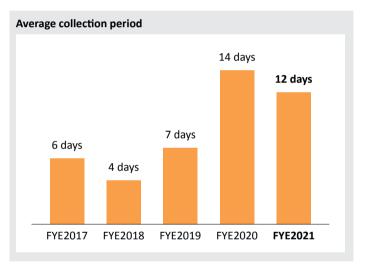
As at 31 December 2021, the Fund's cash balances and short-term Islamic deposits amounted to RM196 million. Of this, RM137 million is the balance of proceeds from the equity placement exercise that was concluded in December 2021. The proceeds have been placed in Islamic deposits with licensed banks, pending the redemption of shortterm financing in January 2022. Along with committed but undrawn financing facilities amounting to RM465 million, the Fund has sufficient liquidity to satisfy its working capital and operating requirements, and to support portfolio growth. The Fund's financing facilities feature well-staggered maturities over the coming 10 years with an average maturity of 3.5 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.

For FYE2021, the Fund's average collection period remained at a manageable 12 days, while trade receivables amounted to RM8.1 million as at 31 December 2021, with part of the outstanding payments subsequently collected in January and February 2022.

Our stringent approach to tenant and credit risk management has kept impairments on trade receivables to a minimum. In FYE2021, the Fund recorded an impairment loss on trade receivables of RM44,000, which is equivalent to less than 0.02% of the Fund's total annual gross revenue. This excellent result stems from a keen focus on receivables and well-established internal credit control processes.



Impairment Losses on Trade Receivables	2017 (RM'000)	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)
Impairment losses on trade receivables/bad debts written off/(written back)	(369)	215	(26)	70	44
Trade receivables	2,628	4,630	4,207	8,379	8,107
Total annual gross revenue	167,761	197,241	216,005	224,712	242,747
Impairment losses on trade receivables/bad debts written off as a % of gross revenue	-	0.11	-	0.03	0.02
Average collection period (in days)	6	4	7	14	12

About Our Report

Driving Value Creation
Leadership that Creates Value
Financial Statements
Additional Information

45

Unit Price Performance & Annual Return Highlights

Axis-REIT's Unit price continued to outperform the FTSE Bursa Malaysia-Kuala Lumpur Composite Index ("KLCI") in 2021, lifted by a similar theme as in 2020 – namely, investors' preference for defensive and dividend-bearing stocks amid the ongoing uncertainties arising from the COVID-19 pandemic.

Economic activity was observed to have picked up in the 4th quarter of 2021, when most states in the country were operating at the least restrictive phase of the National Recovery Plan. Bank Negara Malaysia ("BNM") had not implemented any changes in the Overnight Policy Rate ("OPR") throughout 2021. Hence, the country had maintained a low interest rate environment at the prevailing rate of 1.75% at the close of 2021.

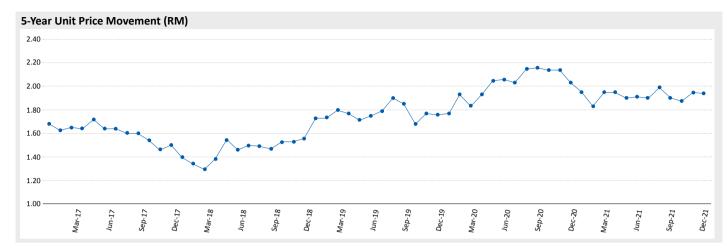


Unit Price and Volume Overview

Opening Unit Price	RM2.10	4 January 2021
Closing Unit Price	RM1.94	31 December 2021
Highest Traded Price	RM2.11	4 January 2021
Lowest Traded Price	RM1.81	4 March 2021
Number of Unitholders	10,521	31 December 2021
Number of Unitholdings	1,634,524,115	31 December 2021

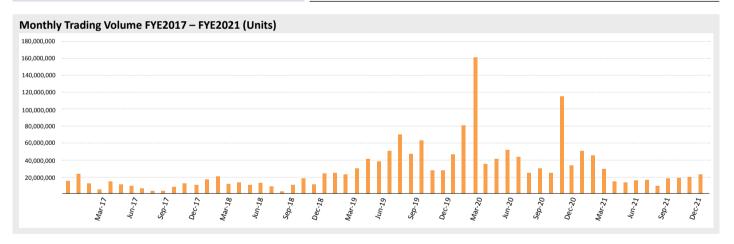
5-Year Unit Price Performance Highlights

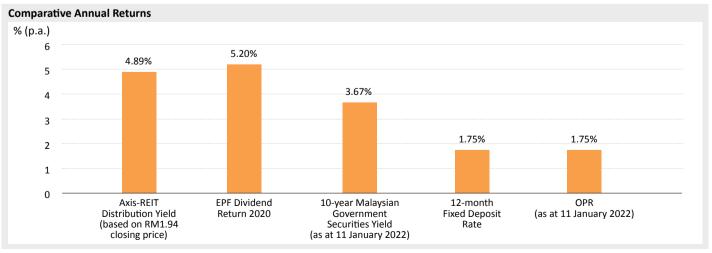
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	2017	2018	2019	2020	2021
Closing Unit Price as at 31 December (RM)	1.50	1.56	1.77	2.03	1.94
High (RM)	1.72	1.59	1.99	2.25	2.11
Low (RM)	1.45	1.19	1.55	1.66	1.81
NAV (RM)	1.29	1.34	1.45	1.47	1.55
Market Capitalisation (RM'000)	1,848,490	1,930,165	2,540,393	2,927,933	3,170,977



Transaction Volume Highlights 2021

Total Trading Volume	271,079,600	Not applicable
Average Monthly Volume	22,589,967	Not applicable
Highest Monthly Volume	50,502,000	January 2021
Lowest Monthly Volume	8,822,600	August 2021





Axis-REIT continued to deliver robust returns to Unitholders, with cumulative DPU for FYE2021 amounting to 9.49 sen. This translates to a distribution yield of 4.9% based on the closing Unit price of RM1.94 as at 31 December 2021.

Driving Value Creation
Leadership that Creates Value
Financial Statements
Additional Information

OPERATIONS REVIEW

Portfolio Overview

Portfolio Size

58 properties

Number of Tenants 152

Total Space Under Management 11,374,703 sq. ft.

Occupancy 96%

The management of Axis-REIT's portfolio is the heart of the Fund's operations. The Manager ensures the properties provide conducive business space solutions for our tenants, and in so doing, generates income and growth for the Fund.

Over the years, we have built a portfolio of superior industrial and office properties, situated in strategic locations. Coupled with our operational expertise, the Fund has attracted an impressive tenant profile and established itself as a leading industrial REIT in Malaysia. We continue to lean on these strengths to grow our portfolio, and also to retain and attract new tenants. We also strive to understand emerging industry trends, as well as our tenants' changing needs, to ensure the relevance of our portfolio and solutions.

This has been particularly important in the current environment, as the fluid macroeconomic environment, rapid growth in e-commerce and the need for supply chain enhancements have driven demand for strategically located, warehouse and logistics properties.

In addition to preserving and enhancing our properties to attain high levels of tenant satisfaction and retention, we have also sought to further embrace the "new normal", which has involved leveraging on technology to circumvent disruptions of the COVID-19 pandemic. We are also stepping up our ESG agenda, incorporating more sustainability considerations into our day to day operations, which not only serves Axis-REIT's own sustainability targets, but also those of our stakeholders. Such initiatives include:

- (i) expansion of our digital marketing campaigns, increasing virtual property viewings and agent briefings to carry on business as usual while minimising the need for face-to-face meetings; and
- (ii) incorporating more ESG considerations into our operations and portfolio, including retrofitting energy and water fixtures into our existing properties as part of ongoing AEIs, as well as initiating waste management monitoring efforts. We are also working to ensure our ESG agenda extends across our supply chain, which will include requiring our suppliers to comply with our sustainability matters.

Against this backdrop, we are pleased to report strong operating metrics for FYE2021, the highlights of which include:

- Improved occupancy levels across our portfolio, with occupancy rising 5 percentage points to 96% as at 31 December 2021;
- A tenant retention rate of 89% with a 5.6% positive rental reversion across the portfolio;
- The addition of 5 properties to our portfolio, adding over 900,000 sq. ft. of NLA and bringing the portfolio count to 58 properties, with 11.4 million sq. ft. of space under management as at 31 December 2021; and
- Incorporating ESG considerations in most of our AEIs conducted in FYE2021.

Space under management: Grew 8.6% to 11.4 million sq. ft.

During FYE2021, the Fund added 5 properties to its portfolio, bringing the count to 58 properties and raising total space under management by 8.6% to 11.4 million sq. ft.

The protracted pandemic has prompted many businesses to review their operating models, with more companies opting for asset-light strategies. This has resulted in the listings of several sizeable and unique industrial real estate assets that would otherwise have remained privately-held.

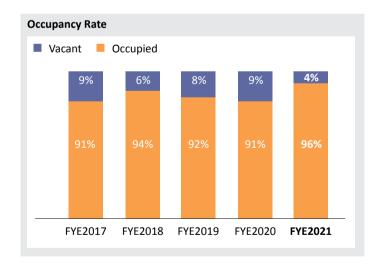
We are pleased to report that we were able to lean on the Fund's operating and financial strengths to conclude acquisitions of such properties that have further enhanced our portfolio.



Portfolio occupancy: Improved to 96% from 91%

The Fund's portfolio occupancy rose 5 percentage points to 96% as at 31 December 2021, from 91% a year earlier. This was attributed to the new tenancies secured and property acquisitions concluded.

The marked improvement also stemmed from our success in securing renewals for 1.75 million sq. ft. of leases that came up for renewal during FYE2021, which translated to a retention rate of 89%. Axis-REIT also successfully secured replacement tenancies for 2% of NLA that was up for renewal in 2021.

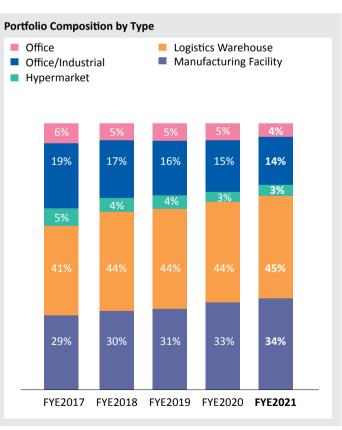


Portfolio diversification by type: Continued focus on industrial properties

Axis-REIT's acquisitive strategy in recent years has focused on industrial-type properties, and all acquisitions concluded in FYE2021 involved office/industrial, manufacturing facility and logistics warehouse properties.

With the acquisitions concluded in FYE2021, 92% of properties (by NLA) in the Fund's portfolio carried industrial titles.

In terms of property type, logistics warehouse and manufacturing facility made up 45% and 34% (based on NLA) of the portfolio respectively.



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About Our Report

Leadership that Creates Value Financial Statements Additional Information

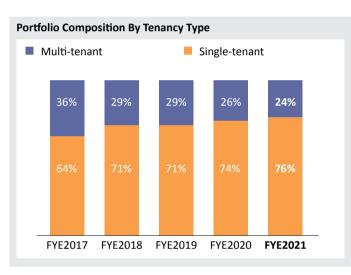
Who We Are and What We Do

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

The Fund's recent acquisition strategy has favoured industrial assets. Consequently, the proportion of single-tenanted properties in Axis-REIT's portfolio has inched upwards, as the Fund acquired more manufacturing facilities and logistics warehouses, which are typically single-tenant properties.

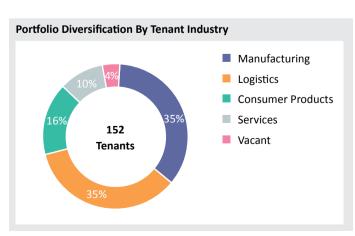
Tenancies for single-tenanted properties usually feature longer-term leases and are typically occupied by multi-national or large local companies, which present a lower risk of default. These tenancies typically lock in pre-agreed rental step ups, and feature lower operating costs to the Fund as maintenance costs are borne by tenants.

As at 31 December 2021, single-tenanted properties made up 76% of the Fund's portfolio.



Tenant profile: 152 tenants; Top 10 tenants accounted for 47% of revenue

Axis-REIT continues to retain and attract reputable companies in its tenant listing. This tenant base remained stable and well-diversified, with 152 tenants as at 31 December 2021.



These tenants are predominantly involved in manufacturing and logistics, consumer products and the service industries.

In FYE2021, the following companies were Axis-REIT's 10 biggest tenants by revenue contribution, accounting for 47% of total revenue:

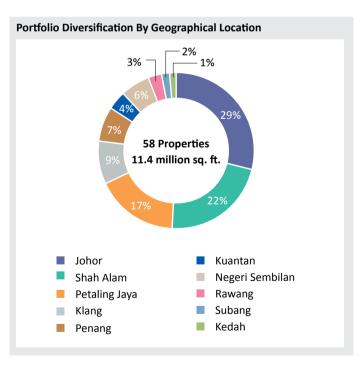
- Nestlé Products Sdn Bhd
- LF Logistics Services (M) Sdn Bhd • Schenker Logistics (Malaysia) Sdn Bhd
- Yongnam Engineering Sdn Bhd
- Wasco Coatings Malaysia Sdn Bhd
- Beyonics Precision (Malaysia) Sdn Bhd
- Upeca Aerotech Sdn Bhd
- Pos Logistics Berhad
- Lotuss Stores (Malaysia) Sdn Bhd
- Northport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

Portfolio diversification by geographic location: Growing presence in

The geographic focus of our portfolio remains on the prime industrial areas in Peninsula Malavsia.

In FYE2021, we continued to increase our presence in the key industrial areas in the Klang Valley and Johor, which now account for 53% and 29% of our portfolio (by NLA).

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



Tenancies Committed

During FYE2021, leases for 1.97 million sq. ft. of NLA in our portfolio were expiring. Axis-REIT successfully contracted tenancy renewals for 1.75 million sq. ft. of space, translating to a tenant retention rate of 89%, and secured replacements for 2% of the remaining space. Overall, the portfolio recorded a positive rental reversion of 5.6%.

More information on how we manage our tenants is available on pages 92 to 95 of the Driving Value Creation section in this IAR.

Portfolio Lease Expiry Profile by Location FYE2021 - FYE2023

Property	Year 2021	% of Total NLA	% of Rental Income/ month	Year 2022	% of Total NLA	% of Rental Income/ month	Year 2023	% of Total NLA	% of Rental Income/ month
Petaling Jaya	582,948	5.12	0.80	571,347	5.03	0.73	441,171	3.88	0.52
Shah Alam	612,547	5.39	0.47	892,303	7.84	0.61	649,225	5.71	0.49
Klang	-	-	-	149,605	1.32	0.10	-	-	-
Johor	772,475	6.79	0.41	514,924	4.53	0.28	-	-	-
Nilai	-	-	-	291,642	2.56	0.11	-	-	-
Penang	-	-	-	395,225	3.47	0.24	205,151	1.80	0.21
TOTAL	1,967,970	17.30	1.68	2,815,046	24.75	2.07	1,295,547	11.39	1.22

Portfolio Lease Expiry Profile by Property Type FYE2021 - FYE2023

Property	Year 2021	% of Total NLA	% of Rental Income/ month	Year 2022	% of Total NLA	% of Rental Income/ month	Year 2023	% of Total NLA	% of Rental Income/ month
Office	134,059	1.17	0.28	119,195	1.05	0.19	38,464	0.34	0.07
Office/Industrial	448,889	3.95	0.52	482,402	4.24	0.59	402,707	3.54	0.45
Logistics Warehouse	1,087,123	9.56	0.66	1,394,648	12.26	0.85	813,315	7.15	0.67
Manufacturing Facility	297,899	2.62	0.22	818,801	7.20	0.44	41,061	0.36	0.03
Hypermarket	-	-	-	-	-	-	-	-	
TOTAL	1,967,970	17.30	1.68	2,815,046	24.75	2.07	1,295,547	11.39	1.22

About Our Report Who We Are and What We Do

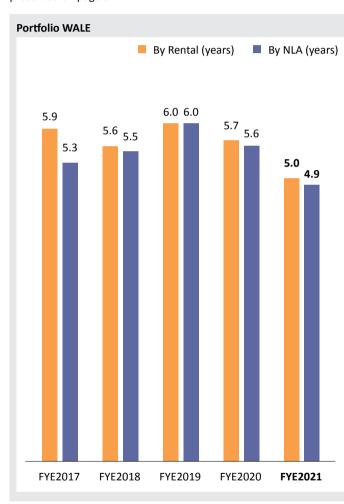
Additional Information

Portfolio WALE: Slightly lower at 5 years in FYE2021

The Fund's portfolio WALE (by NLA) dipped slightly to 5 years as at 31 December 2021.

While we achieved strong results for tenant retention and new tenancies during FYE2021, the overall portfolio WALE remained steady. Bukit Raja Distribution Centre 2, which has a short term tenancy, was acquired by Axis-REIT to facilitate the exploration of redevelopment potential.

Details of the development of Bukit Raja Distribution Centre 2 are presented on page 57.



Land tenure management: Stable with average remaining lease on leasehold titles at 48 years

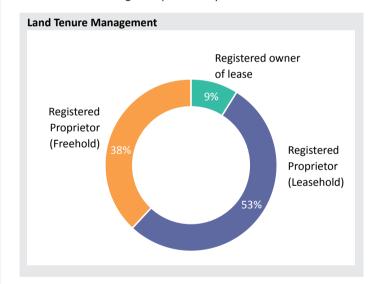
Axis-REIT's portfolio comprises freehold and leasehold properties, as well as land held under private leases.

53% of the portfolio had leasehold titles while a further 9% were properties held under private leases, with the balance 38% being freehold properties.

The Manager actively monitors and manages the expiry profiles of leasehold properties. In FYE2021, Axis-REIT extended the leasehold tenure of D21 Logistics Warehouse for further 30 years. The leasehold properties in our portfolio had, on average, 48 years to expiry, with the shortest remaining lease period at a comfortable 28 years.

Portfolio Land Tenure Profile

- No of leasehold properties: 31
- No of properties held under private lease: 5
- No of freehold properties: 22
- Average remaining lease period: 48 years
- Median remaining lease period: 45 years
- Longest remaining lease period: 88 years
- Shortest remaining lease period: 28 years



INVESTMENT REVIEW

In FYE2021, Axis-REIT completed acquisitions of 5 properties for a total consideration of RM223.2 million. These acquisitions added approximately 908,678 sq. ft. of NLA to the portfolio and were well within the Fund's strategy to acquire grade A logistics and manufacturing facilities in prime locations within key industrial areas that featured good connectivity and infrastructure. The Fund also invested RM19.4 million in AEIs during the year to maintain and enhance our existing properties.

Within the current portfolio, we are focusing our attention on identifying opportunities to expand our development pipeline, to realise the potential of properties that are ripe for redevelopment. The potential for such redevelopments is especially promising for ageing properties that are located in prime industrial areas but are in need of enhancement and have tenancies that are close to expiry.

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

In addition to the 5 property acquisitions completed in 2021, we have 2 further property acquisitions underway, slated for completion in the first half of 2022.

Details of the property acquisitions completed in FYE2021 are presented in the following pages:

51



About Our Report Who We Are and What We Do

53

	mpleted in 2021 (Information disclosed is as at date of acquisition)
Property Name	Indahpura Facility 2
Address	74 (Plot 112), Jalan i-Park 1/8, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor
Property Description	A single-storey detached factory with a mezzanine office and other ancillary buildings
Property Type	Manufacturing Facility
Property Age	Approximately 2 years
Title Details	H.S.(D) 64289, PTD 107789, Mukim Kulai, Daerah Kulai, Johor
Land Area	Approximately 1.2 acres
Land Tenure	Freehold
Net Lettable Area	Approximately 35,339 sq. ft.
Existing Use	Manufacturing
Occupancy Rate	100%
Tenant	KES International Sdn Bhd
Tenancy/Lease Period	5 years
WALE	2.9 years
Date of Acquisition	12 January 2021
Purchase Price	RM8.5 million
Vendor	Axis AME IP Sdn Bhd *

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



Property Name	Indahpura Facility 3
Address	75 (Plot 111), Jalan i-Park 1/8, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor
Property Description	A single-storey detached factory with a mezzanine office and other ancillary buildings
Property Type	Office/Industrial
Property Age	Approximately 2 years
Title Details	H.S.(D) 64288, PTD 107788, Mukim Kulai, Daerah Kulai, Johor
Land Area	Approximately 1.25 acres
Land Tenure	Freehold
Net Lettable Area	Approximately 24,950 sq. ft.
Existing Use	Motor vehicle service centre
Occupancy Rate	100%
Tenant	Perodua Sales Sdn Bhd
Tenancy/Lease Period	6 years
WALE	3.8 years
Date of Acquisition	26 February 2021
Purchase Price	RM6.7 million
Vendor	Axis AME IP Sdn Bhd *

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



Manager's Discussion and Analysis

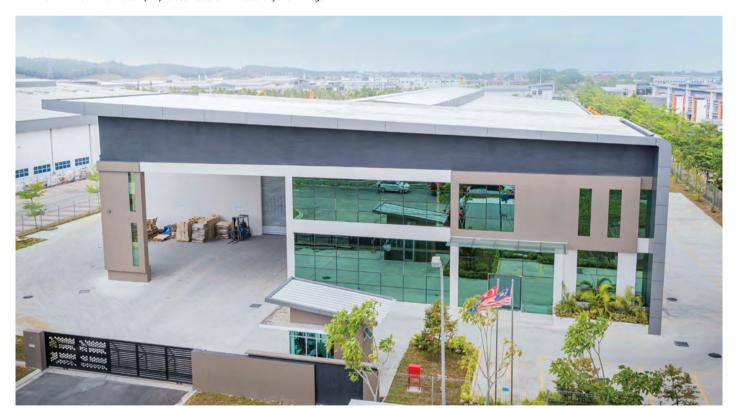
Manager's Discussion and Analysis Additional Information

55

Manager's Discussion and Analysis

Property Name	Beyonics i-Park Campus-Block F			
Address	92 (Plot 132), Jalan i-Park 1/10, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor			
Property Description	A single-storey detached factory with a mezzanine office and other ancillary buildings			
Property Type	Manufacturing Facility			
Property Age	Approximately 5 months			
Title Details	H.S.(D) 64390, PTD 107895, Mukim Kulai, Daerah Kulai, Johor			
Land Area	Approximately 2.1 acres			
Land Tenure	Freehold			
Net Lettable Area	Approximately 57,545 sq. ft.			
Existing Use	Manufacturing			
Occupancy Rate	100%			
Tenant	Beyonics Precision (Malaysia) Sdn Bhd			
Tenancy/Lease Period	7 years			
WALE	6.3 years			
Date of Acquisition	3 March 2021			
Purchase Price	RM12.98 million			
Vendor	Axis AME IP Sdn Bhd *			

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



Bukit Raja Distribution Centre 2				
No. 3, Jalan Keluli Satu, Kawasan Perindustrian Bukit Raja Selatan, 40000 Shah Alam, Selangor				
A single-storey detached warehouse building, 2 single-storey detached factory buildings, a single-store detached store together with a 3-storey office building and ancillary buildings				
Manufacturing Facility				
Approximately 22 years				
GRN 77167, Lot 35931, Mukim Kapar, Daerah Klang, Selangor				
Approximately 20.75 acres				
Freehold				
Approximately 326,231 sq. ft.				
Manufacturing				
100%				
FIW Steel Sdn Bhd				
1 year				
1 year				
31 March 2021				
RM120.0 million				
FIW Steel Sdn Bhd				



Date of Acquisition

Purchase Price

Vendor

21 October 2021

RM75.0 million

Xin Hwa Trading & Transport Sdn Bhd

Driving Value Creation
Leadership that Creates Value
Financial Statements
Additional Information

Who We Are and What We Do

About Our Report

Development of Bukit Raja Distribution Centre 2

On 20 January 2022, Axis-REIT entered into an agreement to lease the upcoming development of Bukit Raja Distribution Centre 2; a 620,096 sq. ft. warehouse facility to Shopee Express. The project involves the redevelopment of Bukit Raja Distribution Centre 2 as a warehouse. In return, Shopee Express will lease the property for 15 years.

The project carries a gross development value of RM130 million and is expected to commence in the first quarter of 2022, with completion and handover to Shopee Express not later than 31 August 2023. Bukit Raja Distribution Centre 2 was acquired by the Fund in March 2021.



Artist's impression of the proposed warehouse development at Bukit Raja Distribution Centre 2

Asset Enhancement Initiatives ("AEI")

In addition to property and land acquisitions, the Fund maintains and enhances the value of its portfolio through AEIs. During FYE2021, Axis-REIT undertook several AEIs across our portfolio, incurring a total investment of RM19.4 million.

AEIs in FYE2021 involved:

- the refurbishment of driveways, including repairing the driveway of Axis Vista and Axis Technology Centre in Petaling Jaya;
- improvements to drainage systems;
- upgrading of air conditioning systems and CCTV systems; and
- installation of new LED lighting with sensors.

In planning and undertaking our AEIs, we incorporate applicable ESG considerations that will enhance the overall features and quality of our properties, and advance Axis-REIT's ESG agenda along with that of our stakeholders.

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

Details of our AEIs and initiatives incorporating ESG considerations are presented in the Management of Sustainability Matters section on pages 88 to 133 of this Report.

Property Name	Xin Hwa Warehouse @ Pasir Gudang					
Address	PLO 823 & PLO 828, Jalan Nikel 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor					
Property Description	2 single-storey detached warehouses, a 3-storey office annex and other ancillary buildings					
Property Type	Logistics Warehouse					
Property Age	PLO 823 - Approximately 5 years; PLO 828 - Approximately 3 years					
Title Details	PLO 823 - H.S.(D) 547492, PTD 221668, Mukim Plentong, Daerah Johor Bahru, Johor					
	PLO 828 - H.S.(D) 572483, PTD 233328, Mukim Plentong, Daerah Johor Bahru, Johor					
Land Area	Approximately 16.2 acres					
Land Tenure	PLO 823 - 60-year leasehold interest expiring on 30 November 2074					
	PLO 828 - 60-year leasehold interest expiring on 20 December 2076					
Net Lettable Area	PLO 823 - Approximately 263,347 sq. ft.					
	PLO 828 - Approximately 201,266 sq. ft.					
Existing Use	Logistics					
Occupancy Rate	100%					
Tenant	Xin Hwa Trading & Transport Sdn Bhd					
Tenancy/Lease Period 10 years						
WALE	10 years					



59

About Our Report Who We Are and What We Do

INVESTOR RELATIONS & MEDIA COVERAGE

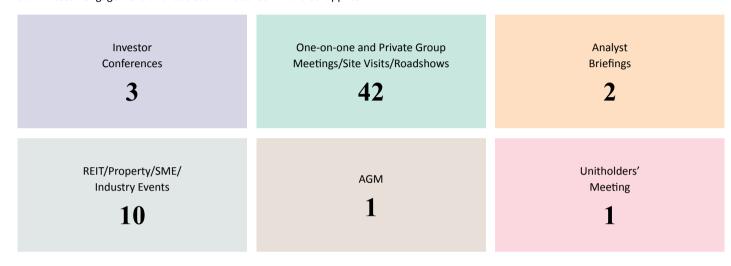
Investor Engagement & Outreach

We continue to actively engage our stakeholders through corporate presentations and briefings, and participate in various industry-themed events.

Amid the COVID-19 pandemic, we were able to switch to online meetings and virtual platforms, seamlessly continuing our engagement with the Fund's investors and the broader investment community, as well as our investor engagement and outreach initiatives. This also applied

to our Annual General Meeting ("AGM") and Unitholders' Meeting, which were held via virtual broadcasts using remote participation and electronic voting facilities that enabled all eligible participants to log in to the portal, view the live webcast of the meetings, listen to the proceedings, submit any questions and cast their votes electronically.

The following is a summary of public and private events in which management participated during 2021.



In addition to these events and meetings, Axis-REIT continued to publish timely corporate updates via Bursa Securities' listed company announcements page, as well as our own corporate website, at www.axis-reit.com.my.

Investment Research Coverage

Axis-REIT is currently covered by 11 research houses, and we continue to engage the analyst community with the aim of maintaining clear communications over the Fund's results, strategy and outlook.

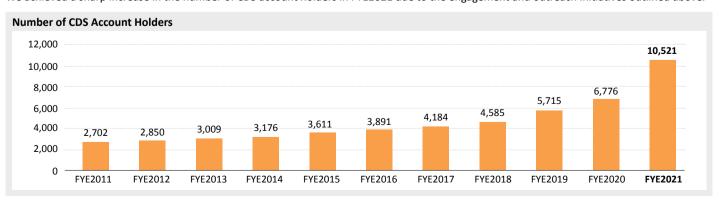
Research House						
Affin-Hwang Investment Bank	Kenanga Investment Bank					
2 Alliance Investment Bank	Maybank Kim Eng Investment Bank					
3 CIMB Investment Bank	MIDF Research					
4 Hong Leong Investment Bank	RHB Research					
S CLSA	Ⅲ KAF					
6 UOB Kay Hian Research						

Investor Engagement & Outreach

In 2021, we participated in the following public and private investor events:

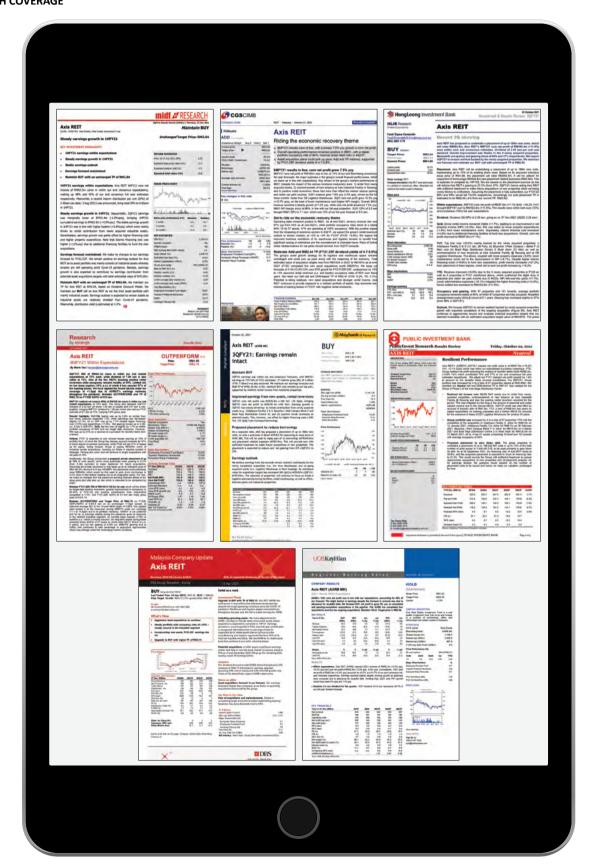
Date	Description			
8 January	CGS-CIMB 13th Annual Malaysia Virtual Corporate Day: Group Meeting			
20 January	4Q2020 Results Briefing - Analysts & Fund Managers			
2 February	Analyst & Fund Manager Meeting: B&I Capital			
8 February	CGS-CIMB Shariah Investing Corporate Conversation 2021: Corporate Presentation			
8 March	Maybank International Women's Day 2021 - Inclusive Diversity			
16 March	Analyst & Fund Manager Meeting: Maybank Group Meeting			
24 March	Analyst & Fund Manager Meeting: Hong Leong Investment Bank Group Meeting			
9 April	Analyst & Fund Manager Meeting: Sumitomo Mitsui DS AM (via Affin-Hwang Investment Bank)			
26 April	Shariah Audit Best Practice Guide: Islamic Capital Market (ICM) Roundtable Discussion			
27 April	CIMB Economic Seminar - Positioning for a Post-COVID Economy			
28 April	Axis-REIT's 9 th Annual General Meeting			
25 May	Analyst & Fund Manager Meeting: Terranova Capital			
14 June	Analyst & Fund Manager Meeting: City of London Investment Management UK (via AllianceDBS Research)			
24 June	Invest ASEAN 2021 - ASEAN Exchanges: Beyond the Pandemicrisis			
21 July	2Q2021 Results Briefing - Analysts & Fund Managers			
27 July	CGS-CIMB Malaysia Virtual Investor Corporate Day 2021: Corporate Presentation			
5 August	Invest ASEAN 2021: ASEAN Macro Outlook & ASEAN Strategy			
14 October	Invest Malaysia 2021 Series 1: "Economic Reform"			
1-3 November	Analyst & Fund Manager Meeting: Placement Roadshow Meetings			
9 November	Invest Malaysia 2021 Virtual Series 2: Reviving Malaysia's Growth Engine			
11 November	Regional REIT Webinar: REIT Movers and Shakers in Malaysia, Singapore, Hong Kong and China – What to Look Out For in 2022			
16-18 November	KPMG Asia Pacific Board Leadership and Assurance Summit 2021			
22-26 November	Asia Pacific Real Assets Leaders' Congress			
1 December	Axis-REIT Unitholders' Meeting			

We achieved a sharp increase in the number of CDS account holders in FYE2021 due to the engagement and outreach initiatives outlined above.



About Our Report

RESEARCH COVERAGE









(AXREIT, 5106, 主板产托 而今年未季則跌至 1896 万股) 在 2020 财年末季, 净赚 6000 令古, 是这一季度盈利 4927 万 1000 令吉,按年下 大跌的主因。 跌 61.34% · 每单位派息 - 编观全年 · AXIS 产托净利

Johor for RM32m

该公司派发的 2.25 仙的 根据财报,AXIS产托去 末期股息、投资者能选择性加 年同期的投资产业公允价值收 人再投资计划。

Axis-REIT to acquire logistic warehouse facility i

According to the valuation report by Savills (Malaysia) Sdn Bhd dated Oct 14, 2021, the market value of the property is RM35 million.

The property will be leased back to VTSB upon completion of the acquisition for a fixed period of three years with a monthly restal fee of RM266/J.35. The property located in Kawasen Perindustrian Peal violating, Johns rist so UT.8 acres of leasehold land with 276,000 so ft of net lettable area. The property comorises a single storey warbouse with a mezzanine floor plus supporting structures and the blocks of single storey warehouse.

The acquisition will be funded by bank financing which will increase Axis-REIT's financing ratio to 33.7% of its audited total assets as at Dec 31, 2020. Upon complation, the acquisition will contribute positively to the agranges of Axis-DEIT.













illion from RM47.19 million a year earlier, thanks to higher revenue or total trust incom-

or the full year, NPI stood at RM198.52 million, up 3.55% from the Rh

from RM216.41 million a year prior.

Additional Information

About Our Report Who We Are and What We Do

AWARDS & RECOGNITION

The Edge Billion Ringgit Club 2021

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

The Edge Billion Ringgit Club 2021

Highest Returns to Shareholders over Three Years (REIT Category)

The Asset ESG Corporate Awards 2021

Gold Award

MIRA Investor Relations Awards 2021

Best Company for IR (Mid Cap)

MIRA Investor Relations Awards 2021

Best IR Professional (Mid Cap) – Chan Tze Wee

PwC Malaysia Building Trust Awards 2021

Finalist (FBM Mid 70 Index)



MARKET OUTLOOK

As we approach the 2-year mark since the declaration of COVID-19 as a global pandemic, it is clear that the world is rapidly moving forward and adapting to the new normal. At the point of reporting, daily COVID-19 cases are at record levels. Yet, we note that authorities are not rushing to reimpose movement control measures that had been periodically enforced since the start of the pandemic. Instead, we see authorities drawing on the experience and knowledge amassed in the last 2 years, banking on effective SOPs, high vaccination rates, the availability of cost-effective testing and better COVID-19 patient management and treatment, to stay on course to progressively re-open the economy.

Looking ahead, we believe that market dynamics, operating conditions and expectations of a sustained economic recovery in 2022, will continue to favour Axis-REIT. Against this backdrop, our Strategy – Business Plan 2022 - 2023 continues to focus on creating value for all stakeholders, building resilience and growth through:

- Prioritising tenant satisfaction to drive retention and new leases, and to raise occupancy rates as well as support positive rental reversions. This
 includes collaborating with tenants to plan and implement efficient and impactful AEIs to meet the demands and requirements of the market.
- Leaning on Axis-REIT's expertise and growth appetite to capitalise on acquisition and property development opportunities that will grow our portfolio of prime industrial assets and extend our position as Malaysia's leading industrial REIT. In the acquisition space, we will continue to focus on securing strategic, yield-accretive industrial assets, and in the development space, we will seek to build out our project pipeline to include potential redevelopment opportunities for unique assets in strategic locations.
- Ensuring an optimal and efficient capital structure with sufficient financial resources to support our operating requirements and growth ambitions. For FYE2022 FYE2023, this will include exploring the viability of developing sustainable financing opportunities, in line with the Fund's ESG ambitions.
- Raising our ESG commitments as we increase the integration of ESG considerations in our business strategy and day-to-day operations. This will
 include implementing and reporting on more quantified ESG targets such as waste management, and targeting Green Building certifications for
 our development projects. The Fund also aims to seek external assurance on selected ESG indicators by FYE2023.

While COVID-19 and the management of the pandemic will continue to be key risk factors going forward, we are optimistic that macroeconomic and market conditions continue to be favourable for Axis-REIT. Our Strategy – Business Plan 2022 - 2023 continues to position the Fund to benefit from immediate opportunities, while building resilience and laying foundations for long-term growth and sustainable value creation for all stakeholders.

AXIS REAL ESTATE INVESTMENT TRUST INTEGRATED ANNUAL REPORT 2021

SECTION 3

retail sectors.

REPORT ON SHARIAH COMPLIANCE

SHARIAH ADVISER'S REPORT

TO THE UNITHOLDERS OF AXIS-REIT

About Our Report
Who We Are and What We Do

BUILDING OUR RESILIENCE

Driving Value Creation
Leadership that Creates Value
Financial Statements
Additional Information

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

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:

- Providing expertise and guidance to the Manager in all matters relating to Shariah requirements, including Axis-REIT's structure, investment process and other operational and administrative matters;
- Assessing new tenants and 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 Shariah Advisory Council ("SAC") of the SC;
- Providing certification in Axis-REIT's annual report on the Fund's ability to remain as an Islamic REIT in accordance with the provisions prescribed by the SC's Guidelines on Listed REITs;
- Consulting with the SAC on ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process; and
- Assisting and attending to any ad-hoc meeting called by the Manager, the SC and/or any other relevant authorities.

Ir. Dr. Muhamad Fuad bin Abdullah, who is the designated person responsible for the Shariah matters of Axis-REIT, is currently the designated person in-charge of all Shariah matters in BIMB Securities. He graduated from the University of Southampton, England, with a Bachelor of Science Degree in Electrical Engineering in 1977 and a Master of Philosophy Degree in Electrical Engineering in 1982. 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. Currently, he is the chairman of the Shariah Advisory Committee of

BIMB Securities effective 1 September 2021 and sits on the Shariah committees of Public Islamic Bank Berhad and AIA-Public Takaful Berhad. He is a registered Shariah Adviser with the SC.

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

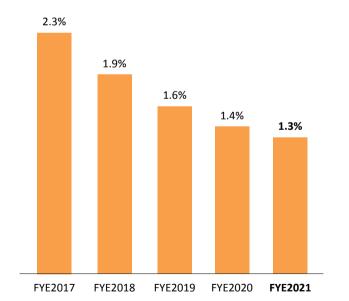
- (i) Under the guidance of BIMB Securities, the level of income from non-permissible activities in Axis-REIT's portfolio has been reduced to 1.3% in FYE2021; and
- (ii) The Islamic fund management business of Axis-REIT in respect of FYE2021 has been carried out in accordance with Shariah principles.

Based on the confirmation obtained from the Shariah Adviser:

- (i) BIMB Securities does not have any conflict of interest with Axis-REIT: and
- (ii) BIMB Securities has not been convicted of any offence within the past 5 years, and did not have any public sanction or penalty imposed by the relevant regulatory bodies during FYE2021.

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

Percentage of Income from Non-Permissible Activities



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 2021 ("FYE2021").

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 FYE2021, the Manager has operated and managed Axis-REIT in accordance with Shariah principles and has complied with applicable guidelines pertaining to Shariah matters, and principles, concepts and rulings endorsed by the Shariah Advisory Council of the Securities Commission Malaysia.

In addition, we wish to notify that, in respect of the FYE2021:

- 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 1.26%, 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: 16 February 2022

About Our Report Who We Are and What We Do Building Our Resilience

DRIVING VALUE CREATION

Leadership that Creates Value Financial Statements Additional Information

Operating Environment Financial Statements

Axis-REIT's business and operations are affected and shaped by macroeconomic conditions, the physical environment and the ever-changing dynamics of the global and domestic real estate markets. Hence, we evaluate the changes in the operating environment to understand the externalities that may impact us and our stakeholders and subsequently address these by strategising our action plans and management approaches. This enables us to grasp the rising opportunities that could better position us as a leading REIT in Malaysia.



Macroeconomic landscape

Malaysia's economy rebounded in the fourth quarter of 2021 (Q4 2021), with GDP expanding 3.6% against the same period in the preceding year, and recovering from the 4.5% contraction recorded in Q3 2021. The recovery was underpinned by the resumption of economic activities following the easing of containment measures, improvements in the labour market, continued policy support and strong external demand amid the continued upcycle in the global tech sector.

All economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the expenditure side, growth was driven mainly by an improvement in household spending and trade activity.

The Manager's Response (Link to Sustainability Matters)

Economic Performance

The recovery in Q4 2021 brought full year GDP growth to 3.1% for 2021, a recovery from the 5.6% contraction recorded in 2020.

Throughout 2021, REITs remained an attractive asset class on Bursa Malaysia, with the value of total transactions exceeding RM3.8 billion during the year, up from RM2 billion in 2020¹.

Link to Business Strategy

- Development
- Capital Management
- Real Estate
- Investment

2022 Outlook

The momentum of Malaysia's economic recovery is expected to continue through 2022, supported by sustained expansion in global demand and improvements in domestic economic activities. However, there are still downside risks from the COVID-19 pandemic that could derail the expected economic recovery.

Within the REITs segment, the portfolios of Malaysian REITs are poised for further expansion, especially for industrial and logistics assets, medical and data centres, and where there are good and opportunistic buys available in the market¹.

Axis-REIT will continue to maintain a disciplined investment strategy, optimising costs, ensuring efficient management of working capital and liquidity, and upholding an effective risk management and governance framework.



Digitalisation/technological change

The pandemic has expanded and accelerated the way we use technology. This has been a boon to the real estate sector, with improved communication capabilities and the ability to connect owners, landlords, buyers, tenants and agents quickly and efficiently. It has also driven the acceptance and use of digital marketing activities such as online listings, and enhanced virtual viewings and agent briefings. Amid the pandemic, we have also seen e-commerce flourishing to the benefit of warehouse and logistics players. The demand for data centres has also increased as the use of digital mediums became critical during lockdowns².

The Manager's Response (Link to Sustainability Matters)

- Tenant Satisfaction
- Cyber Security & Data Protection

Mobile technology continues to change the way property managers engage with tenants, who are already accustomed to digital access and applications in their daily lives. With the adoption of technology, keeping up with property updates and submitting service requests have become almost effortless with a simple click of the smartphone.

With a rising reliance on technology, organisations must ensure that their networks and digital infrastructure are protected from cyber threats and attacks. Sound infrastructure is pivotal to safeguarding sensitive information and upholding the data protection of stakeholders.

Link to Business Strategy

- Real Estate
- Governance
- Facilities Management

2022 Outlook

We have, through outsourced IT service providers, established robust IT systems and infrastructure to secure and protect the Fund against potential cyber incidents and security breaches. Axis-REIT's IT infrastructure will be continually upgraded to improve its security, performance, efficiency and reliability.

We will continue to rely on 'Hello Axis' to provide an efficient and effective channel for tenant management. This includes exploring and upgrading the application to better serve our tenants and improve our operations. We will also enhance our digital marketing campaigns and communications to better serve our stakeholders.

¹ The Edge Market (2021). REIT transactions amount to more than RM3.8 bil so far.

² The Edge Market (2021). Slow and steady recovery for M-REITs.

About Our Report

70% of corporations would be willing to pay premium rental rates to

Given the current demand for sustainable design and/or features in real estate assets, REITs should make sustainability a criterion in

building acquisition, management and refurbishment. These would

include incorporating renewable energy and green leases8, improving

energy efficiency through monitoring and benchmarking energy

performance, accelerating retrofitting efforts and enhancing data

lease sustainability-certified buildings in the future.⁷

Sustainable design/features

The demand for buildings equipped with green features will continue to rise as environmental awareness grows and more companies embrace sustainability in their operations and supply chains. Tenants are also increasingly demanding real estate solutions that complement their sustainability agendas. This will lead real estate investors to prioritise green investments, propelling the real estate industry's transformation towards future-ready green buildings.

According to research by Jones Lang LaSalle Incorporated ("JLL"), 72%6 of investors agreed that green certifications drive higher occupancy, rents, tenant retention and higher overall asset values. In addition,

- Development
- Investment

- Real Estate

- Facilities Management

Climate change

The Glasgow Climate Pact, which was adopted at the end of the 26th session of the Conference of the Parties (COP26) in November 2021, included language to "phase down unabated coal" and "phase-out fossil fuel subsidies". Phasing out fossil fuel subsidies is anticipated to have a significant impact for Malaysia. During COP26, Malaysia also committed to the methane reduction pledge of COP26 which has implications for the country's solid waste disposal management, which is its third biggest source of methane emissions.

Approximately 39% of total global Greenhouse Gas ("GHG") emissions are produced by real estate. Roughly 11% of these emissions are generated by manufacturing materials used in buildings (including steel and cement), while the rest is emitted from the buildings themselves and from generating the energy that powers the buildings3.

Climate change affects every nation in the world. Based on research, the temperature in Peninsular Malaysia is expected to increase by 3.6% by 2030. This, in turn, would cause inconsistent rainfall patterns and elevate river discharge during the Northeast Monsoon season in some river basins by as much as 43% by the end of this century⁴.

The Manager's Response (Link to Sustainability Matters)

- Energy & Carbon Footprint
- Waste Management
- Water Management

There are both physical and transition risks that arise from climate change. These risks cover every aspect of a building's operations and value. In terms of physical risks, studies have proven that the occurrence of flooding can reduce a property's value and cause disruptions to the asset's operations when compared to a similar property that doesn't face the threat of flooding. Meanwhile, transition risks can occur when moving towards a less polluting, greener economy.

Both physical and transition risks could affect real estate revenue, operating costs and capital costs through reduced occupancy rates, extended vacancies, increased building maintenance costs, higher insurance premiums/takaful contributions increased investments to improve building resilience, etc⁵.

There is a rising awareness on the importance of identifying the financial implications of climate change and its risks and opportunities to businesses. Besides shifting demand for sustainable building materials and practices, some in the real estate industry are adopting climate and ESG reporting frameworks such as GRESB (formerly known as the Global Real Estate Sustainability Benchmark),

United Nations Sustainable Development Goals ("UNSDGs") and Task Force on Climate-related Financial Disclosures ("TCFD").

Link to Business Strategy

- Development
- Facilities Management
- Investment
- Real Estate

Energy & Carbon Footprint

• Quality Assets & Services - Existing Assets

• Waste Management

Water Management

We continuously explore ways to enhance water efficiency within our operations. This includes proposing water quality and efficiency enhancement projects.

We plan to explore recycling/reusing construction materials in new builds on brownfield land, where suitable.

We will also continue to preserve and enhance the Fund's existing portfolio through consistent maintenance and regular AEIs. This will lead to better retention of existing tenants and attraction of new tenants.

The Manager will also consider the feasibility of incorporating environmentally sustainable material options in upcoming AEIs and new developments.

2022 Outlook

Axis-REIT's enterprise risk management framework considers climate change risk as a material matter which we continuously monitor and evaluate at strategic business and operational levels.

We plan to conduct scheduled building audits, covering all the environmental indicators such as energy, water and waste to enhance our environmental management approach as well as the credibility of data disclosure.

We also plan to engage energy consultants to assess Axis-REIT's energy consumption trends, set baseline indicators and help determine energy intensity reduction targets for multi-tenanted properties. This would then help us establish appropriate action plans to tackle energy usage within the Fund's operational boundaries.

- McKinsey (2022). Climate risk and the opportunity for real estate.
- PropertyGuru (2021). Climate Change and Real Estate: What We Know and What We Can Do.
- Clayton, J.; Devaney, S.; Sayce, S. and van de Wetering, J. (2021). Climate Risk & Commercial Property Values.

- The figures were derived through a survey of over 550 corporate real estate players (478 occupiers and 76 investors) in the APAC region, with a strong emphasis on Australia, China, India, Japan and Sinaapore
- EdgeProp (2021): JLL: Lack of technology and data a barrier to real estate sustainability.
- Green leases are leases that incorporate clauses where the owner and tenant undertake specific responsibilities/obligations with regards to the sustainable operation/occupation of a property, such as energy efficiency measures, waste reduction/management and water efficiency efforts.

About Our Report

Operating Environment



Social and demographic changes

Demographic trends such as the rise of millennials have implications for the design of workspaces, transforming the commercial and office real estate industry with their preferences and need for advanced technological features. For example, office real estate is adopting innovative technologies and shifting the office design away from designated desks to more informal spaces with break-out areas or shared office spaces and cafes to attract and retain more young staff⁹.

In 2021, the 3 states in Malaysia with the highest population were Selangor (20.1%), Sabah (11.7%) and Johor (11.6%). Areas with rapid and strong population growth are preferred by investors and companies seeking geographical expansion through new facilities and/or new branches. This drives up demand and prices of commercial real estate.

The Manager's Response (Link to Sustainability Matters

Tenant Satisfaction

The market for office space in Greater KL showed signs of a marginal recovery, in tandem with the easing of COVID-19 related movement restrictions. Occupancy rates for office space in Greater KL stood at 74.5% in Q3 2021, a slight, 0.1 percentage point increase from 2020. Similarly, occupancy rates at offices in the Outer KL market also showed improvements, averaging 72.7% during Q3 2021, up from 72.1% in 2020.

With COVID-19 moving towards an endemic phase, the easing of movement controls have resulted in tenants gradually increasing office occupancies, allowing staff to return to offices with stringent SOPs and safety measures in place.¹²

Link to Business Strategy

- Development
- Real Estate
- Facilities Management

2022 Outlook

Axis-REIT will strive to provide superior real estate solutions through its portfolio of prime properties as well as exceptional property and tenant management services.

We will continue to engage our tenants and property agents, and keep abreast with our stakeholders and industry to improve our business space solutions, enhance tenant services and relationships, and drive our tenant satisfaction ratings higher.

- Schroders (2018). How do changing demographics affect the real estate sector?
- Department of Statistics Malaysia (DOSM) (2021). Current Population Estimates, Malaysia, 2021.
- ¹¹ Savills Research (2021). Property Market Overview 2021.
- The Edge Market (2021). The Edge | Knight Frank Kuala Lumpur and Selangor Office Monitor (3Q2021): Further pressure on rents and occupancy rates expected.

Global pandemic

The COVID-19 pandemic has imposed "new normal conditions" on society in our efforts to contain the spread of the virus. In the current and post COVID-19 pandemic world, maintaining safety, health and hygiene will become a priority in workspace planning.

The MOH has released COVID-19 Management Guidelines for Workplaces, where the management at the workplace is responsible to ensure that all preventive measures adhere to the Occupational Safety and Health Act 1994 (Act 514) and the Prevention and Control of Infectious Diseases Act 1988 (Act 342). Under this guideline, it is the employers' responsibility to limit occupancy according to the size of the room and take into consideration physical distancing. This could result in a major reduction in workforce density for office premises.

The Manager's Response (Link to Sustainability Matters)

For more information, please refer to the detailed discussion on management of sustainability matters from pages 88 to 133, and our commentary on "COVID-19 - Moving Forward in the New Normal" on pages 26 to 27.

Concurrently, even as work-from-home gains better acceptance in the corporate world, it will not replace the importance and need for high quality, modern workplaces, which continue to be imperative in attracting and retaining talent.¹³

In 2021, average rental rates for office space in Kuala Lumpur and Selangor decreased as market conditions deteriorated with the extended lockdowns imposed to contain the COVID-19 pandemic.¹⁴ Average monthly rental rates in Greater KL fell 2% to RM5.50 per sq. ft. in Q3 2021, from RM5.60 per sq. ft. in 2020. Similarly, monthly rates in the Outer KL area fell by 6% to RM4.80 per sq. ft. (2020: RM5.10 per sq. ft.).

Link to Business Strategy

Operating Environment

- Development
- Capital Management
- Real Estate
- · Facilities Management
- Investment

2022 Outlook

While the oversupply of office space is expected to persist, the industrial segment will continue to take centre stage in 2022, given the heightened demand from logistics businesses.¹⁵

Our portfolio focus will remain on industrial assets such as manufacturing facilities, warehouses and distribution centres. In addition to elevated demand, this segment is also more resilient as it features longer lease periods with tenants that are also generally less affected by the pandemic compared to other business sectors.

We strive to ensure that all stakeholders are protected and safe at all times and will vigilantly monitor all regulatory requirements and update our policies and procedures accordingly. We remain agile and ready to deploy our Business Continuity Plan initiatives, such as working from home, split-team arrangements and de-densification plans, which may be the new normal going forward.

The Manager will also continue to ensure that external parties such as suppliers and contractors comply with our health, safety and environment ("HSE") practices.



Growth in sustainable investments

As ESG considerations gain increasing prominence and traction in how companies operate, real estate investors are also embedding ESG considerations in every stage of the property lifecycle, from due diligence to acquisitions and from leasing to asset management.

The Manager's Response (Link to Sustainability Matters)

• Quality Assets & Services - New Acquisitions

Today, more financial investors are also looking at ESG-related considerations in their investment strategies. This includes carbon neutrality, green leases, sustainable building materials, regulatory requirements on ESG or climate-related disclosure, ESG risk management, workplace wellness, technology, and governance.¹⁶

Link to Business Strategy

- Capital Management
- Investment

2022 Outlook

As we continue to drive the Fund's portfolio expansion in industrial properties, we will also incorporate more ESG-related investment criteria to ensure new additions to Axis-REIT's portfolio are ESG-compliant and future-ready.

These would include assessments of the target properties' energy saving applications and features, waste management, water consumption and GHG

emissions of existing tenants, as well as the inclusion of environmental site assessments ("ESAs") where applicable.

The Manager will also explore the viability of developing green financing and other green or sustainability-linked financing with financial institutions in the coming year.

71

For more information, please refer to the complete Property Market Overview 2021 on pages 235 to 262.

- 13 Savills (2020). Impact of COVID-19 on the Commercial Real Estate Sector.
- 14 EdgeProp (2021). Office space rental rates grew at insignificant rate.
- 15 The Edge Market (2021). Rahim & Co foresees steady organic growth, with emphasis on industrial segment in 2022.
- 16 CBRE (2021). ESG and Real Estate: The Top 10 Things Investors Need to Know.

RISKS AND OPPORTUNITIES

About Our Report Who We Are and What We Do Building Our Resilience

DRIVING VALUE CREATION

Risks and Opportunities

Leadership that Creates Value
Financial Statements
Additional Information

STAKEHOLDER ENGAGEMENT

The Manager understands the importance of having a stakeholder-inclusive approach to value creation. Our stakeholders are pivotal to our success and therefore, we strive to integrate stakeholder engagement into every part of our operations. Creating long-term shareholder value and satisfying stakeholder expectations is central to our goal and objective of being a leading REIT. We regularly engage with our stakeholders to monitor and address any concerns that arise, and in so doing, gain a deeper understanding of their needs.

The Manager's stakeholder groups have been identified with consideration of their influence on the business, the Manager's impact on them, and the level to which we engage with them. In FYE2021, we conducted a Stakeholder Prioritisation and Engagement exercise to identify sustainability matters that are material to Axis-REIT. The exercise enabled us to regroup some of our stakeholders (e.g. suppliers and contractors into one group; Unitholders and the investment community into another) to better address their concerns and needs promptly. The stakeholder groups, their concerns and our responses are presented in the following table:

doing, gain a deeper understanding of their needs.					are presented in the following table:				
	Stakeholder Group	Engagement Objectives	Engagement Method	Frequency	Key Stakeholder Concerns	Our Response			
	Board of Directors	To tap the vast experience and industry expertise for insights that can improve the Fund's strategy and growth prospects	Board meetings AGMs	Quarterly Annually	 Financial performance Business ethics, strategy and growth Corporate governance practices Fair labour practices 	 Providing regular communication of the Fund's financial performance and business strategy Keeping up-to-date with the latest corporate governance and compliance practices Creating a strong ESG proposition 			
	Senior Management	To build a strong and competent leadership team to develop and execute business strategies	Management meetings	Weekly	 Financial performance Business strategy and growth Employee management Fair labour practices Staff satisfaction Health and safety 	 Maintaining active engagement with industry experts, professionals, consultants and employees Monitoring business performance against Key Performance Indicators ("KPIs") and established targets Encouraging close collaboration between business functions to promote efficiency and productivity 			
	Employees	To provide equal opportunities that recognise the talents of individuals, and support professional growth, commitment and loyalty	Departmental activities/training Employee appraisals Company Website	Periodically Annually Daily	 Opportunities for career advancement Competitive remuneration and benefits Safe and productive work environment Fair labour practices Health and safety 	 Keeping up to date with market remuneration rates Management looks internally to fill vacancies and provides opportunities for employee advancement Providing sufficient training for all employees Ensuring employee appraisals are done in a fair manner 			
	Tenants	To forge strong relationships and satisfy tenants' business space needs	Physical and virtual meetings 'Hello Axis' tenant management portal Festive/corporate greetings	As required As required	 Maintenance of properties Quick responses to queries/complaints Environmentally-friendly practices Economic performance Energy management Carbon disclosure Certification/Audits on sites 	 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 ethically Addressing ESG propositions 			

Stakeholder	Engagement	Engagement	Frequency	Key Stakeholder Concerns	Our Response
Group Investment Community	Objectives To provide up- to-date and transparent information	Virtual AGMs Virtual Unitholders' Meetings Timely announcements on Bursa Securities' website and Axis-REIT's corporate website	Annually As required Ongoing	 Transparency of dealings A fair view of the financial performance of the Fund Timely dissemination of information on material disclosures 	 Adhering to regulatory rules, corporate governance and international reporting standards Disseminating up-to-date information via Bursa Securities and Axis-REIT's corporate website
		Physical and virtual one-on-one meetings with local and foreign investors	Throughout the year		
		Physical and Throughout virtual local and the year overseas investor conferences	_		
		Physical and virtual briefings for analysts	Bi-annually	_	
Regulatory Bodies	For awareness of and compliance with the latest rules and regulatory requirements	Physical and virtual meetings	When required	Regulatory compliance	Attending meetings (whether virtually or physically) and
		Attending virtual talks and conferences organised by regulators	When required		events to stay abreast with regulatory developments and to understand new regulations
Suppliers, Service	 To engage credible and reliable suppliers To engage competent service contractors/ providers who provide exceptional technical services 	Tenders	When required	To have a clear understanding of the scope of work 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	 Working closely with supplier to ensure a clear understandi
Providers & Contractors		One-on-one meetings	When required		of the scope of work and timelines Holding progress moetings with
		Tender interviews	When required		 Holding progress meetings with suppliers Addressing ESG propositions in
		Vendor evaluation	Annually		contracts

Risks and Opportunities **SECTION 4**

Risks and Opportunities

About Our Report Who We Are and What We Do Building Our Resilience

DRIVING VALUE CREATION

Leadership that Creates Value Financial Statements Additional Information

Stakeholder Group	Engagement Objectives	Engagement Method	Frequency	Key Stakeholder Concerns	Our Response
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 and events organised	When required	 Providing updates on changes in laws and regulations Ensuring fair representation of the industry's needs and demands to regulators 	 Attending meetings and events to stay abreast of industry developments and to understand new practices in the industry Providing feedback where necessary
Media	To provide timely and accurate information to members of the media	One-on-one meetings Press briefings	When required	 Receiving the latest updates and news on Axis-REIT 	 Engaging a public relations company to manage press engagements, and to ensure press releases are disseminated promptly and to field requests
	illeuid	Annual gatherings	As appropriate	_	for interviews
Local Communities	Fulfil the role of a good corporate citizen by supporting local Non-Governmental	Promoting employee volunteer programmes	As appropriate	Long-term support from the business community to help address issues faced or support causes championed	 Engaging with various community organisations to keep abreast with issues faced by local communities Supporting projects that are
("N	("NGO") and provide charities and sup relevant or emer	Contributing to provide relief and support for relevant causes or emergency situations	As appropriate	_	relevant to the Manager's mission and within its financial means

BUSINESS RISKS AND OPPORTUNITIES

In managing Axis-REIT, we meticulously review our business risks and stakeholder concerns on an annual basis, taking into account factors that arise from both the external environment (which is discussed on pages 66 to 71 "Operating Environment") as well as our internal business activities across the breadth of our operations. Considering the potential impacts of non-financial risks to our operations, the Manager has integrated ESG matters into our multi-disciplinary, company-wide risk management process. This was done by applying our Enterprise Risk

Management ("ERM") framework that incorporates the identification. assessment and prioritisation of both financial and non-financial risks across all business units. Concurrently, we also formulated mitigation actions to address each key risk identified.

The following table illustrates how we identified the impacts arising from business risks and developed risk mitigation action plans for FYE2021, and thereafter, translated these risks into our business strategy and management of sustainability matters.



Please refer to page 3 for icon navigation



GLOBAL

Business Risks

- Adverse global/domestic economic conditions resulting in negative rental reversions, increased financing costs, lower occupancy rates, shortage of attractive acquisition opportunities, delays in acquisitions and a rise in operating expenditure
- Missed revenue targets due to lack of **ESG** considerations
- Undersubscription/poor response to fund raising exercises
- Non-compliance with tax regulations, Companies Act, anti-corruption laws, the Personal Data Protection Act 2010 ("PDPA") and other regulatory requirements
- Poor business continuity plan/ strategy, resulting in inadequate response to critical incidents and emergencies (e.g. fire, flood, cyberattacks)
- Poor supply chain management resulting in compromised ESG matters
- Pressure from stakeholders to conduct CSR activities
- Dissatisfaction from communities facing ESG impacts arising from property development sites

Potential Impact

- 1. Negative impact to cash flows; funds may not be available when needed
- 2. Increased investment required for climate adaptation measures
- 3. Higher Takaful contributions and reduced availability of Takaful coverage
- 4. Financial loss and penalties under prevailing laws
- 5. Reputational damage
- 6. Vulnerability to external threats

- 7. Data loss
- 8. Adverse impact on business sustainability
- 9. Decline in investor interest in the Fund and/or reduced attractiveness to potential investors
- 10. Poor supplier relationships
- 11. Loss of competitive advantage in the market
- 12. Loss of tenant interest and/or decrease in property value
- 13. Loss of social license to operate within the community

FYE2021 Mitigating Actions

- 1. The 2021 Strategy Plan
- 2. Incorporated ESG factors in risk assessments
- 3. Managed community activity and partnerships
- 4. Improved occupational HSE initiatives
- 5. Developed initiatives related to climaterelated impact
- 6. Monitored energy, water and waste management processes
- 7. Maintained a general balance between social-economic impact and cost-benefit considerations of the Fund

- 8. Continuous training for key personnel to stay abreast with the latest regulations
- 9. Held regular engagements with regulatory bodies
- 10. Constant review and assessment of the pandemic's impact on operations
- 11. Enhanced supplier assessments to include social and environmental considerations
- 12. Monitored developments which may affect the communities around our property locations
- 13. Implemented business continuity action plans

Opportunities

- Improve the Fund's attractiveness through the integration of ESG risk assessments as part of the Manager's due diligence processes, thereby minimising non-financial risks
- Build confidence and trust of stakeholders

Link to Strategic Pillars:















FINANCIAL

Business Risks

- Refinancing risk for large facilities
- Banks tightening lending or recalling short-term facilities in response to developments in the global/domestic financial environment
- Increased financing costs
- Insufficient cash/cash deficit
- Non-compliance with listing requirements, statutory obligations, accounting standards, taxation rules, Shariah rules and applicable regulations for REITs
- Missed profit/DPU targets
- Missed financial reporting deadlines
- Inaccuracies in financial reporting
- Oversight of payment to suppliers

REAL ESTATE MANAGEMENT

Loss of money

Potential Impact

- 1. Increased financing level that triggers the need to raise capital
- 2. Default in financing covenants
- 3. Increased financing rate
- Reduction in NAV
- Potential reputational damage
- 6. Decline in investor interest and/or reduced attractiveness to potential investors
- 7. Adverse impact on cash flows, profit and income distribution payments
- 8. Inability to meet payment obligations
- Penalties under the relevant statutory legislations

- 10. Queries, fines, and/or reprimands by the relevant authorities
- 11. Withdrawal of Shariah investors, which may reduce the Fund's market value
- 12. Potential bad and doubtful debts and increased legal costs
- 13. Increased cost of investment in climate adaptation measures
- 14. Wrong or misleading information disseminated for investment decisions.

FYE2021 Mitigating Actions

- 1. Monitored cash flow position and financing profile closely
- 2. Regular engagement with lending financial institutions
- 3. Continuous training for key personnel to stay abreast on the latest changes and updates on applicable regulations
- 4. Applied the relevant ESG risk assessments on all proposed investments
- 5. On-going adherence to regulatory requirements and other relevant procedures

Opportunities

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

Link to Strategic Pillars:





Link to Sustainability Matters 👸 😓 🎨 🦚 🎉







77



- Falling property values
- Increased vacancy rates across the portfolio or at specific properties
- Reputational risk
- Poor tenant relationship
- Stagnant rental rates
- Buildings not fulfilling market needs and losing appeal over time
- Increased operating costs due to poor maintenance planning/strategy, inflation, obsolescence, inadequate due diligence during acquisition and higher tariffs
- Compromised Occupational Health and Safety ("OHS") standards
- Non-compliance with relevant regulations
- Cost overruns and delays in AEIs
- Delinquent tenants/late rental payments
- Non-compliance to fire-certification requirements
- Inadequate/malfunctioning building security and safety controls
- Tenant reputation and credit risk
- Injuries/damages to third-parties, suppliers, vendors, contractors, etc., at the Fund's premises (offices/sites/common areas), resulting in legal suits, delays in services/deliverables, lower productivity, imposition of stop work orders and/or negative media coverage

Potential Impact

- 1. Decline in rental income and profit, adversely impacting income distributions and returns to Unitholders
- 2. Properties not meeting market requirements
- 3. Decline in value of properties
- 4. Higher Takaful contributions or no availability of Takaful coverage
- 5. Reduced investor interest, making fundraising more difficult
- 6. Stagnation of the Fund's growth
- 7. Decline in tenant satisfaction and loss of tenants
- Gradual decline in property yields, adversely impacting the Fund's competitiveness

- 9. High downtime and increased vacancies
- 10. Potential legal suits and penalties imposed by relevant authorities
- 11. Potentially costly and undesirable legal action to recover bad debts or to evict tenants
- 12. Compromised health and safety of tenants and external parties such as contractors, suppliers and service providers
- 13. Potential reputational damage
- 14. Absence of life cycle management of buildings

FYE2021 Mitigating Actions

- 1. Tracked valuations of comparable properties
- 2. Closely monitored market intelligence in the property market
- 3. Held regular engagements with real estate agents and consultants
- 4. Enhanced vendor and contractor assessment, which includes ESG considerations
- 5. Continuously improved the quality and value of the property portfolio via AEIs
- 6. Constantly improved maintenance services and ensured prompt response to tenants' needs
- 7. Continuous improvements through safety and health training

- 8. Fostered close relationships and regularly engaged with tenants
- 9. Constant and close monitoring of fire safety compliance; renewal of fire certificates and security controls
- 10. Conducted safety awareness programmes for external parties
- 11. Ensured compliance with SOPs at all buildings
- 12. Periodic internal audit reviews on the operational processes and procedures under facilities and project management
- 13. Enforcement of HSE Policy and compliance with the Supplier Code of Conduct by vendors/suppliers

Opportunities

- Improve organisational efficiency to promote trust and integrity
- Increase market value and attract potential new tenants
- · Build a strong reputation and increase tenant interest through effective management of

Link to Strategic Pillars:











Leadership that Creates Value

Financial Statements Additional Information

Link to Sustainability Matters

INVESTMENT

Business Risks

- Acquisition of properties without proper/adequate due diligence
- Acquisition of properties from high-risk vendors (e.g. vendors with poor financial standing or high credit risk)
- Acquisition of properties with prior/potential issues of non-compliance with building by-laws and regulatory requirements
- Acquisition of properties with onerous regulatory restrictions
- Acquisition of properties with unfavourable tenant profiles (e.g. tenants with high credit default risk or Shariah non-compliant tenants)
- Development of properties that are not safe or sustainable

• Acquisition of properties with environmental and social risks

- Property disposal without proper due diligence
- Non-compliance with regulatory requirements

- **Potential Impact**
- 1. Adverse impact on the overall performance of the property portfolio
- 2. Undue delays, costs and potential aborted transactions
- 3. Additional capital expenditure required to undertake changes to properties to comply with existing building by-laws and other requirements by the relevant authorities
- 4. Unable to meet Shariah compliance requirements

- 5. High maintenance costs post-acquisition
- 6. Reduced property value
- 7. Reduced investor interest and attractiveness of the Fund
- 8. Tenant dissatisfaction
- 9. Reputational damage
- 10. Lack of ESG assessments in due diligence exercises for potential acquisitions

FYE2021 Mitigating Actions

- 1. Strict adherence to existing established controls in all investment proposals
- 2. ESAs undertaken on brownfield sites, subject to past land use
- 3. Internal investment due diligence checklist, which includes ESG assessments, applied to all potential acquisition targets

Opportunities

• Building a sustainable property portfolio that creates long-term value to stakeholders

Risks and Opportunities

Opportunity to expand investment focus towards green buildings and services (e.g. green financing)

Link to Strategic Pillars:





Business Risks

- Resignation of key personnel
- Poor or decline in employee motivation and performance
- Failure to attract and retain top talent
- Low employee morale, tardiness and skiving issues
- Poor employee retention
- Misappropriation of funds/assets by employees
- Involvement in industrial court cases
- Low productivity
- Ambiguous employee performance expectations
- Violation of business ethics
- Inadequate employee safety and well-being measures resulting in lawsuits, absence from work, lower productivity, stop work orders and/ or negative media coverage
- IT systems and infrastructure failure resulting in loss of key data, data theft, server failure, virus attacks, cyber incidents/crimes, exposure to malware and scams

Potential Impact

- 1. Shortage of manpower
- 2. Poor performance of the Fund
- 3. Jeopardised growth of the Fund
- 4. Increased overhead costs
- High attrition rate
- 6. Low job satisfaction among employees
- 7. Time-consuming and costly industrial court cases
- 8. Adverse impact on operations, profitability and sustainability

- 9. Reduced interest from investors/banks/ business partners
- 10. Higher Takaful contributions
- 11. Potential reputational damage
- 12. Additional costs to rectify data loss and failures in IT systems
- 13. Loss of key information and skillsets through potential data theft or loss of trade secrets

FYE2021 Mitigating Actions

- 1. Annual performance review with employees to set priorities and manage expectations
- 2. Improved employee development and retention programmes
- 3. Conducted an internal audit on the Manager's anti-corruption framework and improved the whistleblowing channel
- 4. Enhanced safety awareness programmes

5. Conducted cyber security awareness training for employees and the Board

Link to Sustainability Matters 🎉 🖒 🎨 👪 📳

- 6. Updated Cyber Risk Policy & Procedures
- 7. Developed checklist on cyber hygiene practices
- 8. Formulated IT Guidelines to govern the use of IT infrastructure and management of data and information

Opportunities

- Transform workforce to inculcate a better mindset and culture
- Maintain a healthy and safe workplace and attract new talent
- Safeguard the organisation's ability to function by enabling safe operation of applications among all data users
- Upgrade data protection infrastructure to ensure a secure network for data storage and transfer

Link to Strategic Pillars:















Risks and Opportunities

Risks and Opportunities

About Our Report Who We Are and What We Do Building Our Resilience

DRIVING VALUE CREATION

Link to Sustainability Matters

Leadership that Creates Value Financial Statements Additional Information



Business Risks

• Poor or no take up of developed properties post project completion

- Loss of competitive advantage due to inability to provide efficient and relevant infrastructure to tenants
- Lack of sustainable design/materials consideration in development projects
- Utilisation of unsustainable materials in development projects
- Development cost overruns
- Delays in project completion
- Breach of regulatory limits on property development

Potential Impact

- 1. Adverse impact on DPU and cash flows
- 2. Potential reputational damage
- 3. Withdrawal of investor interest
- 4. High maintenance costs to tenants
- 5. Loss of competitive advantage
- 6. Negative impact on the environment 7. Potential legal action due to negligence
- 8. Unexpected increase in financing level

9. Breach of requirements which may lead to actions and/or penalties imposed by regulators

FYE2021 Mitigating Actions

- 1. Focused on 'built-to-lease' projects with long lease tenures
- 2. Focused on current market needs in terms of building specifications
- 3. Continuously monitored and explored sustainable building products
- 4. Incorporated environmental assessment criteria in the selection of materials to be used in development projects, such as resource-saving and environmentally friendly materials
- 5. Incorporated water pollution management before discharging, proper construction waste disposal and dust control measures during construction process
- 6. Constant monitoring of ongoing projects to ensure compliance with agreed timelines
- 7. Regular engagement with consultants and contractors
- 8. Performance evaluation on consultants and

Opportunities

- Attract tenants who seek high quality, sustainable builds
- Optimise long-term cost savings with sustainable and resource-saving building products

Link to Strategic Pillars:











ENVIRONMENTAL

Business Risks

- Increase in electricity and water consumption (at multi-tenanted properties)
- Increase in GHG emissions
- Deterioration of water quality
- Water shortages and disruption to water supply
- Mismanagement of domestic waste (at multi-tenanted properties)
- Mismanagement of hazardous waste (at multi-tenanted properties, during AEIs and development projects)

Potential Impact

- 1. Increased operating costs
- 2. Increased GHG emissions
- 3. Tenants' lack of awareness of Axis-REIT's energy conservation initiatives
- 4. More frequent purchase of water
- 5. Tenant dissatisfaction
- 6. Disruption to tenants' operations where the use of water is required

- 7. Adverse impact on tenants' health
- 8. Potential reputational damage
- 9. Penalties by the relevant authorities due to non-compliance

FYE2021 Mitigating Actions

- 1. Considered initiatives to use renewable energy sources
- 2. Set energy/carbon reduction targets
- 3. On-going review of water tank storage capacity and use of water-efficient fittings
- 4. Evaluated new technologies for water treatment

Link to Sustainability Matters 😩 🦻 🐚 🟗

5. Implemented waste monitoring initiatives

- Reduce operating costs and environmental footprint through the use of energy efficient fittings
- Become eligible for green financing and other green or sustainability-linked financing
- Future-proof the portfolio against the impact of climate change

Link to Strategic Pillars:









STRATEGYBUSINESS PLAN 2022 - 2023

About Our Report Who We Are and What We Do Building Our Resilience

DRIVING VALUE CREATION

Strategy – Business Plan 2022 - 2023

Leadership that Creates Value Financial Statements Additional Information

In FYE2021, we reviewed and updated our business strategy, to ensure that our plans and outlook were relevant and reflective of the prevailing macroeconomic conditions and industry trends. The outcome of the review is encapsulated in Axis-REIT's Strategy – Business Plan 2022 - 2023, a 2-year plan that sets the immediate direction, focus, targets and risk appetite of the Fund. The review also resulted in the enactment of Governance as a new, 6th strategic pillar in the Fund's strategy.

The diagram below maps the Fund's 15 sustainability matters (which are discussed in detail in the Management of Sustainability Matters section on pages 88 to 133) to the 6 strategic pillars of Axis-REIT's Business Strategy, namely, Development, Capital Management, Real Estate, Facilities Management, Investment and Governance.



Based on these 6 strategic pillars, we have established the respective strategic focuses, targets and KPIs, as well as business plans for the next 2 years.

Pillars	Strategic Focus	Key Activities in FYE2021	Plans for FYE2022	Targets & KPIs for FYE2022-FYE2023
Real Estate Drives the maximisation of returns through a successful portfolio of properties that meets stakeholder needs and capitalises on long-term opportunities	 Building strong awareness of the Axis- REIT brand Forging strong relationships with existing tenants Strengthening the property portfolio with quality new builds and securing credible and reliable tenants 	 Maintained portfolio occupancy rate above 90% Achieved positive annual rental reversion of above 2% for the portfolio 	 To enhance the value of properties via strategic AEIs To secure one development project 	 To maintain tenant satisfaction survey rating at above 70% To maintain tenant satisfaction rating on 'Hello Axis' at above 80% To maintain portfolio occupancy rate above 90%
Capital Management Enables proactive financial strategies and steady growth to support operational requirements and distributions amid ever-changing market conditions and geopolitical developments	 Close monitoring of financing rate movements Diversifying sources of funding 	 Completed a new Sukuk issuance to lengthen the Fund's financing maturity profile Optimised the capital structure to fund acquisitions and enhancements through a combination of financing and equity, i.e. IDRP. 	To assess the viability of developing green financing and other green or sustainability- linked financing	To explore the viability of developing green financing and other green or sustainability-linked financing by 2023 with financial institutions
Pevelopment Focuses on project management and 'built- to-lease' development projects through tenant collaboration to deliver quality and future-ready assets	 Selection of competent contractors and consultants Selection of building materials for easy maintenance and sustainability Meeting tenant specifications and satisfaction 	Implemented the following processes during the construction period of development projects: - Water pollutant management before discharge - Proper construction waste disposal and dust control	 To include recycling/circular economy considerations in new builds, where suitable (applicable for brownfield sites) To incorporate human rights assessments into our vendor pre-qualification registration form and vendor evaluation form with effect from FYE2022 To consider green building standards for new builds, where suitable To monitor contractors' compliance with ESG requirements (including human rights & labour practice assessments) through training, adhoc site visits, audits, etc. 	To enhance existing buildings by incorporating sustainability considerations such as energy and water efficiency technologies in AEIs from FYE2022 onwards

Strategy - Business Plan 2022 - 2023

Pillars	Strategic Focus	Key Activities in FYE2021	Plans for FYE2022	Targets & KPIs for FYE2022-FYE2023
Facilities Management Facilitates the preservation of properties and tenant experience by proactively delivering good services	 Introduction and implementation of Facilities Management best practices Adherence to building codes of compliance Enhancing OHS efforts and measures 	 Implemented enhanced procedures for vendor registration and evaluation to better reflect ESG matters and compliance of the Supplier Code of Conduct Commenced waste measuring, monitoring and reporting initiatives 	 To conduct scheduled building audits – energy, water, diesel and recycled items To conduct daily building inspection, checking of hard and soft services To organise safety awareness programmes for suppliers, vendors, contractors, etc. To monitor and record waste generation by disposal method and recyclability To explore new technology for water treatment (for multitenanted properties) 	To explore target setting for environmental indicators with the appointment of an independent consultant
Investment Empowers the expansion of our property portfolio through an active and responsible acquisition pipeline while leveraging on industry insights	 Developing and maintaining a robust and active acquisition pipeline Enhancing the portfolio of industrial assets by focusing on logistics and manufacturing facilities with potential for future enhancements or redevelopment Sourcing and evaluating offices/business parks in strategic locations with the potential to fetch better values 	 Completed 5 yield-accretive acquisitions for a total consideration of RM223.2 million Incorporated ESG factors into investment criteria such as: Handling of chemical waste at the targeted property/site Installation of environmentally friendly features such as LED lights, solar panels, rainwater harvesting Developed internal checklist with ESG-related investment criteria 	To incorporate the following ESG-related due diligence processes in the Fund's acquisition procedures: Assessment of energy-saving applications and features at the target property Undertaking ESAs (where applicable) Assessment of chemical waste handling by the existing occupants of the target property (where applicable)	

Pillars	Strategic Focus	Key Activities in FYE2021	Plans for FYE2022	Targets & KPIs for FYE2022-FYE2023
Maintaining business integrity by building an environment of trust, transparency and accountability to foster long-term value creation for stakeholders	 Proper handling of personal data/ information Safeguarding the Fund's IT systems and data against potential cyberattacks 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 	 Enhanced cybersecurity awareness via training programmes Established IT Guidelines Adopted cyber hygiene practices recommended by the SC Defined diversity and inclusion for the Manager 	 To review the status of compliance with the PDPA To conduct Cybersecurity Awareness programmes and provide IT updates to the Board and employees annually Periodic reporting of cyber incidents and corrective actions by the IT vendor to the Board, where applicable To report the status of the Fund's cybersecurity performance measures to the Board on a quarterly basis To assess the viability of end-to-end encryption for private and sensitive data (in line with the SC's cyber hygiene checklist) To liaise with professional institutions such as the Institute of Corporate Directors Malaysia and other relevant bodies to help identify suitable candidates as Independent Directors, when such need arises To develop a gender diversity policy for the Manager's Board and management levels To establish a process to monitor and manage incidents related to human rights issues within Axis-REIT's supply chain 	discrimination

VALUE CREATION & SUSTAINABLE DEVELOPMENT GOALS

About Our Report Who We Are and What We Do Building Our Resilience

DRIVING VALUE CREATION

Leadership that Creates Value Financial Statements Additional Information

Axis-REIT's value creation model is driven by our core values, purpose, strategy and measures of success. The value creation process is at the heart of integrated thinking which turns valuable resources and relationships into results that create value. How value is created is defined by our tenants, investors, employees. suppliers and other stakeholders. In developing our value creation model, we have sought to incorporate a broader agenda into our strategic thinking that includes meaningful engagement with various key stakeholders to understand our mutual

interdependence and how this translates to our purpose and strategy. Therefore, we have mapped our material matters to the UNSDGs to determine the UNSDGs for which we can make the most impactful contributions.

BUSINESS ACTIVITIES

(OPERATING & REGULATORY ENVIRONMENT/STRATEGIC PLAN)

· Maintaining a proactive portfolio management strategy to preserve and enhance the value of properties

Active marketing of properties to prospective tenants with increased reach through digital

• Focusing on acquisitions and development of warehouses given the surge in

• Engaging with existing tenants on space and facility requirements

• Enhancing our whistleblowing channel for more effective reporting

• Monitoring tenants' business conditions due to COVID-19

• Conducting an annual supplier/contractor evaluation process that includes ESG

• Monetary donations to the IDEAS Community Projects' Hospital Emergency

• Adhering to the HSE Policy and enforcement of policies by on-site engineers

• Implementation of Job Safety Analysis ("JSA") to establish documented risk

• Conducting safety awareness and training programmes for new employees,

· Adherence to SOPs to protect the health and well-being of employees and other

· Provision of ongoing learning opportunities and annual performance appraisals

• Provision of equal employment benefits to both permanent and contract employees

• Enhancing our Supplier Code of Conduct by including human rights and

· Maintaining an optimal balance of short and long-term financing through prudent capital

• Raising capital to pare down financing and provide financial headroom for acquisitions

• Adopting cost discipline and optimisation of capital structure

management

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

marketing channels, including virtual property viewings

e-commerce activities in the country

fair labour practices

assessments

for employees

• Participating in bidding exercises for 'built-to-lease' projects



Creating and sustaining value involves action and communication between the Manager and stakeholders. On the Manager's side, we strive to uphold inviolable business ethics and integrity to enhance our accountability and credibility. This is vital to ensure business prosperity and sustainability. We continue to focus on SDG#16 – Peace, Justice and Strong *Institutions*. We have various internal controls and processes in place to support SDG#16 targets to substantially reduce corruption and bribery within the organisation. These controls include the development and implementation of a Code of Conduct, Whistle-blowing Policy, Supplier Code of Conduct, as well as an Anti-Bribery and Anti-Corruption Policy which are used to govern the conduct of

Value Creation & Sustainable Development Goals

both internal and external stakeholders, including our employees, suppliers and service providers. We have also established Information Technology Guidelines and Cyber Hygiene Practices in FYE2021 to ensure integrity and accountability in terms of safeguarding personal data and information against any form of cyber security breaches. Please refer to the Business Ethics section on pages 106 to 107 and Cybersecurity & Data Protection on pages 108 to 109 for further information.

Financial

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Preservation

resources and processes

that support the current

and future prosperity of our

business and stakeholders, to

minimise the impact of our

operations on climate

change

Axis-REIT's Unitholders capital, financing facilities, investments and rental income that are used to support Axis-REIT's business and operations

Manufactured

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

Social & Relationship

Stakeholder relationships, including suppliers, regulators and the communities in which we operate, as we recognise the need for interdependent relationships in building a thriving society



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

Intellectual

The expertise and knowledge Natural be reproduced and shared for sustainable growth and sustainable application of all environmental

inherent to the Manager that can

• Enhancement of 'Hello Axis' to improve user experience

external service providers and contractors

- Upgrade of IT security through the adoption of IT Guidelines, the Cyber Hygiene Checklist and implementation of IT infrastructure and controls
- · Incorporating ESG considerations into due diligence exercises for potential new acquisitions
- Incorporating ESG criteria for developments
- Installing rainwater harvesting systems for landscaping and general cleaning
- Upgrading of air conditioning systems to environmentally friendly systems
- · Replacing conventional lighting with energy-efficient light and water-saving fittings
- Managing recycling bins and repositories for the collection of recyclable waste and electronic waste ("e-waste")

OUTPUT/OUTCOME

- Completed 5 yield-accretive property acquisitions for a total consideration of
- Grew revenue and net property income by 6% and 7.2% yoy to RM246.2 million and RM212.9 million respectively
- Increased economic value distributed by 7.2% to RM171.5 million
- Sufficient liquidity at RM661 million

VALUE TO STAKEHOLDERS

- · Sustained growth of the Fund
- Continued income distribution to Unitholders

UNSDGS



- Achieved occupancy rate of 96% and tenant retention rate of 89%
- Secured tenancies for 91% of the total NLA that was up for renewal as well as a 5.6% positive rental reversion across the portfolio
- Strong value proposition through emphasis on strategic locations and developments that are relevant to market demands





- No cases of compliance breaches
- 100% local vendors
- The total number of suppliers decreased by 8.6% with a total procurement value of RM19.6 million
- A total of 45 training hours across 15 sessions were offered to suppliers
- Doubled the Fund's monetary donations to RM200,000 in FYE2021, from RM100,000
- No reported incidents or grievances related to discrimination, child labour and/or forced labour issues
- Business opportunities and growth through strong partnerships with suppliers and other stakeholders
- Contributing as a responsible and ethical community participant







- Maintained absentee rates at an average of 1.0%, unchanged from FYE2020
- No fatalities, Lost Time Injuries ("LTI"), restricted work, medical treatment cases or first aid cases
- No fines or sanctions for non-compliance with OSH-related laws and regulations
- Average training hours per employee increased by 40% from the previous year
- 100% of employees received regular performance and career development reviews
- 2 new hires in FYE2021 and a 6% turnover rate
- Gender pay ratio (male to female) of 1:1 from middle to senior management
- High employee satisfaction through inclusive opportunities, and the prioritisation of their safety and wellbeing
- Differentiated provider of business space solutions









- Tenant satisfaction rating for service requests on 'Hello Axis' maintained at 4.32 out of 5, exceeding the annual target score of 4 and above
- Annual tenant satisfaction survey score averaged 7.31 out of 10 which is a marginal 1.2% decrease from FYE2020
- Enhanced IT security systems with zero incidents of cybersecurity breaches
- Reduced water consumption and Water Use Intensity ("WUI") by 20% and 17% respectively
- Energy consumption, intensity and scope 2 GHG emissions were maintained at similar levels to the previous year
- Collected 438kg of paper, 184kg of glass and 196kg of metal, aluminium cans and plastic from common areas of multi-tenanted properties
- Collected 82kg of e-waste
- No fines or sanctions for non-compliance with environmental laws and regulations

- Being a preferred business partner through strong relationships with real estate agents and business owners
- Providing superior and reliable customer service to tenants

• Strengthens the resilience and adaptive

capacity of the Fund to the availability

of natural resources over the short,

medium and long term









About Our Report Who We Are and What We Do Building Our Resilience

DRIVING VALUE CREATION

Management of Sustainability Matters

Leadership that Creates Value
Financial Statements
Additional Information

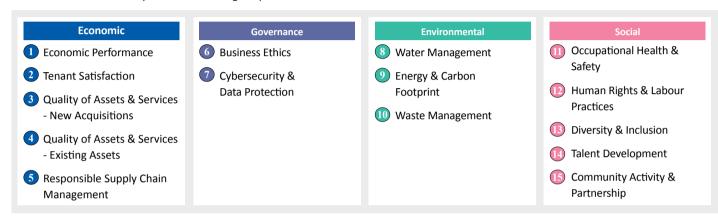
MATERIAL SUSTAINABILITY MATTERS

We take a comprehensive view in identifying the Fund's sustainability matters, seeking a deeper understanding of these matters and how they influence value creation in the short, medium and long term. We apply an integrated approach to our materiality assessment process. Through this process, we aim to devise a strategy to build a resilient, sustainable and profitable business for the long run.

Following the last materiality assessment process in FYE2019, we conducted a new materiality assessment during the period under review

to re-evaluate our priorities given the ever-changing macroeconomic landscape, particularly in the wake of the COVID-19 pandemic.

Not surprisingly, OHS emerged as the top priority for both Axis-REIT and its stakeholders in the FYE2021 materiality assessment, while the priority placed on the other sustainability matters remained similar to the outcome in FYE2019. Cybersecurity & Data Protection also saw increased importance amid an increasing dependence on technology in the ongoing pandemic.



In FYE2021, we introduced a new sustainability matter to our matrix – Human Rights & Labour Practices. The subject has become a salient and critical issue, which therefore raised the need for our stakeholders to understand how we address it. We have also included Diversity & Inclusion (which is an enhancement to our previous Employee Wellness & Engagement sustainability matter) to be aligned with SDG5: Gender Equality. Through these enhancements, we refined our focus to not only direct our efforts to these issues but to better communicate our priorities to our stakeholders.

The table below presents the Materiality Matrix and the current list of material sustainability matters for Axis-REIT.



MATERIALITY ASSESSMENT PROCESS

Our materiality assessment process comprised the following 4 steps:

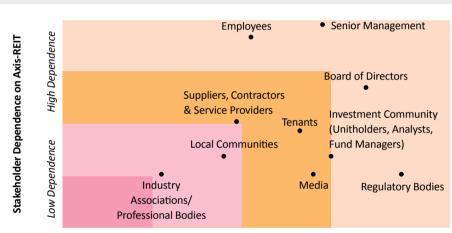


The first step of our materiality process involved a review of our current sustainability matters to assess their relevance to Axis-REIT. This was done through a benchmarking process where we compared the Fund against industry peers to determine the most pertinent issues in the industry. We also ensured our alignment with sustainability frameworks and indexes to remain abreast with the latest best practices in reporting our matters. Other factors such as global trends were also taken into consideration when assessing the relevance of our matters.



Management conducted an impact assessment exercise to determine the possible impact and likelihood of occurrence of these risks and opportunities and their bearing on the Manager's ability to create short, medium and long-term value for all stakeholders.





Low influence to high influence

Stakeholder Influence on Axis-REIT

The Manager also conducted a Stakeholder Prioritisation exercise to see the weight of stakeholder influence on the overall outcome of the matrix. The Stakeholder Prioritisation Matrix, presented below, has allowed us to come up with a holistic view of our stakeholder groups to better address their expectations.

The exercise enabled the Manager to have a full view of the significance of Axis-REIT's sustainability matters, and to gauge and incorporate stakeholder feedback and considerations into the assessment process.

From here, we engaged our key stakeholders to gather their input on the significance of each sustainability matter. We expanded our scope of engagement this year to include more participants for a more comprehensive view of our stakeholders' priorities. We engaged participants from 5 stakeholder groups — the Board of Directors, Senior Management, employees, tenants as well as service contractors and providers — to gauge the perception of the importance of Axis-REIT's sustainability matters across the different stakeholder groups. All engagements were conducted online, through surveys and teleconference calls to safeguard the health and safety of our stakeholders.



The outcome of this process resulted in Axis-REIT's updated materiality matrix (see page 88). The matrix shows the significance and importance of each sustainability matter from the perspectives of Axis-REIT as well as its stakeholders. The matrix was then presented to the Senior Management where it was deliberated further and approved for adoption.

The Manager will continue to monitor and manage all sustainability matters identified and conduct materiality assessments periodically to ensure that Axis-REIT's priorities are accurately represented.

Leadership that Creates Value Financial Statements

Management of Sustainability Matters

ECONOMIC ECONOMIC PERFORMANCE SUPPORTING THE UNSDGS MAPPED TO **OUR RESOURCES**









STRATEGIC PILLARS



BUSINESS RISKS





GRI

201: Economic Performance

203: Indirect Economic Impact

Please refer to page 3 for icon navigation

After a choppy start, Malaysia saw a gradual economic recovery in the second half of 2021, amid an improvement in the country's political and economic outlook, and with the easing of pandemic-related restrictions. Within our borders, the pandemic was coming under control as the national vaccination programme accelerated, paving the way for a gradual economic recovery.

The pandemic has reiterated the importance of effective and competent management, particularly in decision-making that involves taking calculated risks to create long-term value for our stakeholders, and thereafter, managing these risks appropriately. For Axis-REIT, effective risk management has always been a fundamental part of operations, and we take a holistic approach by integrating financial and non-financial risks in our operational and financial strategies.

In FYE2021, Axis-REIT's revenue rose 6% to RM246.2 million, from RM232.2 million in the previous year. The growth stemmed from newly-acquired properties, improved tenant retention and occupancy rates, as well as the positive rental reversion achieved for the period. The economic value distributed and economic value retained also increased, by 7.2% and 3.4% respectively, underpinned by higher economic value generated and higher income distributed to Unitholders.

Through the year, we continually revised our forecasts and expectations to address emerging issues. While our tenants have shown relative resilience compared to the overall market, their businesses have nonetheless been affected by the pandemic to some extent. Our approach in assisting our tenants through these challenges has been to initiate and maintain continuous communication. This has helped us forge closer relationships with our tenants and enabled us to better understand and support their needs.

The Finance Team monitors and reports economic performance against the Fund's strategy and projections on a monthly basis, and assesses the resources that are used and affected. The Finance Team is also responsible for upholding the financial integrity of the Fund through the development and implementation of prudent policies and procedures, and ensures compliance with rules and regulations imposed by the relevant authorities.

For further information on the Fund's financial performance, please refer to the Financial Review section on pages 36 to 45 of the IAR2021.

Effective Risk Management and Governance Framework

The Manager relies on an effective risk management and governance framework to ensure our business and investments meet targeted returns. Our Risk Management and Governance Framework comprehensively addresses our internal controls and risk mitigation to ensure that there are no adverse disruptions to the Manager's pursuit and accomplishment of the Fund's business goals and mission.

COVID-19 has had far-reaching implications on the economy and business activities. However, Axis-REIT's portfolio, with its focus on industrial properties such as manufacturing facilities and logistics warehouses has remained resilient. The pandemic also accelerated the adoption and growth of e-commerce, which translated into a rise in demand for warehouses boosting the attractiveness of such industrial properties.

The additional expenses undertaken to implement the necessary SOPs and comply with the NSC guidelines did not have a significant impact on Axis-REIT's financial position, and the overall impact of pandemic-related issues on Axis-REIT's operations has been manageable thus far. We successfully secured tenancies for 91% (by NLA) of leases that were up for renewal in FYE2021, and together with new tenancies and property acquisitions, raised our overall portfolio occupancy to 96% as at 31 December 2021.

KEY INITIATIVES

Disciplined Investment Strategy

Through the implementation of a disciplined investment strategy, the Manager ensures that the Fund continues to generate financial returns for Unitholders. This involves maintaining a proactive portfolio management strategy by enhancing the value of the Fund's properties and identifying properties that are approaching or have attained optimal returns for disposal consideration, as well as portfolio diversification considerations.

Cost Discipline and Optimisation

The Manager adopts careful and proactive management of operating costs against financial projections and budgets, and benchmarks the Fund's portfolio efficiency ratios against the best in industry. We also strive to manage Axis-REIT's capital structure to achieve an optimal combination of financing and equity for our investment and AEI requirements.

Efficient Management of Working Capital and Liquidity

We ensure our capital structure and liquidity position remains efficient and supportive of our business activities and strategic plans, balancing our short and long-term financing against our business needs and financing rate outlook. As at 31 December 2021, the Fund's liquidity position remained strong at RM661 million, comprising RM196 million in cash and deposits and RM465 million in undrawn financing facilities.

TARGETS & KPIS

Economic Performance	FYE2019 (RM '000)	FYE2020 (RM '000)	FYE2021 (RM '000)
Economic Value Generated (Revenue)	222,464	232,234	246,195
Operating Costs	30,756	33,716	33,314
Payment to Capital Providers	116,752	126,203	137,985
Payment to Government	6,263	7,085	8,118
Community Investment	60	100	200
Economic Value Distributed	147,568	160,019	171,499
Economic Value Retained	74,896	72,215	74,696

OUTLOOK

We continue to emphasise implementing a disciplined investment strategy, optimising costs, ensuring efficient management of working capital and liquidity, and adhering to an effective risk management and governance framework. As we take our ESG agenda forward, the Manager will also explore the viability of developing sustainability financing with financial institutions in the coming year.

About Our Report

Management of Sustainability Matters Financial Statements

TENANT SATISFACTION



PILLARS





BUSINESS





GRI

416: **Customer Health** and Safety

Tenant satisfaction is the bellwether indicator in evaluating the competitiveness of real estate industry players and is a key driver in ensuring the growth of the Fund.

The Manager strives to meet and exceed the rising expectations of tenants by providing superior services and workspace solutions. We aim to maintain our exceptional levels of tenant satisfaction and retention by ensuring our operations are tenantcentric. Building strong relationships with our tenants involve having a deep understanding of their needs and behaviours, and continuously evaluating their feedback and requests.

With many of our tenants and employees working remotely during the MCO and enhanced MCO, we faced challenges in assessing and addressing tenants' concerns and feedback. Nevertheless, we were able to respond to more than 80% of tickets raised via 'Hello Axis'. We also met our ratings target, achieving a service request satisfaction rating of 4.32 (out of 5) and an overall tenant satisfaction rating of 7.31 (out of 10) during FYE2021 (please see the "Targets and KPIs" section for more details).

The Real Estate and Facilities Management Teams are responsible for attending to tenants' needs and requests. The Facilities Management Team, which remained operational throughout the various phases of the MCO to support our tenants, responds to matters that require ad-hoc maintenance. Meanwhile, the Real Estate Team takes charge of property management and leasing functions. They are supported by the Commercial & Industrial Marketing Manager, who is in charge of expanding the Fund's reach to potential new tenants through the deployment of various marketing strategies, which included campaigns on digital platforms.

KEY INITIATIVES

Regular tenant engagement through 'Hello Axis' mobile application

Amid the MCO restrictions, the Manager redoubled its efforts to maintain and monitor regular tenant engagement. This was facilitated by 'Hello Axis', the Fund's digital tenant management application. Through 'Hello Axis', the Manager was able to monitor and respond to tenants' immediate needs and concerns, and discuss potential improvement plans despite MCO restrictions and remote working arrangements. 'Hello Axis' is continually updated and improved, and during 2021, was enhanced to improve user experience.

2 Understanding tenant priorities

A key element in the Manager's business and operating strategy is its tenant-centric focus. This entails having a strong understanding of tenants' priorities and needs, which in turn, enables the Fund to offer business space solutions and services that address unique market

3 AEIs

The Manager maintained its strategic approach to AEIs to ensure the properties are well maintained to meet tenants' needs. Amid a rising awareness and demand for ESG compliance, the Manager has also increasingly incorporated sustainability initiatives in its AEIs, particularly in using and installing environmentally-friendly materials, fittings and fixtures.

4 Tenant profile screening

Axis-REIT's stringent tenant screening process has built a portfolio of quality and creditworthy tenants. The screening process enables us to review their financial background, nature and sustainability of their business to minimise credit risks. It also helps us forge closer relationships to better understand and support their business needs.

Utilisation of digital platforms for new leasing leads

The Manager continued to leverage on digital platforms to engage with real estate agents as well as potential new tenants. The Commercial & Industrial Marketing Manager produced digital marketing collaterals which enabled virtual property viewings for real estate agents and potential tenants that would otherwise have been put on hold during the various phases of the MCO. In FYE2021, the Manager completed 12 virtual one-on-one Agent Briefings with key real estate agencies where it shared current and future plans and discussed potential avenues for collaboration.

The table below presents common issues and expectations raised by Axis-REIT's tenants and the Manager's corrective actions to resolve them.

Common Tenant Issues/Expectations	Corrective Actions Taken
Housekeeping	Regularly inspect, monitor and improve the housekeeping of Axis-REIT's properties.
Water seepage issues at affected properties	Conducted repair and rectification work to address these problems.
Lift breakdowns	Continuously improve lift maintenance at affected properties.
Smoking in toilets	Regular reminders to tenants not to smoke in common areas and designation of smoking areas at all multi-tenanted properties. No-smoking signs have also been installed in all staircases and toilets.

Please refer to page 3 for icon navigation.

Leadership that Creates Value Financial Statements

Additional Information

DRIVING VALUE CREATION

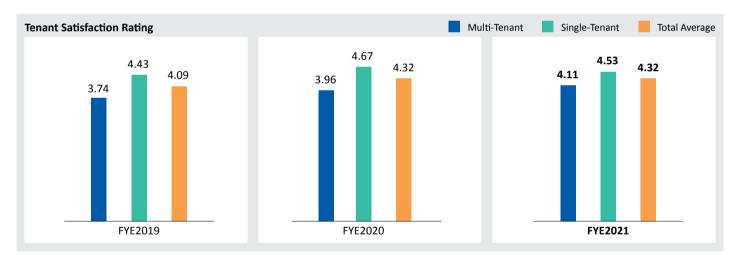
About Our Report

TARGETS & KPIS

During FYE2021, the Manager maintained its tenant satisfaction rating of 4.32 from the 'Hello Axis' portal. The chart below details the number of tickets raised. resolved and outstanding, along with the overall satisfaction rating accorded by our tenants. For the 'Hello Axis' portal, tenant satisfaction ratings run from a scale of 1 (poor) to 5 (excellent).

'Hello Axis' Tenant Satisfaction Ratings **Target Score** Average score in FYE2021

Building Type	Tenants' Online Service Requests (tickets)				
	Raised	Resolved	Outstanding		
	FYE	2019			
Multi-Tenant	274	272	2		
Single-Tenant	103	94	9		
	FYE	2020			
Multi-Tenant	114	112	2		
Single-Tenant	44	38	6		
FYE2021					
Multi-Tenant	23	23	0		
Single-Tenant	127	127	0		



The reinstatement of a prolonged MCO during FYE2021 resulted in tenants opting or being required to work-from-home. Consequently, with lower attendance and footfall at our multi-tenanted properties, the volume of service request tickets submitted dropped significantly. In contrast, the number of tickets raised at single-tenanted properties rose, mainly as many of our logistics warehouse and manufacturing facility tenants continued to operate as "essential services" for most of FYE2021.

During the year, the Manager observed a decrease in ticket response times with 84% of tickets raised by tenants across the portfolio resolved within 24 hours, from 96% for multi-tenanted properties and 86% for single-tenanted properties in the previous year. The drop in response times was, in part, due to difficulties in sourcing for equipment and spare parts, as well as difficulties in engaging contractors with permits to operate during the MCO and CMCO periods, as many contractors reported having difficulties obtaining permits from the relevant authorities to work during these periods.

Building Type	FYE2019		FYE2020		FYE2021	
		Ticket Response Time				
	< 24 hours	> 24 hours	< 24 hours	> 24 hours	< 24 hours	> 24 hours
Multi-Tenant	81%	19%	96%	4%	84%	16%
Single-Tenant	95%	5%	86%	14%	84%	16%

For the 2021 annual tenant satisfaction survey, the Manager repeated the same questions from 2020 to gauge our performance against the previous year. Tenants were required to rate their experience with Axis-REIT on a scale of 1 (poor) to 10 (excellent). We are pleased to report that despite the challenges faced in 2021, we were able to garner a tenant satisfaction rating of 7.31 for FYE2021, exceeding our target score of 7. The results of the survey are presented in the table below:

2021 Annual Tenant Satisfaction Survey Results					
>7	7.31				
	Average score				
Target Score	in FYE2021				

Tenant Satisfaction Survey	FYE2019	FYE2020	FYE2021
Services & Response Time	6.95	7.23	7.24
Likelihood of Recommendation	7.13	7.42	7.21
Preferred Business Space Partner	7.13	7.33	7.17
Safety & Security	7.11	7.52	7.74
COVID-19 SOPs	N/A	7.48	7.18

The survey showed that we obtained scores above 7 for all questions answered, with an improvement in the score for Safety & Security and a slight uptick for Services and Response Time. However, our scores on COVID-19 SOPs, the likelihood of recommendation and preferred business space partner declined.



"Axis FM Team rocks! Thank you for the excellent services through the years."

- Anonymous tenant from Wisma Academy Parcel

Despite the challenging operating environment, Axis-REIT's property portfolio recorded an improvement of occupancy rate to 96% following the success of the Manager in securing new tenancies and renewals.

Occupancy	Target	FYE2019	FYE2020	FYE2021
Occupied	>90%	92%	91%	96%
Vacant	N/A	8%	9%	4%

OUTLOOK

The COVID-19 pandemic has profoundly affected how people live and work, and how businesses operate globally. For Axis-REIT, this has meant focusing our efforts on adapting to these changes, anticipating our tenants' needs and responding effectively and efficiently. Our immediate priority is to ensure a safe working environment across our portfolio, adhering to the regulators' guidelines and SOPs, while maintaining a conducive operating environment for our tenants. Through these efforts, we seek to improve our business space solutions, improve our tenant services and relationships, and drive our tenant satisfaction ratings higher.

Leadership that Creates Value Financial Statements Additional Information

Building Our Resilience

About Our Report

QUALITY ASSETS & SERVICES – NEW ACQUISITIONS



BUSINESS









The continued growth of Axis-REIT's portfolio is integral to achieving the Fund's mission and objectives. The Manager achieves this growth through stringent selection of acquisition targets and development projects that are strategic, yield-accretive and value-creating for both our business and stakeholders.

The Manager is also aware that the environment surrounding the Fund's property portfolio also presents risks and opportunities, and we are committed to identifying, assessing and managing these risks to support the resilience and preserve the value of the Fund's portfolio of properties.

The Manager has a set of internal policies that guides the assessment and evaluation of all potential new acquisitions and developments. During FYE2021, we enhanced our policies on the acquisitions due diligence process through the inclusion of a scoring system to assess all potential portfolio additions.

This is in alignment with the local regulatory requirements to conduct environmental impact assessments for new projects.

The Manager ensures due diligence exercises and feasibility studies are carried out for all new property acquisitions and developments. The due diligence processes are performed by competent consultants. Approved property acquisitions and development projects are then recommended to the Trustee for execution.

OUR KEY INITIATIVES ARE SUMMARISED BELOW:

ESG Criteria for New Property Acquisition

Initial Due Diligence Assessment Scoring System

During FYE2021, we continued building a healthy pipeline of potential acquisitions and completed 5 yield-accretive acquisitions for a total consideration of RM223.2 million.

We enhanced and formalised our acquisition evaluation process through the implementation of an initial due diligence assessment scoring system. This assessment is undertaken and recorded for acquisitions based on the following 7 items:

- Review of public transportation network and access;
- Review of risk of flooding in current location;
- Proximity of location to natural water sources;
- Observation of past soil settlement issues;
- Observation of potential hazards from adjacent properties/land;
- Observation of green building designs such as rainwater harvesting tanks, usage of LED lights and/or solar panels; and
- Observation of proper storage of scheduled waste.

Each of the items above will be assessed and rated accordingly, based on our internal points or scoring checklist.

Environment Site Assessment (ESA)

ESA is an environmental evaluation category that complements the new acquisitions' due diligence process. The main purpose of conducting ESAs are:

• To review the site historical information, and where necessary, conduct soil and groundwater sampling for determination of site contamination.

• To identify existing and applicable local and national level regulatory and compliance.

The outcome of ESAs will determine the Manager's next course of action, and remedy any issues/liabilities, where necessary.

Developments

With continued demand for grade-A, purpose-built facilities and warehouses from multinational operators throughout FYE2021, the Manager closely reviews opportunities for development and potential built-to-lease projects that involve the following:

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

The Project Management Team then oversees the entire process flow for the developments, ensuring that the projects are completed according to specifications, on schedule and within budget.

TARGETS & KPIS

Axis-REIT successfully acquired 5 properties in FYE2021, and has 2 more property acquisitions in the pipeline that should be concluded in the first half of 2022. The salient features of the completed property acquisitions can be found in the Investment Review section of the Manager's Discussion and Analysis on pages 51 to 56.

Please refer to page 3 for icon navigation.

Management of Sustainability Matters

DRIVING VALUE CREATION Leadership that Creates Value Financial Statements Additional Information

Building Our Resilience

About Our Report Who We Are and What We Do

Number of due diligence exercises conducted under the scoring system 5 FYE2020 FYE2021

The due diligence exercises for the 5 property acquisitions that were concluded in FYE2021 were conducted in FYE2020. The 2 due diligence exercises conducted in FYE2021 were in relation to the ongoing property acquisitions that are slated for completion in the first half of FYE2022.

OUTLOOK

The protracted COVID-19 pandemic has had a significant impact on the business world. For Axis-REIT, the pandemic has posed challenges as well as opportunities, particularly in terms of the choices and quality of properties on the market. More businesses adopted asset light models (thereby freeing up capital and re-investing proceeds from the divestments into their operations), which resulted in a wider range and quality of assets on the market. This presented real estate investors with opportunities to invest in newer, more recently-built properties such as larger-sized warehouses, equipped with modern amenities and infrastructure. Overall, the team maintained its rigorous review of proposals by strictly evaluating each proposal against the Fund's investment criteria.

The pandemic also affected our acquisition evaluation processes, for example, when MCO disrupted the initial review and due diligence processes as physical meetings and site inspections could not be conducted. Once the MCO was lifted, the Manager implemented strict SOPs to safeguard the team's health and safety on such site visits through the provision of masks, mandatory reporting of all site visits and utilising conferencing technology to reduce physical meetings where possible.

The risks arising from the disruption of the various steps in the acquisition process were mitigated by continued engagement with vendors and consultants throughout the lockdown period. This facilitated the seamless continuation of deal negotiations and resumption of site visits and inspections once movement restrictions were lifted.

Moving forward, we hope to expand the ESG-related investment criteria by expanding the due diligence checklist/process. Some of the ESG measures that may be incorporated into the acquisition feasibility

- · Reviews of waste management, including chemical waste, by current users/tenants:
- Reviews of water consumption by current users/tenants; and
- Requirements for ESA (where applicable).



QUALITY ASSETS & SERVICES – EXISTING ASSETS



STRATEGIC PILLARS





BUSINESS RISKS



GRI

Fund, and create long-term value to stakeholders and investors. This is achieved through regular maintenance as well as strategic AEIs to ensure Axis-REIT's portfolio is relevant and meets current market requirements. One such enhancement is the incorporation of policies were developed to ensure the operations sustainability features, such as energy efficient and water saving fittings, in our existing properties, in line with the Fund's rising commitment towards

The Manager is responsible for maintaining the quality of the Fund's existing properties and services to drive the sustainability, profitability and growth of the

ESG goals. The Manager explores and invests in environmentally-friendly, resource-efficient fittings, fixtures and materials in our maintenance, upgrading and refurbishment projects of existing properties. These investments not only help us meet our sustainability targets and optimises our operational costs, but also helps our tenants achieve their sustainability goals as well.

In maintaining the quality of the Fund's existing properties, we have an Operations Manual - an internally-developed set of procedures and policies that guides its decision-making for maintenance and enhancement initiatives. These procedures and

and maintenance of Axis-REIT's existing properties would provide tenants a safe, secure, clean and conducive environment while preserving and upholding the value of the properties in a sustainable and efficient manner.

The Facilities Management Team is responsible for maintaining the quality and physical condition of all properties in Axis-REIT's portfolio through planned preventive and ad-hoc maintenance services. Together with the Project Management and Real Estate Teams, the Facilities Management Team works to ensure that all upgrades, refurbishments, AEIs and redevelopment projects involving existing assets are carried out in accordance with the Operations Manual, on schedule and within budget.

Please refer to page 3 for icon navigation

During the reporting year, the total capital incurred on AEIs amounted to RM19.4 million. The Facilities Management and Project Management

About Our Report

Building Our Resilience

Management of Sustainability Matters



The Facilities Management Team closely supervises service providers and contractors who are carrying out planned preventive maintenance work to ensure that the services rendered meet the agreed specifications and are in compliance with the Operations Manual. They keep regular communication with our service providers and contractors to facilitate consultation and address required improvements. This establishes an efficient planned preventive maintenance schedule to reduce downtime arising from systems and services failures, such as lift and air-conditioning breakdowns.

KEY INITIATIVES

We have established a Preventive Maintenance Programme to ensure that all properties are adequately and effectively maintained throughout their service life, and that maintenance efforts are planned and executed efficiently. The programme is guided by our Operations Manual, and ensures that appropriate decisions are made in selecting maintenance strategies based on the allocated maintenance budget.

The Manager preserves the value of the Fund's portfolio by constantly maintaining and upgrading its aesthetic appeal and functionality through the following measures:

(m) 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;
- Appointing only competent service contractors to undertake routine service and maintenance work as recommended in the Operations Manual;
- Engaging internal auditors to review the annual preventive maintenance checks:
- Regularly communicating and engaging with tenants to obtain feedback on the functionality of facilities and services;
- Conducting regular training on MEP services to ensure the relevant employees have the necessary technical skills and knowledge to perform their duties competently; and
- Engaging Takaful operators to conduct annual building risk assessments.

) 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;
- Issuing monthly reports to the respective tenants which include corrective actions where required; and
- Engaging Takaful operators to conduct annual building risk assessments.

Representatives from the Facilities Management Team hold monthly meetings with service providers and contractors to facilitate regular engagement, discuss areas of improvements and identify the necessary actions to enhance the quality and efficiency of their services. The Manager also organises at least four training sessions a year for the Facilities Management Team to ensure the team is 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 FYE2021, the Manager conducted 10 AEIs projects across Axis-REIT's portfolio. 90% of AEIs incorporated sustainability considerations such as installing energy efficient and water saving fittings to optimise cost savings and reduce the Manager's environmental footprint.

10 Number of AEIs in 2021

90% Percentage of AEIs incorporating sustainability considerations

1 Axis Industrial Facility @ Rawang

Teams oversaw the following AEIs in 2021:

Partial refurbishment including upgrading of lighting to energy efficient LED lights, the installation of new rainwater harvesting systems and upgrading of water storage tanks to mitigate the impact of water rationing in Selangor.

2 D8 Logistics Warehouse

Upgraded the firefighting system to comply with FM Global standards from local code standards.

3 Axis Mega Distribution Centre

Added a water storage tank to mitigate the impact of water rationing in Selangor.

4 Axis Technology Centre

Refurbished the driveway and gravity wall along Sungai Penchala. These enhancement works have increased the floor loading capacity of the driveway and loading area, and prevented flooding from the overflow of Sungai Penchala.

5 Axis Vista

Refurbished the driveway and gravity wall along Sungai Penchala. These enhancement works have increased the floor loading capacity of the driveway and loading area, and prevented flooding from the overflow of Sungai Penchala.

Upgraded the air conditioning system from conventional Air Cooled Package Units to a Variable Refrigerant Volume (VRV) System, making it more energy efficient.

6 Strateg Data Centre

Waterproofed the rooftop reinforced concrete slab and painted the building's façade with Green Building Certified paint.

7 Bayan Lepas Distribution Centre

Painted the building's facade with Green Building Certified paint.

8 Quattro West

Waterproofed the rooftop reinforced concrete slab.

9 Niro Warehouse

Upgraded the roofing system and upgraded lighting to energy efficient LED lights in the warehouse.

10 Kerry Warehouse

Upgraded the dock leveller system from a manual system to a hydraulic system.

OUTLOOK

We continue to implement strict SOPs to safeguard the health and safety of all vendors and employees working on AEIs, and ensure that all regulations from the relevant ministries and the industry are followed. This has resulted in project postponements and delays in FYE2021, particularly during the MCO and with work restrictions issued by the Construction Industry Development Board ("CIDB") and Ministry of International Trade and Industry ("MITI"). We have also been facing a shortage of building materials due to pandemic-related global supply issues, along with labour shortages in the construction sector, which have impacted our construction and refurbishment AEIs. Contractors have been seeking alternatives, including hiring workers from the local labour pool, but this has resulted in higher overall costs.

In the coming year, the Manager plans to explore recycling/reusing construction materials in new builds on brownfield land, where suitable. We will also consider the feasibility of incorporating environmentally responsible material options in upcoming AEIs. The Manager will continue to maintain and enhance its existing portfolio through consistent maintenance and regular and impactful AEIs.

About Our Report

With effect from FYE2021, incorporating the condition of

compliance with our Supplier Code of Conduct and the adoption



RESPONSIBLE SUPPLY CHAIN MANAGEMENT

SUPPORTING THE UNSDGS



MAPPED TO OUR RESOURCES



STRATEGIC PILLARS







BUSINESS









GRI

204:

Procurement Practices

308: Supplier Environmental Assessment

Please refer to page 3 for icon navigation.



Our commitment to promote responsible supply chain management sets the tone for our stakeholder relationships and how we conduct our business activities.

The Manager has put in place checks and measures to prevent interruptions to our supply chain and to reduce the risk exposures throughout our operations and value chain. The Manager acknowledges the importance of engaging reputable suppliers to mitigate legal, reputational and financial risks and thus, we incorporate ESG considerations when assessing our suppliers. We actively engage our suppliers and service providers to enhance the way we procure goods and services.

We maintain constant communication and work closely with our suppliers to ensure they understand Axis-REIT's values and expectations. In FYE2021, we applied our Supplier Code of Conduct to the vendor evaluation process. The Supplier Code of Conduct includes matters related to ethics and business integrity, whistleblowing, labour

standards, health and safety, and environmental impact. The Supplier Code of Conduct is accessible on our corporate website. We continue to engage with our suppliers on various other themes and initiatives to support and improve our supply chain

The selection, appointment and management of suppliers and service providers falls under the purview of the Facilities Management and Project Management Teams. Together with the Health, Safety, Security and Environment ("HSSE") Manager, the teams meet with our suppliers and service providers regularly to discuss their performance and other operational issues. Through such engagements, we strengthen the relationships with our suppliers and service providers and improve tenant services.

KEY INITIATIVES

In FYE2021, we continued to reinforce the integrity and resilience of our supply chain with the following initiatives:

Management of Sustainability Matters

Continuing to enforce stringent vendor prequalification processes, in which potential new vendors are subjected to comprehensive evaluations by the Facilities Management, Project Management, Real Estate and Finance departments, before being admitted to our panel of vendors

Including checks for soil and water contamination in the Manager's due diligence process for the acquisition of new properties and requiring vendors to conduct ESAs, where applicable

of ESG/sustainability initiatives, processes and procedures into the annual vendor evaluation process 5 initiatives reinforce the integrity and

Conducting regular checks, undertaken by the HSSE Manager and onsite project managers, to ensure health and safety at all construction, asset enhancement, refurbishment and maintenance project sites

Conducting regular health and safety training sessions to suppliers and other relevant external parties to ensure compliance with our Supplier Code of Conduct

resilience of our

supply chain

TARGETS & KPIS

The Manager ensures that the goods and services it procures from reputable suppliers and service providers meet stringent quality standards. Towards this end, new suppliers and service providers are subject to a pre-evaluation check that includes CTOS screenings and background checks to evaluate their financial standing and identify potential involvement in ethical breaches. It also assesses their financial performance, responsiveness, price, delivery, quality, after sales service and effectiveness of management. Only companies with satisfactory scores are admitted to the Fund approved supplier list.

For existing suppliers, the Manager conducts annual evaluation process to identify opportunities for improvement in areas such as responsiveness, price, delivery, quality, after sales service, effectiveness of management and compliance with the Manager's Supplier Code of Conduct. Following the evaluation, suppliers with scores of 55 points and above are retained for future engagements. Suppliers who fail the evaluation are either suspended temporarily or de-registered from the approved supplier list. This ensures the Manager continually drives positive supplier performance and reduces supply chain risks.

Supplier Evaluation Criteria

1 Responsiveness

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

2 Price

- Pricing
- Terms and conditions
- Billing/Invoicing

3 Delivery

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

4 Quality

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

5 After service

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

6 Effectiveness of Management

- · Professional conduct and communication
 - Effectiveness of job-site supervision
- Adoption of ESG/ sustainability initiatives, processes and procedures

7 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



Leadership that Creates Value Financial Statements Additional Information

About Our Report

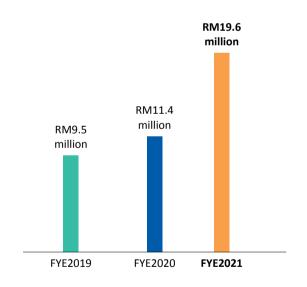
Supplier Statistics

As part of FYE2021's supplier evaluation process, the Manager evaluated all 140 companies on its panel, which are all local companies. Following this evaluation, 19 companies were removed from the panel for non-compliance with the Supplier Code of Conduct, poor ESG ratings, and/or unsatisfactory processes and procedures in their business operations.

FYE	2019	2020	2021
No. of suppliers as at 1 January	112	135	140
No. of new suppliers	23	11	7
No. of suspended suppliers	0	0	0
No. of de-listed suppliers	0	6	19
No. of suppliers as at 31 December	135	140	128

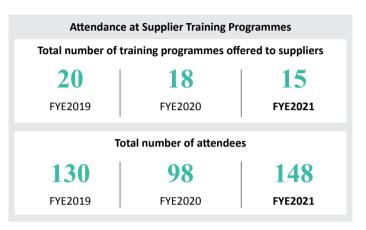
Annual Procurement: Local Suppliers

The Fund's total procurement amount rose to RM19.6 million in FYE2021, from RM11.4 million in FYE2020, in line with the increase in the number of properties and as several projects had been postponed to 2021 from 2020. The Manager is committed to engaging local vendors wherever possible, and is pleased to note that 100% of procurement in the last 3 financial years were transacted with local suppliers.



Supplier Training

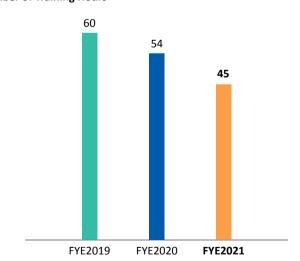
For FYE2021, supplier training courses focused on health and safety, covering topics such as renovation guidelines, working at height, electrical safety, safe chemical handling and general adherence to our HSE Policy. The number of training courses and hours conducted in FYE2021 decreased due to projects being put on hold or delayed as consequence of the work restrictions set out by CIDB and MITI during the MCO.



Note:

- Not all suppliers were able to attend the training sessions conducted due to space constraints.
- The total number of attendees includes suppliers who may have attended more than one training session.

Number of Training Hours



lote:

1. The annual number of training hours has been estimated based on the assumption that 1 training session amounts to 3 hours of training.

Screening and Audit of Suppliers against ESG Criteria

The Manager recognises the importance of incorporating ESG related criteria when assessing the performance of suppliers.

We conduct periodic audits on suppliers and service providers to identify potential risks and devise appropriate mitigation plans. This engagement also helps build sound business strategies and good working relationships.

Percentage of new and existing suppliers and service providers screened against ESG criteria in FYE2021

100%

As such, effective FYE2021, we started to evaluate all suppliers and service providers against its newly-adopted ESG criteria as part of the enhancement to the evaluation process.

OUTLOOK

The construction sector has experienced labour shortages since the start of the COVID-19 pandemic, due to the scarcity of migrant labour and restrictions in employing foreign workers. This has forced contractors to seek alternatives, such as sourcing workers from the local labour pool, but this has knock on effects on overall costs. We have also been facing a shortage of building materials due to global supply chain issues as well as operational disruptions faced during the various phases of the MCO and we are looking to mitigate these challenges.

The Manager recognises the importance of adopting a robust and consistent labour management approach that upholds the principles of human rights. We are committed to protecting and upholding the rights of our employees and ensuring fair labour practices throughout our supply chain. Towards this end, the Manager has incorporated clauses in our Supplier Code of Conduct to ensure our suppliers treat their employees in accordance to the employment laws of Malaysia.

Building Our Resilience

About Our Report Who We Are and What We Do

BUSINESS ETHICS





MAPPED TO **OUR RESOURCES**



STRATEGIC PILLARS















205: **Anti-Corruption**

Please refer to page 3 for icon navigation.



The Manager is committed to upholding the highest standards of governance, ethics and integrity. We embrace best practices and robust risk frameworks to ensure the Fund's assets and services are secure and protected. We constantly review these practices and frameworks, and ensure that we are abreast with the political and economic landscape.

We are mindful of the influences of cultural shifts in the workplace, digital trends, geopolitics, enhanced data safety and security requirements as well as climate change risks, to ensure that we act in the best interest of our stakeholders. As such, we are able to safeguard institutional integrity and boost investor confidence, while sustaining long-term value creation by upholding stakeholder expectations.

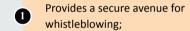
The Board is responsible for governing and setting the strategic direction for the Fund. It abides by the Board Charter, which outlines the roles and responsibilities of the Board. The Manager commits to operating with the highest standards of integrity through adherence to our Code of Conduct. Approved by the Board, it applies to all employees acting for and on behalf of the Manager. It contains policies on managing conflicts of interest, privacy and confidentiality, gifts/entertainment and standards of professional behaviour expected of each employee. All new employees of the Manager

are required to understand the elements of our Code of Conduct and other related policies as part of the induction programme.

In addition to the Board Charter and the Code of Conduct, the Manager has a Whistle-Blowing Policy and an Anti-Bribery and Anti-Corruption ("ABC") Policy, which provide avenues for employees, directors, suppliers and tenants to report any misconduct, criminal offences or malpractices.

The Whistle-Blowing Policy encapsulates the governance and standards required to promote an ethical, responsible and secure whistleblowing practice. The policy provides a secure avenue for stakeholders to report any knowledge of improper conduct, where all concerns raised will be treated fairly, and for the anonymity of the whistleblower to be protected. In cases where the issue warrants further investigation, the Manager will carry out the necessary inspections and corrective measures.

The Whistle-Blowing Policy:



Supports the Manager's values and maintains a high standard of integrity and accountability;

Ensures stakeholders can raise 3 concerns without fear of reprisals:

Provides a clear and confidential 4 process for dealing with concerns

The Manager holds a zero-tolerance stance against all forms of bribery and corruption, and established an ABC Policy to ensure our stakeholders understand and comply with our position. We are committed to act professionally, fairly and with integrity in all our business dealings and relationships, and will constantly uphold all laws relating to anti-bribery and corruption.

Our efforts include monitoring the risks of corruption in terms of gifts, corporate hospitality and entertainment through the Gifts & Hospitality Register, an internal monitoring document initiated in 2020 to ensure compliance with the approved limits of gifts and hospitality prescribed in the ABC Policy.

Our policies and procedures are reviewed annually and updated, where necessary.

The Code of Conduct, Whistle-Blowing Policy and the ABC Policy are accessible on our corporate website at www.axis-reit.com.mv.

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

KEY INITIATIVES

The Internal Auditors conducted a review on the Manager's anti-corruption framework in March 2021, and concluded that there were no deficiencies in respect of the framework.

In reviewing the Whistle-Blowing Policy, the Internal Auditors recommended that the Manager establish a secondary channel to facilitate whistleblowing. The Manager accepted this recommendation and in July 2021, revised its Whistle-Blowing Policy to include a dedicated email account, integrity@axis-reit.com.my, as the secondary whistleblowing channel, where messages would be conveyed directly to the Board Chairman and Senior Independent Non-Executive Director.

In October 2021, the Manager adopted human rights and fair labour practices as a new sustainability matter, and consequently, revised its Whistle-Blowing Policy again, this time to expand the scope of improprieties to include sexual harassment and any form of discrimination as part of improprieties that may be reported.

The Manager also proposed to revise its Code of Conduct to incorporate ESG elements relating to human rights and fair labour practices, and this was approved by the Board in January 2022.

The Board also reviewed the ABC Policy in 2021, with no changes proposed. Since the implementation of the ABC Policy on 1 June 2020, there has not been much corporate hospitality, entertainment or gifting amid the pandemic and movement control restrictions.

TARGETS & KPIS

In FYE2021, there were no cases of compliance breaches reported. The Board Chairman and the Senior Independent Non-Executive Director confirmed to the Board that they did not receive any whistleblowing reports or complaints via the newly-established email channel.

OUTLOOK

The Manager will continually look into improving our policies and procedures, and ensure they are in compliance with the Guidelines on Adequate Procedures issued by the Prime Minister's Department pursuant to the Malaysian Anti-Corruption Commission Act 2009.

In the coming year, the Manager intends to ensure that human rights and fair labour practices are observed across our value chain. Towards this end, we will establish processes to monitor and manage incidents relating to human rights issues within the Manager's operations and also address the protection of human rights by our suppliers through annual assessments and evaluations.

Leadership that Creates Value Financial Statements Additional Information

Building Our Resilience

About Our Report Who We Are and What We Do

Management of Sustainability Matters

CYBERSECURITY & DATA PROTECTION



Technology has become increasingly integral to the workplace, enabling effective and efficient collaboration over various platforms, and across a vast network of people, including those in remote locations. However, the increasing scope and application of technology also increases the risk of cyber-attacks, and threatens the security of information or data collected and used by the organisation.

BUSINESS critical in safeguarding the data and information of our stakeholders. The privacy and security of

RISKS

STRATEGIC

PILLARS

GRI

418: **Customer Privacy** The Manager believes managing data privacy data safety measures to prevent our business and and strengthening cybersecurity resilience is people from cybersecurity-related threats. The Manager vigilantly monitors and investigates data breaches that may potentially impact our business, our tenants' and employees' information is a top and we continually enhance our cybersecurity priority, and we remain focused on implementing capabilities to address gaps and mitigate risks.

Below are some of the policies and procedures that were updated or formulated in FYE2021:

The Manager's existing Cyber Risk Policy & Procedures, which provide guidelines on management of cyber risks were duly updated and approved by the Board on 21 April 2021.

New IT Guidelines were also issued in 2021 to manage the integrity and confidentiality of information, and to ensure business continuity through the prevention of unauthorised access, use and disclosure of highly sensitive information. These IT Guidelines are applicable to all our employees, suppliers, contractors and vendors who have access to Axis-REIT's information.

This year we also formulated a Cyber Hygiene Checklist as a guideline for the Manager to adopt best practices in detecting and preventing cyber security incidents, as well as formulating suitable strategies and preventive measures per the requirements prescribed by the SC.

The Human Resource Department, together with the IT service provider, are in charge of ensuring the privacy and protection of employees and stakeholders' data. This includes all matters related to information security, protection initiatives and the implementation of strong cyber security measures to protect the data of the Fund and the Manager.

KEY INITIATIVES

We strive to ensure we have the highest security in place to safeguard important and confidential information against cyber threats. Towards this end, we subscribe to the most up-to-date and fit-for-purpose technological infrastructure and software, and ensure our employees are sufficiently knowledgeable and aware of cyber risks through training and awareness programmes. Among the initiatives undertaken during FYE2021 include:

- Engaging our IT service provider to review the Manager's Cyber Risk Policy and Procedures.
- 2 Engaging our IT service provider to establish a high-end data protection system for the Fund. The subscription-based solution combines next generation antivirus (NGAV), endpoint detection and response (EDR), managed threat hunting, integrated threat intelligence and IT hygiene. The system provides real time protection against malicious activities.
- Protecting our tenants' data by ensuring the information is stored and accessible only by the relevant departments. For additional security, tenant information is also stored in a designated location with restricted access by authorised parties only.
- Engaging our IT service provider to update the Manager's firewall based on the IT alerts issued by the SC to mitigate the latest threats such as ransomware and distributed denial-of-service (DDoS) attacks.

- 5 Disseminating emails and communication on the latest developments in data protection and privacy to educate and raise awareness among our employees on cybersecurity threats and risks. These efforts stress the importance of online safety and outline ways to minimise cybersecurity risks in our day-today operations.
- 6 Implementing proper IT infrastructure and internal controls to mitigate the risk of unnecessary costs that would arise from cybersecurity breaches such as data loss, theft and phishing.
- 7 Conducting training on cybersecurity awareness for the Board and Senior Management on 21 July 2021, as well as training on our updated Cyber Risk Policy & Procedures and new IT Guidelines for all employees on 28 July 2021.

TARGETS & KPIS

Our Cybersecurity and Data Protection goals are to safeguard the security of our information and data, and to minimise risks and cyber security breaches. This, in turn, prevents the disruption of business workflows that rely heavily on data and reduces downtime and additional costs incurred for data and network restoration. We achieved this in FYE2021, with no incidents of cybersecurity breaches, and we will strive to maintain this through our stringent cyber security policies, infrastructure and systems, as well as awareness training for our employees.



OUTLOOK

With more and more business activities going digital amid the COVID-19 pandemic, cyber security risks are an ever present and increasing threat. The Manager has a proactive stance on this and has a comprehensive cybersecurity framework in place to monitor, assess and respond to any potential threats and incidents. This includes ensuring compliance with the PDPA.

Moving forward, we intend to assess the viability of end-to-end encryption for private and sensitive data, and will continue periodic reporting of cyber incidents and corrective responses in FYE2022. These reports will be presented to the Board on a quarterly basis. The Manager will also continue to build employee awareness on cybersecurity threats and developments through the appropriate training programmes.

Please refer to page 3 for icon navigation.

Leadership that Creates Value Financial Statements

Building Our Resilience

About Our Report Who We Are and What We Do

Management of Sustainability Matters

ENVIRONMENTAL









MAPPED TO OUR RESOURCES



STRATEGIC PILLARS











GRI

302: Energy



The Manager takes a holistic approach in ensuring sustainable value creation for the Fund's stakeholders. This includes ensuring the Fund's property portfolio is energy efficient and sustainable, which optimises its operational costs while reducing its impact on the environment amid rising global temperatures, climate change and extreme weather events.

This is particularly critical as an owner of real estate assets, considering that the global real estate sector contributes to as much as 30% of global annual GHG emissions, and consumes approximately 40% of the world's energy1.

¹ United Nations Environment Programme (UNEP) (2016). Sustainable Real Estate Investment. Source: https://www.unepfi.org/ publications/investment-publications/property-publications/sustainable-real-estate-investment-2/

The Manager adopts a proactive approach in exploring and investing in energyefficient applications and initiatives, and has incorporated numerous initiatives to ensure sustainable energy usage at its multi-tenanted properties. This includes the incorporation of ESG considerations parts of the Manager's AEIs, such as the installation of resourceefficient fittings and equipment, as well as energy reduction target setting based on yearly energy consumption patterns. Details of these initiatives are disclosed in the following sections.

All systems and installations in the Fund's property portfolio comply with the Electricity Supply Act 1990 (Act 447), Electricity Regulations 1994 and have the relevant certificates and yearly renewable licenses for operation. The installations and electrical systems for each building are managed by an Energy Commission ("EC") Malaysia-certified Chargeman. Further, systems and installations audits are also undertaken regularly, conducted by an independent Supervising Engineer who is registered with the EC.

The Facilities Management Team oversees the Fund's energy and carbon footprint matters, with the HSSE Manager assigned to manage and monitor all matters relating to energy usage and compliance issues. They track the portfolio's monthly electricity consumption to ensure responsible energy usage and to reduce the company's carbon footprint. Any abnormal fluctuations in energy consumption are subject to expedient investigation. Thereafter, reasonable rectification measures will be taken to prevent recurrences.

KEY INITIATIVES

The Manager proactively monitors and where appropriate, undertakes initiatives to enhance the property portfolio's energy efficiency and reduce its energy and carbon footprint. This includes the following initiatives to reduce both Scope 1 and Scope 2 GHG emissions from its operations:



Replacing conventional lighting in common areas for multi-tenanted properties with LED lighting fitted with motion sensors. This is an ongoing initiative undertaken as part of regular AEIs.



Replacing conventional lighting to LED lighting as part of the refurbishment at selected single-tenanted properties.



Checking, testing and calibrating all MEP systems at regular intervals to ensure equipment and systems are operating efficiently.



Leasing roof space to tenants to install solar panels. As at 31 December 2021, 529,489 sq. ft. of roof space across the property portfolio had been rented out for solar panel installation.



Upgrading of air conditioning systems to environmentally friendly systems at selected buildings.



Reconditioning and cleaning diesel fuel tanks for all generator sets ("gensets") at multitenanted properties to ensure more efficient fuel usage and lower emissions.



Recording diesel fuel consumption at all multi-tenanted properties effective FYE2021.

During the reporting year, there were no fines or penalties for non-compliance with environmental laws and/or regulations, and we have not identified any areas of noncompliance with environmental laws and/or regulations.

Please refer to page 3 for icon navigation.

Leadership that Creates Value Financial Statements Additional Information

About Our Report

Managing Climate-Related Risks and Opportunities

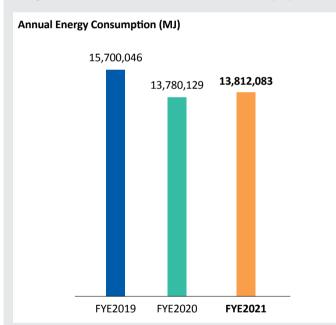
Recognising the implication of climate change on business operations and the importance of managing such risks, the Manager has increasingly incorporated climate change risk into Axis-REIT's Enterprise Risk Management (ERM) process. The Manager is committed to reducing its overall carbon footprint and improving its energy efficiency by implementing relevant action plans across the short, medium and long-term. As a starting point, we have put together a plan to identify the viability of setting Axis-REIT's energy reduction targets by seeking advice from independent consultants. This would then set forth a direction for the Manager to effectively manage the energy usage within the Fund's multi-tenanted properties, whilst aligning with the international best practice standards and frameworks such as the GRESB.

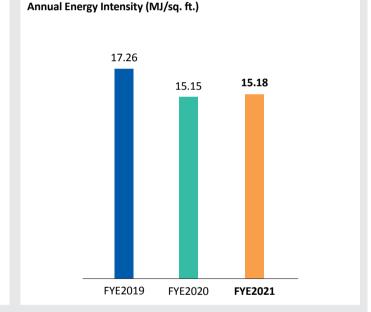
TARGETS & KPIS

Annual Energy Consumption

In FYE2021, the Manager started to deploy measuring gauges to record diesel levels at each genset on a monthly basis. Hence, the reporting scope for Axis-REIT's overall energy consumption in FYE2021 has been expanded to include fuel consumption from a total of 12 gensets located at the Fund's multi-tenanted properties.

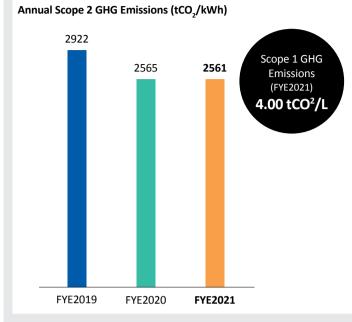
Axis-REIT's FYE2021 energy consumption and intensity remained similar to the previous year, mostly due to the implementation of energy-saving fittings and lower footfall at the Fund's multi-tenanted properties during the MCO.

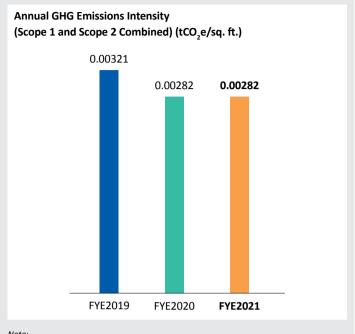




- 1. Total energy consumption covers non-renewable energy sources (i.e., purchased 1. Total energy intensity is calculated by dividing total energy consumption by the total electricity and diesel). Axis-REIT does not consume renewable energy.
- 2. Electricity consumption is derived from the electricity bills of the 10 multi-tenanted 2. Data for FYE2020 has been restated and recalculated due to previous discrepancies.
- 3. Genset fuel consumption data is determined by tabulating fuel gauge readings.
- 4. Fuel consumption was negligible due to the infrequent usage of gensets (which are mostly used as a backup source of energy when there is a power outage and during weekly offload/on-load testina)
- 5. Consumption data for purchased electricity (in kWh) and genset 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.

- common area of multi-tenanted properties.
- 3. Fuel consumption was negligible due to the infrequent use of gensets (which are mostly used as a backup source of energy when there is a power outage and during weekly offload/on-load testina).





- 1. GHG emissions tracks carbon dioxide (CO₂) emissions. It is calculated based on the corresponding Global Warming Potential (GWP) value from IPCC's Fifth Assessment
- 2. Data for Scope 1 GHG emissions for FYE2019 and FYE2020 are unavailable as the Manager only started measuring diesel consumption for its gensets from FYE2021.
- 3. Scope 1 GHG emissions were negligible as compared with Scope 2 GHG emissions due to the infrequent usage of gensets (which are mostly used as a backup source of energy when there is a power outage and during weekly offload/on-load testing).
- 4. The source of the emission factor for Scope 1 GHG emissions is derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- The emission factor for purchased electricity is derived from the 2017 CDM Electricity Baseline for Malaysia.

- 1. Total GHG emissions intensity is calculated from total Scope 1 and Scope 2 emissions across the common areas of all multi-tenanted properties.
- 2. Scope 1 GHG emissions were negligible as compared with Scope 2 GHG emissions due to the infrequent usage of gensets (which are mostly used as a backup source of energy when there is a power outage and during weekly offload/on-load testing).

OUTLOOK

Due to the protracted MCO, certain energy-saving projects were put on hold or delayed. The Manager intends to revive these projects in the coming

The Manager will also continue to monitor electricity and fuel consumption at all multi-tenanted properties in Axis-REIT's property portfolio and initiate improvements in energy efficiency. For FYE2022, the Manager plans to engage energy consultants to assess Axis-REIT's energy consumption trends, set baseline indicators and help the Manager to set energy intensity reduction targets for all its multi-tenanted properties. This would then help to establish appropriate action plans to address energy usage within its operational boundaries.

Annual Scope 1 and Scope 2 GHG Emissions

The much lower Scope 2 GHG emissions for both FYE2020 and FYE2021 are in proportion with the decline in the electricity usage within the common areas of Axis-REIT's multi-tenanted properties. This decline of Scope 2 GHG emissions also reduced Axis-REIT's overall emissions intensity, when compared to FYE2019.

Building Our Resilience

About Our Report

WATER MANAGEMENT



STRATEGIC PILLARS



BUSINESS RISKS



GRI

303: Water and Effluents The Manager has always placed significant priority on sustainable strategies in water conservation and distribution. This was emphasised in 2021, amid heightened water management issues at state level, as water disruptions and shortages hit several states in Malaysia, including at locations where our properties are located.

An adequate supply of high-quality water is important for Axis-REIT in ensuring business continuity and tenant satisfaction. Water itself also plays a critical and extensive role in the Fund's AEIs and day-to-day business operations, such as in air-conditioning systems, washroom facilities, cleaning, construction, fire protection and many other essential functions. With rapid urbanisation and a depletion of water sources, the Manager is committed to water conservation and quality enhancement efforts, with the aim of minimising any form of water wastage and pollution, especially in regions where the supply of water is limited.

We are guided by our internal practice of monitoring and managing water usage at properties under the Manager's purview. This includes tracking monthly water consumption at Axis-REIT's multi-tenanted properties. The water quality in cooling tower

systems are also checked by a qualified service provider on a weekly basis and water samples are sent to a lab for detailed testing every 6 months.

The Facilities Management and Project Management Teams supervise water management matters across the Manager's operations. Integration of water management initiatives into the Fund's new development projects is headed by the Project Management Team. Monthly records and reports of water consumption at multitenanted properties are prepared and analysed by the Facilities Management Team.

During the reporting year, there were no reported cases of non-compliance to the local environmental laws and regulations.

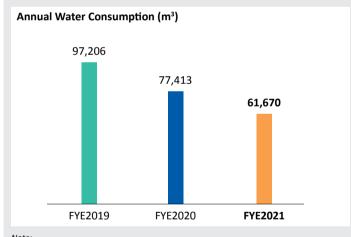
KEY INITIATIVES

Our water conservation approach mostly emphasises water usage optimisation to reduce the portfolio's overall water consumption. The Manager is also adopting additional measures to minimise the impact of water disruptions to our tenants and our daily business operations. These initiatives

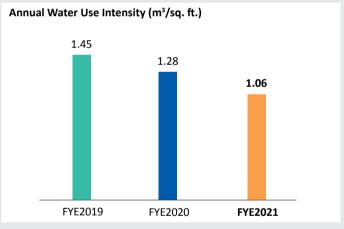
- Upgrading the air-conditioning system at Axis Vista. The obsolete Water-Cooled Package Units (WCPU) were replaced with new Air-Cooled Package Units (ACPU), which no longer use water as a cooling agent;
- Conducting monthly maintenance checks to ensure that airconditioning systems (which are the largest contributors to overall water consumption levels) are operating at optimum levels;
- Conducting regular checks to ensure all equipment remains in good condition, and to repair and/or replace old pipes, sensor taps and other equipment, where necessary;
- Installing additional water tanks at single-tenanted property, Axis Industrial Facility @ Rawang, as part of the refurbishment plan for the property during FYE2021. The additional tanks were installed to mitigate the effects of water cuts and water rationing in Selangor. Rainwater harvesting systems were also installed to conserve water for landscaping and general cleaning. Further, to protect against flood damage during the rainy season, the Manager also created additional water runoff discharge points;
- Added water storage tanks at Axis Mega Distribution Centre to mitigate the effects of water cuts and water rationing in Selangor.

TARGETS & KPIS

Within our multi-tenanted properties, both the water consumption and intensity in FYE2021 fell significantly (by 20% and 17% respectively) compared with the previous year. This was attributed to the low footfall at the properties and low water usage during the MCO, as well as our ongoing water conservation initiatives such as enhancement of air-conditioning systems and other water wastage reduction efforts by the Manager.



- 1. Total annual water consumption is derived from the water bills of the Fund's 10 multi-tenanted properties
- 2. The calculation method for total water consumption complies with GRI Standards.



- 1. Water Use Intensity (WUI) is calculated by dividing total water consumption over the total common area of multi-tenanted properties.
- 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 U.S. Department of Energy (DOE).

The Manager is continuously exploring ways to enhance water efficiency within its operations. This includes proposing water quality and efficiency enhancement projects, as well as establishing plans to engage consultants to set baseline indicators for water reduction target setting for the Fund's multi-tenanted properties in the coming years. The Manager also has plans to conduct a scheduled building audit, covering all the environmental indicators such as energy, water and waste, to enhance the Manager's environmental management approach as well as the credibility of its data

Most of the water-related enhancement plans were put on hold due to the MCO and difficulties in securing contractors with permits to operate duirng this period. This included planned cleaning activities at multi-tenanted properties, and the exploration of water treatment technology. In the coming year, these plans will be reviewed and revived, where feasible.

Please refer to page 3 for icon navigation.

Leadership that Creates Value Financial Statements Additional Information

About Our Report

Building Our Resilience

WASTE MANAGEMENT



Sustainable waste management and strategies allow Axis-REIT to conserve natural capital by reducing the amount of waste produced. Mitigating these impacts are crucial as the Fund's business operations produce a substantial amount of waste, ranging from construction waste generated during the development of new properties and AEIs, to office waste from daily operations.

Axis-REIT's ecological footprint by continuously improving its waste management practices within its value chain. This is done by imposing ESG requirements and criteria in materials, supplier and tenant selection. Within its multi-tenanted properties, the Manager implements waste measuring, monitoring and reporting initiatives to identify the waste stream and where possible, minimise waste disposed to landfills through the five 'R' actions - Refuse, Reduce, Reuse, Repurpose,

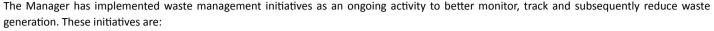
As the Fund grows, the Manager strives to reduce

The Manager engages with third-party service provider to collect general waste, recyclables and e-waste generated at our multi-tenanted

Recycle.

properties. General waste is collected every alternate day while both recyclable waste and e-waste are collected twice a month. The weight of collected waste is documented and acknowledged by the respective Facilities Managers and audited by the HSSE Manager.

The Facilities Management and Management Teams are responsible for the Manager's waste management initiatives. Waste management for multi-tenanted properties is managed primarily by the Facilities Management Team. Meanwhile, waste generated at properties undergoing AEIs and development, as well as waste from on-going new developments are managed by the Project Management Team.





The Manager provides recycling bins for tenants at multi-tenanted properties for the disposal of recyclable materials like paper, plastic, metal and glass. We have also set up repositories for the collection of e-waste and other materials such as warehouse timber storage pallets. We encourage the use of these facilities through prominent signage and by sending circulars to tenants;



Since January 2021, the Manager has begun monitoring and recording recyclable waste and e-waste generated at our multitenanted properties based on weight records provided by our contractors. The weight of recyclable waste and e-waste collected during FYE2021 is disclosed in the following "Targets & KPIs" section. This helps us track recycling trends and identify areas for improvement;



The Manager ensures that general waste is collected by licensed waste contractors and disposed of at authorised sites. The Manager also requires its contractors to dispose of waste responsibly, in accordance with regulatory requirements;



As an initiative to reduce the usage of paper, the Manager distributes electronic circulars to tenants, instead of printed hardcopies. We have also migrated our monitoring checklists and communication materials within the organisation to electronic formats. This includes providing annual reports in soft copy to our Unitholders effective 2021 onwards.

During FYE2021, there was no fine or non-compliance cases reported on waste management.

TARGETS & KPIS

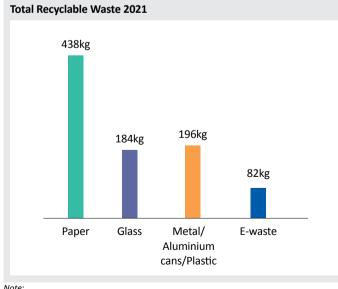
During FYE2021, the Manager started to collect quantitative data on recyclable waste. This included non-hazardous waste such as paper, glass, metal, aluminium cans and plastic, as well as hazardous waste such as e-waste. The volume of e-waste recorded was lower (82kg in 2021) than other types of recyclable waste, as our tenants make their own arrangements in engaging external vendors to collect e-waste for reselling purposes.

OUTLOOK

From FYE2022 onwards, the Manager is looking at initiatives to recycle and reuse building materials for brownfield development projects. This would potentially reduce a considerable amount of construction waste produced during the construction phase, thereby minimising Axis-REIT's ecological footprint.

The Manager is also looking to engage external consultants to explore the feasibility of setting waste reduction targets for our operations. We also plan to assess our existing and potential tenants' chemical waste handling procedures to ensure a safe operating environment and minimise any risks of non-compliance with environmental regulations.

We will also continue to measure and monitor waste generation by their disposal methods and recyclability to improve waste management practices at the Fund's multi-tenanted properties. We intend to raise awareness and promote good recycling habits among our staff, tenants and service providers through awareness campaigns in FY2022.



- Data for waste is taken directly from the weight recorded in the invoices of waste
- Types of e-waste include light bulbs, transmitters, used computers, light fittings, electrical cables, photocopier toner/cartridge, electrical switchgear and relays and printed circuit boards (PCB).

Please refer to page 3 for icon navigation.

BUSINESS

RISKS

GRI

306:

Waste

Leadership that Creates Value Financial Statements Additional Information

About Our Report

SOCIAL



SUPPORTING THE UNSDGS



MAPPED TO OUR RESOURCES





STRATEGIC PILLARS





BUSINESS RISKS





GRI

403:

Occupational Health and Safety

As the Manager of Malaysia's leading industrial REIT, we place utmost importance on the safety and wellbeing of our people. We embrace this as a key driver of employee engagement, retention and efficiency, stakeholder satisfaction, as well as the Fund's reputation.

Towards this end, the Manager has implemented various health and safety measures to ensure that all employees, tenants, suppliers, contractors, service providers and visitors are protected to the best of our abilities. These measures are in line with the laws and recommendations outlined by the government.

OHS policies and measures. Through the year, we continued to prioritise our people and stakeholders' safety and wellbeing, staying on high alert to respond quickly and effectively in the face of any unexpected challenges.

The protracted COVID-19 pandemic has

served to highlight the importance of clear





The Manager addresses OHS matters through its HSE Policy. Developed in accordance with Malaysia's Occupational Health and Safety Act 1994, the policy sets out the requirements to ensure the health, safety and wellbeing of all stakeholders. We strive to meet and exceed these requirements and aim to identify and mitigate the risks that may lead to health and safety incidents. This is mainly done through:

Demonstrating visible HSE leadership and commitment to

HSE-related matters;

Committing to HSE excellence in our activities by following the relevant code of compliance and adhering to applicable standards and procedures;

Implementing measures that are relevant to our activities to prevent work-related death, injury, ill-health and property damage, as well as ensuring the conservation of the environment and prevention

of pollution;

5 requirements to identify and mitigate risks in our HSE Policy

Maintaining appropriate contingency measures and ensuring they are tested to handle emergencies; and

6

Promoting continual improvement in our HSE management system and performance, and enhancing the HSE competencies of our employees.

The Facilities Management Team oversees the provision of a safe, healthy and conducive environment across the Fund's operations and multi-tenanted properties. Guided by the HSE Policy, all employees and workers are required to comply with stringent health and safety management policies and standards, and to act responsibly.

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 contractors engaged by the Manager abide by the Manager's HSE Policy and industry best practices on safety and health.

Please refer to page 3 for icon navigation.

Leadership that Creates Value Management of Sustainability Matters Financial Statements Additional Information

KEY INITIATIVES

Safety Culture & Work Environment

During 2021, the Manager aimed to implement Facilities Management best practices, which include effective adherence to the building codes of compliance. The HSE requirements and expectations are detailed in our tender documents for compliance by the relevant contractors, and are communicated before the commencement of work (pre-mobilisation), as well as during the execution of work. HSE matters include highlighting elements of HSE planning, risk assessment and control, operational control, as well as verification and continual improvements. Other initiatives to promote a safe culture and work environment include:

- Requiring contractors to furnish a Job Safety Analysis ("JSA") that

 Providing PPE to employees and ensuring that contractors and subdetails risk assessments before commencing work on a project;
- Requiring contractors to commit to HSE compliance by appointing a competent person to oversee HSE matters:
- Making the Manager's in-house Renovation Work Manual accessible to relevant parties to ensure compliance with HSE expectations and requirements:
- Checking, servicing and calibrating electrical equipment as required by law to minimise exposure to hazards;
- Maintaining compliance records of the relevant equipment and activities in our buildings with the relevant authorities such as the Department of Occupational Safety and Health ("DOSH"), BOMBA and the CIDB:
- contractors working at our project sites and properties are equipped with the necessary PPE; and
- Conducting "lessons learned" sessions on case studies of past accidents and detailing the improvements required by the relevant parties, including employees and contractors. These sessions were conducted during the pre-mobilisation induction training before the issuance of work permits.



A total of 15 lessons learned sessions were conducted for 148 participants during FYE2021.

Safety Education and Training

Fundamental HSE induction training is compulsory for all new employees, external service providers and contractors, before commencing work on-site for building maintenance, servicing and refurbishment works.

In addition to this, during FYE2021, the Manager organised OHS training to address the prevention and mitigation of workplace incidents for the Facilities Management Team. The training programmes were conducted by competent and trained instructors, and covered topics such as ergonomic training, safe work practices, as well as technical and non-technical HSE-related matters. The Manager also included safety and emergency evacuation, safe usage of electrical systems,

lift operations and management, as well as industry best practices for Working at Height and confined space activities.

The Manager also sent employee representatives to attend courses on specialised skills and knowledge that were organised by external training providers.

During the current reporting period, the Facilities Management Team had attended training on safety awareness. Through these efforts, the Manager strives to achieve zero fatalities and workplace incidents.

The table below summarises the health and safety training programmes conducted/attended during the year.

Axis-REIT's HSSE Induction

(all contractors before commencement of work)

Training on the Manager's HSSE requirements, which encompasses legal requirements and the Manager's safety requirements

Safe Work Practice

(all cleaning workers and Facilities Management staff)

Monthly on-site training sessions for cleaning personnel and Facilities Management staff on safe practices related to their operations and work, conducted by the HSSE Manager and cleaning contractor

Ergonomics Trained Person

(HSSE Manager)

Training on the importance of ergonomics in the workplace; completion of which certified the HSSE Manager as an Initial Ergonomic Risk Assessor

Daily Briefing

(all Facilities Management, Security and Cleaning staff)

Daily briefing on safe work practices, PPE requirements and all safety requirements, conducted by the respective Facilities Manager/ Chargeman of each building

Induction training for new security personnel

Orientation programme conducted by the HSSE Manager and the Facilities Managers to familiarise new security personnel with the building layout, MEP services, use of firefighting systems, public address system announcements, emergency contact numbers, patrolling schedule, visitor and traffic management.

TARGETS & KPIS

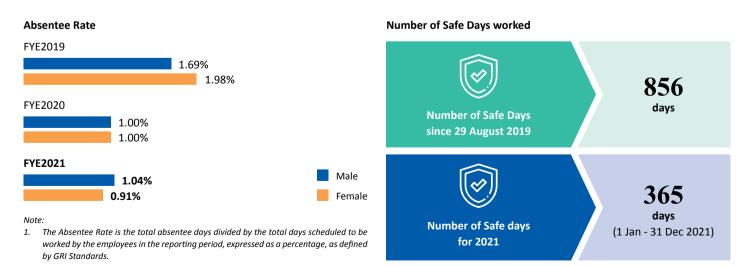
During the reporting year, the Manager recorded zero employee, contractor and subcontractor work-related injuries. We attribute this to the success of the safety initiatives implemented and the commitment of our stakeholders in prioritising OHS in their day-to-day operations. The Manager will continue to organise OHS training and awareness programmes, as well as track, report and monitor areas in which we can improve.

During the year, whenever there were COVID-19 positive cases identified among our employees, immediate action such as sanitisation and closure of workplaces were taken to reduce the risk of COVID-19 outbreaks. Further details on measures we have taken to prevent the spread of COVID-19 are disclosed on pages 26 to 27.

Injury Cases FYE2020 FYE2021 **Fatalities** Lost time injuries **Fatalities** Lost time injuries 0 Restricted First-aid Restricted First-aid work cases/Medical work cases/Medical treatment treatment

Non-injury cases						
FYE2020						
Fire/explosion	Property/Equipment damage					
0	0					
Environmental pollution	Summons received					
0	0					

FYE2	2021			
Fire/explosion	Property/Equipment damage			
0	0			
Environmental pollution	Summons received			
0	0			

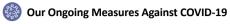


During the reporting year, we have recorded zero fines or non-compliance cases, in accordance to the local health and safety-related laws and regulations.

Leadership that Creates Value Financial Statements Additional Information

About Our Report

Tranagement of Sastamability Fla



In FYE2021, the Manager continued to improve its COVID-19 management to reduce the impact of the pandemic on the Fund, guided by MOH's COVID-19 Management Guidelines in Malaysia. This included measures to minimise the spread of COVID-19 and to safeguard the health and wellbeing of employees, tenants, vendors and visitors, such as:

- Continued enforcement of COVID-19 SOPs at the workplace;
- Implementing split teams, with employees divided into two groups that alternately worked from home and the office during various phases of the MCO;
- 3 Stationing headquarters-based employees at three different office locations to limit the number of employees at a single location and to ensure physical distancing is adhered to;
- 4 Enforcing the compulsory use of face masks for employees, with the Manager taking responsibility to provide and replenish face masks for all employees. Strict personal hygiene protocols are also enforced at all times;
- Moving physical meetings and training to virtual sessions via Microsoft Teams and Zoom;
- 6 Encouraging employees to observe their health status at all times and requiring them to take bi-weekly COVID-19 RTK Antigen self-tests at home. Employees with flu-like symptoms, temperatures above 37.5°C or positive test results are prohibited from entering the office and are required to seek medical attention;
- Requiring service providers to take RTK Antigen self-tests before commencing work in any of the Fund's properties;
- 8 Requiring all staff, cleaning and security contractors to be fully vaccinated. All of the Manager's employees were fully vaccinated by 2021 with at least two doses and all cleaning and security contractors were completely vaccinated in October 2021;

- Checking MySejahtera risk and vaccination status for all staff, tenants, vendors and visitors. Only fully-vaccinated, low-risk individuals or casual contacts with no flu-like symptoms are allowed to enter our multi-tenanted properties as per the NSC guidelines. Individuals who are close contacts, suspected cases, casual contacts with flu-like symptoms, low risk with flu-like symptoms, persons under surveillance and confirmed COVID-19 cases are prohibited from entering the Fund's properties;
- Cleaning and disinfecting commonly touched areas and surfaces at least three times per day;
- Increasing frequency of deep cleaning and sanitisation of multitenanted property common areas and the Manager's offices from one time a month to a minimum of 4 times a month. Additional sanitisation activities are carried out after any special events or if there are any suspected cases reported in any of the properties;
- Installing auto sanitiser sprays in all lifts at all multi-tenanted properties;
- Limiting the number and arrangement of chairs in our office such as meeting rooms and pantries to maintain physical distancing; and
- Prohibiting direct deliveries of parcels to offices and instead, designating a dedicated station at the front lobby to encourage contactless deliveries.

The Manager also strives to ensure the safety and health of all stakeholders through the enforcement of three principles, namely Hygiene, Disinfection and Physical Distancing, per the MOH and NSC guidelines. We have outlined the safety measures for the various areas of our buildings.



Facilities Management – Common Area Maintenance

- Enforcement of strict hygiene controls at common areas/service areas
- Observation of social distancing
- Movement control management at common areas



Facilities Management – Vendor Management

- Compulsory usage of PPE, including face masks and gloves
- Compulsory COVID-19 tests for workers with results reported to Building Management
- Completed vaccinations of all vendors working in all properties
- Regular sanitisation of Centralised Labour Quarters



Facilities Management – Advisory to Tenants

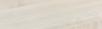
- Enforce strict compliance with MOH and NSC Guidelines/SOPs
- Implement movement controls, temperature screening and recording, and MySejahtera risk status and vaccine status verification at all entry points
- Practice the highest standards of personal hygiene and housekeeping
- Continuous collaboration with Building Management on SOP implementation and review

All measures implemented are based on the latest MOH and NSC guidelines and SOPs, and are revised and updated accordingly to suit prevailing conditions.

OUTLOOK

In the coming year, the Manager will continue to monitor and improve HSE practices for staff, tenants, vendors and visitors, and will remain responsive in adapting to new developments in the COVID-19 pandemic. This includes providing safety awareness programmes for our suppliers, service providers and contractors. Through these efforts, the Manager aims to maintain a safe workplace for all.





SUPPORTING

THE UNSDGS



MAPPED TO OUR RESOURCES



STRATEGIC PILLARS



BUSINESS RISKS



GRI

404:Training
and Education



The Manager implements various training programmes that are in line with our vision of empowering our workforce and inspiring our people to go above and beyond the call of duty. We drive employees' productivity through investment in training and engagement initiatives. This, in turn, translates into long-term benefits for Axis-REIT's brand and reputation. Through skills development, which includes our internal mentoring and coaching programmes as well as external training and opportunity creation, we provide the stepping-stones for our employees to further their careers.

The Human Resource Department and the respective Head of each department are responsible for identifying and creating opportunities for learning and talent development, to ensure employees are equipped with the relevant skillsets that are aligned with our business needs. This also helps employees stay engaged and motivated to grow and perform at their best.

Please refer to page 3 for icon navigation.

DRIVING VALUE CREATION

Who We Are and What We Do

Leadership that Creates Value Financial Statements Additional Information

Building Our Resilience

About Our Report

KEY INITIATIVES

The Manager's ongoing talent development initiatives include:



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.



Providing learning opportunities, which can be requested by or via the respective Heads of Departments as well as the CEO to address any skill or competency gaps, or to align our employees' capabilities with their ambitions, professional needs, job requirements and industry demands.



Providing on-the-job training for employees. All new employees of the Manager are assigned to a buddy to help them acclimatise to their new roles.

Training Programmes (FYE2021)	Type of Programme (Internal/External)	Frequency	Target Group
Training on Cyber Risk Policies and IT Guidelines	Internal	Ad hoc	Computer users
ESG workshop	External	Yearly	HODs, Management
Refresher for Yardi	Internal	Ad hoc	Facilities Management, Yardi users

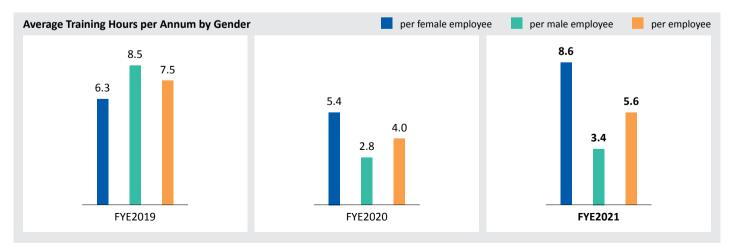
Note:

 $1. \quad \textit{Due to the COVID-19 pandemic, all external training programmes were conducted virtually during FYE2021}.$

TARGETS & KPIS

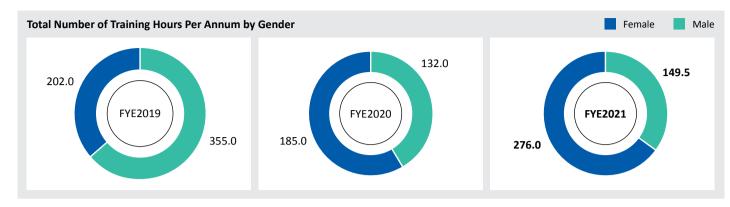


In FYE2021, 76 employees completed an average of 5.6 training hours per person. This was a 40% increase from FYE2020. The breakdown of average training hours by gender and employment category are as shown in the following charts:



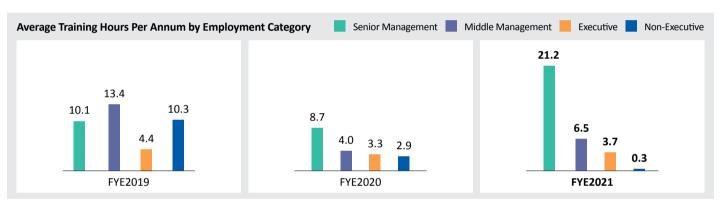
Note:

1. Average training hours per employee by gender is calculated based on the methodology disclosed in the GRI Standards.



Note:

1. Total training hours in FYE2021 increased by 108.5 hours from FYE2020 despite the decrease in the total number of employees from 79 persons in FYE2020 to 76 in FYE2021, as more virtual training programmes were completed during the period under review.



Note:

1. Average training hours per employee by employment category are calculated based on the methodology disclosed in the GRI Standards.

Employee recorded relatively lower average training hours in FYE2021 as most of the training for employee involves hands-on or practical training, which could not be conducted due to the MCO.

During FYE2021, as was the case in the past few years, all of our employees received annual performance and career development reviews. The reviews provide a platform for management to provide feedback to employees on their performance, and at the same time understand employee's ambitions and constraints for better personal development and career progression planning. This leads to enhanced employee satisfaction, better productivity and performance, and better results for the Fund.

Annual Performance and Career Development Reviews



OUTLOOK

Amid the COVID-19 pandemic, we restricted our training programmes to courses that could be conducted virtually, and postponed/deferred those which required physical, hands-on or face-to-face interaction.

The Manager will further improve staff development by ensuring that necessary training programmes are made available to the staff, either physically or virtually depending on the prevailing circumstances. This will equip the employees with both the technical and soft skills, enabling them to achieve their full potential while meeting our business needs.

About Our Report

Leadership that Creates Value Financial Statements Additional Information

DIVERSITY & INCLUSION



The broader insights gained from this diversity strengthens the foundation of our business, and brings more effective and innovative solutions. We also emphasise fair treatment and equal opportunities for every employee, which we believe builds equality, openness and belonging, and drives growth and excellence in company-wide collaboration, in line with Axis-REIT's core values.

The Manager is guided by internally-developed policies that promote equal opportunities for all employees, and that do not tolerate any form of bullying or harassment based on age, race, religion or gender. The Employee Handbook, which defines the Manager's policies as well as employee benefits and perks, guides our employment practices. Through these policies, we foster an inclusive workplace where diversity is valued, and which provides equal opportunities for all employees to develop to their fullest potential.

The Human Resource Department manages all aspects of employee benefits and welfare, and handles all employee relations matters within the organisation. Beyond this, the Manager's Board Charter also recognises the importance of gender diversity at Board level, and is committed to raise women's representation at Board level towards the 30% level, in line with MCCG recommendations.

KEY INITIATIVES

The Manager is committed to promoting diversity and inclusion, and treats all employees equally, regardless of gender, race and employment type (i.e. permanent vs contract staff). Initiatives to uphold this commitment include extending the same employee benefits to both permanent and contract staff. This includes Group Personal Accident Insurance, Group hospitalisation, disability and invalidity coverage, and parental leave.



There is a rising awareness of the business case for diversity and inclusivity in the workplace. It is regarded as a key enabler of growth, as well as a competitive advantage. The Manager's workforce comprises a balanced mix of gender, ethnicity and culture, as we believe in building an inclusive workplace with people of varied backgrounds and experiences.

BUSINESS RISKS

GRI

STRATEGIC

PILLARS

401: **Employment**

405: Diversity and Equal Opportunity

Please refer to page 3 for icon navigation.

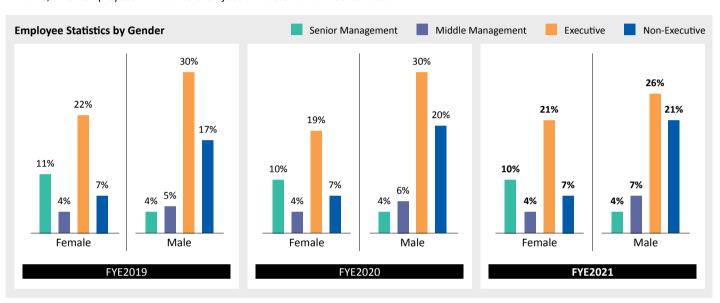
TARGETS & KPIS

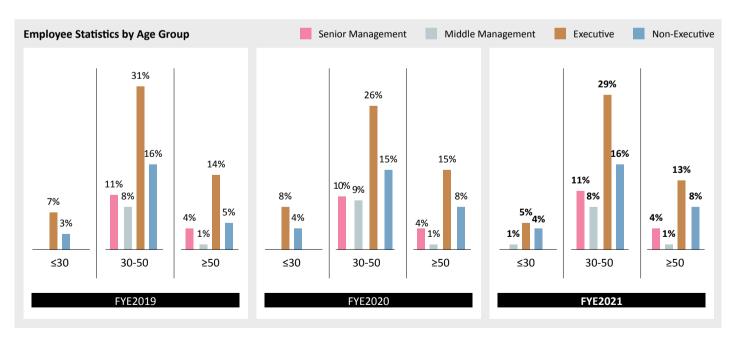
Over the years, we have maintained a reasonably balanced ratio of female to male employees, with male employees just edging out their female counterparts. However, women are well represented at Senior Management level, with 10% of the female workforce appointed in senior management roles vs 4% of men. The bulk of our workforce is 30 to 50 years of age, bringing with them a wealth of knowledge and experience gained from years of industry experience.



10% of the female workforce appointed in senior

New hires and turnover have been generally spread across both genders and all age groups, except during the height of the COVID-19 pandemic in FYE2020, when employees maintained their jobs amid economic uncertainities.

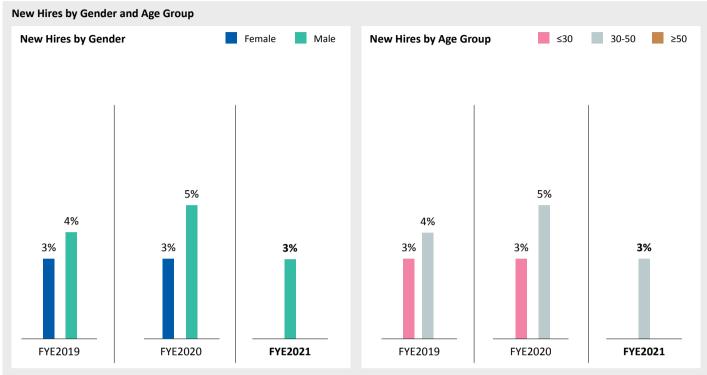


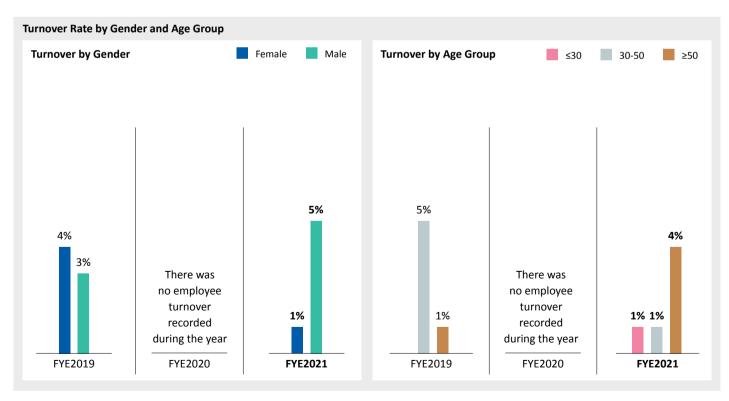


About Our Report

DRIVING VALUE CREATION

Leadership that Creates Value Financial Statements Additional Information





Note

- 1. Turnover rates are calculated based on the total number of employees that have left the company, divided by the total number of employees at the end of the year in review.
- 2. The Fund is managed by 74, 79 and 76 headcounts in 2019, 2020 and 2021 respectively.
- 3. The tabulated figures have been rounded to the nearest whole number for standardisation.

Parental leave



Gender Pay Gap

Employee Categories	Ratio of basic salary and remuneration of male to female employees (Gender pay gap)
Senior Management (male to female)	1:1
Middle management (male to female)	1:1
Executive (male to female)	1:0.8
Non-Executive (male to female)	1:0.8

Note

- 1. Data is based on basic salaries only as at December 2021.
- 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.

OUTLOOK

Establishing an inclusive work environment that is conducive to productivity is a priority for the Manager. While earlier plans to establish a sports club had to be deferred amid the pandemic, the Manager continues to seek opportunities to increase engagement and interaction across its workforce. These include initiatives to develop a gender diversity policy and inclusion policy that will promote and increase gender diversity at the Board and management levels.

Leadership that Creates Value Financial Statements Additional Information

Building Our Resilience

About Our Report

HUMAN RIGHTS & LABOUR PRACTICES



STRATEGIC PILLARS





BUSINESS RISKS





GRI

409:

Forced or Compulsory Labour

412:

Human Rights Assessment

Please refer to page 3 for icon navigation.

Labour practices and management are anticipated to create moderate to significant impact on the real estate industry in 2022, indicating the importance of adopting a robust and consistent labour management approach that upholds the principles of human rights.

The Manager is committed to protecting and upholding the rights of our employees and ensuring fair labour practices throughout our value chain. As our operations are entirely located in Malaysia, we strictly adhere to Malaysia's Employment Act 1955 and the International Labour Organisation's Labour Standards in our employment practices. We also manage our supply chain to ensure our contractors and suppliers follow these standards, and strictly prohibit any form of child or forced labour within our operations.

The Manager currently follows the prescribed requirements for working hours, working conditions and minimum wages under the Employment Act 1955, the Occupational, Safety and Health Act 1994 and other relevant acts related to human rights in the workforce. It also encourages a good work-life balance among employees and does not pay any employee below the minimum wage.

While the Manager practices an "open door" policy for employees to raise their concerns to Senior Management, employees can also utilise established whistleblowing channels to report human rights-related infringements such as sexual harassment, discrimination and the endangerment of health and safety.

The Manager also has a Supplier Code of Conduct which includes matters related to human rights such as labour standards, health and safety. This means that the Manager's suppliers are also expected to treat their employees in accordance to the employment laws of Malaysia and to avoid practices that contravene such laws, including forced labour and child labour.

For further details on Axis-REIT's Code of Conduct and Supplier Code of Conduct, please visit our website at www.axis-reit.com.my/index.php.

The Human Resource Department oversees employment-related matters and ensures that our employment practices are aligned with local employment laws and labour standards.

KEY INITIATIVES

Initiatives implemented by the Manager to uphold human rights and fair labour practices include:

Initiatives implemented to uphold human rights and fair labour practices



Extending the Manager's Supplier Code of Conduct to apply to the annual evaluation process effective from FYE2021. In previous years, it was only applied in the prequalification process;



Updating the Manager's Whistle-Blowing Policy to include sexual harassment and discrimination as part of improprieties that may be reported, and establishing email as a new channel for whistleblowing; and



Abstaining from imposing pay cuts amid the pandemic, and instead, heightening safety and preventive measures to ensure the well-being of employees. This included providing face masks, self-testing kits, segregating employees into 3 office locations and split team arrangements to ensure better compliance with SOPs and our **Business Continuity Plans.**

TARGETS & KPIS

In FYE2021, the Manager did not receive any reported incidents and grievances relating to discrimination, child labour, or forced labour from employees and external parties such as suppliers, the community and the public.

OUTLOOK

We will establish processes to monitor and manage incidents relating to human rights issues within the Manager's operations and its supply chain. The first step toward this would be to introduce additional ESG criteria that would address the protection of human rights in its supplier assessments, where appropriate.

Leadership that Creates Value Additional Information

Building Our Resilience

About Our Report

COMMUNITY ACTIVITY & PARTNERSHIP



MAPPED TO **OUR RESOURCES**



STRATEGIC PILLARS



BUSINESS RISKS



GRI

413: **Local Communities** As a business entity, Axis-REIT operates in proximity with local communities. The Manager is cognisant of the need to understand both the positive and negative impact that our operations have on the communities around us, and where possible, engage with them to assess their needs.

This will better enable the Manager to design its CSR initiatives to maximise their impact and benefits to the communities around us. The Manager is dedicated to forming mutually beneficial partnerships in achieving sustainable development for the business, as well as its stakeholders at large.

The Commercial & Industrial Marketing Manager drives the Manager's Community Activity & Partnership efforts, spearheading initiatives to identify, engage and assist communities in need of assistance, and proposes potential CSR initiatives to the Fund.

KEY INITIATIVES

In late-July 2021, Malaysia was facing an onslaught of COVID-19 cases, with daily new cases soaring

to record high levels and overwhelming the public healthcare system. Axis-REIT stepped in to donate urgently needed medical equipment and consumables for hospitals in the Klang Valley to alleviate pressure on the healthcare system and help ensure the continued provision of adequate medical services. Given the magnitude of the crisis, the Board and Trustee agreed to double the CSR budget in FYE2021, from RM100,000 to RM200,000, and this was channelled entirely to IDEAS Community Projects and Projek #BangsaMalaysia's Hospital Emergency Fund, where 100% of our donation was used to purchase equipment for hospitals.

Details of Community Initiatives FYE2021	Outcome	Target Group	
RM200,000 donated to a COVID-19 Hospital Emergency Fund	Purchased urgently needed medical equipment for the emergency departments of Hospital Tengku Ampuan Rahimah ("HTAR"), Hospital Selayang and Pusat Perubatan Universiti Malaya ("PPUM")	COVID-19 patients in the public health system	

TARGETS & KPIS

The Fund's CSR allocation was used to equip 3 COVID-19 hospitals with the following items:

Items	Quantity	Hospital
Pulse Oximeter	43	
Oxygen Cylinder Bag	5	HTAR
Transport Patient Monitoring Device	5	
Terumo Volumetric pump (infusion pump)	10	
Vital/patient Monitor	5	Hospital Selayang
Vital/patient Monitor with ECG	3	
iElder Oxygen Regulator Y	5	
iElder Oxygen Regulator Bullnose	5	
iElder IV Drip Stand	10	
Oxygen Concentrator	3	PPUM
ECG Machine Model E30	1	
Edan X Series Portable Monitor	1	
Stretcher Model PT3300GS	2	







133

OUTLOOK

As we were unable to conduct our usual community events and activities in 2021 amid the COVID-19 pandemic and resulting movement controls, we took the decision to channel our resources where it was most urgently needed and most impactful. The Fund doubled its CSR budget and directed all the monetary resources into supporting public health efforts for the treatment of COVID-19 patients. With most of our staff subject to movement restrictions under the enhanced MCO in Selangor, we worked with the Institute for Democracy and Economic Affairs ("IDEAS") - a reputable NGO with networks and inroads into public hospitals that could channel our donations to where they were most urgently needed in a transparent, effective and efficient manner.

Looking ahead, as the COVID-19 crisis continues, the Manager will continue to support such high-impact pandemic-related programmes, until the situation improves and the Manager can resume its usual community programmes and activities.



Please refer to page 3 for icon navigation.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation

LEADERSHIP THAT CREATES VALUE

Financial Statements Additional Information

The Manager is pleased to present this Corporate Governance Overview Statement, duly approved by the Board, and which provides insights into the best practices adopted 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. The Manager is committed to high standards of corporate governance and has 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 the status of Axis-REIT as a large company, as defined by the MCCG that had been updated as at 28 April 2021. The framework, practices and policies are substantially in accordance with the MCCG.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

THE MANAGER OF AXIS-REIT

ARMB is the appointed Manager of Axis-REIT in accordance with the terms of the Deed constituting Axis-REIT. Pursuant to the Deed, the Manager has the duty to act honestly, with due care and diligence, and in the best interest of the Unitholders of Axis-REIT.

The Manager, being licensed under the Capital Markets and Services Act, 2007, is also required to observe and meet the minimum standards of conduct in the capital market as regulated by the SC.

The Manager has the general power over the assets of the Fund. The Manager's main responsibility is to manage the assets and liabilities of Axis-REIT for the benefit of the Unitholders of Axis-REIT. The primary role of the Manager, as led by the Board of Directors, is to set the strategic direction of the Fund and make recommendations to the Trustee of Axis-REIT on acquisitions, divestments, enhancements and developments that are in line with the agreed strategy.

The Manager is also responsible for business planning, capital management and risk management of the Fund.

THE BOARD OF DIRECTORS OF THE MANAGER

The overview of the Board's responsibilities in carrying out the duties of the Manager in accordance with the Deed, is as follows:

Board's Responsibilities

- Strategic planning, which supports long-term value creation
- 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
- Asset management of Axis-REIT's property portfolio
- Risk management and internal controls, including setting the risk appetite and tolerance in the decision-making process

- **7** Financial and non-financial reporting systems
- 8 Business development and growth strategies
- Succession planning at Board and Senior Management levels
- 10 Stakeholder communication and engagements
- Oversight of sustainability and ESG matters

SUSTAINABILITY GOVERNANCE STRUCTURE

Good ESG management requires strong leadership to ensure that the business vision is integrated into everyday operations and decisions. The Board, alongside the CEO and heads of departments ("HODs"), is also responsible for company-wide sustainability management as it instils trust and confidence in all the stakeholders of Axis-REIT.

BOARD Overseeing sustainability Evaluating overall ESGinitiatives and the related performance on a management of ESG-related regular basis risks and strategies Developing and **Devising ESG-related** managing sustainability strategies in line with initiatives business plans Ensuring the mitigation of Approving sustainability ESG-related risks through objectives and assessing key the integration of these plans risks in enterprise risk management procedures **HODs** Facilities Project Investments Management Management Real Human Compliance Finance Estate Resource

 Implementing, monitoring and reporting sustainability initiatives, measures and actions set by the CEO as approved by the Board

Outcome in FYE2021

There has been no change to the sustainability governance structure of the Manager as at the time of reporting.

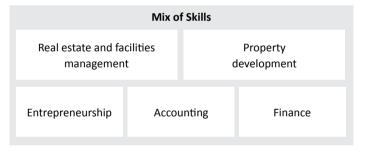
BOARD COMPOSITION

Corporate Governance Overview Statement

As at 31 December 2021, the Board of Directors comprised the following:







The Board, with its mixture of Executive and Non-Executive Directors from diverse professional backgrounds, enables Senior Management to tap their expertise and broad business experience when deliberating issues with the Board. The roles and responsibilities of the Board in discharging its fiduciary leadership functions are elaborated in the Board Charter, which can be accessed at Axis-REIT's corporate website, www.axis-reit.com.my.

Independent Directors made up one-third of the Board and this complies with the requirements prescribed under the SC's Guidelines on Listed REITs. The Board considers the current composition to be satisfactory, and any proposed change to the composition will require a careful and in-depth review based on the size, requisite mix of skills and competencies of the Board.

LEADERSHIP THAT CREATES VALUE

Financial Statements
Additional Information

PRINCIPLE A | BOARD LEADERSHIP AND EFFECTIVENESS

ANNUAL ASSESSMENT OF DIRECTORS

The Board continued to engage a third-party consultant, Archer Consulting Group Sdn Bhd ("ACG"), to facilitate the independent assessment of the Board, Board Committees and each individual Director. ACG conducted these assessments from 29 September 2021 to 13 October 2021 through electronic conferencing with the Directors.

Outcome in FYE2021

Based on the assessment results and the evaluation by the Nomination Committee of the Board, the Board recommended no change to its structure and composition.

CHAIRMAN OF THE BOARD AND CEO

The positions of Chairman and CEO are held by separate persons in order 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 over all operational decisions in managing Axis-REIT
- Works closely with all the HODs through weekly crossdepartmental meetings in reviewing matters relating to operational issues, capital management, investment proposals, leasing activities, facilities and project management

STRATEGIC PLANNING AND TARGET SETTING

At the beginning of FYE2021, the Board reviewed and approved the budget of Axis-REIT, which provided the financial roadmap and targets for each department in executing the business plans of the Manager and Axis-REIT.

Outcome in FYE2021 Further to the 2021 Strategy Plan, the Manager assessed its strategic focus and corresponding action plans set out for FYE2021 during a strategy workshop facilitated by KPMG Management & Risk Consulting Sdn Bhd. Based on the outcome of the said workshop, the Manager formulated action plans and targets for 2022 - 2023. More details on this Strategy – Business Plan 2022 - 2023 are contained in pages 82 to 85.

In the new financial year 2022, performance evaluations of the Board and Senior Management will also include a review of the progress of the achievements of agreed sustainability and ESG targets.

BOARD MEETINGS AND PROCEDURES

The Board continued with virtual meetings in FYE2021 and a total of 4 Board meetings were held in the year via the Microsoft Teams conferencing platform.

At these quarterly meetings, the Board discharged, among others, the following duties:

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, property reports, investor relations reports, etc.

The Board Duties Reviewed the performance of the Manager and Axis-REIT against the previously-approved budget

Reviewed other proposals tabled by Senior Management

The CEO led the business performance reporting at each Board meeting. The Chief Financial Officer, Head of Real Estate, Head of Investments and the Investments & Investor Relations Senior Manager, who are HODs of the Manager, also participated at the Board meetings to present their reports and to facilitate the review and deliberation of issues and matters presented to the Directors at such meetings. Via such conduct at Board meetings, the Board is able to oversee, assess and monitor Senior Management's performance in administering the business of the Manager and Axis-REIT.

Prior to each Board meeting, the Executive Committee of the Board would meet to review all reports and proposals from Senior Management before a comprehensive executive committee report is compiled and presented to the Directors at Board meetings. Such executive committee reports contain financial and operational updates, as well as proposals and recommendations for the Board's consideration, deliberation and decision.

All meeting dates are determined and fixed in advance so that all Directors are able to schedule and commit their time effectively. This is governed by the Board Charter, where expectations on time commitments are set.

Notices of meetings and their agendas are issued to all Directors no less than seven days in advance by the Company Secretary. The relevant meeting papers are compiled and distributed to all Directors as soon as practicable after the notices of meetings have been issued, within five business days prior to the date of meeting.

MEETING AMONG THE NON-EXECUTIVE DIRECTORS

New in FYE2021

Pursuant to a newly-introduced recommendation under the updated MCCG where Non-Executive Directors are encouraged to meet among themselves at least annually to discuss strategic, governance and operational issues, the Non-Executive Directors of the Manager met on 21 October 2021 for this purpose, in the absence of the Executive Directors and Senior Management.



ACCESS TO INFORMATION AND ADVICE

All members of the Board have access to all information in relation to the Manager and Axis-REIT at Board meetings, as well as through enquiries made via established channels. Emails are the most commonly used method to disseminate information to the Directors on a timely basis. The Board is also kept up-to-date via monthly financial updates circulated by the Finance department of the Manager, and this enables the Board to monitor and assess the performance and prospects of the

All Directors have access to the rules and regulations governing the Fund and the Manager, as well as policies and guidelines approved by the Board via the Company Secretary, who maintains such corporate documents.

The Manager also has a panel of financiers and consultants who provide professional advice in the areas of financing, capital markets, legal, property valuation and engineering due diligence, from whom advice can be sought. By having access to expert advice, the Board is able to ensure its decision-making mechanism is 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. She is responsible for ensuring that the Board, Board Committees and shareholder/unitholder meeting procedures, corporate policies and procedures, and applicable rules and regulations are adhered to. The Company Secretary organised all meetings for the Board and Board Committees and attended all such meetings held in FYE2021. Minutes of each meeting would then be prepared and circulated to the respective Board and Board Committee Chairmen for approval.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation

LEADERSHIP THAT CREATES VALUE

Financial Statements
Additional Information

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

The Company Secretary also kept the Board abreast of all relevant regulatory updates to laws and requirements at meetings, as well as via email.

Outcome in FYE2021

The following are some of the important regulatory updates briefed by the Company Scretary to the Board during FYE2021:

- Salient updates to the MCCG which was updated by the SC in April 2021
- Guide on Cyber Hygiene Practices issued by the SC
- Relief measures introduced by the regulators to aid public listed entities during the MCO

As the Head of Compliance of the Manager, the Company Secretary also assists the CEO in legal and corporate compliance matters by liaising and working closely with the appointed external solicitors and professional advisers.

CORPORATE POLICIES

The following policies can be accessed on Axis-REIT's corporate website:

Policies	Scope		Review in FYE2021
Board Charter	Provides a clear description of the responsibilities of the Board, its Directors and the Board Committees	•	Revised to incorporate the new changes introduced under the updated MCCG
Code of Conduct	Outlines the rules of professional conduct, proper practices and ethical behaviour expected of the Manager and its personnel	•	Revised on 20 January 2022 to incorporate the new sustainability matter identified in FYE2021 on human rights and labour practices
Whistle-Blowing Policy	Facilitates the management of reports and claims filed in relation to possible improprieties in matters relating to financial reporting, compliance, misconduct and other malpractices	•	Please refer to page 107 for the details of the revisions made
Anti-Bribery and Anti-Corruption Policy	Serves as a guideline in recognising and dealing with bribery and corrupt practices that may arise in the course of the Manager's daily business and operations, in furtherance of the Manager's commitment to lawful and ethical behaviour at all times	•	No change to the Policy was recommended during the review

NEW GUIDELINES FORMULATED IN FYE2021

New in FYE2021

Following the SC's issuance of the Guide on Cyber Hygiene Practices which seeks to provide guidance to all capital market participants in formulating comprehensive strategies and measures to manage cyber risks including prevention, detection and recovery measures, the Manager worked closely with its IT service provider to assess and review the existing IT procedures and infrastructure of the Manager. As a result, the new IT Guidelines were formulated on 12 April 2021. These Guidelines govern the use of IT systems, network and equipment by all employees of the Manager with the aim of mitigating security risks and cyber threats.

More details on cybersecurity and data protection are provided in pages 108 - 109.

BOARD REMUNERATION AND REMUNERATION POLICY

As Axis-REIT is externally managed by ARMB, it has no employees, and the Directors sit on the Board of ARMB. The Manager, strategically led by the Board, ensures that it appoints experienced and well-qualified personnel to handle its day-to-day operations. All Directors and employees of the Manager are remunerated by the Manager and not by the Fund. The Manager is a privately-owned company.

Details of the Remuneration Committee, which is responsible for the determination of the remuneration policy framework of the Manager's Directors, are set out in the Remuneration Committee section.

In line with the Board's remuneration policy, which is documented in the Board Charter of the Manager, the Remuneration Committee, at its meeting, reviews the annual remuneration proposals presented by the Executive Committee. The Chairman of the Remuneration Committee, who is an Independent Non-Executive Director, brings his experience and exposure to facilitate the review of the proposals presented by the Executive Committee. The Board regards that the Chairman of the Remuneration Committee contributes to the independent element of the review process.

There was no change in the Board's remuneration policy in FYE2021 and the Remuneration Committee carried out the same process of reviewing the remuneration packages of the CEO and other Directors. In reviewing the CEO's remuneration, her leadership, performance and contributions to Axis-REIT were the key indicators assessed by the Remuneration Committee. Directors' Fees are reviewed based on market factors. All proposals were then recommended 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 FOCUS IN FYE2022

In FYE2022, remuneration matters at the Board and Senior Management levels will take into consideration not only the financial performance of the Fund but also the achievement of targets set in respect of the Fund's non-financial performance.

A brief overview of the Directors' remuneration (comprising salaries, other emoluments, fees, meeting allowances and benefits-in-kind) in respect of FYE2021 is presented below:

Range of Remuneration Per Annum	Executive Directors	Non-Executive Directors
RM50,000 - RM200,000	1	4
RM200,001 - RM400,000		1
RM400,001 - RM600,000	-	
RM600,001 and above	1	-

Note: Details of Directors' and Senior Management's individual remunerations are not disclosed as the Directors and Senior Management personnel are remunerated by the Manager, which is a privately-owned company. The Manager believes that the overview presented above is sufficient for public disclosure, and that the non-disclosure of individual remunerations is essential to protect the interests of the Manager and its officers.

BOARD COMMITTEES AND THEIR ROLES

The Board delegates certain functions to the Board Committees to assist in discharging its duties. These delegated functions are as follows:

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 the Executive and Non-Executive Directors of the Board, as well as Senior Management officers (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 level of competencies

139

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation

LEADERSHIP THAT CREATES VALUE

Financial Statements
Additional Information

PRINCIPLE A | BOARD LEADERSHIP AND EFFECTIVENESS

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.

Outcome in FYE2021

The Board, having considered the newly-introduced best practice under the updated MCCG which recommends that the Chairman of the Board should not be a member of any other Board Committee, had decided to maintain the current composition of the Audit Committee and the Nomination Committee, where the Chairman of the Board is also a member. This was based on the assessment that the Chairman has demonstrated no impairment to his objectivity in the respective roles he plays at both the Board and Board Committees' levels.

A AUDIT COMMITTEE

The Audit Committee has the oversight duty to ensure that the financial reporting systems, internal controls and risk management systems of the Manager are robust.



The Audit Committee Report, which contains a summary of activities carried out by the Committee during FYE2021, is set out as a separate section in this Report

REMUNERATION COMMITTEE

As the Directors of the Manager are remunerated by the Manager and not by the Fund, the Executive Committee of the Manager plays an important role in presenting proposals to the Remuneration Committee. In this regard, Dato' Abas Carl Gunnar Bin Abdullah and Mr Stephen Tew Peng Hwee @ Teoh Peng Hwee sit on the Remuneration Committee as members, and they have the task of representing the Executive Committee in presenting remuneration proposals for consideration by the Remuneration Committee, under the scrutiny of its Independent Chairman.

The Board had determined the composition of the Remuneration Committee to be as described above, and accepted its departure from the recommended composition stated in the MCCG. To the Board, the views of the Executive Committee are essential in the deliberation process, especially in reviewing the remuneration proposal for the CEO. This is because the Executive Committee oversees the primary management activities and business of Axis-REIT and thus, has a better understanding of the performance and contributions of the CEO.

NOMINATION COMMITTEE

The chair of the Nomination Committee is the Senior Independent Director of the Board. He plays an important support role to the Chairman in fostering strong relationships and balance across the Board.

At its meeting held in FYE2021, the Nomination Committee undertook the following activities, which were its annual affairs:

Act	ivities	Outcome
(i)	Reviewed the assessment results arising from the performance evaluation carried out on the Board, Directors and Board Committees as compiled by the external facilitator, ACG	 Satisfactory levels of corporate governance values/practices, as embedded in the functions of the Board, operations and management processes of the Manager Satisfactory assessment of the Board, Board Committees and individual Directors
(ii)	Considered proposed revisions to the recruitment criteria	The recruitment criteria was revised to be in line with the updated MCCG, notably where the appointment of an active politician is discouraged
(iii)	Adopted the criteria for the annual assessment of Directors (including the assessment of Independent Directors) as employed by ACG in their assessment processes	The assessment criteria was expanded to include: • An assessment on fit and properness • ESG criteria in the Board's performance

Acti	vities	Outcome
(iv)	Reviewed the existing composition of the Board, as well as the effectiveness of the Board and Board Committees	No changes to the composition of the Board or Board Committees were recommended
(v)	Considered the gender diversity of the Manager, bearing in mind the recommendation to have 30% female board representation pursuant to the MCCG	The Board will consider the development of a programme to increase gender diversity at Board level to 30% in the next 2 years, as encapsulated in the ESG Strategy – Business Plan 2022 - 2023
(vi)	Reviewed succession plans at Board level	No new recommendation
(vii)	Assessed the training needs of the Directors	The Manager is committed to arranging annual in-house training sessions for the Directors and Senior Management
(viii)	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
(ix)	Assessed the retiring Directors based on evaluations conducted	The respective re-election of the retiring Directors was recommended to the Board for the Manager's shareholder approval in its 2022 AGM

ASSESSMENT OF INDEPENDENT DIRECTORS

In FYE2021, the Board undertook an annual evaluation of its three Independent Directors, namely YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor and Encik Mohd Sharif Bin Hj Yusof, based on the results of the assessment that was facilitated by ACG. ACG's report had indicated that pursuant to the interviews conducted, the Independent Directors demonstrated that they are objective and independent in expressing their views and in participating in deliberations and decision-making of the Board and Board Committees.

All three Independent Directors were also subject to additional evaluations, given that they had served on the Board as Independent Directors for more than nine years. Accordingly, the Board assessed the three Independent Directors, taking into consideration their tenure on the Board, and considered them still independent and relevant. The Board was of the opinion that their independence has not been materially compromised by their length of service as Independent Directors of the Board and their relevance is still valued by the Board.

On 31 December 2021, the SC issued the new Guidelines on Corporate Governance for Capital Market Intermediaries applicable to all capital market entities. These Guidelines imposed a requirement on the Manager to ensure that its Board composition will comprise of 30% women before 1 July 2022. In addition, Bursa Securities, on 19 January 2022, amended the MMLR to impose a mandatory 12-year

tenure limit for independent directors and this is to be complied with before 1 June 2023. Pursuant to these new developments imposed by the regulators, the Board will look into the necessary compliance in FYE2022 accordingly.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN FYE2021

Please refer to the Appendix accompanying this Statement for the details of each Director's attendance at Board and Board Committee meetings in FYE2021.

DIRECTORS' TRAINING

The Board ensures that its members have access to 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, on behalf of the Nomination Committee, compiles a list of relevant training topics for consideration by the Directors and Audit Committee members. Details of training programmes attended by Directors in FYE2021 were compiled by the Company Secretary for reporting to the Nomination Committee and the Board accordingly.

All the Directors of the Manager have complied with the requisite training requirements in FYE2021. Please refer to the Appendix accompanying this Statement for the details.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

LEADERSHIP THAT CREATES VALUE

Financial Statements Additional Information

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 FYE2021.



More details on how the Audit Committee had discharged its duties in FYE2021 are presented in the Audit Committee Report

ASSESSMENT OF THE EXTERNAL AUDITORS

The assessment of the External Auditors of Axis-REIT for re-engagement is an annual affair for the Manager.

In facilitating the Audit Committee in its evaluation of the proposed re-appointment of KPMG PLT as the External Auditors of Axis-REIT for FYE2021, the Company Secretary had formulated two assessment tools which were approved and adopted by the Audit Committee. The tools involved an interview process with the Partner-in-Charge, facilitated by the Company Secretary, and an evaluation checklist completed by Senior Management. The results of these assessments formed the basis of the Audit Committee's evaluation of the External Auditors.

The evaluation was conducted in April 2021 and the evaluation tools addressed 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

Upon due assessment, the Audit Committee recommended to the Board the re-engagement of KPMG PLT as the External Auditors of Axis-REIT in respect of FYE2021, for onward recommendation to the Trustee for approval. The re-appointment of the External Auditors of Axis-REIT is not subject to the approval of Unitholders.

The private engagements held between the Audit Committee and the External Auditors without the presence of Senior Management also provided 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.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Effective risk management is a fundamental part of the Manager's business strategy. It ensures that there are no adverse disruptions to the Manager's pursuit and accomplishment of Axis-REIT's business goals and objectives, and mitigates any potential loss that may negatively impact the Unitholders so as to preserve their investments.

Risk management has been part of the Manager's day-to-day operations and is embedded in the operational functions of the Manager. The barometer for risk management is the Risk Register, which was formulated by the Manager to capture and periodically monitor key risk areas. The Risk Register is reviewed by the Audit Committee on a quarterly basis for reporting to the Board.

Further details on the risk management framework of the Manager are contained in the Statement on Risk Management and Internal Control

The internal audit function is outsourced to an independent consultancy firm. Baker Tilly Monteiro Heng Governance Sdn Bhd. which carries out the audit review based on an approved internal audit plan. The Internal Auditors report directly to the Audit Committee during the quarterly Audit Committee meetings to present their internal audit reports. All findings or observations arising from the internal audit reviews are reported by the Audit Committee to the Board on a quarterly basis.



Further 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 conducted its annual assessment on the effectiveness and independence of the internal audit function. The evaluation was based on the results of the interview with the team leader of the internal audit function, which was conducted by the Company Secretary using the assessment tool adopted by the Audit Committee.

The Audit Committee was satisfied that:

- (i) The internal audit team members are free from any relationships and/or conflict of interest, which could impair their objectivity and independence.
- (ii) The number of staff and resources allocated to the internal audit works of the Manager is adequate.
- (iii) There has been no change to the internal audit approach applied in FYE2021, and the internal audit function of the Manager is carried out in accordance with the industry's best practices, benchmarked against the applicable practices in the International Standards for the Professional Practice of Internal Auditing.
- (iv) 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 possesses the qualifications required 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 where the Audit Committee, in its review, would take into account the performance of the Internal Auditors' past services, their level of independence in carrying out their internal audit work, and their working relationship with management.

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 in place a dedicated section for corporate governance on Axis-REIT's corporate website, which provides information such as the Board Charter, Code of Conduct, Whistle-Blowing Policy and Terms of Reference. The Manager has dedicated personnel responsible for updating the Fund's corporate website with pertinent and relevant information in a regular and timely manner.

The Fund also leveraged the corporate website to publish its IAR 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 the Investor Relations department of the Manager. This department is guided by the Fund's Investor Relations and Corporate Disclosure Policy, which is also accessible on Axis-REIT's corporate website.

In order to keep the investing public aware of the timing of the release of Axis-REIT's quarterly financial results, the Manager announced the targeted date for such releases ("Targeted Date") five market days prior to each Board meeting in FYE2021. Following each announcement of the Targeted Date, a blackout period would commence. During this period, the CEO and management would not be allowed to meet and/or be involved in any communications or arrangements that are related to investor relations until the quarterly financial results are announced and disseminated to the investing public.

The Manager views the preservation of price-sensitive information as highly important to prevent any leakage of information, whether inadvertently or intentionally.



Further details on communications with Unitholders, the investing community, analysts and fund managers are covered in the Investor Relations & Media Coverage on pages 51 to 62.

OTHER STAKEHOLDER ENGAGEMENTS AND RELATIONSHIP MANAGEMENT

The Manager also places emphasis on 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 to meet stakeholders' expectations and sustainable goals. The Marketing department is tasked with undertaking 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 that enables them to have 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 Ninth AGM on 28 April 2021, on a virtual basis for the second time, in accordance with the 'Guidance and FAQs on the Conduct of General Meetings for Listed Issuers' issued by the SC. This Guidance was issued by the regulator to enable listed issuers to convene and hold their AGMs in order to comply with the annual obligations as required under the applicable laws and regulations while adhering to the movement control restrictions and COVID-19 SOPs.

The AGM notice was issued within the prescribed timeframe together with the FYE2020 IAR on 26 February 2021. Ample time was allocated for Unitholders to read through the FYE2020 IAR and consider the resolutions that would be tabled at the AGM. Sufficient explanatory notes were also given in the AGM notice to facilitate Unitholders' consideration of the resolutions for which their approval was sought.

The virtual AGM held from the broadcast venue was administered by Boardroom Share Registrars Sdn Bhd using remote participation and electronic voting ("RPEV") facilities that 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 FYE2020, as well as an update on the Fund's activities and progress, the impact of the pandemic on its business and operations, and the prospects for FYE2021. Unitholders were given the opportunity to submit their questions in relation to the agenda of the AGM in advance to a designated email address and the procedures were clearly set out in the AGM's administrative guide. The guestions 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 summary of minutes of the Ninth AGM is available on Axis-REIT's corporate

On 1 December 2021, Axis-REIT held a Unitholders' Meeting which was convened specifically to seek Unitholders' approval for the allotment of new units to the major Unitholders of Axis-REIT, namely, the Employees Provident Fund Board and Kumpulan Wang Persaraan (Diperbadankan), pursuant to the proposed placement exercise undertaken by Axis-REIT. This meeting was also held on a virtual basis using the RPEV facilities. The conduct of the meeting and the question-and-answer procedures before and during the Unitholders' meeting were carried out in the same manner as the Ninth



The minutes of the Unitholders' meeting is available on Axis-REIT's corporate website

COMPLIANCE STATEMENT

The Board is satisfied that the Manager has substantially applied the principles and best practice recommendations prescribed under the MCCG in its management of Axis-REIT during FYE2021. This Statement has been tabled and approved by the Board on 20 January 2022.

143

APPENDIX

ATTENDANCE AT BOARD AND BOARD COM	IMITTEE MEETINGS IN	YE2021					
Board of Directors							
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin Independent Non-Executive Chairman	Dato' Abas Carl Gunna (Alternate Director: Ale Executive Deputy Chairman	ex Lee Lao)	Stephen Tew Peng Hwee @ Teoh Peng Hwee (Alternate Director: Maxine Teoh Sui Vern) Non-Independent Non-Executive Director	Leong Kit May Chief Executive Officer/ Executive Director	Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor Independent Non-Executive Director	Mohd Sharif Bin Hj Yusof Senior Independent Non-Executive Director	Alvin Dim Lao (Alternate Director: Jancis Anne Que Lao) Non-Independent Non-Executive Director
Attendance: 3/4	Attendance:	4/4	Attendance: 4/4	Attendance: 4/4	Attendance: 4/4	Attendance: 4/4	Attendance: 4/4
Executive Committee Members		Audit Committee Mer	nbers	Nomination Committee Members		Remuneration Committee M	embers
Dato' Abas Carl Gunnar Bin Abdullah (Alternate Director: Alex Lee Lao) Chairman	Attendance: 7/7	Mohd Sharif Bin Hj Yu Chairman	Attendance: 5/5	Mohd Sharif Bin Hj Yusof Chairman	Attendance: 1/1	Datuk Seri Fateh Iskandar Bin Chairman	Tan Sri Dato' Mohamed Mansor Attendance: 1/1
Stephen Tew Peng Hwee @ Teoh Peng Hwee (Alternate Director: Maxine Teoh Sui Vern) Member Attendance: 7/7		Shahabuddin Bin Tunku Besar Burhanuddin Attendance: 5/5	YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin Member Attendance: 1/2		Dato' Abas Carl Gunnar Bin Abdullah (Alternate Director: Alex Lee Lao) Member Attendance:		
Leong Kit May Member	Attendance: 7/7	Alvin Dim Lao (Alternate Director: Ja Member	ncis Anne Que Lao) Attendance: 5/5	Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Manso Member	or Attendance: 1/1	Stephen Tew Peng Hwee @ T (Alternate Director: Maxine Te Member	

Director	Date	Events
'AM Tunku Dato' Seri	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
Shahabuddin Bin Funku Besar Burhanuddin	21 October 2021	Sustainability Awareness Training (virtual)
Dato' Abas Carl Gunnar bin	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
Abdullah	21 October 2021	Sustainability Awareness Training (virtual)
Stephen Tew Peng Hwee	19 - 20 March 2021	Malaysian Annual Real Estate Convention (MAREC) 2021 (virtual)
@ Teoh Peng Hwee	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
	21 October 2021	Sustainability Awareness Training (virtual)
eong Kit May	8 January 2021	CGS-CIMB 13th Annual Malaysia Virtual Corporate Day: Group Meeting (virtual)
	8 February 2021	CGS-CIMB Shariah Investing Corporate Conversation 2021: Corporate Presentation (virtual)
	8 March 2021	Maybank International Women's Day 2021 - Inclusive Diversity: Boosting A Sustainable Culture (virtual)
	26 April 2021	MIA's Shariah Audit Best Practice Guide: Islamic Capital Market (ICM) Roundtable Discussio (virtual)
	27 April 2021	CIMB Economic Seminar - Positioning for a Post-COVID Economy (virtual)
	24 June 2021	Maybank Invest ASEAN 2021 - ASEAN Exchanges: Beyond the Pandemicrisis (virtual)
	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
	27 July 2021	CGS-CIMB Malaysia Virtual Investor Corporate Day 2021 (virtual)
	5 August 2021	Maybank Invest ASEAN 2021: ASEAN Macro Outlook & ASEAN Strategy (virtual)
	7 October 2021	Tenant Disputes - MCO Conditions (virtual)
	14 October 2021	Invest Malaysia 2021 Series 1 - "Economic Reform"(virtual)

Director	Date	Events
Leong Kit May	20 October 2021	TOD Development and Market Feasibility Study for Real Estate (virtual)
	21 October 2021	Sustainability Awareness Training (virtual)
	9 November 2021	Invest Malaysia 2021 Virtual Series 2: Reviving Malaysia's Growth Engine (virtual)
	11 November 2021	Regional REIT Webinar: REIT Movers and Shakers in Malaysia, Singapore, Hong Kong and China – What to Look Out For in 2022 (virtual)
	16 – 18 November 2021	KPMG Asia Pacific Board Leadership and Assurance Summit 2021 (virtual)
	22 – 26 November 2021	Asia Pacific Real Assets Leaders' Congress (virtual)
Datuk Seri Fateh Iskandar	23 March 2021	Bengkel MOF/KPKT (on housing)
Bin Tan Sri Dato' Mohamed	8 April 2021	SVDP, Tax Audits & Investigations: a dialogue with CEO, IRB (virtual)
Mansor	20 April 2021	Increasing Expectations on Reporting and Disclosure (virtual)
	5 May 2021	Climate and Sustainability Ambitions of our Trading Partners (virtual)
	10 May 2021	Healthcare Resilience : Malaysia's year into the Pandemic – tried and tested (virtual)
	24 May 2021	Towards Green Recovery in ASEAN Post-Pandemic (virtual)
	29 May 2021	REHDA National Council Meeting (May 2021) (virtual)
	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
	28 August 2021	REHDA National Council Meeting (August 2021) (virtual)
	14 – 15 October 2021	Invest Malaysia 2021 (Series 1) The Capital Market Conversation – Rebuilding a Sustainable Economy (virtual)
	21 October 2021	Sustainability Awareness Training (virtual)
	23 October 2021	Maybank: Islamic Estate Planning: Preserving Wealth & Legacy (virtual)
	11 November 2021	MIDF: Conversations – Powering Smart City Economies, Venturous Group of Smart Citytech Infrastructure Companies (virtual)
	29 November 2021	Deloitte PLT: Post Budget Briefing (virtual)

Director

Alvin Dim Lao

Alex Lee Lao

Jancis Anne Que Lao

Maxine Teoh Sui Vern

29 November 2021

Mohd Sharif bin Hi Yuso

Corporate Governance Overview Statement

AUDIT COMMITTEE REPORT

Who We Are and What We Do Building Our Resilience Driving Value Creation

LEADERSHIP THAT CREATES VALUE

Financial Statements Additional Information

	Date	Events
of	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
	21 October 2021	Sustainability Awareness Training (virtual)
	28 January 2021	JP Morgan Philippine Conference (virtual)
	3 March 2021	Nomura ASEAN Conference (virtual)
	5 March 2021	UBS CEO/CFO Forum (virtual)
	9 March 2021	Citic CLSA ASEAN Conference (virtual)
	12 March 2021	Regis CEO Roundtable Series (virtual)
	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
	24 August 2021	Nomura Philippine Focus Conference (virtual)
	28 - 29 September 2021	JPM Rising Dragon Conference (virtual)
	12 – 13 October 2021	Regis & Jefferies Philippine Conference (virtual)
	21 October 2021	Sustainability Awareness Training (virtual)
	18 November 2021	Executive Briefing on Crypto Assets for Corporates (virtual)
	23 November 2021	UBS Philippine Consumer Day (virtual)
	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
	21 October 2021	Sustainability Awareness Training (virtual)
	18 November 2021	Executive Briefing on Crypto Assets for Corporates (virtual)
	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
	21 October 2021	Sustainability Awareness Training (virtual)
	18 November 2021	Executive Briefing on Crypto Assets for Corporates (virtual)
	18 March 2021	An Interactive Webinar on Wills, Probate, LA and SEDA (virtual)
	30 March 2021	Employee Misconduct and Domestic Inquiry (virtual)
	21 April 2021	Further Issues and Latest Development to the Companies Act (virtual)
	30 April 2021	Keeping Abreast of Recent Key Developments in Real Estate Litigation (virtual)
	01 June 2021	Rights of Strata Home Owners & Powers of Management Bodies (virtual)
	18 June 2021	Housing Development : Late Delivery and Defects : Law & Practice (virtual)
	25 June 2021	10 Things About Intellectual Property (virtual)
	13 July 2021	S17A MACC Act - Corporate Liability (virtual)
	21 July 2021	ARMB's Cyber Security Awareness Programme (virtual)
	21 October 2021	Sustainability Awareness Training (virtual)

Taxation on Rental Income and RPGT in Malaysia (virtual)

Recognising the critical role of an audit committee in the corporate governance process of an organisation, the Board of ARMB voluntarily established an Audit Committee when **Axis-REIT** was listed in 2005. When the revamped MMLR of **Bursa Securities came** into effect on 9 April 2018, the establishment of an audit committee in the management company of a REIT became mandatory.

The Audit Committee has the delegated oversight responsibilities from the Board to ensure that the interests of the Unitholders of Axis-REIT are safeguarded.

the Chairman) are Independent Non-Executive Directors of the Board. One of the Audit Committee members has an alternate director. The composition of the Audit Committee in respect of FYE2021 was as follows: Chairman: (a) Mohd Sharif Bin Hj Yusof

1. COMPOSITION OF THE AUDIT COMMITTEE

- Senior Independent Non-Executive Director

- Members: (b) YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin
 - Independent Non-Executive Chairman
- Non-Independent Non-Executive Director (Alternate Director: Ms Jancis Anne Que Lao)

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 FYE2021 arising from the MCCG 2021.

The Audit Committee comprises three Non-Executive members, two of whom (including

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 five meetings in FYE2021 using Microsoft Teams conferencing facilities. Details of the attendance of the Audit Committee members are set out in the Corporate Governance Overview Statement of this Report. The meeting dates were determined in advance to ensure the availability of each member. Meeting papers were circulated to all the Audit Committee members within five business days prior to the meetings by way of electronic means and hard copy.

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 also has the delegated responsibilities to assist the Board in overseeing the external and internal audit functions, conflict of interest situations and related party transactions ("RPT").

The Audit Committee had, in the discharge of its duties and responsibilities during the financial year under review, carried out the following activities:

► Financial Reporting:

(a) Reviewed at every quarterly meeting held in FYE2021, the quarterly financial results for public release to ensure adherence to legal and regulatory reporting requirements before recommending the same to the Board for approval.

External Audit: FYE2020, which were prepared in accordance with the Deed

(a) Evaluated the suitability and independence of KPMG PLT at the meeting held on 20 April 2021 against the predetermined evaluation criteria.

Following a satisfactory assessment, the Audit Committee recommended to the Board the re-appointment of KPMG PLT as External Auditors of Axis-REIT in respect of FYE2021, for onward recommendation to the Trustee of Axis-REIT.



Further details on the Assessment of the External Auditors are set out in the Corporate Governance Overview Statement.

- (b) Received the External Auditors' confirmation of their firm's independence in accordance with the terms of all relevant professional and regulatory requirements.
- (c) Ensured that KPMG PLT were duly registered with the Audit Oversight Board ("AOB") of the SC based on the verification carried out by the Company Secretary on the AOB's Register of Auditors as at 28 February 2021 available on the SC's website.
- (d) Reviewed with the External Auditors, at the meeting held on 20 October 2021, their audit plan for FYE2021, audit approach, and reporting requirements prior to the commencement of audit work for the year under review. The valuation of investment properties is the potential key audit matter in the audit process for FYE2021.
- (e) Reviewed the FYE2021 proposed audit fees of 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), for recommendation to the Board, prior to seeking the approval from the Trustee of Axis-REIT.
- (f) Considered the following non-audit fees applicable to Axis-REIT and ARSB in respect of FYE2021, for recommendation to the Board, prior to seeking the approval from the Trustee of Axis-REIT:
 - (i) Review of the Statement on Risk Management and Internal Control by KPMG PLT for Axis-REIT
- (ii) Provision of advisory services in relation to Axis-REIT's integrated reporting for FYE2021 by KPMG Management & Risk Consulting Sdn Bhd, an affiliated firm of KPMG PLT
- (iii) Provision of independent scrutineer services by KPMG PLT at the Ninth Annual General Meeting of Axis-REIT and the Unitholders' Meeting of Axis-REIT
- (iv) Review of the Finance Service Coverage Ratio in relation to the Sukuk Programme established under ARSB by KPMG PLT

were issued and circulated to the Unitholders in February 2021, in line with the prescribed requirements.

The audited financial statements of Axis-REIT for FYE2020

(b) Reviewed the audited financial statements of Axis-REIT for

of Axis-REIT, the applicable SC rules and guidelines, MFRS

and IFRS, prior to recommending the same to the Board for

The results of the FYE2020 audit conducted on Axis-REIT were presented by the External Auditors, KPMG PLT to the Audit Committee for review at the meeting held on 19 January 2021. Significant audit matters such as valuation of investment properties, revenue recognition and compliance with Axis-REIT's Sukuk covenants, were discussed.

Focus Area

approval.



Emphasis was placed on the implications of the unprecedented circumstances caused by the COVID-19 pandemic and its unknown future impact on the real estate market, which in turn, affected the disclosures in Axis-REIT's audited financial statements for FYE2020.

(c) Reviewed the key audit matter and other audit focus areas in respect of FYE2020. There was no change to the key audit matter in the audited financial statements for FYE2020 as compared to the previous year.

The valuation of investment properties was the most significant audit area for Axis-REIT, given that investment properties represented the single largest category of assets on the Fund's statement of financial position as at 31 December 2020. The External Auditors had, in their audit review procedures, among others, reviewed the valuation processes adopted by the Manager, and assessed the appropriateness of the valuation methodologies used by considering their respective merits based on the occupancy status and/or conditions of each property.

FOCUS Area

The External Auditors also held discussions with the Fund's panel of valuers to understand how they had factored in the implications of the COVID-19 pandemic and market uncertainties in the valuations.

(d) Kept abreast on the International Standard on Auditing 540 (Revised) - Auditing Accounting Estimates and Related Disclosures which had been adopted in FYE2020.

any threat to the independence of KPMG PLT as the External Auditors for Axis-REIT.

The details of the audit and non-audit fees for FYE2021 are disclosed below:

Fees applicab	le to Axis-REIT	Fees applicable to ARSB		
Audit	Non-Audit	Audit	Non-Audit	
RM133,000	RM158,000 ^	RM10,000	RM12,000 ^{^^}	

Upon due consideration of the nature of the services, the Audit Committee was satisfied that the non-audit services above would not pose

- An amount of RM130.000 is in respect of the consultancy fee for services rendered in connection with integrated reporting paid to a firm affiliated to KPMG PLT
- ^^ Fee for the review of the Finance Service Coverage Ratio in relation to the Sukuk Programme established under ARSB

Internal Audit:

(a) Reviewed on a quarterly basis, the internal audit reports and follow-up review reports with the Internal Auditors, and ensured that action plans recommended are agreed upon and implemented by Management on a timely basis.



A summary of the activities of the (outsourced) internal audit function carried out in FYE2021 are contained in the Statement on Risk Management and Internal Control

- (b) Evaluated the Internal Auditors at the meeting held on 20 April 2021, and recommended to the Board their re-engagement to carry out the internal audit services in respect of the 2021/2022 audit cycles.
- (c) Reviewed the internal audit fees applicable for the 2021/2022 audit cycles before the same was approved by the Board.
- (d) Reviewed with the Internal Auditors, the internal audit plan for the 2021/2022 audit cycles, which covers four audit cycles and four follow-up reviews, and agreed with the methodologies (risk-driven approach) employed by the Internal Auditors.

► Risk Management and Others:

(a) Reviewed the Risk Management Report containing the detailed Risk Register, prepared by Management, on a quarterly basis.



Details of the risk management processes of the Manager are contained in the Statement on Risk Management and Internal Control

- (b) Reviewed on a guarterly basis, the list of RPTs and recurrent RPTs ("RRPTs") involving interests of related parties.
- (c) Reviewed and recommended for the Board's approval, at the meeting held on 19 January 2021, the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the FYE2020 IAR of Axis-REIT, issued in February 2021, ensuring that these reports contained informative and meaningful disclosures in line with prescribed regulatory requirements.
- (d) Reviewed, at each quarterly meeting, the income distributions of Axis-REIT which were made in accordance with the distribution policy of Axis-REIT, in order to ensure the adequacy of the realised income for each distribution prior to recommending the proposal to the Board.

5. REVIEW OF RELATED PARTY TRANSACTIONS

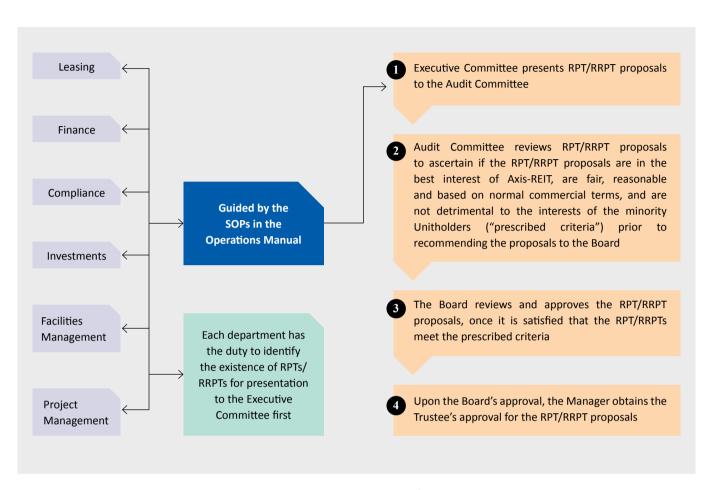
Principally and pursuant to the SC's Guidelines on Listed REITs, the Manager has the duty to ensure that all RPTs, dealings, investments and appointments are made on terms that are the best available for the Fund, and which are no less favourable to the Fund than an arm's length transaction between independent parties. The Manager must also manage any and all situations where a conflict of interest arises.

Following the implementation of the SC's Guidelines on Listed REITs and the revamped MMLR which became effective and applicable to REITs since 9 April 2018, the Manager had put in place internal procedures and reporting obligations that comply with the prescribed requirements governing RPTs and RRPTs.

Additional Information

Audit Committee Report

The diagram below depicts the control mechanism that is governed by the SOPs contained in the Manager's Operations Manual:



A Director who is interested, whether directly or indirectly, in a particular RPT/RRPT, will abstain from deliberation and voting on the transaction at the relevant Board Committee or Board meetings.

All Directors are required to provide declaration letters of their interest(s) and disclosures of conflict of interest situation(s) on a quarterly basis, and summaries of all declarations are tabled at each Board meeting, properly documented and kept in the statutory records of the Manager.

The Audit Committee had reviewed all RPTs and RRPTs, as presented by Management and there was no material RPT or RRPT requiring Unitholders' approval in FYE2021.

In FYE2021, the Audit Committee reviewed a proposed RPT involving the acquisition of a property located in i-Park @ Indahpura, Johor and this proposed acquisition was announced to Bursa Securities on 22 February 2022.

6. RELATIONSHIP WITH THE EXTERNAL AUDITORS AND INTERNAL AUDITORS

The Board, via the Audit Committee, maintains a formal and transparent relationship with the External Auditors as well as the Internal Auditors. The Audit Committee has direct and unrestricted access to both the External and Internal Auditors. The Audit Committee had, during the year, met twice, on 19 January 2021 and 20 October 2021, with the External Auditors without the presence of Management, to discuss issues, problems and reservations (if any) that the External Auditors wished to highlight to the Committee. A private session was also held between the Audit Committee and the Internal Auditors on 20 October 2021 for the same purpose.

Both the External and Internal Auditors had been extended good cooperation from Management and they were able to access information to carry out their functions effectively.

ANNUAL ASSESSMENT OF THE AUDIT COMMITTEE

The Audit Committee assessed its own performance against the Terms of Reference of the Audit Committee by completing the assessment form prepared by the Company Secretary prior to the assessment by the Nomination Committee of the Board. The assessment results were satisfactory to the Nomination Committee and the same was subsequently reviewed by the Board. The Board, upon due assessment, 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.

This annual assessment process was carried out by the Audit Committee and the Nomination Committee on 20 October 2021, and by the Board on 21 October 2021, in compliance with Paragraph 15.20 of the MMLR.

8. INTERNAL AUDIT FUNCTION

The internal audit function of the Manager is outsourced to an independent consultancy firm, Baker Tilly Monteiro Heng Governance Sdn Bhd The outsourced Internal Auditors have the professional duty to assist the Board to review the system of internal control, risk management and governance practices of the Manager in managing Axis-REIT. Where necessary, the Internal Auditors, upon completion of the audit cycle, may make recommendations for improvements to the existing processes and procedures. Their internal audit scope (risk-driven approach) encompasses a financial control review, compliance review, risk assessment and governance review on the identified auditable areas. The annual internal audit plan is tabled to the Audit Committee for approval prior to commencement of audit work.



Details of the internal audit activities are contained in the Statement on Risk Management and Internal Control

The Audit Committee had, on 20 October 2021, conducted its annual assessment on the effectiveness and independence of the internal audit function, and the outcome of the assessment was also reported to the Board.



Details relating to the assessment of the effectiveness and independence of the internal audit function are disclosed in the Corporate Governance Overview Statement

AXIS REAL ESTATE INVESTMENT TRUST INTEGRATED ANNUAL REPORT 2021

SECTION 5

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

PURSUANT TO PARAGRAPH 15.26(b) OF THE MAIN MARKET LISTING REQUIREMENTS

Statement on Risk Management and Internal Control Pursuant To Paragraph 15.26(b) of the LEADERSHIP THAT CREATES VALUE Main Market Listing Requirements

About Our Report Who We Are and What We Do Building Our Resilience

Financial Statements Additional Information

The Board of Directors ("Board") of Axis **REIT Managers** Berhad, being the management company ("Manager") of Axis **Real Estate Investment** Trust ("Axis-REIT" or "Fund") is committed to maintaining a sound and effective system of internal control to safeguard the interests of the Unitholders of Axis-REIT and the investments and assets of Axis-REIT. The **Board** is ultimately responsible for the risk management and internal control systems of the Manager in managing **Axis-REIT** and it is assisted by the Audit Committee of the Manager who has the delegated function to oversee these areas.

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Continuous Monitoring of the risks posed by 2019 Novel Coronavirus ("COVID-19") pandemic

The Manager has remained vigilant in managing the risks posed by this pandemic, not only on the business operations, but also on the health and safety of its staff and the tenants of multitenanted properties of Axis-REIT.

In addition to ensuring that the guidelines and standard operating procedures prescribed by the Malaysian Ministry of Health and Malaysian National Security Council (MKN) in respect of COVID-19 are adhered to in the buildings managed by Axis-REIT, the Manager continued to conduct its meetings and discussions virtually to practice social distancing and has also minimised third party visits to its office. Since the movement control restrictions were implemented by the Government in 2020, the Manager has practiced a limited work-from-home arrangement in accordance with the minimum requirement imposed by the Securities Commission Malaysia until the end of September 2021. Effective 1 October 2021, all staff commenced working physically in office but the segregation of workforce into several locations was still in place. The Manager also provided COVID-19 self-test kits to all staff on a bi-weekly basis as a health and safety measure to ensure a safe working environment in the respective offices. As at 31 December 2021, all the staff of the Manager are fully vaccinated.

In managing the property portfolio, the Manager closely monitored the rental collection process as it had bearing on the financial performance of Axis-REIT.

Business Continuity Plan

The Business Continuity Planning ("BCP") which was adopted on 20 May 2020 helped the Manager to ensure the continuity of business operations and fulfilment of business obligations following incidents that disrupt the normal day-to-day operations. 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 the BCP action plans put in place. The Manager had been reporting to the SC as required throughout those movement control restrictions imposed by the Government in 2021. The reporting ceased effectively on 1 October 2021 when Selangor transitioned into Phase 3 of the National Recovery Plan. The BCP was revised in April 2021 to include business impact analyses that provide a structured recovery plan in managing critical incidents.

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. The Management team of the Manager ("Management") is committed to being guided by the Operations Manual to ensure consistency of operational procedures and practices within the organisation.

The Manager had, during FYE2021, made the following updates/revisions to the Operations Manual:

- Updated the credit control policies and incorporated the distress procedures;
- 2 Incorporated environmental site assessment under the due diligence exercise of the acquisition process; and
- 3 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 2021, approved the annual budget for FYE2021 which underwent a targetsetting process carried out by each department with detailed reviews at all levels of operations. The Manager had been guided by the approved budget in managing Axis-REIT throughout FYE2021. Monthly financial updates had also been provided to the Directors in order to give timely assessments of the Fund's performance and prospects. Management closely monitored the Fund's actual financial performance at all levels on a monthly basis.

Further to the 2021 Strategy Plan, the Manager assessed its strategic focus and corresponding action plans set out for FYE2021 during a strategy workshop. Based on the outcome of the said workshop, the Manager formulated action plans for the next two years (2022-2023). More details on this Strategy – Business Plan 2022 - 2023 are contained in pages 82 to 85.

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 FYE2021 had been recommended by the Executive Committee of the Manager and approved by the Board of the Manager prior to implementation. There has been no change in the authority limits established by the Manager in respect of FYE2021.

Virtual management meetings chaired by the CEO and attended by all heads of department ("HODs") 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, 5 separate operations meetings were also held virtually in FYE2021 by the Facilities Management team to discuss 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, as well as to resolve key operational, financial and other key management issues faced by Management. During FYE2021, a total of 7 meetings were held virtually. 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.

During the year, the Manager upgraded the YARDI system to the latest version with new features such as the ability to generate weighted average lease expiry report. The upgraded version had been tested To manage its financial risk, Axis-REIT issued RM210.0 million in nominal value Islamic Medium Term Notes of which RM80.0 million has a tenure of 10 years and RM130.0 million has a tenure of 7 years, respectively ("4th Unrated Sukuk") in FYE2021 pursuant to the Fund's Islamic Medium Term Notes Programme ("Sukuk Programme") of up to RM3 billion in nominal value with perpetual tenure. The 4th Unrated Sukuk issuance had reduced Axis-REIT's exposure to short-term financing and also strengthened its financing maturity profile. As at the reporting

date, Axis-REIT has a total of RM560.0 million in nominal value Islamic

Medium Term Notes issued pursuant to the Sukuk Programme.

to ensure that the processes are effective in generating timely and

accurate information for Management's action and decision-making,

operationally and financially.

Pursuant to the Manager's capital management strategy, the Manager had successfully implemented and completed placement exercises totalling 188,042,597 new units of Axis-REIT, which was exercised from the general mandate to issue new units obtained from the Unitholders of Axis-REIT at the last annual general meeting held on 28 April 2021 and the specific approval obtained from the Unitholders of Axis-REIT at the Unitholders' meeting held on 1 December 2021. The net proceeds raised from the placement has been utilised to pare down the short-term financing of Axis-REIT and to provide headroom for future acquisitions and development

Asset Tagging

The asset tagging exercise is expected to improve the identification and tracking of the fixed assets within Axis-REIT's property portfolio. The asset tagging exercise was first carried out at Axis Aerotech Centre @ Subang and completed in November 2020. The asset tagging exercise will be continued at the other properties of Axis-REIT when the pandemic situation improves.

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 has, during the year, incorporated environmental site assessments within its investment decision policies.

Financial Statements Additional Information

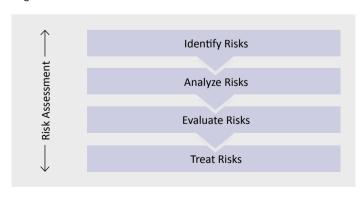
Tenant Relationship Management

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. During the year under review. Axis-REIT has 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. The Manager has, via a survey conducted in 2021, continued to gauge the tenants' satisfaction towards the COVID-19 standard operating procedures ("SOP") implemented at multi-tenanted buildings of Axis-REIT.

Risk Management and Risk Register

Risk management is part of Management's day-to-day operations. It facilitates the timely response to evolving business risks, whether arising from factors within Axis-REIT, or from changes in the business environment in which Axis-REIT operates. The Risk Register assists Management in its risk management processes to identify risks, consider the likelihood of a risk occurring, the impact of a particular risk if it materialises, and the action plans to mitigate the identified risks.

The Risk Register follows the relevant guidance from the International Organization for Standardization (ISO) 31000 - Risk Management -Principles & Guidelines. The diagram below shows the risk management processes as encapsulated in the procedures underlying the Risk Register:



The Manager has carried out a quarterly update of the Risk Register which focuses on business, real estate management, financial, compliance, information technology, environmental and risk management systems. The Risk Register segregates risk areas based on departmental components. The HODs are responsible for their respective risk components and report directly to the CEO on risk issues and mitigating factors. Updates were made to the Risk Register on a quarterly basis capturing data arising from management analysis. management action plans and monitoring activities undertaken by each HOD on an on-going basis. All updates were compiled by the Head of Compliance, who assists the CEO in this area, for reporting purposes. The Risk Management Report, which comprises an executive summary and the detailed Risk Register, were presented to the Audit Committee and Board at their quarterly meetings. The Audit Committee reviewed the Risk Management Report at each of its meetings held in FYE2021, 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 FYE2021:

- BCP had been updated to ensure adequacy of the business continuity framework (as elaborated above);
- The SOP as precautionary measures in relation to COVID-19, had been updated, among others, to allow only visitors with low risks and casual contact profiles in the MySejahtera application and who are fully-vaccinated to be physically present in the offices of the Manager;
- Improvements made to the vendor/contractor assessment documents to include ESG criteria in order to ensure a responsible supply chain;
- The information technology ("IT") Guidelines was formulated and approved in April 2021 pursuant to the Guide on Cyber Hygiene Practices introduced by the SC. Training on cyber security awareness was conducted for the Board on 21 July 2021 in order to keep the Board abreast on current IT trends and threats. Training on IT policies of the Manager was conducted for the management and staff on 28 July 2021 to enable the employees to better manage and protect key data and the IT system.

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 FYE2021:

- Internal audit review on facilities management;
- 2 Internal audit review on readiness and compliance of anti-corruption policies and procedures;
- 3 Internal audit review on related party transactions; and
- 4 Internal audit review on billing and collection and debts monitoring and control.

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 FYE2021 amounted to RM67,000. 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 FYE2021.

This Statement has been approved by the Board on 16 February 2022.

AXIS REAL ESTATE INVESTMENT TRUST INTEGRATED ANNUAL REPORT 2021

SECTION 5

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 FYE2021 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 2021 and of the results of its operations and cash flows for the year then ended.

The Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- considered that all relevant approved accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors have a general responsibility for taking such steps to safeguard the assets of Axis-REIT, and to detect and prevent fraud as well as other irregularities.

FINANCIAL STATEMENTS

ne Manager's Report	158
atement of Financial Position	162
atement of Profit or Loss and Other	
omprehensive Income	163
atement of Changes in Net Asset Value	166
atement of Cash Flows	167
otes to the Financial Statements	169
atement by the Manager	223
atutory Declaration	224
ustee's Report	225
dependent Auditors' Report	226

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

Manager's Report FINANCIAL STATEMENTS

159

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 2021 ("FYE2021").

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
- 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 FYE2021.

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 other than the impact arising from the ongoing COVID-19 pandemic. The Manager remains cautious of the current COVID-19 pandemic situation which has caused global economic downturn. To date, the said pandemic has had minimal impact on Axis-REIT's business and operations. However, should the COVID-19 pandemic situation be prolonged or worsened, this may impact the business, financial condition, results of operations and prospects of Axis-REIT for the coming financial year.

The Manager is committed to the pursuit of the Fund's investment objectives via the following management strategies which had incorporated environmental, social and governance factors:

- a) Facilities management strategy
- b) Real estate strategy
- c) Development strategy
- Capital management strategy
- Investment 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, save for the expansion of the above strategies to include governance strategy.

DIRECTORS

The Directors of the Manager who have held office during FYE2021 until the date of this report are as follows:

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin

Dato' Abas Carl Gunnar Bin Abdullah

Tew Peng Hwee @ Teoh Peng Hwee

Leong Kit May

Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor

Mohd Sharif Bin Hj Yusof

Alvin Dim Lao

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

Jancis Anne Que Lao (Alternate Director to Alvin Dim Lao)

Maxine Teoh Sui Vern (Alternate Director to Tew Peng Hwee @ Teoh Peng Hwee)

DIRECTORS' BENEFITS

As at the end of FYE2021, 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 FYE2021 are as follows:

	Number of units			
	As at 1.1.2021 '000 Units	Acquired '000 Units	Sold '000 Units	As at 31.12.2021 '000 Units
Direct interest:				
- Dato' Abas Carl Gunnar Bin Abdullah	23,812	409	-	24,221
 YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin 	20	-	-	20
- Tew Peng Hwee @ Teoh Peng Hwee	56,500	760	60	57,200
- Alex Lee Lao	57,361	335	-	57,696
- Leong Kit May	43	-	-	43
- Jancis Anne Que Lao	1,957	959	-	2,916
- Maxine Teoh Sui Vern	4	4	-	8
Indirect interest:				
- Dato' Abas Carl Gunnar Bin Abdullah *	10,372	60	-	10,432
- Alex Lee Lao **	3,171	19	-	3,190

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")

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

^{*} Deemed interested in the direct unitholdings of his spouse, Datin Kuyas Emiloqlu (also known as Ka Ya-Shih), and daughter, Amanda Tan Myhre

^{**} Deemed interested in the direct unitholdings of his brothers, Lao, Yin Yong Lee and Leon Lee Lao

Manager's Report FINANCIAL STATEMENTS

161

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 RM21,650,000, representing 1.0% per annum of the NAV of Axis-REIT for the period from 1 January 2021 to 31 December 2021.

The Manager is also entitled to an acquisition and disposal fee of 1.0% and 0.5% respectively based on the purchase and disposal considerations of real estate assets upon the completion of such transactions. For the financial year under review, there were five acquisitions completed by Axis-REIT resulting in a total acquisition fee of RM2,232,000 being paid to the Manager.

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 vear under review.

OTHER INFORMATION

Before the financial statements of Axis-REIT were prepared, the Manager took reasonable steps:

- 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
- 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:

- that would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to a substantial extent; i) and
- that would render the values attributed to the current assets in Axis-REIT's financial statements misleading; and
- which have arisen that would render adherence to the existing method of valuation of assets or liabilities of Axis-REIT misleading or inappropriate; and
- 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:

- 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;
- any contingent liability in respect of Axis-REIT that has arisen since the end of the financial year.

In the opinion of the Manager:

- 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 FYE2021 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
- the results of the operations of Axis-REIT for the FYE2021 have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- 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

16 February 2022

STATEMENT OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Assets			
Non-current assets			
Investment properties	4	3,614,230	3,280,240
Equipment	5	2,410	2,870
		3,616,640	3,283,110
Current assets			
Receivables, deposits and prepayments	6	26,166	41,165
Cash and cash equivalents	7	195,954	39,808
Total current assets		222,120	80,973
Total assets		3,838,760	3,364,083
Financed by:			
Unitholders' funds			
Unitholders' capital	8	1,934,322	1,595,506
Reserves		592,999	527,498
Total unitholders' funds		2,527,321	2,123,004
Non-current liabilities			
Tenants' deposits		61,548	57,733
Deferred tax liabilities	9	12,797	9,122
Financing	10	624,177	500,643
		698,522	567,498
Current liabilities			
Tenants' deposits		21,110	14,429
Payables and accruals	11	31,391	47,612
Financing	10	560,416	611,540
Total current liabilities		612,917	673,581
Total liabilities		1,311,439	1,241,079
Total unitholders' funds and liabilities		3,838,760	3,364,083
Net asset value ("NAV")		2,527,321	2,123,004
Number of units in circulation ('000 units)		1,634,524	1,442,331
NAV per unit (RM)			
- Before income distribution		1.5462	1.4719
- After income distribution	-1-	1.5221 #	1.4494

NAV per unit after reflecting 2021 fourth interim income distribution of 2.03 sen per unit paid on 14 January 2022 and 2021 final income distribution of 0.38 sen per unit payable on 28 February 2022.

STATEMENT OF PROFIT OR LOSS AND OTHER **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2021

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

163

FINANCIAL STATEMENTS

Additional Information

		2021	2020
	Note	RM'000	RM'000
Revenue	12	246,195	232,234
Property operating expenses	13	(33,314)	(33,716)
Net property income		212,881	198,518
Profit and other income		804	875
Change in fair value of investment properties	4.1.1	63,197	10,796
Fair value change on Islamic derivatives		1,746	(905)
Net loss on financial liabilities measured at amortised cost		(1,705)	(428)
Net property income and investment income		276,923	208,856
Manager's fees	1(b)	21,650	21,147
Trustee's fees	1(c)	1,121	1,111
Audit fees		143	133
Non-audit fees			
- KPMG PLT		32	30
- Local affiliate of KPMG PLT		130	104
Tax agent's fees		17	17
Net remeasurement of loss allowance		44	70
Depreciation of equipment	5	640	614
Administrative expenses		2,398	2,599
Islamic financing costs		45,701	39,513
Valuation fees		1,008	947
Non-property expenses		72,884	66,285
Net income before tax		204,039	142,571
Tax expense	14	(3,675)	(507)
Net income for the year and total comprehensive income for the year attributable to			
unitholders		200,364	142,064

STATEMENT OF PROFIT OR LOSS AND OTHER **COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Statement of Profit or Loss and Building Our Resilience Other Comprehensive Income for the year ended 31 December 2021 (continued) > FINANCIAL STATEMENTS

About Our Report Who We Are and What We Do Driving Value Creation Leadership that Creates Value

Additional Information

		2021	2020
	Note	RM'000	RM'000
income for the year is made up as follows:			
ealised			
Net income before lease incentive adjustment		137,353	125,586
Lease incentive adjustment (non-distributable)		(1,142)	(648)
		136,211	124,938
ealised			
Change in fair value of investment properties, as per valuation	4.1	67,787	18,966
Net loss on financial liabilities measured at amortised cost		(1,705)	(428)
Provision for deferred tax on change in fair value of investment properties		(3,675)	(507)
Fair value change on Islamic derivatives		1,746	(905)

	Withhold	ing tax rate
	2021	2020
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

	Note	RM'000	RM'000
Net income for the year is made up as follows:			
Realised			
- Net income before lease incentive adjustment		137,353	125,586
- Lease incentive adjustment (non-distributable)		(1,142)	(648)
		136,211	124,938
Unrealised			
- Change in fair value of investment properties, as per valuation	4.1	67,787	18,966
- Net loss on financial liabilities measured at amortised cost		(1,705)	(428)
- Provision for deferred tax on change in fair value of investment properties		(3,675)	(507)
- Fair value change on Islamic derivatives		1,746	(905)
		64,153	17,126
		200,364	142,064
Earnings per unit (sen)	15	13.80	9.86
Earnings per unit (before Manager's fees) (sen)	15	15.29	11.33
Net income distribution			
First, Second, Third and Fourth interim income distributions totalling 9.11 sen per unit paid			
on 31 May 2021, 30 August 2021, 30 November 2021 and 14 January 2022, respectively (2020: First, Second and Third interim income distributions totaling 6.50 sen per unit paid			
on 3 July 2020, 2 October 2020 and 30 November 2020, respectively)		131,774	93,751
Final income distribution of 0.38 sen per unit payable on 28 February 2022 (2020: Final			
income distribution of 2.25 sen per unit paid on 11 March 2021).		6,211	32,452
	16	137,985	126,203

AXIS REAL ESTATE INVESTMENT TRUST INTEGRATED ANNUAL REPORT 2021

SECTION 6

STATEMENT OF CHANGES IN **NET ASSET VALUE**

FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2021

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

FINANCIAL STATEMENTS

167

Additional Information

		Distributable No	n-distributable	
	Total unitholders' capital RM'000	Realised income RM'000	Unrealised income RM'000	Total unitholders' funds RM'000
At 1 January 2020	1,583,791	16,094	478,879	2,078,764
Net income for the year	-	124,938	17,126	142,064
Total comprehensive income for the year	-	124,938	17,126	142,064
Contributions by and distributions to unitholders				
Issuance of units	11,825	-	-	11,825
Issuing expenses	(110)	-	-	(110)
Distributions to unitholders	-	(109,539)	-	(109,539)
Total transactions with unitholders	11,715	(109,539)	-	(97,824)
At 31 December 2020/1 January 2021	1,595,506	31,493	496,005	2,123,004
Net income for the year	-	136,211	64,153	200,364
Total comprehensive income for the year	-	136,211	64,153	200,364
Contributions by and distributions to unitholders				
Issuance of units	342,518	-	-	342,518
Issuing expenses	(3,702)	-	-	(3,702)
Distributions to unitholders	-	(134,863)	-	(134,863)
Total transactions with unitholders	338,816	(134,863)	-	203,953
At 31 December 2021	1,934,322	32,841	560,158	2,527,321
	Note 8			

Note 8

	Note	2021 RM'000	2020 RM'000
Cash flows from operating activities			
Net income before tax		204,039	142,571
Adjustments for:			
Islamic financing costs		45,701	39,513
Profit income		(801)	(875
Gain on disposal of equipment		(3)	-
Change in fair value of investment properties	4	(67,787)	(18,966
Depreciation of equipment	5	640	614
Net loss on financial liabilities measured at amortised cost		1,705	428
Net remeasurement of loss allowance		44	70
Fair value change on Islamic derivatives		(1,746)	905
Operating income before changes in working capital		181,792	164,260
Changes in working capital:			
Receivables, deposits and prepayments		14,955	(1,910
Payables and accruals		(14,475)	(1,299
Tenants' deposits		8,791	7,297
Cash generated from operations		191,063	168,348
Cash flows from investing activities Profit income received Proceed from disposal of equipment		801 5	875 -
Acquisition of investment properties	4	(226,950)	(263,253
Enhancement of investment properties	4	(39,253)	(7,411
Acquisition of equipment	5	(182)	(283
(Increase)/Decrease in pledged Islamic deposits		(8,789)	3,000
Net cash used in investing activities		(274,368)	(267,072
Cash flows from financing activities			
Islamic financing cost paid		(44,648)	(39,084
(Repayment of)/Proceeds from financing		(138,018)	296,000
Proceeds from issuance of/(Redemption of) Islamic Medium Term Notes ("Sukuk")		209,414	(70,000
Repayment of finance lease liabilities		(39)	(105
Income distribution paid to unitholders		(134,863)	(109,539
Proceeds from issuance of units		342,518	11,825
Issuing expenses		(3,702)	(110
Net cash from financing activities		230,662	88,987

The notes on pages 169 to 222 are an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 December 2021 (continued)

NOTES TO THE FINANCIAL STATEMENTS

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

FINANCIAL STATEMENTS

Additional Information

	Note	2021 RM'000	2020 RM'000
Net increase/(decrease) in cash and cash equivalents		147,357	(9,737)
Cash and cash equivalents at 1 January		23,253	32,990
Cash and cash equivalents at 31 December	(i)	170,610	23,253

(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	2021 RM'000	2020 RM'000
Cash and bank balances	7	23,502	13,867
Islamic deposits placed with licensed banks	7	172,452	25,941
		195,954	39,808
Less: Islamic deposits placed with licensed banks			
- pledged	7	(25,344)	(16,555)
		170,610	23,253

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 2021 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 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 has entered into several service agreements in relation to the management of Axis-REIT and its property operations. The fee structures of these services are 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% (2020: 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 2021 of RM21,650,000 (2020: RM21,147,000) is 1% (2020: 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% (2020: 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 2021 is RM2,232,000 (2020: RM2,589,000) which was 1% of the purchase price. The acquisition fees are included in the acquisition cost of the investment properties acquired (Note 4).

(c) Trustee's fees

Pursuant to the Deed, the Trustee is entitled to receive a fee of 0.05% (2020: 0.05%) per annum of the Net Asset Value of Axis-REIT calculated on a monthly accrual basis and payable monthly in arrears. The Trustee's fees for the year ended 31 December 2021 is RM1,121,000 (2020: RM1,111,000).

These financial statements were approved by the Board of Directors of the Manager on 16 February 2022.

The notes on pages 169 to 222 are an integral part of these financial statements.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

171

2. BASIS OF PREPARATION (CONTINUED)

Statement of compliance (continued)

Axis-REIT does not plan to apply MFRS 17. Insurance Contracts. Amendments to MFRS 17. Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information, that are effective for annual period beginning on 1 January 2023, as they are not applicable to Axis-REIT.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of Axis-REIT.

Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 3 to the financial statements.

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.

Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than as disclosed in Note 4 – Investment properties.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

Basis of consolidation

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.

Subsidiaries are entities, including structured entities, controlled by Axis-REIT. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Axis-REIT controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

Axis-REIT also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

BASIS OF PREPARATION

Statement of compliance

The financial statements of Axis-REIT have been prepared in accordance with the Deed, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by Axis-REIT:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

Amendment to MFRS 16, Leases - COVID-19-Related Rent Concessions beyond 30 June 2021

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 3, Business Combinations Reference to the Conceptual Framework
- Amendments to MFRS 9. Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts Cost of Fulfilling a
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts Initial application of MFRS 17 and MFRS 9 Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022; and
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

173

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are Islamic derivatives and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, Axis-REIT may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if:

- doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about Axis-REIT is provided internally on that basis to Axis-REIT's key management personnel; or
- (iii) a contract contains one or more embedded Islamic derivatives and the host is not a financial asset/liability in the scope of MFRS 9, where the embedded Islamic derivatives significantly modifies the cash flows and separation is

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with gains or losses, including any Islamic financing costs, recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, Axis-REIT recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective profit method.

Islamic financing costs and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

(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.

Financial instruments

Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, Axis-REIT becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a financing component is initially measured at the transaction price.

Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless Axis-REIT changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Profit income is recognised by applying the effective profit rate to the gross carrying amount except for credit impaired financial assets (see note 3(g)(i)) where the effective profit rate is applied to the amortised cost.

Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes Islamic derivative financial assets. On initial recognition, Axis-REIT may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values. Net gains or losses, including any profit or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see note 3(g)(i)).

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or is transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting (iv)

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Axis-REIT currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (continued)

Investment properties carried at fair value (continued)

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by Axis-REIT as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, Axis-REIT added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(d) Equipment

Recognition and measurement

Items of equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

The gain and loss on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment and is recognised net within profit or loss.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Definition of a lease (continued)

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.

Recognition and initial measurement

(a) As a lessee

Axis-REIT recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Axis-REIT's incremental financing rate. Generally, Axis-REIT uses their incremental financing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that Axis-REIT is reasonably certain to exercise; and
- penalties for early termination of a lease unless Axis-REIT is reasonably certain not to terminate early.

Axis-REIT excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

Axis-REIT has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Axis-REIT recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to Axis-REIT, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of equipment from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Office equipment, furniture and fittings 10 years Car park machines 10 years Software 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as

(e) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Axis-REIT assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

179

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

When Axis-REIT acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating

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 lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of rightof-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective profit method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in Axis-REIT's estimate of the amount expected to be payable under a residual value guarantee, or if Axis-REIT changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) Subsequent measurement (continued)

(b) 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".

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and Islamic deposits placed with banks and highly liquid Shariah-compliant investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged Islamic deposits, if any.

Impairment

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 bank balance. The credit risk of cash and cash equivalents which have not increased significantly since initial recognition are measured at 12-month expected credit loss.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which Axis-REIT is exposed to credit risk.

Axis-REIT estimates the expected credit losses on trade receivables and tenancy contract assets.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

Financial assets (continued)

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.

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 full) 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.

Other assets

The carrying amounts of other assets (except for investment properties that are measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment (continued)

(ii) Other assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Issuing expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Units

Units are classified as equity.

(i) Provisions

A provision is recognised if, as a result of a past event, Axis-REIT has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(j) Revenue

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.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

183

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue (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.

Profit income

Profit income is recognised as it accrues using the effective profit method in profit or loss.

Expenses

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).

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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Islamic financing costs (continued)

Investment income earned on the temporary investment of specific Islamic financing pending their expenditure on qualifying assets is deducted from the Islamic financing costs eligible for capitalisation.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(c), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

90

185

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Notes to the Financial Statements

Earnings per unit (n)

Axis-REIT presents basic earnings per unit ("EPU").

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.

Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, Axis-REIT uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Axis-REIT can access at the

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or

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.

INVESTMENT PROPERTIES

	2021 RM'000	2020 RM'000
Land and buildings at fair value:		
At 1 January	3,280,240	2,990,610
Acquisitions	226,950	263,253
Enhancements	39,253	7,411
Change in fair value	67,787	18,966
At 31 December	3,614,230	3,280,240

Included in acquisitions during the year is RM2,232,000 (2020: RM2,589,000) which relates to acquisition fees paid to the Manager (Note 1(b)).

Included in enhancements during the year are costs incurred on D21 Logistics Warehouse lease extension for a further 30 years amounting to RM19,817,000 (2020: Nil) and development costs amounting to RM149,000 (2020: RM85,000), of which Nil (2020: RM49,000) is related to capitalisation of financing costs.

INVESTMENT PROPERTIES (CONTINUED)

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			Remaining					Cost of	Percentag of fair val
	Tenure	Term	term		:	Occupancy	Fair value	investment	to Net Ass
Property	of Iand	of lease (Years)	of lease (Years)	Location	Existing use	rates as at 31.12.2021 %	as at 31.12.2021 RM'000	as at 31.12.2021 RM'000	Value as a 31.12.202 %
Menara Axis (c)	Leasehold	66	44	Petaling Jaya	Commercial office	76.2	112,500	91,320	4.5
Crystal Plaza (a)	Leasehold	66	38	Petaling Jaya	Commercial office	45.8	113,000	73,263	4.5
Axis Business Park (e) ^	Leasehold	66	39	Petaling Jaya	Office/Industrial	9.08	121,100	102,120	4.8
Infinite Center (b) ^	Leasehold	66	44	Petaling Jaya	Office/Industrial	97.3	45,000	37,075	1.8
Wisma Kemajuan (d) ^	Leasehold	66	44	Petaling Jaya	Office/Industrial	7.07	000′99	37,960	2.6
Axis Business Campus (e) ^	Leasehold	66	46	Petaling Jaya	Office/Industrial	74.8	80,700	63,411	3.2
Axis Shah Alam Distribution Centre $1 (j)$ ^^	Freehold	ı	1	Shah Alam	Manufacturing facilities	100.0	40,500	22,507	1.6
Axis Hypermarket @ Sungai Petani (k) ^	Freehold	1		Sungai Petani	Hypermarket	100.0	49,000	38,973	1.9
FCI Senai (a) ^	Leasehold	09	46	Senai, Johor	Manufacturing facilities	100.0	25,600	12,693	1.0
Fonterra HQ (f)	Freehold			Shah Alam	Office/Industrial	84.7	22,800	11,264	6.0
Quattro West (h) ^	Leasehold	66	51	Petaling Jaya	Commercial office	100.0	000'09	51,515	2.4
Strateq Data Centre (b) ^	Leasehold	66	47	Petaling Jaya	Office/Industrial	100.0	000'89	42,927	2.7
D21 Logistics Warehouse (a) ^γ	Leasehold	09	34	Tanjung Pelepas	Logistics warehouse	100.0	42,100	48,263	1.7
Niro Warehouse (a)	Leasehold	09	30	Pasir Gudang	Logistics warehouse	100.0	29,200	17,051	1.2
Pasir Gudang Logistics Warehouse 1 (a)	Leasehold	09	46	Pasir Gudang	Logistics warehouse	100.0	22,700	13,814	6.0
Axis Vista (c) ^^	Leasehold	66	45	Petaling Jaya	Office/Industrial	100.0	58,000	35,228	2.3
Axis Northport Distribution Centre 1 (b) ^^	Leasehold	66	81	Klang	Logistics warehouse	100.0	91,500	920'29	3.6
Bukit Raja Distribution Centre (a) ^^	Freehold	ı	,	Klang	Logistics warehouse	100.0	113,000	80,217	4.5

2021

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

Notes to the Financial Statements - FINANCIAL STATEMENTS

Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2021 %	Fair value as at 31.12.2021 RM′000	Cost of investment as at 31.12.2021	Percentage of fair value to Net Asset Value as at 31.12.2021
Axis Mega Distribution Centre (a) ^^	Leasehold	66	70	Kuala Langat	Logistics warehouse	100.0	316,000	258,693	12.5
Axis Technology Centre (i) ^	Leasehold	66	46	Petaling Jaya	Office/Industrial	52.1	64,000	53,121	2.5
D8 Logistics Warehouse (a) ^	Leasehold	09	34	Johor Bahru	Logistics warehouse	100.0	40,100	31,711	1.6
Bayan Lepas Distribution Centre (g) ^	Leasehold	09	41	Bayan Lepas	Logistics warehouse	100.0	000'59	50,952	2.6
Seberang Prai Logistics Warehouse 3 (k)	Leasehold	09	31/47	Seberang Prai	Logistics warehouse	100.0	76,000	63,920	3.0
Emerson Industrial Facility Nilai (h) ^	Leasehold	66	74	Nilai	Manufacturing facilities	100.0	42,000	27,443	1.7
Wisma Academy Parcel (a) ^	Leasehold	66	41	Petaling Jaya	Office/Industrial	72.0	75,000	77,326	3.0
The Annex (f) ^	Leasehold	66	41	Petaling Jaya	Office/Industrial	60.4	21,500	13,580	6:0
Axis Industrial Facility 1 @ Shah Alam (c) *	Leasehold	66	64	Shah Alam	Manufacturing facilities	100.0	53,300	53,646	2.1
Axis Shah Alam Distribution Centre 3 (d)	Freehold	ı	ı	Shah Alam	Logistics warehouse	100.0	198,000	187,500	7.8
Axis Steel Centre @ SiLC (d) ^	Freehold	1	1	Nusajaya	Manufacturing facilities	100.0	163,000	155,949	6.4
Axis Shah Alam Distribution Centre 2 (b)	Leasehold	66	45	Shah Alam	Logistics warehouse	100.0	48,350	47,048	1.9
Beyonics i-Park Campus Block A (a) ^	Freehold	ı	1	Johor Bahru	Manufacturing facilities	100.0	19,000	14,469	0.8
Beyonics i-Park Campus Block B (a) ^	Freehold	ı	1	Johor Bahru	Manufacturing facilities	100.0	17,000	13,115	0.7
Beyonics i-Park Campus Block C (a) ^	Freehold	ı	1	Johor Bahru	Manufacturing facilities	100.0	15,000	11,934	9.0
Beyonics i-Park Campus Block D (a) ^	Freehold	1	1	Johor Bahru	Manufacturing facilities	100.0	29,000	22,504	1.1
Axis Industrial Facility @ Rawang (c)	Freehold	1	1	Rawang	Manufacturing facilities	100.0	20,000	51,450	2.0
Kerry Warehouse (a)	Leasehold	09	52	Johor Bahru	Logistics warehouse	100.0	39,500	33,821	1.6

Notes to the Financial Statements

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Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2021	Fair value as at 31.12.2021 RM'000	Cost of investment as at 31.12.2021	Percentage of fair value to Net Asset Value as at 31.12.2021
Wasco Facility @ Kuantan (c) ^	Leasehold	66	88	Kuantan	Manufacturing facilities	100.0	158,000	157,619	6.3
Axis Aerotech Centre @ Subang (c)	Leasehold	49	45	Subang	Manufacturing facilities	100.0	91,000	73,075	3.6
Axis Shah Alam Distribution Centre 4 (b) ^^	Freehold			Shah Alam	Logistics warehouse	100.0	93,000	84,270	3.7
Indahpura Facility 1 (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	8,200	7,343	0.3
Beyonics i-Park Campus Block E (a) ^	Freehold	ı	ı	Johor Bahru	Manufacturing facilities	100.0	37,000	32,099	1.5
Senawang Industrial Facility (f) ^^	Freehold	1	1	Senawang	Logistics warehouse	100.0	24,640	18,933	1.0
Nusajaya Tech Park Facility 1 (a)	Freehold	1	1	Iskandar Puteri, Johor	Manufacturing facilities	100.0	42,000	42,773	1.7
Nusajaya Tech Park Facility 2 (a)	Freehold	1	1	Iskandar Puteri, Johor	Manufacturing facilities	100.0	15,500	14,105	9.0
Axis Facility @ Batu Kawan (I)	Leasehold	30	28	Simpang Ampat, Penang	Logistics warehouse	100.0	19,000	14,706	8.0
Axis Facility 2 @ Nilai (h) ^^	Leasehold	66	89	Nilai, Negeri Sembilan	Manufacturing facilities	100.0	51,000	50,920	2.0
Axis Facility 2 @ Bukit Raja (b)	Leasehold	66	89	Klang	Manufacturing facilities	100.0	39,000	37,654	1.5
D37c Logistics Warehouse (e) ^^	Leasehold	41	34	Tanjung Pelepas	Logistics warehouse	100.0	66,200	66,094	2.6
Axis Shah Alam Distribution Centre 5 (b) ^	Leasehold	66	53	Shah Alam	Logistics warehouse	100.0	95,000	96,330	3.8
Axis Industrial Facility 2 @ Shah Alam (a) *	Leasehold	66	26	Shah Alam	Manufacturing facilities	100.0	13,800	12,256	0.5
Indahpura Facility 2 (d)	Freehold	1	1	Johor Bahru	Manufacturing facilities	100.0	000′6	8,733	0.4

INVESTMENT PROPERTIES (CONTINUED)

Notes to the Financial Statements > FINANCIAL STATEMENTS

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

4. INVESTMENT PROPERTIES (CONTINUED)

- (a) D8 Logistics Warehouse, Beyonics i-Park Campus Block E, Pasir Gudang Logistics Warehouse 1, Axis Mega Distribution Centre, Axis Industrial Facility 2 @ Shah Alam, Wisma Academy Parcel, FCI Senai, Niro Warehouse, Kerry Warehouse, Bukit Raja Distribution Centre, Axis Hypermarket @ Johor, Nusajaya Tech Park Facility 1, Beyonics i-Park Campus Block A, B, C and D, Indahpura Facility 1, Crystal Plaza, D21 Logistics Warehouse and Nusajaya Tech Park Facility 2 were valued on 24 August 2021, 26 August 2021, 27 August 2021, 13 September 2021, 15 September 2021, 20 September 2021, 5 October 2021, 2 November 2021, 10 November 2021, 16 November 2021, 17 November 2021, 19 November 2021, 19 November 2021, 23 November 2021, 24 November 2021 and 1 December 2021, respectively by Rahim & Co. International Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation, except for Axis Industrial Facility 2 @ Shah Alam which was based on the cost method of valuation and Axis Mega Distribution Centre comprising phase 1 site, which is the developed portion known as Nestle Distribution Centre and phase 2 site, which is the undeveloped portion of the remaining land based on the investment method and comparison method of valuation respectively.
- Axis Shah Alam Distribution Centre 2, Axis Shah Alam Distribution Centre 5, Infinite Center, Axis Northport Distribution Centre 1, Axis Facility 2 @ Bukit Raja, Strateg Data Centre and Axis Shah Alam Distribution Centre 4 were valued on 23 August 2021, 23 August 2021, 27 August 2021, 21 September 2021, 21 September 2021, 1 November 2021, and 9 November 2021, respectively by PA International Property Consultants (KL) Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- Menara Axis, Wasco Facility @ Kuantan, Axis Aerotech Centre @ Subang, Axis Vista, Axis Industrial Facility 1 @ Shah Alam and Axis Industrial Facility @ Rawang were valued on 16 August 2021, 22 September 2021, 29 October 2021, 26 November 2021, 1 December 2021 and 14 December 2021, respectively by Savills (Malaysia) Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation except for Axis Vista which was based on the comparison method of valuation.
- Indahpura Facility 2, Indahpura Facility 3, Axis Steel Centre @ SiLC, Wisma Kemajuan, Beyonics i-Park Campus Block F, Axis Shah Alam Distribution Centre 3 and Xin Hwa Warehouse @ Pasir Gudang were valued on 13 August 2021, 13 August 2021, 22 September 2021, 1 November 2021, 1 November 2021, 30 November 2021 and 7 December 2021, respectively by C H Williams Talhar & Wong Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (e) D37c Logistics Warehouse, Axis Business Park, Axis Business Campus and Bukit Raja Distribution Centre 2 were valued on 1 July 2021, 5 August 2021, 4 September 2021 and 9 November 2021, respectively by First Pacific Valuers Property Consultants Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation except for Axis Business Campus and Bukit Raja Distribution Centre 2 which were based on the comparison method of valuation.

			Remaining					Cost of
	Tenure	Term	term			Occupancy	Fair value	investme
	of	of	of		Existing	rates as at	as at	as at
	land	lease	lease	Location	nse	31.12.2021	31.12.2021	31.12.20
٨		(Years)	(Years)			%	RM'000	RM'000
ıra Facility 3 (d)	Freehold	1	1	Johor Bahru	Office/Industrial	100.0	2,000	6,821
:s i-Park Campus Block F (d)	Freehold	1	ı	Johor Bahru	Manufacturing facilities	100.0	15,000	13,277
aja Distribution Centre 2 (e)	Freehold		ı	Klang	Manufacturing facilities	100.0	122,000	121,756
ı Warehouse @ Pasir Gudang (d)	Leasehold	09	53/55	Pasir Gudang	Logistics warehouse	100.0	75,000	76,388

188

INVESTMENT PROPERTIES (CONTINUED)

INVESTMENT PROPERTIES (CONTINUED)

- The Annex, Fonterra HQ and Senawang Industrial Facility were valued on 2 September 2021, 17 September 2021 and 10 November 2021, respectively by KGV International Property Consultants (M) Sdn Bhd an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation except Senawang Industrial Facility which was based on the investment method of valuation.
- Seberang Prai Logistics Warehouse 1 and 2 and Bayan Lepas Distribution Centre were valued on 7 September 2021 and 18 November 2021, respectively by Henry Butcher Malaysia (Penang) Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation.
- Axis Facility 2 @ Nilai, Quattro West and Emerson Industrial Facility Nilai were valued on 20 August 2021, 3 November 2021 and 26 November 2021, respectively by PPC International Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- Axis Technology Centre was valued on 25 November 2021 by Nawawi Tie Leung Property Consultants Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation.
- Axis Shah Alam Distribution Centre 1 was valued on 7 September 2021 by Knight Frank Malaysia Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (k) Axis Hypermarket @ Sungai Petani and Seberang Prai Logistics Warehouse 3 were valued on 15 September 2021 and 30 November 2021, respectively by Savills (Penang) Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- Axis Facility @ Batu Kawan was valued on 7 October 2021 by VPC Alliance (Kajang) Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- These properties are charged to financial institutions for revolving credit and term financing facilities granted to Axis-REIT (Note 10).
- These properties are pledged as security for the Islamic Medium Term Notes ("Sukuk") (Note 10).

Notes to the Financial Statements

- Fixed land lease of 30 years until 23 March 2025 with an option to renew for a further term of 30 years. During the year, the option has been exercised and the lease is extended for further 30 years until 23 March 2055.
- Axis Hypermarket @ Johor, Axis Industrial Facility 1 @ Shah Alam and Axis Industrial Facility 2 @ Shah Alam are formerly known as Tesco Bukit Indah, Axis MRO Hub and Axis Industrial Facility @ Shah Alam, respectively.

			Remaining					Cost of	Percentage of fair value
Property	Tenure of land	Term of lease (Years)	term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2020	Fair value as at 31.12.2020 RM'000	investment as at 31.12.2020 RM'000	to Net Asset Value as at 31.12.2020
Menara Axis (e)	Leasehold	66	45	Petaling Jaya	Commercial office	73.5	112,500	91,313	5.3
Crystal Plaza (a)	Leasehold	66	39	Petaling Jaya	Commercial office	45.8	111,000	72,063	5.2
Axis Business Park (e)	Leasehold	66	40	Petaling Jaya	Office/Industrial	82.4	121,100	102,020	5.7
Infinite Center (b) ^	Leasehold	66	45	Petaling Jaya	Office/Industrial	9.76	43,700	37,006	2.1
Wisma Kemajuan (d) ^	Leasehold	66	45	Petaling Jaya	Office/Industrial	73.4	000'99	37,960	3.1
Axis Business Campus (i) ^	Leasehold	66	47	Petaling Jaya	Office/Industrial	74.8	80,640	63,411	3.8
Axis Shah Alam Distribution Centre 1 (j)	Freehold	,	,	Shah Alam	Manufacturing facilities	100.0	37,300	22,507	1.8
Axis Hypermarket @ Sungai Petani (k) ^	Freehold	1		Sungai Petani	Hypermarket	100.0	49,000	38,973	2.3
FCI Senai (a) ^	Leasehold	09	47	Senai, Johor	Manufacturing facilities	100.0	25,360	12,693	1.2
Fonterra HQ (f)	Freehold	1	1	Shah Alam	Office/Industrial	84.7	20,600	11,264	1.0
Quattro West (h)	Leasehold	66	52	Petaling Jaya	Commercial office	100.0	29,000	51,126	2.8
Strateq Data Centre (b) ^	Leasehold	66	48	Petaling Jaya	Office/Industrial	100.0	65,000	42,729	3.1
D21 Logistics Warehouse (a) ^y	Leasehold	09	35	Tanjung Pelepas	Logistics s warehouse	100.0	14,100	28,413	0.7
Niro Warehouse (a)	Leasehold	09	31	Pasir Gudang	Logistics warehouse	100.0	27,700	15,234	1.3
Pasir Gudang Logistics Warehouse 1 (a)	Leasehold	09	47	Pasir Gudang	Logistics warehouse	100.0	21,300	13,814	1.0
Axis Vista (c) ^^	Leasehold	66	46	Petaling Jaya	Office/Industrial	100.0	57,500	34,441	2.7
Axis Northport Distribution Centre 1 (b) ^^	Leasehold	66	83	Klang	Logistics warehouse	100.0	91,500	67,075	4.3
Bukit Raja Distribution Centre (a) ^^	Freehold	1	1	Klang	Logistics warehouse	100.0	108,000	79,798	5.1
Seberang Prai Logistics Warehouse 1 (g) ^	Leasehold	09	33	Seberang Prai	Logistics warehouse	100.0	24,600	17,821	1.2
Seberang Prai Logistics Warehouse 2 (g) ^	Leasehold	09	33	Seberang Prai	Logistics warehouse	100.0	9,840	7,384	0.5
Tesco Bukit Indah (a) ^^	Freehold	1		Johor Bahru	Hypermarket	100.0	106,000	76,997	5.0
Axis Mega Distribution Centre (a) ^^	Leasehold	66	71	Kuala Langat	Logistics warehouse	100.0	314,000	258,693	14.8

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

Notes to the Financial Statements

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									Percentage
Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2020 %	Fair value as at 31.12.2020 RM′000	Cost of investment as at 31.12.2020 RM'000	of fair value to Net Asset Value as at 31.12.2020
Axis Technology Centre (i) ^	Leasehold	66	47	Petaling Jaya	Office/Industrial	52.1	61,200	50,833	2.9
D8 Logistics Warehouse (a) ^	Leasehold	09	35	Johor Bahru	Logistics warehouse	0.0	40,100	30,689	1.9
Bayan Lepas Distribution Centre (g) ^	Leasehold	09	42	Bayan Lepas	Logistics warehouse	100.0	64,500	50,378	3.0
Seberang Prai Logistics Warehouse 3 (k)	Leasehold	09	32/48	Seberang Prai	Logistics warehouse	100.0	70,000	62,630	3.3
Emerson Industrial Facility Nilai (j) ^	Leasehold	66	75	Nilai	Manufacturing facilities	100.0	37,000	27,443	1.7
Wisma Academy Parcel (c) ^	Leasehold	66	42	Petaling Jaya	Office/Industrial	70.5	74,500	77,287	3.5
The Annex (c) ^	Leasehold	66	42	Petaling Jaya	Office/Industrial	60.4	20,000	13,563	6.0
Axis MRO Hub (c)	Leasehold	66	65	Shah Alam	Manufacturing facilities	100.0	53,300	53,645	2.5
Axis Shah Alam Distribution Centre 3 (d)	Freehold	ı	1	Shah Alam	Logistics warehouse	100.0	193,000	187,011	9.1
Axis Steel Centre @ SiLC (d) ^	Freehold	ı	1	Nusajaya	Manufacturing facilities	100.0	163,000	155,949	7.7
Axis Shah Alam Distribution Centre 2 (b)	Leasehold	66	46	Shah Alam	Logistics warehouse	100.0	48,350	47,020	2.3
Beyonics i-Park Campus Block A (d) ^	Freehold	ı	1	Johor Bahru	Manufacturing facilities	100.0	16,500	14,470	8.0
Beyonics i-Park Campus Block B (d) ^	Freehold	ı	1	Johor Bahru	Manufacturing facilities	100.0	15,000	13,115	0.7
Beyonics i-Park Campus Block C (d) ^	Freehold	ı	1	Johor Bahru	Manufacturing facilities	100.0	14,000	11,934	0.7
Beyonics i-Park Campus Block D (d) ^	Freehold	ı	1	Johor Bahru	Manufacturing facilities	100.0	25,000	22,504	1.2
Axis Industrial Facility @ Rawang (c)	Freehold	ı	1	Rawang	Manufacturing facilities	0.0	42,000	43,009	2.0
Kerry Warehouse (a)	Leasehold	09	53	Johor Bahru	Logistics warehouse	100.0	38,200	33,725	1.8
Wasco Facility @ Kuantan (c) ^	Leasehold	66	68	Kuantan	Manufacturing facilities	100.0	156,000	157,619	7.3

Property	Tenure of land	Term of lease (Years)	Remaining term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2020 %	Fair value as at 31.12.2020 RM′000	Cost of investment as at 31.12.2020 RM'000	Percentage of fair value to Net Asset Value as at 31.12.2020
Axis Aerotech Centre @ Subang (c)	Leasehold	49	46	Subang	Manufacturing facilities	100.0	000'06	73,075	4.2
Axis Shah Alam Distribution Centre 4 (h)	Freehold	1	ı	Shah Alam	Logistics warehouse	100.0	86,000	84,270	4.1
Indahpura Facility 1 (a) ^	Freehold		ı	Johor Bahru	Manufacturing facilities	100.0	8,200	7,343	0.4
Beyonics i-Park Campus Block E (a) ^	Freehold	1	ı	Johor Bahru	Manufacturing facilities	100.0	36,000	32,099	1.7
Senawang Industrial Facility (f)	Freehold	1	ı	Senawang	Logistics warehouse	100.0	22,300	18,933	1.1
Nusajaya Tech Park Facility 1 (d)	Freehold	1	ı	Iskandar Puteri, Johor	Iskandar Puteri, Manufacturing Johor facilities	100.0	42,000	42,773	2.0
Nusajaya Tech Park Facility 2 (d)	Freehold	1	ı	Iskandar Puteri, Johor	Iskandar Puteri, Manufacturing Johor facilities	100.0	15,500	14,105	0.7
Axis Facility @ Batu Kawan (I)	Leasehold	30	29	Simpang Ampat, Penang	Logistics warehouse	100.0	18,950	14,598	6.0
Axis Facility 2 @ Nilai (h)	Leasehold	66	69	Nilai, Negeri Sembilan	Manufacturing facilities	100.0	51,000	50,920	2.4
Axis Facility 2 @ Bukit Raja (b)	Leasehold	66	69	Klang	Manufacturing facilities	100.0	39,000	37,654	1.8
D37c Logistics Warehouse (e)	Leasehold	41	35	Tanjung Pelepas	Logistics warehouse	100.0	66,100	66,094	3.1
Axis Shah Alam Distribution Centre 5 (b)	Leasehold	66	54	Shah Alam	Logistics warehouse	100.0	95,000	96,330	4.5
Axis Industrial Facility @ Shah Alam (a)	Leasehold	66	57	Shah Alam	Manufacturing facilities	100.0	12,800	12,257	9.0
Total							3,280,240	2,786,010	

Building Our Resilience Driving Value Creation Leadership that Creates Value

195

Who We Are and What We Do

About Our Report

INVESTMENT PROPERTIES (CONTINUED)

- Axis Industrial Facility @ Shah Alam, Pasir Gudang Logistics Warehouse 1, Bukit Raia Distribution Centre, D8 Logistics Warehouse, FCI Senai, Axis Mega Distribution Centre, Niro Warehouse, Tesco Bukit Indah, Beyonics i-Park Campus Block E, Kerry Warehouse, Indahpura Facility 1. Crystal Plaza and D21 Logistics Warehouse were valued on 1 July 2020, 7 July 2020, 21 July 2020, 18 August 2020. 18 August 2020, 19 August 2020, 4 September 2020, 4 September 2020, 29 September 2020, 20 25 November 2020 and 7 December 2020, 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 @ Shah Alam which was based on the cost method of valuation and Axis Mega Distribution Centre comprising phase 1 site, which is the developed portion known as Nestle Distribution Centre and phase 2 site, which is the undeveloped portion of the remaining land based on the investment method and comparison method of valuation respectively.
- Strateg Data Centre, Axis Shah Alam Distribution Centre 5, Axis Shah Alam Distribution Centre 2, Infinite Center, Axis Northport Distribution Centre 1 and Axis Facility 2 @ Bukit Raja were valued on 21 July 2020, 21 August 2020, 26 August 2020, 28 August 2020, 21 July 2020 and 27 October 2020, 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 Shah Alam Distribution Centre 5 which was based on the cost method of valuation.
- Axis Vista, Wasco Facility @ Kuantan, Axis Aerotech Centre @ Subang, Axis MRO Hub, Wisma Academy Parcel, The Annex and Axis Industrial Facility @ Rawang, were valued on 16 July 2020, 19 August 2020, 10 September 2020, 25 September 2020, 30 September 2020, 3 November 2020 and 13 November 2020, 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 Industrial Facility @ Rawang which was based on the cost method of valuation and Axis Vista and The Annex which were based on the comparison method of valuation.
- Axis Steel Centre @ SiLC, Axis Shah Alam Distribution Centre 3, Nusajaya Tech Park Facility 1 and 2, Beyonics i-Park Campus Block A, B, C and D and Wisma Kemajuan were valued on 10 July 2020, 13 August 2020, 30 September 2020, 8 October 2020 and 30 October 2020, respectively by C H Williams Talhar & Wong Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- Menara Axis, D37c Logistics Warehouse and Axis Business Park were valued on 11 September 2020, 30 September 2020 and 2 October 2020, 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.

4. INVESTMENT PROPERTIES (CONTINUED)

- (f) Fonterra HQ and Senawang Industrial Facility were valued on 13 July 2020 and 7 October 2020, 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.
- Seberang Prai Logistics Warehouse 1 and 2 and Bayan Lepas Distribution Centre were valued on 19 August 2020 and 6 October 2020, respectively 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.
- Axis Facility 2 @ Nilai, Quattro West and Axis Shah Alam Distribution Centre 4 were valued on 11 September 2020, 1 November 2020 and 11 November 2020, 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 except Axis Shah Alam Distribution Centre 4 which was based on the cost method of valuation.
- (i) Axis Business Campus and Axis Technology Centre were valued on 2 September 2020 and 30 October 2020, respectively by Nawawi Tie Leung Property Consultants Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the cost method of valuation.
- Axis Shah Alam Distribution Centre 1 and Emerson Industrial Facility Nilai were valued on 9 July 2020 and 18 August 2020, 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 Hypermarket @ Sungai Petani and Seberang Prai Logistics Warehouse 3 were valued on 9 July 2020 and 3 September 2020, respectively by Savills (Penang) Sdn. Bhd., an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- (I) Axis Facility @ Batu Kawan was valued on 21 October 2020 by VPC Alliance (Kajang) Sdn Bhd, an independent firm of professional valuers, registered with the Board of Valuers, Appraisers & Estate Agents Malaysia using the investment method of valuation.
- These properties are charged to financial institutions for revolving credit and term financing facilities granted to Axis-REIT (Note 10).
- These properties are pledged as security for the Islamic Medium Term Notes ("Sukuk") (Note 10).
- Fixed land lease of 30 years until 23 March 2025 with an option to renew for a further term of 30 years.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

4. INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:

		2021	2020
	Note	RM'000	RM'000
Revenue	12	246,195	232,234
Property operating expenses	13	(33,314)	(33,716)
Change in fair value of investment properties	4.1.1	63,197	10,796

4.1 Fair value information

As at 31 December 2021, the fair value of investment properties amounting to RM3,614,230,000 (2020: RM3,280,240,000) 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	2021 RM'000	2020 RM'000
At 1 January	3,280,240	2,990,610
Acquisitions	226,950	263,253
Enhancements	39,253	7,411
	3,546,443	3,261,274
Gains and losses recognised in profit or loss		
Change in fair value - unrealised 4.1.1	67,787	18,966
At 31 December	3,614,230	3,280,240

4.1.1 The change in fair value as presented in the profit or loss of RM63,197,000 (2020: RM10,796,000) is after offsetting unbilled lease income receivable amounting to RM4,590,000 (2020: RM8,170,000).

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

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.

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.	rates ranging from 5.50% -7.25% (2020: 5.50% - 7.25%).	The estimated fair value would increase (decrease) if: Risk-adjusted term capitalisation rates were lower (higher). Risk-adjusted reversion capitalisation rates were lower (higher).
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	Adjusted land value ranging from RM71 per sq. ft. to RM383 per sq. ft. (2020: RM69 per sq. ft. to RM380 per sq. ft.).	The estimated fair value would increase (decrease) if: Adjusted land value per sq. ft. wa higher (lower).

197

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

Valuation technique	Si
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.	

unobservable inputs and fair value gnificant unobservable inputs measurement Land value ranging from RM52 The estimated fair value would increase

(decrease) if:

Inter-relationship between significant

- (2020: RM27 per sq. ft. to RM253 Land value were higher (lower).
 - Main floor area cost were higher (lower).
- RM40 per sq. ft. to RM250 per Depreciation rates were lower (higher).

Significant estimation uncertainty and judgements

The valuation reports obtained from certain external valuers also included a material valuation uncertainty paragraph to highlight that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that the 2019 Novel Coronavirus ("COVID-19") pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

per sq. ft. to RM270 per sq. ft.

Main floor area cost ranging from

sq. ft. (2020: RM40 per sq. ft. to

Depreciation rates ranging from 1.5% to 70% (2020: 1.5% to 75%).

per sq. ft).

RM250 per sq. ft.).

Valuation processes applied by Axis-REIT for Level 3 fair value

The fair value of investment properties is determined by external, independent registered valuers approved by 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.

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

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.

Axis-REIT leases out its investment properties under operating leases. The future minimum lease payment receivable under non-cancellable leases is as follows:

	2021 RM'000
Less than one year	224,291
One to two years	174,043
Two to three years	143,589
Three to four years	110,234
Four to five years	104,717
More than five years	639,272
Total undiscounted lease payment receivable	1,396,146

	2020 RM'000
Less than one year	220,475
One to two years	179,626
Two to three years	139,451
Three to four years	122,086
Four to five years	103,797
More than five years	710,845
Total undiscounted lease payment receivable	1,476,280

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

201

5. EQUIPMENT

	Office equipment,			
	furniture and	Car park	Coffeee	Total
	fittings RM'000	machines RM'000	Software RM'000	Total RM'000
Cost	NW 000	NW 555	11111 000	11111 000
At 1 January 2020	1,424	3,766	795	5,985
Additions	126	47	110	283
At 31 December 2020/1 January 2021	1,550	3,813	905	6,268
Additions	65	117	-	182
Disposal	(15)	-	-	(15)
At 31 December 2021	1,600	3,930	905	6,435
Accumulated depreciation				
At 1 January 2020	180	2,106	498	2,784
Depreciation for the year	153	380	81	614
At 31 December 2020/1 January 2021	333	2,486	579	3,398
Depreciation for the year	159	390	91	640
Disposal	(13)	-	-	(13)
At 31 December 2021	479	2,876	670	4,025
Carrying amounts				
At 31 December 2021	1,121	1,054	235	2,410
At 31 December 2020	1,217	1,327	326	2,870

Leased equipment

At 31 December 2021, the net carrying amount of leased equipment was RM180,000 (2020: RM205,000).

RECEIVABLES, DEPOSITS AND PREPAYMENTS

		2021	2020
	Note	RM'000	RM'000
Trade			
Trade receivables		8,107	8,379
Tenancy contract assets	6.1	3,576	4,718
		11,683	13,097
Non-trade			
Other receivables		3,004	12,126
Deposits	6.2	6,638	12,153
Prepayments		4,841	3,789
		14,483	28,068
		26,166	41,165

6. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

- 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 RM3,726,000 (2020: RM8,770,000) paid for potential new acquisitions of investment properties.

7. CASH AND CASH EQUIVALENTS

	2021 RM'000	2020 RM'000
Cash and bank balances	23,502	13,867
Islamic deposits placed with licensed banks	172,452	25,941
	195,954	39,808

Included in Islamic deposits placed with licensed banks is an amount of RM300,000 (2020: RM300,000) which is pledged for banking facilities granted to Axis-REIT (Note 10) and the amount of RM25,044,000 (2020: RM16,255,000) 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 Sukuk issued by Axis-REIT's special purpose company, Axis REIT Sukuk Berhad (Note 10).

TOTAL UNITHOLDERS' FUNDS

8.1 Unitholders' capital

	2021 Number of units '000	2020 Number of units '000
Issued and fully paid up:		
At 1 January	1,442,331	1,435,250
Issued for cash	188,043	-
Issued under Income Distribution Reinvestment Plan ("IDRP")	4,150	7,081
At 31 December	1,634,524	1,442,331

	2021 RM'000	2020 RM'000
Issued and fully paid up:		
At 1 January	1,595,506	1,583,791
New units issued:		
188,042,597 units @ RM1.78 per unit and 4,150,222 units @ RM1.88 per unit		
(2020: 7,081,008 units @ RM1.67 per unit)	342,518	11,825
Issuing expenses	(3,702)	(110)
At 31 December	1,934,322	1,595,506

TOTAL UNITHOLDERS' FUNDS (CONTINUED)

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.

	2021		2020	
	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	85,902	166,650	74,538	151,312
Kumpulan Wang Persaraan (Diperbadankan)	144,711	280,739	142,278	288,824
Employees Provident Fund Board	276,790	536,973	208,199	422,64
Avic DEIT's substantial unith olders' indirect unitholdings				
Axis-REIT's substantial unitholders' indirect unitholding: Kumpulan Wang Persaraan (Diperbadankan) (i)	33,005	64,030	34,871	70,78
Directors of the Manager - direct unitholding:				
Dato' Abas Carl Gunnar Bin Abdullah	24,221	46,989	23,812	48,33
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	20	39	20	4
Tew Peng Hwee @ Teoh Peng Hwee	57,200	110,968	56,500	114,69
Alex Lee Lao (ii)	57,696	111,930	57,361	116,44
Leong Kit May	43	83	43	8
Jancis Anne Que Lao (iii)	2,916	5,657	1,957	3,97
Maxine Teoh Sui Vern (iv)	8	16	4	-
Directors of the Manager - indirect unitholding:				
Dato' Abas Carl Gunnar Bin Abdullah (v)	10,432	20,238	10,372	21,05
Alex Lee Lao (vi)	3,190	6,189	3,171	6,43
Direct unitholdings of close family members of the Directors of the Manager:				
Datin Kuyas Emiloglu (also known as Ka Ya-Shih)	10,359	20,096	10,299	20,90
Leon Lee Lao	2,336	4,532	2,322	4,71
Lao, Yin Yong Lee	854	1,657	849	1,72
Tan Siew Geok	836	1,622	832	1,68
Jeanette Ivy Robertson Lomax	255	495	255	51
Amanda Tan Myhre	73	142	73	14
John Lee Lao	1,202	2,332	1,195	2,42
Dean Lee Lao	2,433	4,720	2,419	4,91
Edward Teoh Eu Shang	1	2	1	
Yolbars Khan Myhre	54	105	-	
Takim Khan Myhre	54	105	-	

TOTAL UNITHOLDERS' FUNDS (CONTINUED)

8.2 Unitholdings of substantial unitholders, Directors of the Manager and their related parties (continued)

Notes:

- Held by fund managers of Kumpulan Wang Persaraan (Diperbadankan).
- Alex Lee Lao is an alternate director to Dato' Abas Carl Gunnar Bin Abdullah.
- Jancis Anne Que Lao is an alternate director to Alvin Dim Lao.
- (iv) Maxine Teoh Sui Vern is an alternate director to Tew Peng Hwee @ Teoh Peng Hwee.
- Deemed interested in the direct unitholdings of his spouse, Datin Kuyas Emiloglu (also known as Ka Ya-Shih) and his daughter, Amanda Tan Myhre.
- (vi) Deemed interested in the direct unitholdings of his brothers, Lao, Yin Yong Lee and Leon Lee Lao.

The market value of the units was determined by multiplying the number of units with the market price as at 31 December 2021 of RM1.94 per unit (2020: RM2.03 per unit).

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 5 years.

Movement in temporary differences during the year

		Recognised in	At	Recognised in	
	At	profit or loss	31.12.2020/	profit or loss	At
	1.1.2020	(Note 14)	1.1.2021	(Note 14)	31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Investment properties	8,615	507	9,122	3,675	12,797

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

10. FINANCING

	Note	2021 RM'000	2020 RM'000
Non-current	Note	KIVI 000	11111 000
Islamic Medium Term Notes ("Sukuk")	10.1	450,000	350,000
Finance lease liabilities	10.2	430,000	99
	_	• •	
Term financing - secured	10.3	175,750	151,500
Transaction costs			
- Sukuk	10.1	(895)	(606)
- Term financing - secured	10.3	(738)	(350)
		624,177	500,643
Current			
Revolving credit - secured	10.4	365,500	611,500
Finance lease liabilities	10.2	40	40
Islamic Medium Term Notes ("Sukuk")	10.1	110,000	-
Term financing - secured	10.3	85,000	-
Transaction costs			
- Sukuk	10.1	(68)	-
- Term financing - secured	10.3	(56)	-
		560,416	611,540
		1,184,593	1,112,183

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.

First Sukuk

On 13 July 2012, Axis REIT Sukuk Berhad issued RM110.0 million Sukuk in nominal value pursuant to the Sukuk Programme.

The First Sukuk of RM110.0 million was issued to re-finance Axis-REIT's existing financing facilities. The First Sukuk, which comprises four tranches have obtained long-term ratings of AAA, AA1, AA2 and AA3, respectively from RAM Rating Services Berhad ("RAM") on 4 July 2012. The expected maturity date is 10 years from the issuance date and the legal maturity date is 12 years from the issuance date.

The transaction costs relating to the First Sukuk issuance of RM110.0 million which amounted to RM1.277 million are amortised and charged to profit or loss over the expected tenure of the First Sukuk of 10 years.

The First 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 CIMB Investment Bank Berhad ("the Lead Manager") and mutually agreed between Axis-REIT, Axis REIT Sukuk Berhad and the Lead Manager.

10. FINANCING (CONTINUED)

10.1 Islamic Medium Term Notes ("Sukuk") (continued)

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.

About Our Report

207

10. FINANCING (CONTINUED)

10.2 Finance lease liabilities

Finance lease liabilities are subject to financing costs at 3.5% (2020: 3.5%) per annum.

Finance lease liabilities are payable as follows:

	Future minimum		Present value of minimum	Future minimum		Present value of minimum
	lease payments 2021 RM'000	Finance costs 2021 RM'000	lease payments 2021 RM'000	lease payments 2020 RM'000	Finance costs 2020 RM'000	lease payments 2020 RM'000
Less than one year	47	7	40	47	7	40
Between one and five years	70	10	60	117	18	99
	117	17	100	164	25	139

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 of RM85.0 million is payable on 14 May 2022 while the term financing of RM66.5 million is payable on 28 January 2025 and the related transaction costs amounted to RM504,000 and RM314,000 are amortised and charged to profit or loss over the expected tenures of 3 years and 10 years, respectively.

During the financial year, new term financing of RM59.25 million and RM50.0 million were obtained and are secured over the investment properties as indicated in Note 4 to the financial statements. They are payable on 31 March 2026 and 28 March 2028, respectively. The transaction costs related to the term financing amounted to RM451,000 and RM291,000 are amortised and charged to profit and loss over the expected tenures of 5 years and 7 years, respectively.

10.4 Revolving credit - secured

The revolving credit is secured over the investment properties as indicated in Note 4 to the financial statements.

10. FINANCING (CONTINUED)

10.5 Reconciliation of movement of financing to cash flows arising from financing activities

	At 1.1.2020	Net changes from financing cash flows	Others	At 31.12.2020/ 1.1.2021	Net changes from financing cash flows	Others	At 31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk	419,164	(70,000)	230	349,394	209,414	229	559,037
Finance lease liabilities	244	(105)	-	139	(39)	-	100
Term financing - secured	150,951	-	199	151,150	108,508	298	259,956
Revolving credit -							
secured	315,500	296,000	-	611,500	(246,526)	526	365,500
Total liabilities from							
financing activities	885,859	225,895	429	1,112,183	71,357	1,053	1,184,593

11. PAYABLES AND ACCRUALS

	Note	2021 RM'000	2020 RM'000
Current			
Trade			
Trade payables		8,421	26,576
Non-trade			
Other payables and accrued expenses	11.1	22,586	18,906
Islamic derivatives		384	2,130
		22,970	21,036
		31,391	47,612

^{11.1} Included in other payables and accrued expenses are amounts due to the Manager and the Property Manager of RM2,149,000 (2020: RM1,882,000) and RM761,000 (2020: RM737,000), respectively. These amounts are unsecured, interest-free and payable monthly in arrears.

About Our Report

12. REVENUE

	2021 RM'000	2020 RM'000
Rental income from investment properties		
- Rental income billed in accordance with tenancy contracts	234,221	216,479
- Lease incentive adjustment	(1,142)	(648)
- Unbilled lease income receivable	4,590	8,170
Car park income	4,075	4,615
Other income	4,451	3,618
	246,195	232,234

13. PROPERTY OPERATING EXPENSES

	Note	2021 RM'000	2020 RM'000
Assessment		5,555	4,742
Service contracts and maintenance		9,535	11,164
Property management fees	1(a)	4,921	4,556
Property management reimbursements		3,546	3,665
Utilities		2,674	2,692
Others		7,083	6,897
		33,314	33,716

14. TAX EXPENSE

		2021	2020
	Note	RM'000	RM'000
Deferred tax expense			
- Current year	9	3,675	507
Total tax expense		3,675	507
Reconciliation of tax expense			
Net income before tax		204,039	142,571
Income tax using Malaysian tax rate of 24%		48,969	34,217
Non-deductible expenses		1,239	1,087
Effect of fair value change on investment properties which is not subject to tax		(8,344)	(8,974)
Effect of exemption from income tax	14.1	(41,864)	(26,330)
		-	-
Real Property Gains Tax ("RPGT") Cumulative fair value gain on investment properties			
subject to RPGT		3,675	507
		3,675	507

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

The calculation of earnings per unit is based on income after taxation attributable to unitholders for the year of RM200,364,000 (2020: RM142,064,000) and the weighted average number of units in circulation during the year of 1,451,867,807 (2020: 1,440,996,352).

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

211

16. DISTRIBUTION TO UNITHOLDERS

Distribution to unitholders is from the following sources:

	2021 RM'000	2020 RM'000
Net property income		
- current year	212,881	198,518
- prior year	187	120
Profit and other income	804	875
	213,872	199,513
Less: Non-property expenses	(72,884)	(66,285)
	140,988	133,228
Adjustments to earnings available for distribution:		
- depreciation of equipment	640	614
- net measurement of loss allowance	44	70
- other non-cash items	(3,448)	(7,522)
	138,224	126,390
Less: Undistributed income	(239)	(187)
	137,985	126,203
Gross distribution per unit (sen)	9.49	8.75
Net distribution per unit (sen)	9.49	8.75

17. MANAGEMENT EXPENSE RATIO

	2021	2020
Management Expense Ratio ("MER") (%)	1.25	1.27

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.

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 the investment properties of Axis-REIT are located in Malaysia.

19. FINANCIAL INSTRUMENTS

19.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

- Financial assets measured at amortised cost ("FAAC");
- Financial liabilities measured at amortised cost ("FLAC"); and
- Fair value through profit or loss ("FVTPL").

Carrying amount	FAAC/FLAC	FVTPL
RM'000	RM'000	RM'000
17,749	17,749	-
195,954	195,954	-
213,703	213,703	-
82,658	82,658	-
31,391	31,007	384
1,184,593	1,184,593	-
1,298,642	1,298,258	384
		_
32,658	32,658	-
39,808	39,808	-
72,466	72,466	-
		_
72,162	72,162	-
47,612	45,482	2,130
1,112,183	1,112,183	-
1,231,957	1,229,827	2,130
	17,749 195,954 213,703 82,658 31,391 1,184,593 1,298,642 32,658 39,808 72,466 72,162 47,612 1,112,183	RM'000 RM'000 17,749 17,749 195,954 195,954 213,703 213,703 82,658 82,658 31,391 31,007 1,184,593 1,184,593 1,298,642 1,298,258 32,658 39,808 39,808 39,808 72,466 72,466 72,162 72,162 47,612 45,482 1,112,183 1,112,183

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.2 Net gains and losses arising from financial instruments

	2021 RM'000	2020 RM'000
Net gains/(losses) on:		
Fair value through profit or loss	1,746	(905)
Financial assets measured at amortised cost	757	805
Financial liabilities measured at amortised cost	(47,406)	(39,941)
Total	(44,903)	(40,041)

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.

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.4 Credit risk (continued)

Receivables (continued)

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.

The exposure of credit risk for trade receivables as at the end of the reporting period amounts to RM8,107,000 (2020: RM8,379,000). 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 as at 31 December 2021.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Past due 1 - 30 days	1,960	-	1,960
Past due 31 - 60 days	849	-	849
Past due 61 - 90 days	9	-	9
	2,818	-	2,818
Credit impaired			
Past due more than 90 days	6,052	(763)	5,289
	8,870	(763)	8,107
2020			
Past due 1 - 30 days	3,136	_	3,136
Past due 31 - 60 days	1,234	_	1,234
Past due 61 - 90 days	171	-	171
	4,541	-	4,541
Credit impaired			
Past due more than 90 days	4,557	(719)	3,838
	9,098	(719)	8,379

There are trade receivables on which Axis-REIT has not recognised any loss allowance as these are collateralised by tenants' deposits.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

215

Notes to the Financial Statements > 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:

	2021 RM'000	2020 RM'000
Balance at 1 January	719	649
Net remeasurement of loss allowance	44	70
Balance at 31 December	763	719

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 off-set against the longest outstanding receivables then 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.

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							
2021							
Non-derivative financial liabilities							
Payables and accruals	31,007	-	31,007	31,007	-	-	-
Tenants' deposits*	82,658	-	93,981	21,110	11,501	22,815	38,555
Revolving credit - secured	365,500	2.65 – 2.89	366,334	366,334	-	-	-
Term financing - secured	259,956	2.67 – 4.20	283,531	91,366	5,103	135,675	51,387
Finance lease liabilities	100	3.50	117	47	47	23	-
Sukuk	559,037	3.68 - 4.65	669,914	131,765	19,148	286,188	232,813
	1,298,258		1,444,884	641,629	35,799	444,701	322,755
Derivative financial liabilities							
Islamic derivatives	384	-	384	384	=	-	-
	1,298,642		1,445,268	642,013	35,799	444,701	322,755

The carrying amount of tenants' deposits has been discounted using the imputed profit rate of 2.96% (2020: 3.46%) per annum.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

217

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
45,482	-	45,482	45,482	-	-	-
72,162	-	85,188	17,400	10,405	21,291	36,092
611,500	2.65 – 4.12	612,902	612,902	-	-	-
151,150	2.67 – 4.20	163,259	5,333	87,865	70,061	-
139	3.50	164	47	47	70	-
349,394	4.61 – 4.65	412,691	16,203	123,480	33,422	239,586
1,229,827	-	1,319,686	697,367	221,797	124,844	275,678
2,130	-	2,130	2,130			-
1,231,957		1,321,816	699,497	221,797	124,844	275,678
	amount RM'000 45,482 72,162 611,500 139 349,394 1,229,827	amount RM'000 % 45,482 - 72,162 - 611,500 2.65 - 4.12 151,150 2.67 - 4.20 139 3.50 349,394 4.61 - 4.65 1,229,827 2,130 -	amount RM'000 profit rate % cash flows RM'000 45,482 - 45,482 72,162 - 85,188 611,500 2.65 - 4.12 612,902 151,150 2.67 - 4.20 163,259 139 3.50 164 349,394 4.61 - 4.65 412,691 1,229,827 1,319,686	amount RM'000 profit rate RM'000 cash flows RM'000 1 year RM'000 45,482 - 45,482 45,482 72,162 - 85,188 17,400 611,500 2.65 - 4.12 612,902 612,902 151,150 2.67 - 4.20 163,259 5,333 139 3.50 164 47 349,394 4.61 - 4.65 412,691 16,203 1,229,827 1,319,686 697,367	amount RM'000 profit rate RM'000 cash flows RM'000 1 year RM'000 years RM'000 45,482 - 45,482 45,482 - 72,162 - 85,188 17,400 10,405 611,500 2.65 - 4.12 612,902 612,902 - 151,150 2.67 - 4.20 163,259 5,333 87,865 139 3.50 164 47 47 349,394 4.61 - 4.65 412,691 16,203 123,480 1,229,827 1,319,686 697,367 221,797	amount RM'000 profit rate RM'000 cash flows RM'000 1 years RM'000 years RM'000 45,482 - 45,482 - - 72,162 - 85,188 17,400 10,405 21,291 611,500 2.65 - 4.12 612,902 612,902 - - - 151,150 2.67 - 4.20 163,259 5,333 87,865 70,061 70 349,394 4.61 - 4.65 412,691 16,203 123,480 33,422 1,229,827 1,319,686 697,367 221,797 124,844 2,130 - 2,130 2,130 - - - -

The carrying amount of tenants' deposits has been discounted using the imputed profit rate of 2.96% (2020: 3.46%) per annum.

19. FINANCIAL INSTRUMENTS (CONTINUED)

19.6 Market risk

Market risk is the risk that changes in market prices such as interest rates that will affect Axis-REIT's financial position or cash flows.

The interest rate is a general economic indicator that will have an impact on Axis-REIT's financial position or cash flows regardless whether it is an Islamic real estate investment trust or otherwise.

Interest rate risk

Axis-REIT's exposure to changes in interest rates relates primarily to its financial assets which have an exposure to interest rates, such as Islamic deposits and financial liabilities which have an exposure to interest rates, such as Sukuk, term financing, revolving credit and finance lease liabilities. Interest rate risk is managed by the Manager on an on-going basis with the primary objective of limiting the extent to which the profit income and financing costs could be affected by adverse movements in interest rates.

Risk management objectives, policies and processes for managing the risk

Axis-REIT has Islamic derivatives (profit rate swaps) with notional contract amounts of RM50,000,000 (2020: a profit rate swap with notional contract amounts of RM100,000,000 and RM50,000,000, respectively) in order to achieve an approximate mix of fixed and floating rates exposure that is deemed acceptable for Axis-REIT. The swap matures in April 2022.

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:

	2021 RM'000	2020 RM'000
Financial assets		
Fixed rate instrument		
Islamic deposits placed with licensed banks	172,452	25,941
Financial liabilities		
Fixed rate instruments		
Finance lease liabilities	100	139
Term financing - secured	144,250	85,000
Sukuk	560,000	350,000
	704,350	435,139
Floating rate instruments		
Term financing - secured	116,500	66,500
Revolving credit - secured	365,500	611,500
	482,000	678,000

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
2021		
Floating rate instruments	(4,820)	4,820
Profit rate swaps	500	(500)
2020		
Floating rate instruments	(6,780)	6,780
Profit rate swap	1,500	(1,500)

FINANCIAL INSTRUMENTS (CONTINUED)

19.7

ih and cash equivalents, receivables and deposits, payables and accruals and short term financing approximate their fair values due to the of these financial instruments.

with their fair values and which fair value is disclosed, together at fair The table below analyses financial instruments carried at fair value carrying amounts shown in the statement of financial position.

	Fair value	e of financial	of financial instruments carried	arried	Fair value	of financial in	Fair value of financial instruments not carried	t carried		
		at fair value	<i>r</i> alue			at fair value	value		Total fair	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	value	amonnt
	RM′000	RM'000	RM'000	RM′000	RM′000	RM'000	RM'000	RM′000	RM′000	RM′000
2021										
Financial liabilities										
Tenants' deposits	•	•	•	•	•	•	82,658	85,658	82,658	82,658
Islamic derivatives	•	384	•	384	•	•	•	•	384	384
Financing		•	•	•	•	•	1,188,868	1,188,868	1,188,868	1,184,493
Finance lease liabilities	-	•	-	-	-	•	113	113	113	100
		384		384	•	•	1,271,639	1,271,639	1,272,023	1,267,635
2020										
Financial liabilities										
Tenants' deposits	•	•	•	1	1	1	72,162	72,162	72,162	72,162
Islamic derivatives	•	2,130	•	2,130	•	1	•	•	2,130	2,130
Financing	•	•	•	•	•	1	1,093,131	1,093,131	1,093,131	1,112,044
Finance lease liabilities	•	1		•	•		157	157	157	139

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

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 (2020: no transfer in either directions).

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Туре	Description of valuation technique and inputs used
Tenants' deposits, financing	Discounted cash flows using a rate based on the current market rate of Islamic financing
and finance lease liabilities	facilities of Axis-REIT at the reporting date.

The discount rates used above have incorporated credit risk of Axis-REIT and 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.

20. CAPITAL MANAGEMENT (CONTINUED)

The Directors of the Manager continuously monitor the financing level and consider undertaking a new placement exercise to raise capital when it anticipates the need for funding, taking into consideration investor appetite in the capital market. This internal financing threshold is below that allowed by the Securities Commission's Guidelines on Listed Real Estate Investment Trusts of 50%. In 2020, the Securities Commission had announced a temporary increase in the financing ratio for listed real estate investment trusts, raising the limit to 60% until 31 December 2022.

The financing ratio of Axis-REIT at the end of the reporting period were as follows:

	Note	2021 RM'000	2020 RM'000
Total financing	10	1,184,593	1,112,183
Total assets value		3,838,760	3,364,083
Financing ratio (%)		30.86	33.06

There was no change in Axis-REIT's approach to capital management during the financial year.

21. CAPITAL COMMITMENTS

	2021 RM'000	2020 RM'000
Significant capital expenditure commitments		
Investment properties		
Contracted but not provided for and payable:		
- Within one year	34,800	45,199

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.

STATEMENT BY THE MANAGER

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

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:

	2021 RM'000	2020 RM'000
Acquisition of investment properties from related parties of the Directors of the Manager	28,195	95,000
Deposit paid for the proposed acquisition of investment properties from related parties of the		
Directors of the Manager	326	2,820
Rental income received and receivable from companies controlled by the Directors of the Manager	5,526	5,526

The above transactions have been entered into in the normal course of business and have been established based on negotiated terms and conditions.

23. SUBSEQUENT EVENT

Axis-REIT has on 20 January 2022, announced that Axis-REIT is embarking on a proposed development of Bukit Raja Distribution Centre 2 ("BRDC2") ("Proposed Development"). The Proposed Development entails the construction of one single storey warehouse and ancillary buildings, enhancement of an existing 3 storey office block with a total gross built-up area of approximately 620,096 square feet.

On the same date, RHB Trustees Berhad, on behalf of Axis-REIT, has entered into a 15-year lease agreement ("Lease Agreement") with Shopee Express Malaysia Sdn Bhd ("Shopee"). Shopee has agreed to lease the entire BRDC 2 upon completion of the Proposed Development in accordance with the terms and conditions as stipulated in the Lease Agreement.

The Proposed Development is expected to commence in the first quarter of 2022 and to be completed for handover to Shopee no later than 31 August 2023.

In the opinion of the Directors of the Manager, the financial statements set out on pages 162 to 222 are drawn up in accordance with the Fourth Principal Deed dated 17 January 2020, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Axis Real Estate Investment Trust at 31 December 2021 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: 16 February 2022

SECTION 6

STATUTORY **DECLARATION**

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF AXIS REAL ESTATE INVESTMENT TRUST (ESTABLISHED IN MALAYSIA)

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

FINANCIAL STATEMENTS

Additional Information

225

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 162 to 222, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Ng Choy Tip (MIA Number: 40667), at Petaling Jaya in the state of Selangor Darul Ehsan on 16 February 2022.

Ng Choy Tip

Before me:

We have acted as Trustee of Axis Real Estate Investment Trust ("Axis-REIT") for the financial year ended 31 December 2021. 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 2021 are in line with and are reflective of the objectives of Axis-REIT. Five distributions have been declared for the financial year ended 31 December 2021 as follows:

- 1) 1st interim income distribution of 2.23 sen per unit paid on 31 May 2021;
- 2) 2nd interim income distribution of 2.40 sen per unit paid on 30 August 2021;
- 3) 3rd interim income distribution of 2.45 sen per unit paid on 30 November 2021;
- 4th interim income distribution of 2.03 sen per unit paid on 14 January 2022; and
- 5) Final income distribution of 0.38 sen per unit payable on 28 February 2022.

For and on behalf of the Trustee, RHB Trustees Berhad (Company No.: 200201005356 (573019-U))

Tony Chieng Siong Ung

Director

Kuala Lumpur,

Date: 16 February 2022

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF AXIS REAL ESTATE INVESTMENT TRUST

(ESTABLISHED IN MALAYSIA) **SECTION 6**

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 2021, 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 a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 64.

In our opinion, the financial statements give a true and fair view of the financial position of Axis-REIT as of 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of Axis-REIT in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matter

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of Axis-REIT for the current financial year. This matter was addressed in the context of our audit of the financial statements of Axis-REIT as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of investment properties

Refer to Note 4 to the financial statements.

The key audit matter

Axis-REIT owns a portfolio of 58 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 RM3.614.230.000 as at 31 December 2021.

These investment properties are stated at their fair values based on independent external valuations.

The valuation process involves 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.

The valuation reports obtained from certain external valuers also included a material valuation uncertainty paragraph to highlight that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that the 2019 Novel Coronavirus ("COVID-19") pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

Independent Auditors' Report Building Our Resilience to the Unitholders of Axis Real Estate Investment Trust (Established In Malaysia) > FINANCIAL STATEMENTS

About Our Report Who We Are and What We Do Driving Value Creation Leadership that Creates Value

Key audit matter (continued)

The key audit matter (continued)

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 competence of the external valuers based on their membership of a recognised professional body. We also examined the terms of engagement the valuers entered into with the Manager to determine whether there were any matters that might have affected the valuers' objectivity or placed limitations on their scope of work.

We assessed the appropriateness of the valuation methodologies used by considering their respective merits based on the occupancy status and/ or condition of each property. We tested the data applied in the valuers' computation of market value under the investment method by checking to lease agreements and other supporting documents. We challenged the capitalisation rates used in the valuation by comparing them against historical rates and available industry data. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

We discussed with the external valuers who have included the material valuation uncertainty paragraph in their valuation reports to understand how they have considered the implications of the COVID-19 pandemic and market uncertainties in the 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 or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements of Axis-REIT

The Manager is responsible for the preparation of the financial statements of Axis-REIT so as to give a true and fair view in accordance with the Fourth Principal Deed dated 17 January 2020, the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of Axis-REIT that are free from material misstatement, whether due to fraud or error.

SECTION 6

Independent Auditors' Report to the Unitholders of Axis Real Estate Investment Trust (Established In Malaysia)

Independent Auditors' Report to the Unitholders of Axis Real Estate Investment Trust (Established In Malaysia) > FINANCIAL STATEMENTS

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value

Responsibilities of the Manager for the Financial Statements of Axis-REIT (continued)

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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- 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.

Auditors' Responsibilities for the Audit of the Financial Statements of Axis-REIT (continued)

- Evaluate the overall presentation, structure and content of the financial statements of Axis-REIT, including the disclosures, and whether the financial statements of Axis-REIT represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Axis-REIT to express an opinion on the financial statements of Axis-REIT. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 of 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 Matter

This report is made solely to the unitholders of Axis-REIT 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: 16 February 2022

Chan Chee Keong

Approval Number: 03175/04/2023 J

229

Chartered Accountant

SECTION 7

PROPERTY
PORTFOLIO DETAILS

AS AT 31 DECEMBER 2021

Property Portfolio Details as at 31 December 2021

About Our Report
Who We Are and What We Do
Building Our Resilience
Driving Value Creation
Leadership that Creates Value
Financial Statements

ADDITIONAL INFORMATION

		- Not-	Dronoute	-ome			ronouty Med	ation			l and Tanana	
		Net	Property Ind	come	Carrying	P	roperty Valu	ation Total Investment Outlay (Including			Land Tenure	
		Revenue	Property Operating Expense		Value Before Revaluation	Value After Revaluation	Gain/ (Loss)	enhancements and development)	Revaluation Gain/(Loss)	Tenure	Remaining Term of Lease	Age of Building
No	Property	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	of land	(Years)	(Years)
1	Menara Axis	7,550	2,214	5,336	112,507	112,500	(7)	91,320	21,180		44	27-36
2	Axis Business Campus	3,859	1,391	2,468	80,640	80,700	60	63,411	17,289	Leasehold	46	27-36
3	Axis Business Park	9,862	2,431	7,431	121,200	121,100	(100)	102,120	18,980	Leasehold	39	19-23
4	Axis Technology Centre	2,684	1,006	1,678	63,487	64,000	513	53,121	10,879	Leasehold	46	11-31
5	Axis Vista	3,381	441	2,940	58,288	58,000	(288)	35,228	22,771	Leasehold	45	48
6	Crystal Plaza	5,407	1,606	3,801	112,200	113,000	800	73,263	39,737	Leasehold	38	26
7	Infinite Center	4,282	1,112	3,170	43,770	45,000	1,230	37,075	7,924	Leasehold	44	35
8	Quattro West	4,871	1,370	3,501	59,389	60,000	611	51,515	8,485	Leasehold	51	39
9	Strateq Data Centre	5,288	503	4,785	65,198	68,000	2,802	42,927	25,073	Leasehold	47	22
10	The Annex	233	254	(21)	20,017	21,500	1,483	13,580	7,920	Leasehold	41	39
11	Wisma Academy Parcel	5,940	2,244	3,696	74,539	75,000	461	77,326	(2,326)	Leasehold	41	25
12	Wisma Kemajuan	4,938	1,708	3,230	66,000	66,000	-	37,960	28,040	Leasehold	44	28
13	Axis Aerotech Centre @ Subang	6,968	257	6,711	90,000	91,000	1,000	73,075	17,925	Leasehold	45	3
14	Axis Mega Distribution Centre	20,507	1,708	18,799	314,000	316,000	2,000	258,693	57,307	Leasehold	70	4
15	Axis Industrial Facility 1 @ Shah Alam (formerly known as Axis MRO Hub)	4,164	343	3,821	53,300	53,300	-	53,646	(345)	Leasehold	64	29
16	Axis Shah Alam DC 1	2,501	190	2,311	37,300	40,500	3,200	22,507	17,993	Freehold	NA	27
17	Axis Shah Alam DC 2	3,589	528	3,061	48,378	48,350	(28)	47,048	1,302	Leasehold	45	37
18	Axis Shah Alam DC 3	14,971	2,090	12,881	193,489	198,000	4,511	187,500	10,500	Freehold	NA	7-14
19	Axis Shah Alam DC 4	6,706	433	6,273	86,000	93,000	7,000	84,270	8,730	Freehold	NA	9-30
20	Axis Northport Distribution Centre 1	5,714	452	5,262	91,500	91,500	-	67,076	24,424	Leasehold	81	30
21	Bukit Raja Distribution Centre	7,066	431	6,635	108,419	113,000	4,581	80,217	32,783	Freehold	NA	15-27
22	Fonterra HQ	1,450	168	1,282	20,600	22,800	2,200	11,264	11,536	Freehold	NA	22
23	Axis Industrial Facility @ Rawang	1,390	1,156	234	50,441	50,000	(441)	51,450	(1,450)	Freehold	NA	11-20

		Net F	Property Inc	come		Р	roperty Valu	ation			Land Tenure	
		Revenue	Property Operating Expense		Before Revaluation	Value After Revaluation	Gain/ (Loss)	Total Investment Outlay (Including enhancements and development)	Accumulated Revaluation Gain/(Loss)	Tenure	Remaining Term of Lease	Age of Building
No 24	Property Emerson	(RM'000) 3,198	(RM'000) 237	(RM'000) 2,961	(RM'000) 37,000	(RM'000) 42,000	(RM'000) 5,000	(RM'000) 27,443	(RM'000)	of land Leasehold	(Years)	(Years) 14-23
	Industrial Facility Nilai	3,196	257	2,901	37,000	42,000	3,000	27,443	14,337	Leasenoid	74	14-25
25	Senawang Industrial Facility	1,712	79	1,633	22,300	24,640	2,340	18,933	5,707	Freehold	NA	22
26	Axis Facility @ Batu Kawan	1,632	106	1,526	19,058	19,000	(58)	14,706	4,294	Leasehold	28	2
27	Bayan Lepas Distribution Centre	5,787	736	5,051	65,074	65,000	(74)	50,952	14,048	Leasehold	41	21
28	Axis Hypermarket @ Sungai Petani	3,412	192	3,220	49,000	49,000	-	38,973	10,027	Freehold	NA	14
29	Seberang Prai Logistic Warehouse 1	1,595	99	1,496	24,600	24,600	-	17,821	6,779	Leasehold	32	20
30	Seberang Prai Logistic Warehouse 2	630	40	590	9,840	9,840	-	7,384	2,456	Leasehold	32	25
31	Seberang Prai Logistic Warehouse 3	6,704	676	6,028	71,290	76,000	4,710	63,920	12,080	Leasehold	31/47	16-18
32	Wasco Facility @ Kuantan	14,049	1,207	12,842	156,000	158,000	2,000	157,619	381	Leasehold	88	7-19
33	Axis Steel Centre @ SiLC	14,215	595	13,620	163,000	163,000	-	155,949	7,051	Freehold	NA	11
34	Beyonics i-Park Campus - Block A	1,348	161	1,187	16,500	19,000	2,500	14,469	4,531	Freehold	NA	6
35	Beyonics i-Park Campus - Block B	1,222	144	1,078	15,000	17,000	2,000	13,115	3,885	Freehold	NA	6
36	Beyonics i-Park Campus - Block C	1,115	142	973	14,000	15,000	1,000	11,934	3,066	Freehold	NA	6
37	Beyonics i-Park Campus - Block D	2,095	244	1,851	25,000	29,000	4,000	22,504	6,496	Freehold	NA	6
38	Beyonics i-Park Campus - Block E	2,664	275	2,389	36,000	37,000	1,000	32,099	4,901	Freehold	NA	4
39	D8 Logistics Warehouse	1,585	350	1,235	41,122	40,100	(1,022)	31,711	8,389	Leasehold	34	13
40	D21 Logistics Warehouse	3,197	278	2,919	33,949	42,100	8,151	48,263	(6,163)	Leasehold	34	17

Property Portfolio Details as at 31 December 2021

		Net	Property Inc	ome		Pı	roperty Valu	ation			Land Tenure	
					Carrying			Total Investment Outlay (Including				
			Property	Net	Value	Carrying	Unrealised	enhancements	Accumulated		Remaining	
			Operating	Property	Before	Value After	Gain/	and	Revaluation		Term of	Age of
		Revenue	Expense		Revaluation	Revaluation	(Loss)	development)	Gain/(Loss)	Tenure	Lease	Building
No	Property	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	of land	(Years)	(Years)
41	FCI Senai	2,010	182	1,828	25,360	25,600	240	12,693	12,907	Leasehold	46	14
42	Indahpura Facility 1	545	69	476	8,200	8,200		7,343	857	Freehold	NA	5
43	Kerry Warehouse	3,060	300	2,760	38,296	39,500	1,204	33,821	5,679	Leasehold	52	8
44	Niro Warehouse	1,818	166	1,652	29,517	29,200	(317)	17,051	12,149	Leasehold	30	18
45	Nusajaya Tech Park Facility 1	3,314	368	2,946	42,000	42,000	-	42,773	(773)	Freehold	NA	4
46	Nusajaya Tech Park Facility 2	1,110	153	957	15,500	15,500	-	14,105	1,395	Freehold	NA	5
47	Pasir Gudang Logistic Warehouse 1	1,569	276	1,293	21,300	22,700	1,400	13,814	8,886	Leasehold	46	16
48	Axis Hypermarket @ Johor (formerly known as Tesco Bukit Indah)	7,791	507	7,284	106,000	106,000	-	76,997	29,003	Freehold	NA	11
49	Axis Facility 2 @ Nilai	3,744	128	3,616	51,000	51,000	-	50,920	80	Leasehold	68	6
50	Axis Facility 2 @ Bukit Raja	2,700	115	2,585	39,000	39,000	-	37,654	1,346	Leasehold	68	35
51	D37C Logistics Warehouse	5,149	351	4,798	66,100	66,200	100	66,094	106	Leasehold	34	3
52	Axis Shah Alam DC 5	6,231	497	5,734	95,000	95,000	-	96,330	(1,330)	Leasehold	53	30
53	Axis Industrial Facility 2 @ Shah Alam (formerly known as Axis Industrial Facility @ Shah Alam)	840	99	741	12,800	13,800	1,000	12,256	1,544	Leasehold	56	39
54	Indahpura Facility 2	617	60	557	8,733	9,000	267	8,733	267	Freehold	NA	3
55	Indahpura Facility 3	440	72	368	6,821	7,000	179	6,821	179	Freehold	NA	3
56	Beyonics i-Park Campus - Block F	991	70	921	13,277	15,000	1,723	13,277	1,724	Freehold	NA	1
57	Bukit Raja Distribution Centre 2	3,763	185	3,578	121,756	122,000	244	121,756	244	Freehold	NA	22
58	Xin Hwa Warehouse @ Pasir Gudang	1,022	119	903	76,388	75,000	(1,388)	76,388	(1,388)	Leasehold	53-55	3-5
	Total	246,195	33,314	212,881	3,546,443	3,614,230	67,787	3,052,213	562,017			

UNITHOLDERS' STATISTICS

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

Analysis of Unitholdings as per Record of Depositors

As at 31 January 2022

Issued and fully paid up Units : 1,634,524,115 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	732	6.80%	14,308	Neg
100 - 1,000	2,889	26.84%	1,594,690	0.10%
1,001 - 10,000	4,938	45.88%	20,345,757	1.24%
10,001 - 100,000	1,690	15.70%	48,031,050	2.94%
100,001 to less than 5% of issued units	512	4.76%	1,260,587,501	77.12%
5% and above of issued units	2	0.02%	303,950,809	18.60%
	10,763	100.00%	1,634,524,115	100.00%

30 LARGEST UNITHOLDERS

	Name of Unitholders	No. of Units Held ^	%
1	EMPLOYEES PROVIDENT FUND BOARD	159,240,206	9.74%
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	144,710,603	8.85%
3	LEMBAGA TABUNG HAJI	76,212,982	4.66%
4	AMANAH SAHAM BUMIPUTERA	63,280,000	3.87%
5	TEW PENG HWEE @ TEOH PENG HWEE	57,200,025	3.50%
6	ALEX LEE LAO	53,907,920	3.30%
7	EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	36,169,680	2.21%
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	34,273,357	2.10%
9	PUBLIC ITTIKAL SEQUEL FUND	31,444,388	1.92%
10	PUBLIC SMALLCAP FUND	27,498,152	1.68%
11	EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	27,175,249	1.66%
12	EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	25,613,654	1.57%
13	PERMODALAN NASIONAL BERHAD	21,965,335	1.34%
14	PAMB FOR PRULINK EQUITY FUND	19,079,337	1.17%
15	MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	16,479,000	1.01%
16	HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (LIFE PAR)	16,118,531	0.99%
17	JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	15,251,500	0.93%
18	HSBC (M) TRUSTEE BHD FOR ZURICH LIFE INSURANCE MALAYSIA BERHAD (NP-OTHER-REITS)	15,245,800	0.93%
19	PERTUBUHAN KESELAMATAN SOSIAL	14,520,300	0.89%
20	ABAS CARL GUNNAR BIN ABDULLAH	14,175,640	0.87%
21	JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	13,980,500	0.86%
22	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	13,885,724	0.85%
23	PBTB FOR TAKAFULINK DANA EKUITI	12,470,772	0.76%
24	PUBLIC ISLAMIC SELECT TREASURES FUND	12,112,861	0.74%
25	AMANAH SAHAM MALAYSIA	11,203,700	0.69%

Unitholders' Statistics

	Name of Unitholders	No. of Units Held ^	%
26	URUSHARTA JAMAAH SDN. BHD. (AFFIN 2)	11,172,115	0.68%
27	AMANAH SAHAM MALAYSIA 3	10,668,737	0.65%
28	HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIMAN GROWTH FUND (4207)	10,558,758	0.65%
29	KA, YA-SHIH ALSO KNOWN AS MYHRE, KUYAS	10,358,766	0.63%
30	MTRUSTEE BHD FOR AIIMAN TNB RBTF (EQ) (433139)	10,246,662	0.63%
		986,220,254	60.34%

according to securities accounts on non-consolidated basis

MAJOR UNITHOLDERS (10% and above)

Name of Major Unithalders	Direct Inter	est	Indirect Interest	
Name of Major Unitholders	No. of Units	%	No. of Units	%
EMPLOYEES PROVIDENT FUND BOARD	279,405,825	17.09%	-	-
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	144,710,603	8.85%	33,004,829^^	2.02%

A Held by Fund Managers of Kumpulan Wang Persaraan (Diperbadankan)

DIRECTORS' INTERESTS

	Direct Inte	rest	Indirect Interest	
Name of Directors/Alternate Directors	No. of Units	%	No. of Units	%
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin (Director)	20,000	Neg	-	-
Dato' Abas Carl Gunnar Bin Abdullah (Director)	24,221,201	1.48%	10,432,311*	0.64%
Stephen Tew Peng Hwee @ Teoh Peng Hwee (Director)	57,200,025	3.50%	-	-
Leong Kit May (Director)	43,144	Neg	-	-
Mohd Sharif Bin Hj Yusof (Director)	-	-	-	-
Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor (Director)	-	-	-	-
Alvin Dim Lao (Director)	-	-	-	-
Alex Lee Lao (Alternate Director)	57,696,198	3.53%	3,189,560**	0.20%
Jancis Anne Que Lao (Alternate Director)	2,915,776	0.18%	-	-
Maxine Teoh Sui Vern (Alternate Director)	7,500	Neg	-	-

^{*} Deemed interested in the direct unitholdings of his spouse and daughter, Datin Kuyas Emiloglu (also known as Ka Ya-Shih) and Amanda Tan Myhre in Axis-REIT

Remarks:

This Unitholders' Statistics have been prepared as at 31 January 2022 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 2021



About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

MARKET INDICATIONS

In 2021, Malaysia was still overcoming the challenges posed by the unprecedented COVID-19 pandemic. The quarterly GDP was recorded in the range of RM335 billion to RM343 billion in the first three quarters of 2021, supported by new stimulus and assistance packages worth RM530 billion and the measures under Budget 2021 worth RM322.5 billion. Overall, cumulative GDP for the first three quarters of 2021 improved 3% y-o-y (1Q-3Q 2020: -6.3%), signifying persistent economic recovery.

The labour market remained highly volatile in 2021 because of the challenging economy posed by the pandemic. Broadly, the unemployment rate remained elevated between 4.5% – 4.8%, caused by longer and stricter movement restrictions.

After a minor change in 1Q 2021, headline inflation increased by 2.2% in 3Q 2021 due to the base effects of the low domestic retail fuel prices last year and the lapse from the tiered electricity tariff rebate. In terms of monthly trajectory, headline inflation peaked at 4.7% in April 2021.

On a positive note, Malaysia's Industrial Production Index (IPI) increased at 2.5% y-o-y in September 2021, supported by an increment of 4% in the manufacturing index and 0.4% in the electricity index.

On the other hand, Business Conditions Index (BCI) registered some 12.4% increase y-o-y, from 86.3 in 3Q 2020 to 97.0 in 3Q 2021. The BCI has been trending higher since 2Q 2021, as the government eased restrictions and the businesses regained confidence in the wake of the new normal.

BNM has maintained the Overnight Policy Rate (OPR) at a historical low of 1.75% since 3Q 2020 to support the economy in this trying time. Along with the fiscal and financial measures that continue to cushion the economic impact on businesses and households and provide support to economic activity, BNM continued utilising its policy levers to encourage a sustainable economic recovery.

All states in Malaysia have moved into Phase 4 of the National Recovery Plan since early October 2021, with 97.6% of the adult population fully vaccinated as of end-2021. In this phase, the public and private sectors can operate at 100% capacity with relaxed SOPs. With interstate travel allowed for fully vaccinated individuals, Malaysia steadily moves towards international travel in 2022. With the recovery gaining momentum in 4Q 2021, Bank Negara Malaysia (BNM) estimates that the domestic economy will achieve an annual growth rate of 3.0% to 4.0% in 2021 and further expand by 5.5% to 6.5% in 2022.

Malaysia's economy is expected to emerge stronger and more resilient moving forward, backed by the public sector's continued supportive fiscal and monetary policies, coupled with positive externalities as discussed in the ensuing section.

INDUSTRIAL SECTOR OVERVIEW

The manufacturing sector, as one of Malaysia's key economic drivers, continued to outperform, attracting a total capital investment of RM103.9 billion in 1Q – 3Q 2021, a remarkable 60.4% y-o-y increase from RM64.8 billion registered in 1Q – 3Q 2020. The positive trend was also observable in the preceding years, an increase from 988 approved projects worth RM82.73 billion in 2019 to 1,050 projects worth RM91.26 billion in 2020, mainly attributable to Foreign Direct Investment (FDIs).

Likewise, FDIs accounted for about 88.3% (RM91.7 billion) of Malaysia's total capital investment in 1Q - 3Q 2021, while domestic investment contributed to the remaining 11.7% (RM12.2 billion) of the total investment share. Primary sources of FDIs in the manufacturing sector were from Singapore, China, Austria, Japan, to name a few.

In 1Q – 3Q 2021, Kedah has gained the highest investment at RM55.5 billion (53.4% share), followed by Pahang's RM10.1 billion (9.7% share) and Selangor's RM6.0 billion (5.7% share). These three states have collectively attracted RM71.6 billion, representing 68.9% of the total investment capital of RM103.9 billion.

The robust external demand has contributed to healthy growth in the manufacturing sector, supported further by the rising demand for E&E (electrical and electronic) goods, rubber gloves, and medical devices due to the pandemic. The industrial sector is expected to thrive further in the near future, fueled by demand from the e-commerce boom and the accelerated digitalization in most aspects of our daily lives as the world transitions to the new normal.

^{**} Deemed interested in the direct unitholdings of his brothers, Lao, Yin Yong Lee and Leon Lee Lao in Axis-REIT

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

Manufacturing Sector: Investment Overview, 2019 to 3Q 2021

Malaysia	2019	2020	3Q 2021
Number of approved projects	988	1,050	522
Domestic Investment (RM Million)	28,840.70	34,683.10	12,205.20
Foreign Investment (RM Million)	53,891.90	56,579.90	91,743.90
Total Capital Investment (RM Million)	82,732.60	91,263.10	103,949.10

Source: Malaysia Investment Development Authority (MIDA)

INDUSTRIAL MARKET

1.0 GREATER KUALA LUMPUR

1.1 Industrial Sector

Greater KL saw a 14.7% y-o-y increase in approved total capital investments from RM17.21 billion in 2019 to RM19.73 billion in 2020, in tandem with the increased number of approved projects from both states of Kuala Lumpur and Selangor during the same period.

As of 3Q 2021, 197 manufacturing projects worth RM6.21 billion were approved in WP Kuala Lumpur and Selangor, suggesting an additional investment of circa RM13.6 billion required to surpass that of 2020.

Greater Kuala Lumpur: Approved Manufacturing Projects, 2019 to 3Q 2021

State	2	2019 2020		020	3Q 2021	
	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	12	174.2	17	1,306.5	15	251.1
Selangor	315	17,040.2	324	18,425.2	182	5,958.7
Greater KL	327	17,214.4	341	19,731.7	197	6,209.8

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in Selangor in 2021 include:

- LOGOS SE Asia Pte Ltd has entered into a Joint Venture with Global Vision Logistics Sdn Bhd, to develop an RM1.5 billion integrated logistics, warehousing and e-commerce hub in Section 16 Shah Alam, Selangor. The project will be developed on three land plots measuring 71 acres with a gross leasable area of 5.43 million sq ft.
- Nine Dragons Paper (Holdings) Ltd invests RM4.2 billion in a pulp and paper mill in Banting, Selangor. Together with their manufacturing facility in Pahang, these investments are expected to create 2,180 job opportunities upon its commencement of operations by 2022.
- Ally Logistics Property Co Ltd (ALP), Taiwan's largest warehousing infrastructure developer, has invested RM700 million on a 27acre OMega logistics park in Bukit Raja Selangor. This is part of the company's plans to invest RM4.14 billion to develop smart
 warehousing solutions for the logistics sector in Malaysia.
- Leon Fuat Bhd has acquired a 2.46-acre industrial land together with the 37,000 sq ft steel processing factory in Kajang, Selangor, for RM28 million.
- Nestle Malaysia has invested RM150 million to set up a plant-based food manufacturing plant within its existing Shah Alam Industrial Complex in Selangor. This new production site has a built-up size of approximately 60,000 sq ft with an expected annual production capacity of 8,000 tonnes.

1.1.1 Overview

WP Kuala Lumpur and Selangor: Industrial Property Volume and Value of Transactions, 2019 to 3Q 2021(p)

	Industrial December	2	2019		2020		3Q 2021 ^(p)	
State	Industrial Property Type	Volume (No.)	Value (RM Million)	Volume (No.)	Value (RM Million)	Volume (No.)	Value (RM Million)	
WP	Terraced	61	90.37	38	56.83	40	62.57	
Kuala Lumpur	Semi-Detached	13	72.00	8	42.18	7	32.35	
	Detached	15	110.90	11	86.93	14	139.53	
	Industrial Complex	45	15.81	23	10.03	4	1.62	
	Others (1)	15	88.55	5	3.24	6	3.74	
	Total	149	377.62	85	199.21	71	239.81	
Selangor	Terraced	942	871.22	714	724.38	608	621.10	
	Semi-Detached	407	1,517.60	287	1,175.63	270	983.04	
	Detached	206	3,676.32	151	1,827.63	144	1,993.26	
	Industrial Complex	33	13.84	38	17.23	1	36.02	
	Others	624	2,197.48	411	3,546.12	302	2,269.24	
	Total	2,212	8,276.47	1,601	7,291.00	1,325	5,902.66	
Greater KL	Terraced	1,003	961.59	752	781.21	648	683.67	
	Semi-Detached	420	1,589.61	295	1,217.81	277	1,015.39	
	Detached	221	3,787.22	162	1,914.56	158	2,132.79	
	Industrial Complex	78	29.65	61	27.26	5	37.64	
	Others	639	2,286.03	416	3,549.36	305	2,272.98	
	Total	2,361	8,654.09	1,686	7,490.21	1,396	6,142.47	

Source: National Property Information Centre (NAPIC)

Note:

(1) Others include Industrial vacant plots and other types of industrial property

2) (p)= preliminary data

In Greater KL, 1,686 industrial property transactions worth RM7.49 billion changed hands in 2020, a decline of 28.6% in transaction volume and 13.4% in transaction value y-o-y (2019: 2,361 transactions worth RM8.65 billion). To avert the possibility of a three-year downtrend since 2019, an addition of 290 transactions worth RM1.35 billion is required for the remaining quarter of 2021 (as of 3Q 2021: 1,396 transactions worth RM6.14 billion).

Likewise, Kuala Lumpur's industrial property transaction value was RM199.21 in 2020, a significant 47.2% drop from RM377.62 in 2019; whereas the transaction volume dropped by 43.0%, from 149 cases in 2019 to 85 cases in 2020. However, the aggregate transaction value as of 3Q 2021 was reported at RM239.8 million, already some 20.4% higher than that achieved in 2020.

The decline in Selangor's industrial market activity was less significant, a 11.9% y-o-y decrease in total transaction value from RM8.28 billion in 2019 to RM7.29 billion in 2020. This is in line with a 27.6% decrease in transaction volume to 1,601 cases in 2020 (2019: 2,212 cases).

Terraced factories remained as the most transacted property type for both states between 2019 and 3Q 2021, accounting for about 42.5% to 46.4% of the combined industrial transactions. However, detached factories recorded the highest value per transaction for the past three years (around RM12 million to RM17 million each) as opposed to an average of circa RM1 million per transaction for terraced factories.

ADDITIONAL INFORMATION

1.1.2 Supply: Existing and Future

WP Kuala Lumpur and Selangor: Supply of Industrial Properties by Type, 2019 to 3Q 2021

State	Industrial	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	Property Type	2019	2020	3Q 2021	Incoming	Planned
WP	Terraced	2,545	2,545	2,545	0	37
Kuala Lumpur	Semi-Detached	412	412	412	0	0
	Detached	511	511	511	0	0
	Flatted Factory	1,670	1,670	1,670	0	0
	Industrial Complex	0	0	0	0	0
	Cluster	0	0	0	0	0
	Total	5,138	5,138	5,138	0	37
Selangor	Terraced	28,520	28,647	28,784	393	281
	Semi-Detached	6,598	6,694	6,772	266	824
	Detached	5,213	5,273	5,337	266	477
	Flatted Factory	263	263	264	247	0
	Industrial Complex	107	107	108	1	4
	Cluster	0	0	0	92	93
	Total	40,701	40,984	41,265	1,265	1,679
Greater KL	Terraced	31,065	31,192	31,329	393	318
	Semi-Detached	7,010	7,106	7,184	266	824
	Detached	5,724	5,784	5,848	266	477
	Flatted Factory	1,933	1,933	1,934	247	0
	Industrial Complex	107	107	108	1	4
	Cluster	0	0	0	92	93
	Total	45,839	46,122	46,403	1,265	1,716

Source: National Property Information Centre (NAPIC)

As of 3Q 2021, there were 46,403 units of existing industrial properties in WP Kuala Lumpur and Selangor combined, an increase of some 281 units from 2020, all of which were mainly terraced (137 units), semi-detached (78) and detached factories (64 units) in the state of Selangor.

In Selangor, the existing cumulative supply of industrial properties stood at 41,265 units as of 3Q 2021. The majority of the existing supply was terraced factories (69.8% share, 28,784 units) followed by semi-detached (16.4% share, 6,772 units) and detached factories (12.9% share, 5,337 units). On the other hand, the bulk of Selangor's 2,944 units in the pipeline were mainly semi-detached factories (37.0% share, 1,090 units), followed by detached factories (25.2% share, 743 units) and terraced factories (22.9% share, 674 units). Overall, terraced factories are expected to dominate Selangor's industrial supply composition in the near future.

In WP Kuala Lumpur, the cumulative supply has been unchanged since 2019 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% share). There is a planned supply of 37 terraced factories as of 3Q 2021.

WP Kuala Lumpur and Selangor: Supply of Industrial Properties by District, 2019 to 3Q 2021

State	District/Mukim	Existing Supply (No. of Units)						
		2019	2020	3Q 2021	Incoming	Planned		
WP	Bandar Kuala Lumpur	227	227	227	0	0		
Kuala Lumpur	Petaling Jaya	0	0	0	0	0		
	Ampang	0	0	0	0	0		
	Batu	3,046	3,046	3,046	0	0		
	Cheras	0	0	0	0	0		
	Hulu Kelang	0	0	0	0	0		
	Kuala Lumpur	488	488	488	0	22		
	Petaling	1,295	1,295	1,295	0	0		
	Setapak	82	82	82	0	15		
	Total	5,138	5,138	5,138	0	37		
Selangor	Gombak	4,626	4,688	4,724	64	72		
	Hulu Langat	7,357	7,363	7,391	6	18		
	Hulu Selangor	4,334	4,334	4,334	59	105		
	Klang	8,375	8,438	8,618	417	884		
	Kuala Langat	492	569	569	124	156		
	Kuala Selangor	244	251	253	267	315		
	Petaling	14,325	14,378	14,413	289	0		
	Sabak Bernam	35	35	35	27	2		
	Sepang	913	928	928	12	127		
	Total	40,701	40,984	41,265	1,265	1,679		

Source: National Property Information Centre (NAPIC)

In terms of geographical distribution, the top three districts which represented almost 75% of Selangor's existing industrial supply as of 3Q 2021 are Petaling district (34.9% share, 14,413 units), Klang (20.9% share, 8,618 units) and Hulu Langat (17.9% share, 7,391 units). Of the 2,944 units in the future supply pipeline, the majority are located in Klang (44.2% share, 1,301 units), followed by Kuala Selangor (19.8% share, 582 units) and Petaling (9.8%, 289 units).

In WP Kuala Lumpur, the existing 5,138 industrial units were predominantly located in Mukim Batu (59.3% share, 3,046 units), followed by Mukim Petaling (25.2% share, 1,295 units) and Bandar Kuala Lumpur (9.5% share, 227 units). Of the 37 units of planned supply, 22 units are in Mukim Kuala Lumpur whereas the remaining 22 are located in Mukim Setapak.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

241

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 2021

No.	Location	Property Details	Land Area (Built-up Area)	Tenure (1)	Date of Transaction	Consideration (RM Million)
1	Persiaran Setia Makmur, Bandar Setia Alam	Vacant Land	19.55 acres	FH	September 2021	30.0
2	Lot 2 (21100), Lingkaran Sultan Hishamuddin Kapar Kawasan Perusahaan Selat Klang Utara	Warehouse	5.62 acres	LH	January 2021	26.1
3.	Eastern Gateway Industrial L Hub, Bukit Raja Prime Industrial Park Kapar, Klang	Vacant Land	4.96 acres	FH	July 2021	28.0
4.	Jalan Sungai Buaya Bandar Sungai Buaya, Bandar Serendah	Vacant Land	16.28 acres	LH	May 2021	20.5
5.	18, Jalan Pelukis U1/46 Temasya Industrial Park	Detached Factory	2.11 acres	FH	August 2021	36.0
6.	No.6, Jalan Kecapi, 33/2 Elite Industrial Area	Detached Factory	2.85 acres	FH	May 2021	27.3
7.	3, Jalan Keluli 1	Detached Factory	20.75 acres	FH	March 2021	120.0
8.	Lot 79, Jalan 13/6 Seksyen 13 Petaling Jaya	3 Plots of Land with Detached Factory	 1. 1.70 acres 2. 4.90 acres 3. 3.32 acres 	LH	March 2021	1. 34.2 2. 98.7 3. 66.9
9.	Batu 13 1/2, Jalan Sg Besi Cheras Off Jalan Cheras Kajang	Detached Factory	2.63 acres	FH	February 2021	27.0
10.	No. 5176, Off Jalan Balakong Pekan Kajang	Detached Factory	2.46 acres	FH	February 2021	28.0
11.	Lot 78660, Jalan Tiang U8/93 Bukit Jelutong Damansara	Vacant Land	2.00 acres	FH	July 2021	18.0
12.	Lot 38218, Jalan Subang Utama 6 (Lion Industrial Park) Sek. 22, Shah Alam	Vacant Land	2.01 acres	FH	July 2021	25.0
13.	9A, Jalan 51A/223 Seksyen 51/51A, Petaling Jaya Bandar Petaling Jaya	Detached Factory	1.50 acres	LH	April 2021	20.0
14.	25, Jalan E1/5 Kawasan Perindustrial Trian Tmn Ehsan Kepong	Detached Factory	0.90 acres	FH	February 2021	19.0
15.	No. 44717, Jalan Perusahaan 4, Perusahaan Batu Caves	Detached Factory	2.00 acres	LH	March2021	18.0

Source: JPPH/ 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.
- 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 of RM1.50 per sq ft to RM2.10 per sq ft, whereas the monthly asking rentals of similar premises in Section 15 and Section 16 Shah Alam ranged from RM1.60 per sq ft to RM2.00 per sq ft.
- Monthly asking rentals for detached factories and warehouses in Subang Hi-Tech Industrial Park could be found within the range of RM1.60 per sq ft to RM2.00 per sq ft.
- Asking rentals of selected industrial areas in Port Klang ranged between RM1.20 per sq ft and RM1.60 per sq ft per month, whereas in Kawasan Perindustrian Bukit Raja, the monthly asking rental ranged between RM1.50 per sq ft and RM2.00 per sq ft.
- Selected industrial properties in Rawang command monthly asking rentals of RM1.00 per sq ft to RM1.20 per sq ft in Bukit Beruntung and RM1.50 per sq ft to RM1.90 per sq ft in Taman Industri Integrasi.
- In Balakong, monthly asking rentals ranged between RM1.10 per sq ft and RM1.50 per sq ft in Kawasan Perindustrian Balakong and RM1.50 per sq ft to RM2.20 per sq ft in Taming Jaya Industrial Park.
- The asking rentals of detached industrial properties in the industrial estates of Bukit Angkat, Kajang ranged from RM1.40 per sq ft to RM1.60 per sq ft per month. In contrast, the monthly asking rentals ranged between RM1.00 per sq ft and RM1.50 per sq ft in Semenyih.

2.0 JOHOR

2.1 Industrial Sector

For the period 1Q-3Q 2021, Johor recorded 110 approved manufacturing projects with a total investment value of RM4.64 billion, a 14.1% y-o-y drop from RM5.40 billion registered in 1Q-3Q 2020.

Johor: Approved Manufacturing Projects, 2019 to 3Q 2021

Johor	2019	2020	3Q 2021
Number of Approved Projects	209	232	110
Total Capital Investment (RM Million)	11,455.2	6,784.3	4,638.0

Source: Malaysia Investment Development Authority (MIDA)

Several notable announcements on the investment and expansion plans of industrial facilities in Johor during the year included:

- Wiwynn Corporation, a Taiwan-based IT infrastructure provider, plans to develop a server rack integration plant on a 4.80-hectare land in Johor, totaling to RM200 million. The project will be a Green Building Index (GBI) building adopting a smart manufacturing technology. It is expected to start production in 2023.
- Petronas Gas Bhd (PGB) has approved a final investment decision to construct a new compressor station in Kluang, Johor, with a total investment of about RM460 million. The project aims to increase the gas capacity of Peninsular Gas Utilisation in the southern region and is estimated to complete in 2024.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

- Bridge Data Centres, a Singapore-based data centre service provider, announced the construction of its fourth hyperscale data centre (MY06) in Johor. Sitting on 40-acre land, this project will involve an investment worth RM2.5 billion and is expected to complete in phases in 2022-23.
- Tiong Nam Logistics Solutions Sdn Bhd (TNLS) plans to build a warehouse with a built-up area of around 1.09 million sq ft with a construction cost worth RM200 million. This project will be made on two land parcels measuring 62.618 acres in total, located within a free commercial zone in Senai Airport City, Johor.
- Petronas Chemicals Group Berhad (PCG) and LG Chem Ltd have entered into an agreement to build a nitrile butadiene latex manufacturing plant at Pengerang Integrated Complex (PIC) in Johor; this plant is set to begin operations in 2023 and will have an annual NBL production capacity of 200,000 tons.
- Japanese SANKYU Group is set to invest RM100 million to build its first Human Resources Training Centre outside of Japan in the Medini Central Business District, Johor. The centre is built on 1.67 hectares of land and is expected to begin operations in 2022.
- AME Elite Consortium Bhd's subsidiary AME Construction Sdn Bhd has been awarded an RM359 million contract to construct an integrated production facility, logistics warehouse, and office buildings for Ye Chiu Non-Ferrous Metal (M) Sdn Bhd. The entire project will span a built-up area of 2.55 million sq ft and is poised for completion by May 2023.

2.2 Industrial Property Market

2.2.1 Overview

Johor: Industrial Property Volume and Value of Transactions, 2019 to 3Q 2021 (p)

Industrial Property Type	2	019	2020		3Q 2021 ^(p)	
	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)
Terraced	291	197.39	184	146.96	135	91.00
Semi-Detached	257	525.79	167	326.82	121	238.00
Detached	176	827.48	106	702.38	125	642.00
Industrial Complex	0	0	1	320.00	0	0
Others (1)	292	508.88	182	672.78	198	610.00
Total	1,016	2,059.54	640	2,168.94	579	1,581.87

Source: National Property Information Centre (NAPIC)

Notes:

(1) Others include vacant industrial plots and other industrial property types.

(2) (p) = preliminary data

In 2020, 640 industrial properties changed hands with a total value of about RM2.17 billion. The transaction volume saw a decrease of 37% y-o-y from 1,016 units in 2019 to 640 units in 2020. Conversely, the transaction value exhibited a 5.31% increase during the same period, mainly attributed to a RM320-million industrial complex transaction when the rest of the property types declined in transaction activities.

Subsequently, 579 transactions were recorded with RM1.58 billion in 1Q-3Q 2021, of which the "others" category recorded the highest share of volume at 198 units (34.2% share), followed by terraced factories (23.3% share, 135 units), detached factories (21.6% share, 125 units), and semi-detached factories (20.9% share, 121 units).

In terms of transaction value by property types, detached factories aggregated the highest sum at RM642 million in 1Q-3Q 2021. This is followed by the 'others' category at RM610 million, semi-detached factories at RM238 million, and terraced factories at RM91 million.

2.2.2 Supply: Existing and Future

As of 3Q 2021, the existing cumulative supply of industrial properties in Johor was reported at 18,179 units, an increase of 100 units from 2020. Of the newly added units, 90 units are located in Johor Bahru, whereas the remaining 10 units are located in Batu Pahat.

Johor: Supply of Industrial Properties by Type, 2019 to 3Q 2021

Туре	Existing Supply (No. of Units)				Supply Units)
	2019	2020	3Q 2021	Incoming	Planned
Terraced	8,037	8,038	8,063	256	122
Semi-Detached	4,538	4,628	4,674	346	312
Detached	3,854	4,016	4,045	161	209
Flatted Factory	0	0	0	0	0
Industrial Complex	424	425	425	0	6
Cluster	828	972	972	308	88
Total	17,681	18,079	18,179	1,071	737

Source: National Property Information Centre (NAPIC)

In terms of distribution by locality, the top three districts with the largest share of the existing supply are Johor Bahru (62.6% share, 11,373), followed by Kulai (13.3% share, 2,424 units) and Batu Pahat (8.4% share, 1,530 units). Likewise, the top three destination for the 1,808 units of future supply are Johor Bahru (65.2%, 1,180 units), Kulai (14.4%, 260 units) and Kota Tinggi (8.0%, 144 units).

In terms of distribution by industrial property type, the existing supply were predominantly terraced factories (44.4% share, 8,063 units) followed by semi-detached factories (25.7% share, 4,674 units) and detached factories (22.3% share, 4,045 units). However, semi-detached factories make up most of the future supply (346 units incoming, 312 units planned), followed by cluster (308 units incoming, 88 units planned) and terraced (256 units incoming, 122 units planned).

In short, Johor Bahru will remain as the district with the most industrial properties in the foreseeable future, as it hosts at least 60% of the existing industrial supply and almost two-third of the state's future supply. Although current existing supply are predominantly of the terraced category, its supply growth rate has been lagging behind its peers (semi-detached, detached and cluster factories) between 2019 and Q3 2021 and more so in terms of future supply.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

245

Johor: Supply of Industrial Properties by District, 2019 to 3Q 2021

District	Existing Supply (No. of Units)		Future (No. of		
	2019	2020	3Q 2021	Incoming	Planned
Batu Pahat	1500	1,520	1,530	38	9
Johor Bahru	10,966	11,283	11,373	703	477
Kluang	987	987	987	0	57
Kota Tinggi	395	395	395	62	82
Kulai	2,368	2,424	2,424	210	50
Mersing	66	69	69	0	0
Muar	173	173	173	26	21
Pontian	505	507	507	32	27
Segamat	513	513	513	0	14
Tangkak	208	208	208	0	0
Total	17,681	18,079	18,179	1,071	737

Source: National Property Information Centre (NAPIC)

2.2.3 Capital Values

The list below reflects the general capital values of selected industrial properties in Johor.

Johor: Selected Industrial Property Transactions, 2021

No.	Location	Property Details	Land Area (Built-up Area)	Tenure (1)	Date of Transaction	Consideration (RM Million)
1.	Ptd 106708, Indahpura Industrial Park, Kulai	Vacant Land	4.04 acres	FH	September 2021	13.1
2.	Lot 6012, BT 15 ½, Jalan Sg Tiram, Johor Bharu	Detached Factory	1.15 acres	FH	August 2021	11.8
3.	Block A1-A5 (BLOK E), Batu 14, Tepi Jalan Muar – Tangkak	Detached Factory	9.52 acres	FH	May 2021	23.0
4.	Ptd 243589, Jalan Jelawat 1, Tmn Pasir Putih, Plentong	Vacant Land	11.93 acres	FH	May 2021	30.1
5.	2350, Jalan Selatan, Perindustrian Ringan Pulai, Tebrau	Vacant Land	4.98 acres	FH	May 2021	12.0
6.	No 1, Jalan Desa Tropika ½, Tmn Perindustrian Tropika, Plentong	Detached Factory	1.95 acres	FH	February 2021	10.6
7.	Pt 64992, Taman Perindustrian Murni, Senai, Kulaijaya	Detached Factory	0.98 acres (4,305.56 sq ft)	FH	February 2021	10.0
8.	Lot 2941, Jalan Seelong/Senai, Kulai Jaya	Vacant Land	7.36 acres	FH	January 2021	16.0

Source: JPPH/ Savills Research

Note

(1) FH = Freehold; LH = Leasehold

2.2.4 Rental Values

In 2021, the monthly asking rentals for detached factories in Pasir Gudang ranged from RM1.00 per sq ft to RM1.50 per sq ft per month; in contrast, similar units in Tanjung Pelepas Port were going from RM1.50 per sq ft to RM2.00 per sq ft.

In Gelang Patah, the asking rentals ranged from RM0.90 per sq ft to RM1.40 per sq ft per month, whereas Nusa Cemerlang, Nusajaya (SILC) commanded the monthly asking rental of RM1.00 per sq ft to RM1.60 per sq ft.

The monthly asking rentals in Taman Perindustrian Cemerlang, Ulu Tiram ranged between RM0.80 per sq ft and RM1.00 per sq ft.

In Senai, the monthly asking rentals ranged from RM1.10 per sq ft to RM1.30 per sq ft in Kawasan Perindustrian Senai. iPark @ Senai City, on the other hand, commanded a higher monthly asking rental of RM1.40 per sq ft to RM1.80 per sq ft. The similar industrial properties in iPark @ Indahpura commanded asking rentals of RM 1.20 per sq ft to RM1.50 per sq ft.

3.0 PENANG

3.1 Industrial Sector

Penang: Approved Manufacturing Projects, 2019 to 3Q 2021

Penang attracted 80 projects worth RM2.87 billion as of 3Q 2021, less than half of the amount invested and projects approved in the two previous years.

Penang	2019	2020	3Q 2021
Number of Approved Projects	166	166	80
Total Capital Investment (RM Million)	16,855.4	14,113.0	2,874.5

Source: Malaysia Investment Development Authority (MIDA)

In 2021, notable industrial sector announcements in Penang included:

- Tek Seng Holdings has acquired nine adjoining lots of industrial land in Seberang Perai, Penang, for consideration of RM 46.96 million. Measuring around 19.6 acres, the land will be developed for its manufacturing business.
- Earlier in 2021, Greatech Technology Berhad had acquired 11.57 acres of leasehold land from Penang Development Corporation for RM 27.73 million. The newly acquired land will be used for Greatechs capacity expansion plans, with 265,000 sq ft to be erected in 2022.
- US-based Dexcom Inc will be setting up their first manufacturing facility outside the US in Batu Kawan Industrial Park, Penang. Built on land measuring 28-acre (11.33-hectare), the facility will span over 1.8 million sq. ft. Upon completion in 2023, it is expected to aid DexCom in meeting the global demand for CGM.
- QES Group Bhd's subsidiary, QES Mechatronic Sdn. Bhd has entered into a Joint Venture with US-based Applied Engineering to acquire a 2-acre land in Batu Kawan Industrial Park, Penang, for RM 4.7 million; the land will be used to expand their manufacturing and distribution operations.
- JHM Consolidation Berhad had acquired 9 acres of land from Penang Development Corporation for a cash consideration of RM21.56 million. A new facility will accommodate their new telecommunication equipment manufacturing business segment. JHM is poised to raise RM92 million for the construction of the facility with a built-up area of 350,000 sq ft.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

• South-Korean Semiconductor Company Simtech invested RM 508 million to set up its first factory in Southeast Asia; the factory will be located on an 18-acre site in Batu Kawan Industrial Park, Penang, expected to be completed by 2022. The factory will be manufacturing the region's first packaging substrates for dynamic random-access memory (DRAM)/NAND memory chips and high-density interconnect (HDI) PCB for memory module/solid-state drive (SSD) devices.

• Intel will be investing RM30 billion to build a new advanced chip-testing facility in Bayan Lepas Industrial Park, Penang; the facility is expected to begin production in 2024.

3.2 Industrial Property Market

3.2.1 Overview

Penang: Industrial Property Volume and Value of Transactions, 2019 to 3Q 2021 (p)

Industrial Property Type	al Property Type 2019 2020		2020	3Q 2021 ^(p)		
	Volume (No.)	Value (RM Million)	Volume (No.)	Value (RM Million)	Volume (No.)	Value (RM Million)
Terraced	133	90.67	115	98.09	100	88.82
Semi-detached	90	174.37	92	192.94	82	172.41
Detached	45	391.09	47	369.61	56	481.00
Industrial Complex	15	6.82	8	4.01	16	98.21
Others (1)	109	201.96	100	150.98	98	348.45
Total	392	864.91	362	815.63	352	1,188.89

Source: National Property Information Centre (NAPIC)

Notes:

(1) Others include vacant industrial plots and other industrial property types.

(2) (p) = preliminary data

In 2020, Penang recorded 362 industrial property transactions, a 7.6% decrease y-o-y from 392 transactions in 2019. Similarly, transaction value decreased by 5.7% y-o-y, from RM864.9 million in 2019 to RM815.6 million in 2020. However, as of 3Q 2021, Penang's industrial property market was already on track to perform better for the year 2021, as it has achieved transactions valued at RM1.19 billion or 45.8% higher than the previous year.

In 1Q-3Q 2021, there were 352 industrial transactions recorded, predominated by terraced factories (100 cases) and "other" types (98 cases), followed by semi-detached (82 cases) and detached factories (56 cases). Of the aggregated RM1.19 billion worth of transactions, detached factories contributed the most (40.5% share, RM481.0 million), followed by "others" (29.3% share, RM348.5 million), semi-detached (14.5% share, RM172.4 million), industrial complexes (8.3% share, RM98.2 million) and terraced units (7.4% share, RM88.8 million).

3.2.2 Supply Existing and Future

As of 3Q 2021, there were 9,606 units of industrial properties in Penang, an addition of 99 units from year 2020. The said addition were mainly terraced factories (54 units), followed by semi-detached (36 units) and detached factories (9 units).

Penang: Supply of Industrial Properties by Type, 2019 to 3Q 2021

Туре	Existing Supply (No. of Units)			Future (No. of	Supply Units)
	2019	2020	3Q 2021	Incoming	Planned
Terraced	5,099	5,117	5,171	14	12
Semi-Detached	1,640	1,850	1,886	142	138
Detached	1,910	1,941	1,950	24	10
Flatted Factory	511	511	511	0	0
Industrial Complex	71	71	71	1	0
Cluster	0	17	17	0	0
Total	9,231	9,507	9,606	181	160

Source: National Property Information Centre (NAPIC)

The bulk of the existing supply were terraced factories (53.8% share, 5,171 units), followed by detached (20.3% share, 1,950 units) and semi-detached factories (19.6% share, 1,886 units). The remaining 599 units, or 6.2% of the existing stock, has remained relatively unchanged for the past three years. In terms of locality, 82.1% of Penang's existing industrial properties were concentrated within the districts of Seberang Perai Tengah (56.0% share, 5,382 units), Seberang Perai Utara (15.5% share, 1,488 units) and Seberang Perai Selatan (10.6% share, 1,021 units).

In the context of incoming supply, the 181 units in the pipeline were predominantly semi-detached factories (78.5% share, 142 units), followed by detached (13.3% share, 24 units) and terraced factories (7.7% share, 14 units). These incoming products are mainly located in Seberang Perai Tengah (96 units), Seberang Perai Selatan (70 units) and Seberang Perai Utara (14 units).

The 160 units under planned supply comprised of semi-detached factories (86.3% share, 138 units), terraced (7.5% share, 12 units) and detached factories (6.3% share, 10 units). Likewise, 52 of these units are located in Seberang Perai Utara, 49 units from Seberang Perai Utara, 37 units in Seberang Perai Selatan and 22 units in the district of Barat Daya.

Seberang Perai Tengah, along with its neighbouring districts of Seberang Perai Utara and Selatan collectively host 82.1% of the state's industrial properties and will remain as the main industrial locality by choice in the near future, due mainly to land constraints in Penang Island. The supply of semi-detached factories has reportedly grown at a faster rate than its peers between 2019 and 3Q 2021, and continues to dominate Penang's 341 unit of future industrial properties (82.1% share, 280 units).

Penang: Supply of Industrial Properties by District, 2019 to 3Q 2021

District	Existing Supply (No. of Units)				Supply Units)
	2019	2020	3Q 2021	Incoming	Planned
Timur Laut	830	832	832	0	0
Barat Daya	857	882	883	1	22
Seberang Perai Utara	1,417	1,488	1,488	14	49
Seberang Perai Tengah	5,252	5,382	5,382	96	52
Seberang Perai Selatan	875	944	1,021	70	37
Total	9,231	9,507	9,606	181	160

Source: National Property Information Centre (NAPIC)

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

249

3.2.3 Capital Values

The table below lists selected industrial property transactions in Penang in 2021.

Penang: Selected Industrial Property Transaction, 2021

No.	Location	Property Details	Land Area (Built-up Area)	Tenure (1)	Date of Transaction	Consideration (RM Million)
1	Batu Kawan Industrial Park	Vacant Land	2 acres (100,000 sq ft)	LH	September 2021	4.79
2	Batu Kawan Industrial Park	Vacant Land	7.01 acres		September 2021	16.8
3.	1572, Jalan Besar-Sungai Bakap	Detached Factory	11.99 acres	FH	July 2021	35
4.	No. 1488, Jalan Besar Valdor	Warehouse	6.66 acres	FH	June 2021	23.3
5.	No. 5100-A, Lorong Mak Mandin 5	Detached Factory and Office	3.35 acres	LH	March 2021	10.2
6.	Plot 345, Jalan Perindustrian Bukit Minyak 20	Detached Factory and Office	1.50 acres	LH	February 2021	10.9
7.	383, Off Jalan Perusahaan Valdor	Vacant Land	22.68 acres	FH	January 2021	26.67
8.	Lot 640, Jalan Bukit Minyak	Vacant Land	4.43 acres	FH	January 2021	10.62
9.	1211, Lorong Perindustrian Bukit Minyak 21	Detached Factory	1.50 acres	LH	January 2021	11
10.	Lot 1015, Jalan Perindustrian Valdor	Vacant Land	12.18 acres	FH	January 2021	25.48
11.	Lot 393, Ladang Valdor, Sungai Jawi	Detached Factory and Office	15.54 acres	FH	January 2021	58.8

Source: JPPH/ Savills Research

Note: (1) FH = Freehold; LH = Leasehold

3.3.3 Rental Values

In 2021, detached factories in the Bayan Lepas Industrial Park commanded monthly asking rentals within the range of RM1.90 per sq ft to RM4.40 per sq ft.

The monthly asking rentals for detached premises in Bukit Tengah Industrial Park ranged from RM1.00 per sq ft to RM1.61 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 commanded asking rental rates within the range of RM1.50 per sq ft to RM 2.00 per sq ft.

4.0 PAHANG

4.1 Industrial Sector

In 2020, Pahang approved 30 manufacturing projects, a slight drop from the 34 approved projects in 2019. Likewise, the total capital investment declined slightly by 3.2% y-o-y to RM4.78 billion in 2020.

However, the state had attracted a total capital investment of circa RM10.12 billion as of 3Q 2021, higher than the previous two years combined.

Pahang: Approved Manufacturing Projects, 2019 to 3Q 2021

Pahang	2019	2020	3Q 2021
Number of Approved Projects	34	30	13
Total Capital Investment (RM Million)	4,943.0	4,784.5	10,118.6

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in Pahang include:

- World Gloves International Group City and Development Hub Sdn Bhd (WGC) will be investing RM100 million to develop a glove manufacturing plant with warehouse facilities in its brand-new industrial park called World Glove City in Kuantan, Pahang. The plant will be constructed on a 370-acre site and is expected to produce up to 200,000 pieces of gloves per month upon its completion by the first quarter of 2022.
- BASQ FT Petronas Chemicals Sdn Bhd (BPC) is doubling their annual production of 2-Ethylhexanoic Acid (2-EHA) in their Verbund site in Gebeng Industrial Area, Kuantan, Pahang from 30,000 metric tonnes to 60,000 metric tonnes by 2024 to meet increasing global demand.
- In addition to their RM4.2 billion investment in Selangor, China's largest paper and paperboard manufacturer, Nina Dragons Paper (Holdings) Ltd invested RM1.2 billion to acquire an existing pulp and paper mill in Bentong, Pahang.

4.2 Industrial Property Market

4.2.1 Overview

Pahang: Industrial Property Volume and Value of Transactions, 2019 to 3Q 2021(p)

Industrial Property Type	l Property Type 2019 2020		020	3Q 2021 ^(p)		
	Volume (No.)	Value (RM Million)	Volume (No.)	Value (RM Million)	Volume (No.)	Value (RM Million)
Terraced	59	21.90	23	10.74	20	8.09
Semi-detached	7	7.15	16	10.25	6	5.51
Detached	12	131.15	15	61.19	9	24.12
Industrial Complex	0	0.00	0	0.00	0	0.00
Others (1)	111	283.21	78	101	71	45.27
Total	189	443.41	132	183.17	106	82.99

Source: National Property Information Centre (NAPIC)

Notes:

(1) Includes vacant industrial plots and other industrial property types.

(2) (p) = preliminary data

In Pahang, the aggregate value of industrial property transactions registered a significant drop of 58.7%, from RM443.4 million in 2019 to RM183.2 million in 2020. The volume of transactions also declined by 30.2% to 132 transactions during the same period. The said decline was observable in all industrial property types, except for semi-detached factories, registering an increase from seven transactions worth RM7.15 million in 2019 to 16 transactions worth RM10.25 million in 2020.

As of 3Q 2021, Pahang registered 106 industrial property transactions worth RM82.99 million. Industrial properties categorised under 'others' recorded the highest transaction volume and value, with 71 properties worth RM45.3 million, followed by terraced factories (20 cases, RM8.09 million) and detached factories (9 cases, RM24.12 million). However, detached factories transacted at an average of RM2.68 million per transaction, the highest amongst all categories during the same period.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

4.2.2 Supply: Existing and Future

Pahang: Supply of Industrial Properties by Type, 2019 to 3Q 2021

Туре	Existing Supply (No. of Units)				Supply Units)
	2019	2020	3Q 2021	Incoming	Planned
Terraced	2,294	2,312	2,312	100	174
Semi-Detached	406	406	412	0	16
Detached	787	787	787	2	36
Flatted Factory	0	0	0	0	0
Industrial Complex	72	73	73	0	3
Cluster	0	0	0	0	0
Total	3,559	3,578	3,584	102	229

Source: National Property Information Centre (NAPIC)

The cumulative supply of industrial properties in Pahang stood at 3,584 units as of 3Q 2021, a marginal increase of 6 semi-detached units in Kuantan from the previous year. In this case, the top three districts with the most number of industrial properties are Kuantan (52.4% share, 1,877 units), Temerloh (21.1% share, 755 units) and Rompin (6.1% share, 217 units). Similarly, 145 units or 43.8% of the total 331 units in the pipeline are located in Kuantan, followed by Rompin (16.3% share, 54 units) and Jerantut (15.7% share, 52 units).

In terms of breakdown by property type, the bulk of the existing supply in 3Q 2021 comprised of 2,312 terraced factories, representing 64.5% of the total existing supply. This is followed by detached factories (22.0% share, 787 units), semi-detached factories (11.5% share, 412 units), and industrial complex (2.0% share, 73 units).

Amongst the 331 units of future supply, 274 units were terraced factories, followed 38 detached factories, 16 semi-detached factories and 3 industrial complexes.

Pahang: Supply of Industrial Properties by District, 2019 to 3Q 2021

District	Existing Supply (No. of Units)			Future Supply (No. of Units)		
	2019	2020	3Q 2021	Incoming	Planned	
Kuantan	1,870	1,871	1,877	22	123	
Pekan	61	61	61	1	9	
Rompin	217	217	217	41	13	
Maran	67	67	67	0	1	
Temerloh	755	755	755	1	3	
Bentong	119	118	118	32	0	
Jerantut	206	206	206	5	47	
Bera	59	59	59	0	30	
Raub	63	81	81	0	3	
Lipis	105	105	105	0	0	
Cameron Highland	38	38	38	0	0	
Total	3,559	3,578	3,584	102	229	

Source: National Property Information Centre (NAPIC)

4.2.3 Capital Values

Listed below are selected transactions of above RM1 million in 2021.

Pahang: Selected Industrial Property Transaction, 2021

No.	Location	Property Details	Land Area (Built-up Area)	Tenure (1)	Date of Transaction	Consideration (RM Million)
1	Lot 136955, Lorong Industri Tanah Putih Baru 16	Semi-detached Factory	0.25 acre	LH	October 2021	1.2
2	Lot 897, Jalan Pahang	Detached Factory	3.59 acres	FH	May 2021	6.3
3.	Lot 71578, Jalan Kuantan-Semambu	Vacant Plot	0.99 acre	LH	March 2021	2.4
4.	No 10 & 12, Jalan Industri 3/5	Vacant Plot	0.51 acre	FH	February 2021	1.1
5.	No 9, Jalan Jaya Gading 2	Semi-detached Factory	0.36 acre	LH	February 2021	2.4
6.	PT 18383 (P/L 6000), Jalan Industri 3	Warehouse	0.97 acre	FH	January 2021	2.3

Source: JPPH/ Savills Research

Note: (1) FH = Freehold; LH = Leasehold

4.2.4 Rental Values

In Pahang, monthly asking rentals for detached factories generally ranged between RM1.00 per sq ft to RM1.60 per sq ft and are mainly distributed throughout the Kuantan district. Monthly asking rentals in Semambu Industrial Park ranged from **RM1.00** per sq ft to RM1.60 per sq ft, whereas Kuantan Industrial Area commanded monthly asking rentals of RM1.20 per sq ft to RM1.50 per sq ft.

5.0 NEGERI SEMBILAN

5.1 Industrial Sector

In 2020, 48 manufacturing projects worth around RM6.18 billion were approved in Negeri Sembilan, a remarkable 73.3% increase from 2019 in capital invested. Conversely, the state recorded 19 approved manufacturing projects during 1Q-3Q 2021 with a total capital investment of RM1.69 billion, some 23.5% decrease y-o-y from RM2.21 billion recorded in 1Q-3Q 2020.

Negeri Sembilan: Approved Manufacturing Projects, 2019 to 3Q 2021

Negeri Sembilan	2019	2020	3Q 2021
Number of Approved Projects	44	48	19
Total Capital Investment (RM Million)	3,565.7	6,178.6	1,692.0

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in 2021 include:

- Nexperia Malaysia Sdn. Bhd., a wholly-owned subsidiary of Nexperia BV (Netherlands), will be expanding its semiconductor manufacturing facility in Seremban to construct a new 210,000-sq-ft building.
- Dutch Lady Milk Industries Bhd is committing RM400 million to construct a new manufacturing facility in Bandar Enstek. This new smart facility is expected to be built to Industry 4.0 standards and will feature sustainability initiatives such as energy-efficient utilities, zero-losses processing and reuse of rainwater.
- Careplus Group Bhd is acquiring a 10-acre land in Oakland Industrial Park for RM35.5 million, in line with the group's plans to
 expand its glove manufacturing capacity.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

253

5.2 Industrial Property Market

5.2.1 Overview

Negeri Sembilan: Industrial Property Volume and Value of Transactions, 2019 to 3Q 2021(p)

Industrial Property Type	2	2019		2020	3Q	3Q 2021 ^(p)	
	Volume (No.)	Value (RM Million)	Volume (No.)	Value (RM Million)	Volume (No.)	Value (RM Million)	
Terraced	97	41.47	108	44.64	93	39.04	
Semi-detached	38	38.78	47	56.11	42	87.71	
Detached	20	150.75	28	207.71	18	167.59	
Industrial Complex	0	0	0	0	0	0	
Other	195	304.81	136	207.03	75	160.96	
Total	350	535.81	319	515.49	228	455.30	

Source: National Property Information Centre (NAPIC)

Notes:

(p): preliminary data

Other: Industrial vacant plot and other types of industrial property

In Negeri Sembilan, 319 industrial properties worth RM515.5 million changed hands in 2020, a decline of 8.8% and 3.8% y-o-y in transaction volume and value respectively from its preceding year (2019: 350 transactions worth RM535.8 million). This decline was mainly attributed to the "other" industrial properties, from 195 transactions worth RM304.8 million in 2019 to 136 transactions worth RM207.0 million in 2020, as the rest of the categories reported increase in volume and value transacted during the same period.

As of 3Q 2021, the state registered a combined industrial transaction value of RM455.3 million, with detached factories recording the highest aggregate value at RM167.6 million (36.8% share), followed by "other" industrial properties (35.4% share, RM160.96 million), semi-detached factories (19.3% share, RM87.71 million) and lastly, terraced factories (8.5% share, RM39.04 million).

In contrast, terraced factories were the most transacted types (93 units) albeit at a lower aggregate value of around RM420,000 per transaction. This is followed by "other" (32.8% share, 75 cases), semi-detached factories (18.4% share, 42 cases) and detached factories (7.9% share, 18 cases).

5.2.2 Supply: Existing and Future

Negeri Sembilan: Supply of Industrial Properties by Types, 2019 to 3Q 2021

Types					Future Supply (No. of Units)	
	2019	2020	3Q 2021	Incoming	Planned	
Terraced	3,712	3,712	3,712	71	207	
Semi-detached	844	852	854	28	148	
Detached	739	743	747	0	277	
Flatted Factory	0	0	0	0	0	
Industrial Complex	221	221	221	0	0	
Cluster	0	0	0	0	0	
Total	5,516	5,528	5,534	99	632	

Source: National Property Information Centre (NAPIC)

As of 3Q 2021, the cumulative supply of existing industrial properties in Negeri Sembilan stood at 5,534, a slight increase of two semi-detached units and four detached units in Seremban from the previous year. This trend was observable in the preceding years, wherein semi-detached and detached factories increased by eight units and four units respectively while the other unit types remained unchanged between 2019 and 3Q 2021.

In terms of locational distribution, the bulk of the state's existing supply were located in the Seremban District (80.9% share, 4,475 units), followed by Jempul (5.6% share, 312 units), Port Dickson (5.1% share, 282 units), and Tampin (4.8% share, 266 units). 74 of the 99 incoming supply are situated in Seremban, whereas the remaining 25 units in the Jempol district. As for the 632 units in planned supply, of which 575 units (91.0% share) are in Seremban, followed by 38 units (6.0% share) in Jempol.

As for distribution by type, terraced factories dominated the existing supply (67.0% share, 3,712 units), followed by semi-detached factories (15.4% share, 854 units), detached factories (13.5% share, 747 units) and industrial complexes (4.0% share, 221 units). The 99 units of incoming supply comprised mainly of terraced factories (71 units or 71.7% share) and semi-detached factories (28 units or 28.3% share). Of the 632 of planned supply, 277 units are detached factories, followed by 207 terraced factories and 148 semi-detached factories.

Negeri Sembilan: Supply of Industrial Properties by District, 2019 to 3Q 2021

Districts		Existing Supply (No. of Units)		Future Supply (No. of Units)		
	2019	2020	3Q 2021	Incoming	Planned	
Jelebu	5	5	5	0	0	
Jempol	312	312	312	25	38	
Kuala Pilah	159	159	159	0	0	
Port Dickson	278	282	282	0	0	
Rembau	35	35	35	0	0	
Seremban	4,461	4,469	4,475	74	575	
Tampin	266	266	266	0	19	
Total	5,516	5,528	5,534	99	632	

Source: National Property Information Centre (NAPIC)

5.2.3 Capital Values

Notable industrial property transactions in Negeri Sembilan in 2021 are shown below.

No.	Location	Property Details	Land Area (Built-up Area)	Tenure (1)	Date of Transaction	Consideration (RM Million)
1	Setul, Negeri Sembilan	Vacant Industrial Land	15.8 acres	FH	November 2021	34.5
2	No.15&19, Persiaran Bunga Tanjung, Senawang, Seremban	Industrial Facilities	10.0 acres	FH	July 2021	18.2
3.	PT 31154, Off Persiaran Negeri, Bandar Baru Nilai	Industrial Complex	4.0 acres	FH	July 2021	8.0
4.	PT 801, Jalan Seremban Tampin, Tuanku Jaafar Industrial Park	Industrial Facilities	2.0 acres	FH	May 2021	9.4
5.	Oakland Industrial Park, Seremban	Industrial Land	2.03 acres	FH	February 2021	9.3

Source: JPPH / Savills Research & Bursa Malaysia Note: (1) FH = Freehold; LH = Leasehold

5.2.4 Rental Values

In 2021, the monthly asking rentals for detached factories in Senawang ranged between RM0.90 per sq ft and RM1.30 per sq ft, whereas similar units in Nilai commanded a rental range of RM1.00 per sq ft to RM1.50 per sq ft per month.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

255

6.0 INDUSTRIAL MARKET OUTLOOK

The industrial and warehousing sector is one of the top-performing property sectors despite the overall weak market sentiment due to the pandemic. The accelerated e-commerce adoption has contributed positively to the logistics industry and led to increased demand for industrial products, mainly last-mile logistics services providers.

Interests for industrial assets remained robust, supported mainly by the changing landscape in industrial developments in response to competitive market demand and managed industrial parks with value-added services such as 24-hour security surveillance, commercial hub, green areas, and workers' dormitory. Eco-Business Park V, Elmina Business Park and The Compass @ Kota Seri Langat are examples of large-scale integrated industrial developments that reinvented the industrial scene.

In the wake of a more digitalised world in the new normal, industrial real estate prospects remain optimistic for the foreseeable future.

OFFICE MARKET

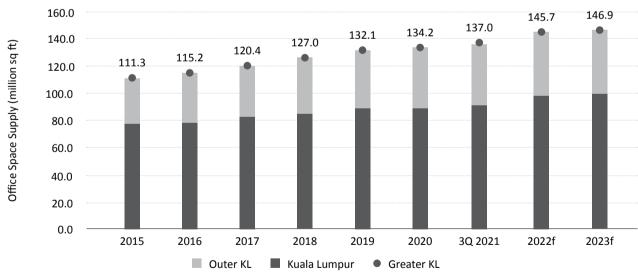
7.0 GREATER KUALA LUMPUR

7.1 Supply: Existing and Future

The existing cumulative supply of office space in Greater KL stood at circa 137.0 million sq ft, of which 67% is located in Kuala Lumpur (91.7 million sq ft) as of 3Q 2021. This represents overall growth in the Greater KL of 3.0% y-o-y.

As of 3Q 2021, Greater KL witnessed nine new office buildings completion. Three of them are located in Outer KL, namely Q Tower, Imazium @ Damansara Uptown and Quill 9 Annexe, accounting for 0.69 million sq ft. On the other hand, six of the buildings are in Kuala Lumpur, namely Menara Legasi, Menara Permata Sapura KLCC, TSLaw Tower, The Five @ Kompleks Pejabat Damansara, Plaza Conlay and Menara Great Eastern 2, amounting to 2.06 million sq ft.

Greater KL: Cumulative Supply of Office Space, 2015 to 3Q 2021



Source: Savills Research

In the next two years (2022 to 2023), expected new office completions in Greater KL will amount to circa 10 million sq ft, depicting a further supply growth of 7% from existing levels, of which Kuala Lumpur accounts for 84% or approximately 8.3 million sq ft while the rest of 16% is from Selangor (1.5 million sq ft).

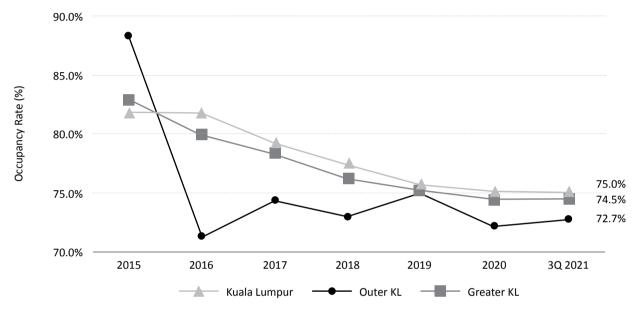
Looking ahead, 13 new office buildings are expected to complete in 2022, of which five are in KL City, six in KL Suburban and the remaining will be in Outer KL. The upcoming completions in Kuala Lumpur include PNB 1194, Menara Warisan Merdeka 118 (PNB 118), LQ Office and Affin HQ, both in TRX; UOB Tower 2, Riveria City @ KL Central, Mutiara Centro, Pavilion Damansara Heights, The MET Corporate Towers @ KL Metropolis, Menara Sentral RAC and Aspire Tower. Meanwhile, TTDI Gateway Business Suites and Atwater Office Towers are in Outer KL.

7.2 Occupancy Rates

The office leasing market in Greater KL is showing signs of marginal recovery, in tandem with the easing of COVID-19 restrictions. The total occupancy rate in Greater KL stood at 74.5%, a slight increase by 0.1% in 3Q 2021 compared to the year 2020. Similarly, the occupancy rate for offices in the Outer KL market increased slightly to 72.7% (2020: 72.1%).

In comparison, the Kuala Lumpur occupancy rate only dropped marginally by 0.1% to 75.0% (2020:75.1%) despite the increase in office space supply during the same period.

Greater KL: Office Space Occupancy Trend, 2015 to 3Q 2021

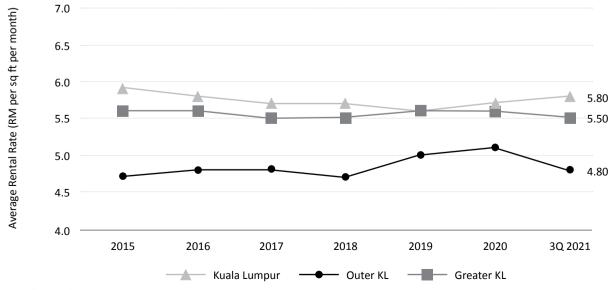


Source: Savills Research

7.3 Rental Rates

The average rental rate in Greater KL was recorded at RM5.50 per sq ft per month in 3Q 2021, a 2% drop from RM5.60 per sq ft per month in 2020. Similarly, Outer KL's office rental dropped slightly by 6% to RM4.80 per sq ft per month (2020: RM5.10 per sq ft per month).

Greater KL: Office Space Average Rental Rate, 2015 to 3Q 2021



Source: Savills Research

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

Conversely, the asking rent for offices in Kuala Lumpur rose marginally by 0.1% to RM5.80 per sq ft per month compared to 2020. Nonetheless, the current weak sentiment limits rental growth, as more tenants demand landlords to provide incentives.

7.4 Capital Values

Significant office transactions remained active despite uncertainties arising from the pandemic. The first nine months of 2021 saw twelve significant office transactions amounting to RM3.33 billion, nine of which are related-party transactions.

Kuala Lumpur: Major Office Transactions, as of 3Q 2021

Year	Property	Location	Net Lettable Area (sq ft)	Price (RM million)	Buyer
2021	Menara IGB & IGB Annexe	KL Suburban	261,993 sq ft	RM189 mil	IGB Commercial REIT
	Centrepoint South	KL Suburban	232,237 sq ft	RM191 mil	IGB Commercial REIT
	Centrepoint North	KL Suburban	232,051 sq ft	RM197 mil	IGB Commercial REIT
	Boulevard Properties	KL Suburban	53,715 sq ft	RM78 mil	IGB Commercial REIT
	Gardens South Tower	KL Suburban	422,381 sq ft	RM392 mil	IGB Commercial REIT
	Gardens North Tower	KL Suburban	425,612 sq ft	RM382 mil	IGB Commercial REIT
	Southpoint Properties	KL Suburban	515,501 sq ft	RM574 mil	IGB Commercial REIT
	Menara Tan & Tan	KL City	339,385 sq ft	RM239 mil	IGB Commercial REIT
	GTower	KL City	746,194 sq ft	RM740 mil	IGB Commercial REIT
	Hampshire Place Office	KL City	239,253 sq ft	RM181 mil	IGB Commercial REIT
	Level 37 of The Met Corporate Office Tower A	KL Suburban	16,105 sq ft	RM19 mil	Nextgreen Global Berhad
	Balai Berita Bangsar	KL Suburban	327,310 sq ft	RM156 mil	New Straits Times Press (Malaysia) Berhad

Source: Savills Research

IGB Berhad had disposed of 10 office buildings with a combined value of RM3.16 billion to IGB Commercial REIT in April 2021. These office buildings command a total NLA (Net Lettable Area) of circa 3.47 million sq ft.

Nextgreen Global Berhad purchased Level 37 of The Met Corporate Officer Tower A, consisting of 12 stratified office lots of 16,105 sq ft, for its usage in 2Q 2021. During the same quarter, New Straits Times Press (Malaysia) Berhad repurchased Balai Berita Bangsar from PNB Development for RM156 million, which was once sold to PNB Development in 2018.

8.0 OFFICE MARKET OUTLOOK

Results from Savills Malaysia's "What Workers Want" survey in 2021 revealed that 81% of office workers believe physical workplace will be necessary 'always' or at least for the short term, as Malaysia steps out of the pandemic on its way to recovery.

The Survey also finds that while the hybrid working model will be a mainstay in Malaysia for the foreseeable future, more than 90% of the respondents believe that creativity and collaboration, meeting work targets and achieving career growth are best met in the office environment.

Given the flight-to-quality perspective, more companies are expected to relocate to newer office spaces that offer flexible and technologically advanced working environments. Additionally, there will be a continued relook at the angle of workspace optimisation due to the hybrid arrangements (working from home and working from the office).

The incentives, aids and tax reliefs announced by the government under Budget 2022 is expected to spur business recovery for the year. Among the highlights is tax relief extension for building/commercial unit owners who provide rental discounts of at least 30% from the original rate until 31 June.

To ensure that businesses comply with the standard operating procedures (SOPs) amid the pandemic, the government also proposed to extend the income tax deductions relating to premise renovation and renewal costs of up to RM300,000 until 31 December 2022. On top of that, an additional tax deduction of up to RM50,000 for companies registered under Safe@Work on the rental expenses of employee accommodation premises has been extended for another year.

In general, the office market will remain a tenants' market as demand lags behind supply in the near future. Matured office buildings in favourable locations could consider undergoing renovations or potentially be readapted or repurposed for higher use as the nation transitions into the new normal.

HYPERMARKET SEGMENT

9.0 JOHOR

9.1 Supply: Existing

As of Q3 2021, the cumulative space supply of hypermarkets in Johor stood at 5.53 million sq ft. The supply increased by 0.4% from the previous year, with an additional 21,980 sq ft space, mainly in Segamat.

Johor: Existing Supply of Hypermarkets, 2019 - 3Q 2021

Locality	20	19	2020		3Q 2	2021
	No. of properties	Estimated NLA (sq ft)	No. of properties	Estimated NLA (sq ft)	No. of properties	Estimated NLA (sq ft)
Johor Bahru	26	3,633,580	28	3,782,607	28	3,782,607
Kulaijaya	4	519,283	4	519,283	4	519,283
Kota Tinggi	2	119,425	2	119,425	2	119,425
Pontian	3	263,899	3	263,899	3	263,899
Batu Pahat	1	133,160	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	251,563	4	254,125	4	276,105
Tangkak	1	157,035	1	157,035	1	157,035
Total	44	5,318,712	47	5,515,907	47	5,537,887

Source: NAPIC & Savills Research

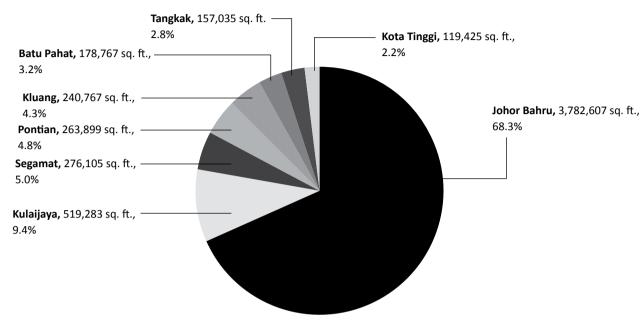
Most of the existing hypermarkets are within the locality of Johor Bahru, composed of about 28 hypermarkets with a total space of 3.78 million sq ft. This translates into a 68.3% market share. This is followed by the locality of Kulaijaya (9.4% share), which boasts four hypermarkets with a total space of 519,283 sq ft.

The localities of Segamat, Pontian and Kluang constitutes 5.0%, 4.8%, and 4.3% share of the total hypermarket space, respectively. The remaining localities including Batu Pahat, Tangkak and Kota Tinggi represents the share of about 3.2%, 2.8%, and 2.1% respectively.

ADDITIONAL INFORMATION

259

Johor: Existing Supply of Hypermarket Distributions by Locality, 3Q 2021

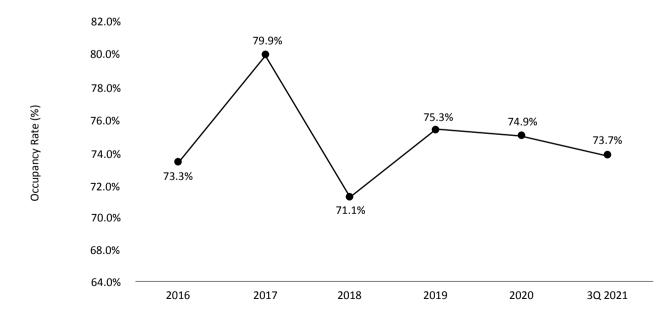


Source: NAPIC & Savills Research

9.2 Occupancy

The average occupancy rates of shopping complexes (inclusive of shopping centres, arcades and hypermarkets) in Johor declined by 1.6% to 73.7% in 3Q 2021 (2019: 74.9%). This was mainly attributed to the locality of Tangkak, which saw a substantial decrease of the average occupancy rate by 39.0%.

Johor: Average Occupancy Rate of Retail Spaces 2016 – 3Q 2021



Source: NAPIC & Savills Research

9.3 Rental Rates

Johor: Rental Rates of Selected Hypermarkets, 2020 to 1H 2021

Hypermarket	Floor Level	Average Floor Area (sq ft.)		Rental / per sq ft/ month)
CENTRAL TOWN PRIME AREA			2020	1H 2021
CENTRAL TOWN PRIME AREA	Ground	161 - 969	4.27 - 20.53	4.27 - 20.53
AEON Big		101 - 909	4.27 - 20.53	4.27 - 20.53
CENTRAL TOWN SECONDARY AI		200 200	0.55 44.27	0.55 44.30
Econsave Taman Kota Emas	Ground	280 - 388	8.55 - 14.27	8.55 - 14.28
Pasaraya Borong NSK	Ground	205 - 2,992	2.88 - 11.91	2.88 - 11.91
	First	473 - 2,723	4.65 - 7.50	4.65 - 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 - 34.16	3.50 - 34.16
Aeon Big	Ground	269 - 1,453	3.40 - 10.61	3.40 - 10.61
SUBURBAN SECONDARY AREA				
Pasaraya Pandan	Ground	205 - 291	10.32-16.67	10.32 - 16.67
Modic Delevativedel	Ground	258 - 1,496	3.91 - 16.24	3.91 - 16.24
Mydin Pelangi Indah	First	463 - 3,111	4.84 - 17.24	4.84 - 17.24
Lotus's Eco Tropic	Ground	183 - 6,254	2.20 - 18.00	2.20 - 18.00
	Ground	118 - 1,905	2.40 - 23.85	2.40 - 23.85
Lotus's Desa Tebrau	First	108 - 13,100	1.60 - 32.50	1.60 - 32.50
Lotus's Mutiara Rini	Ground	140 - 2,379	2.65 - 32.80	2.65 - 32.80
Lotus's Seri Alam	Ground	129 - 2,368	2.00 - 28.00	2.00 - 28.00
	Ground	334 - 1,195	2.60 - 5.40	2.60 - 5.40
Lotus's Extra Plentong	First	388 - 1,378	2.80 - 9.23	2.80 - 9.23
	Ground	108 - 1,959	4.67 - 15.50	4.67 - 15.50
Lotus's Bukit Indah	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
· · · · · · · · · · · · · · · · · · ·	Ground	140 - 2,454	7.81 - 53.86	7.81 - 53.86
Giant Plentong	First	161 - 3,531	2.01 - 21.72	2.01 - 21.72
	Mezzanine	764	6.60	6.60
Lotus's Kulai	First	409 - 667	4.80 - 7.40	4.80 - 7.40
Econsave Taman Daiman Jaya	Ground	140 - 258	8.48 - 15.48	8.48 - 15.48
Lotus's Parit Raja	First	269 - 1,507	2.10 - 12.00	2.10 - 12.00

Source: NAPIC & Savills Research

Giant Plentong, located within the secondary suburban area, achieved the highest rental at RM53.86 per sq ft per month while Giant in the prime suburban area achieved comparatively lower rental, at RM34.16 per sq ft per month.

Rental levels for ground floor shops in AEON Big range from as low as RM4.27 per sq ft to as high as RM20.53 per sq ft per month, while ground floor shops in Mydin range between RM3.91 per sq ft and RM16.24 per sq ft per month. On the other hand, Lotus's hypermarket, located in various locations within the secondary suburban area, recorded rental as low as RM1.60 per sq ft to as high as RM32.80 per sq ft per month.

There was no noticeable rent growth between 2020 and 2H 2021 across the hypermarkets.

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

10.0 KEDAH

10.1 Supply: Existing

As of 3Q 2021, the cumulative space supply of hypermarkets in Kedah stood at 1.14 million sq ft. Supply has remained stagnant since

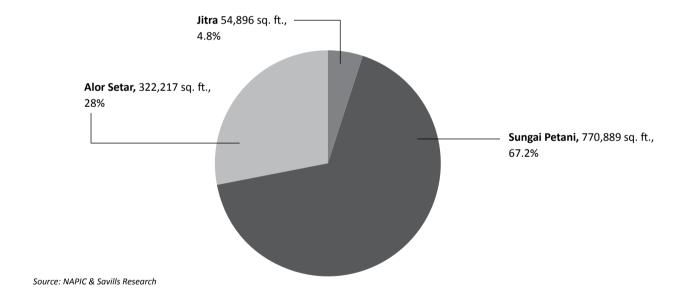
Kedah: Existing Supply of Hypermarkets, 3Q 2021

Locality	No. of Properties	Estimated NLA (sqft)
Alor Setar	4	322,217
Sungai Petani	6	770,889
Jitra	1	54,896
Total	11	1,148,002

Source: NAPIC & Savills Research

Most of the existing supply is located within Sungai Petani, accounting for 67.2% (770,889 sq. ft.) of the total space supply. The remaining 28% (322,217 sq. ft.) and 4.8% (54,896 sq. ft.) are in Alor Setar and Jitra, respectively.

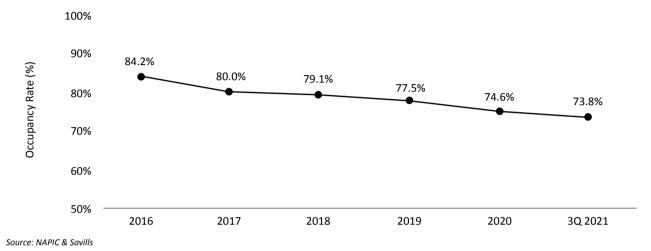
Kedah: Existing Supply of Hypermarket Distributions by Locality



10.2 Occupancy

The average occupancy rate of shopping complexes (inclusive of shopping centres, arcades and hypermarkets) in Kedah was reported at 73.8%, as of 3Q 2021. Occupancy rates have been on a downtrend since 2017.

Kedah: Average Occupancy Rate of Retail Spaces 2016 to 3Q 2021



10.3 Rental Rates

The rental rates of selected hypermarkets in the central town prime area of Kedah ranged from as low as RM1.50 per sq ft to as high as RM18.49 per sq ft per month.

Mydin hypermarket, located in Kota Setar, commanded rental rates between RM6.90 per sq ft and RM14.00 per sq ft, while Lotus's hypermarket rental ranged between RM1.50 per sq ft and RM18.49 per sq ft per month.

Kedah: Rental Rates of Selected Hypermarkets, 2020 to 1H 2021

Hypermarket	Floor/Level	Floor Area		Range ft/month)
		(sq. ft.)	2020	1H 2021
KOTA SETAR				
Mydin	Ground	86 - 431	6.94 - 14.00	6.90 - 14.00
Laturala Manusana	Ground	226 - 646	6.23 - 18.49	6.23 - 18.49
Lotus's Mergong	First	377 - 646	8.38 - 12.73	8.38 - 12.73
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

Hypermarket Market Outlook

Consumer confidence has rebounded when the COVID-19 vaccine rollout began in February 2021 and the easing of movement restrictions by the Malaysian government for those who are fully vaccinated in August 2021.

Property Market Overview 2021

ASKED QUESTIONS (FAQ)

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements

ADDITIONAL INFORMATION

According to the Malaysia Institute of Economic Research (MIER), the consumer sentiment index has improved significantly in 3Q 2021 to 101.7 points passing the 100-point optimism threshold set by MIER. This is a massive increase by 50.6 points from the lowest figure ever recorded for Malaysia consumer sentiment index in 1Q 2020 at 51.1 points, following the economic fallouts because of the country's first move into a complete lockdown in March 2020.

The expectation of a better income and job opportunities in the immediate future due to the resumption of businesses will likely prompt healthier spending plans and increase consumers' appetite to shop.

As reported by Department of Statistics Malaysia, Malaysia retail sales increased by 4.3% y-o-y to RM437.4 billion in the first 10 months of 2021, after a decline of 5.5% in the same period of 2020. In terms of total sales value, the retail sale in supermarkets/ convenience stores, personal items, i.e., clothing, beauty & wellness, and household equipment, contributed the largest share.

Retail segment in Johor, including hypermarket is expected to pick-up, particularly for businesses that relies heavily on the Singaporean dollars spending from both Malaysian working abroad, and weekend Singaporean tourists as the Malaysia-Singapore land border has recently reopened on 29 November 2021. However, with the presence of the new Omicron Coronavirus variant, there are concerns that the border might be closed again.

The impact of COVID-19 saw an upturn of smaller supermarket or convenience store. It is believed to offer convenience, quicker check out queues, ample parking, and closer to home. Several openings having been observed, particularly within a residential neighbourhood. This has lessened the footprint of shoppers in hypermarkets.

As far as the hypermarket sector is concerned, the grocery retail segment is seen as pandemic-proof and this essential sector enjoyed stimulating sales during the pandemic. Furthermore, with dine-ins suffering from on-off opening guidelines during the past lockdowns, grocery operators stand to gain further as people begin to pick up home-cooking.

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 IDRP being applied in conjunction with an income distribution, the income distribution will be paid no later than five market days after one month from the book closure date. However, in certain circumstances such as the issuance of new Units by Axis-REIT during the year, it may be necessary for a special income distribution to be declared and paid at different period(s) in order to attribute income distribution to existing Unitholders. This is to avoid any dilution as a result of the enlarged Unitholders' capital.

How is this income distribution paid?

Payments are made via direct credit/cheques to each Unitholder with an attached Distribution Tax Voucher detailing the entitlement and the gross/net amount payable.

Are there different types of income distributions?

Yes. At the Fund level, the source from which income is distributed could be derived from:

- a. The current year's realised income before taxation;
- b. The current year's tax-exempt income, if any;
- c. A portion of 'Accumulated Retained Earnings' that has been taxed;
- 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 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				
Type of Officiolaer	2021	2020	2019		
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?

For FYE2021, the total income distribution was 9.49 sen per Unit, of which 2.70 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*	949.00	949.00			
Resident non-corporate	949.00	881.10			
Non-resident individual	949.00	881.10			
Non-resident corporate	949.00	786.04			
Non-resident institution	949.00	881.10			

Resident corporate Unitholders will enjoy tax transparency but will be subject to the prevailing corporate tax rate.

What is my net distribution yield for 2021?

For FYE2021, the total distribution was 9.49 sen per Unit.

Type of Unitholder b	yield yi pased on c PO price o	Net distribution eld based on losing price f RM1.94 on 1 December 2021
Resident corporate*	15.18%	4.89%
Resident non-corporate	14.10%	4.54%
Non-resident individual	14.10%	4.54%
Non-resident corporate	10.86%	4.05%
Non-resident institution	14.10%	4.54%

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.

What is the total number of Axis-REIT Units currently in issue?

A total of 1,634,524,115 Units are in circulation.

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 holding of Units, or by way of placement to any person, as consideration issue for subscription or such other methods as may be permitted under the SC's Guidelines on Listed REITs. The issuance of new Units is for Axis-REIT to finance acquisitions, carry out development projects or to balance the financing-equity matrix of the Fund.

About Our Report
Who We Are and What We Do
Building Our Resilience
Driving Value Creation
Leadership Statements

GLOSSARY

Financial Statements

ADDITIONAL INFORMATION

Any issuance of new Units in Axis-REIT will be subject to the prior approval of the Trustee and Unitholders in the manner stipulated in the Deed, and subject to the applicable laws and requirements.

What are my rights as a Unitholder?

The key rights of Unitholders include rights to receive income and other distributions attributable to the Units held, receive the fund reports of Axis-REIT, and participate in the termination of Axis-REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Axis-REIT less any liabilities, in accordance with their proportionate interests in Axis-REIT. Unitholders are also entitled to vote on resolutions tabled at meetings of Unitholders.

How can the Deed be amended?

Any amendment to the Deed involving a material change to the investment objectives of Axis-REIT, or materially or adversely affecting the rights of the Unitholders, may only be approved by a resolution of not less than two-thirds (2/3) of the Unitholders passed at a meeting of Unitholders duly convened and held in accordance with the Deed. In cases where any amendment to the Deed does not require Unitholders' approval, no amendment may be made to the Deed unless the Trustee and the Manager certify, in their opinion, that the amendment does not materially prejudice the interests of Unitholders and does not operate to release (to any material extent) the Trustee or the Manager from any responsibility to the Unitholders.

When does Axis-REIT need to hold its AGM?

The AGM of Axis-REIT shall be held once in every calendar year within 4 months of the Fund's financial year end, and not more than 15 months after the last preceding AGM was held. At the AGM, the Manager shall lay before the Unitholders, the annual audited financial statements of Axis-REIT made up to a date not more than four months before the date of the AGM.

Who may convene a meeting of Unitholders?

Either the Trustee or the Manager may convene a meeting of Unitholders at any time, subject to the provisions of the Deed. Unitholders may requisite for a meeting of Unitholders by submitting to the Manager an application to be made by not fewer than 50, or one tenth, whichever is lesser, of all Unitholders. Subject to the provisions of the Deed, the Manager will have to convene a meeting of Unitholders within 21 days after such requisition is submitted to the Manager at its registered office.

Can the Manager vote at Unitholders' meetings of Axis-REIT?

No, unless it is a meeting held for the proposed removal of the Manager. However, related parties (as defined in the Deed) of the Manager may vote provided that they have no interest in the outcome of the transaction laid before the meeting for approval (which is different from the interests of other Unitholders).

Why was Axis-REIT reclassified into an Islamic REIT?

Axis-REIT was reclassified into an Islamic REIT:

- 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 Guidelines on Listed REITs?

The salient compliance requirements are that:

- a. Rental obtained from non-compliant activities must not exceed the 20% benchmark as determined by the SAC of the SC;
- An Islamic REIT is not permitted to own real estate in which all the tenants operate Shariah non-compliant activities even if the percentage of rental based on turnover is below the 20% benchmark;
- c. All forms of investments, deposits and financing instruments of an Islamic REIT must comply with the Shariah principles; and
- d. An Islamic REIT must use the Takaful schemes to insure its real estate, unless Takaful is not available or commercially viable.

Is an Islamic REIT permitted to own (purchase) real estate in which the tenant(s) operate(s) mixed activities that are compliant and non-compliant according to Shariah principles?

An Islamic REIT is permitted to own (purchase) real estate in which its tenant(s) operate(s) mixed activities that are compliant and non-compliant, according to Shariah principles. However, the management company of the Islamic REIT must perform some additional compliance assessments before acquiring real estate that has tenant(s) that operate(s) mixed activities.

What are non-permissible activities?

Rental activities that are classified as non-permissible as determined by the SAC are:

- a. conventional banking;
- conventional insurance;
- c. gambling;
- liquor and liquor-related activities;
- e. pork and pork-related activities;
- f. non-halal food and beverages;
- tobacco and tobacco-related activities;
- h. stockbroking or share-trading in Shariah non-compliant securities;
- i. Shariah non-compliant entertainment; and
- other activities deemed non-compliant according to Shariah principles.

Must Axis-REIT comply with additional requirements prescribed by the SC for Islamic REITs?

Yes. Previously, the SC's Guidelines on Islamic REITs essentially provided Shariah guidance on the investment and business activities of Islamic REITs. As Axis-REIT is a listed REIT, this has since been superseded by the SC's Guidelines on Listed REITs, which sets out the additional requirements for listed Islamic REITs.

<ir> Framework</ir>	International <ir> Framework</ir>			
AEIs	Asset Enhancement Initiatives			
AFM	Axis Facilities Management Sdn Bhd			
AGM	Annual General Meeting			
ARMB or the Manager	Axis REIT Managers Berhad, being the Manager of Axis-REIT			
Axis-REIT/the Fund/the Trust	Axis Real Estate Investment Trust			
Bursa Securities	Bursa Malaysia Securities Berhad			
CDS	Central Depository System			
Deed	The Fourth Principal Deed dated 17 January 2020 executed between the Trustee and the Manager constituting Axis-REIT			
DPU	Distribution per Unit			
ESG	Environmental, Social and Governance			
FYE	Financial Year Ended/Ending			
GDP	Gross Domestic Product			
Financing ratio	Financing to Total Assets			
IAR2021	Integrated Annual Report 2021			
IDRP	Income Distribution Reinvestment Plan			
Islamic REITs	REITs that comply with the applicable Shariah principles, concepts and rulings endorsed by the SAC			
MER	Management Expense Ratio			
NAV	Net Asset Value			
NLA	Net Lettable Area, which consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building			
p.a.	Per annum			
Property Manager	Axis Property Services			
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 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			
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			

AXIS REAL ESTATE INVESTMENT TRUST INTEGRATED ANNUAL REPORT 2021

NOTICE OF TENTH ANNUAL GENERAL MEETING

Notice of Tenth Annual General Meeting

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

NOTICE IS HEREBY GIVEN THAT the Tenth 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, 28 April 2022 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 2021 of Axis-REIT together with the Reports attached thereon.

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions of Axis-REIT:

ORDINARY RESOLUTION NO. 1

PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW UNITS IN AXIS-REIT ("UNITS") OF UP TO 20% OF THE TOTAL NUMBER OF UNITS ISSUED IN AXIS-REIT, TO FACILITATE A PLACEMENT EXERCISE ("PROPOSED RENEWAL OF AUTHORITY")

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and subject to requisite approvals being obtained, approval be hereby given to the Directors of Axis REIT Managers Berhad ("Manager") to allot and issue new Units, to facilitate Axis-REIT in raising funds via a placement exercise ("Proposed Placement"), at any time to any such persons, upon such terms and conditions as they may, in their absolute discretion, deem fit and in the best interest of Axis-REIT, provided that the aggregate number of new Units to be issued pursuant to this resolution, when aggregated with the number of Units issued during the preceding 12 months, does not exceed 20% of the total number of Units issued in Axis-REIT;

THAT such authority, once renewed, shall continue to be in force until:

- (i) 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."

ORDINARY RESOLUTION NO. 2

PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE UP TO 127,194,246 NEW UNITS IN AXIS-REIT FOR THE PURPOSE OF THE INCOME DISTRIBUTION REINVESTMENT PLAN ("IDRP") THAT PROVIDES THE UNITHOLDERS OF AXIS-REIT THE OPTION TO REINVEST THEIR INCOME DISTRIBUTION IN NEW UNITS ("PROPOSED RENEWAL OF IDRP AUTHORITY")

"THAT pursuant to the approval from the Unitholders obtained on 21 August 2015 for, among others, the renewal of the authority to allot and issue new Units for the purpose of the IDRP, approval be and is hereby given for the renewal of the authority for the Board to allot and issue new Units from time to time pursuant to the IDRP upon such terms and conditions as they may, in their absolute discretion, deem fit and in the best interest of Axis-REIT, provided that the aggregate number of the new Units to be issued pursuant to this resolution does not exceed 127,194,246 new Units;

THAT such authority, once renewed, shall continue to be in force until:

- the conclusion of the next AGM of Axis-REIT following this AGM where the Proposed Renewal of IDRP Authority is passed, at which time the authority will lapse, unless by a resolution passed by the Unitholders at that AGM, such authority is renewed; or
- (ii) the Proposed Renewal of IDRP Authority is revoked or varied by a resolution passed by the Unitholders at a Unitholders' meeting,

whichever is the earliest:

THAT such new Units to be issued under the Proposed Renewal of IDRP Authority shall, upon allotment and issue, rank equally in all respects with the Units already in existence except that the Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distribution that may be declared, made or paid before the date of allotment and issue of such Units;

AND THAT authority be and is hereby given to the Directors of the Manager and the Trustee (acting for and on behalf of Axis-REIT), to give effect to the Proposed Renewal of IDRP Authority including but not limited to the creation of the requisite new Units and with full powers to assent to any condition, modification, variation, arrangement and/or amendment in relation to the Proposed Renewal of IDRP Authority as they may deem fit in the best interest of Axis-REIT and/or as may be imposed by the relevant authorities AND FURTHER THAT the Directors of the Manager and the Trustee (acting for and on behalf of Axis-REIT), are to implement, finalise, complete and do all such acts and things (including executing such documents as may be required) in relation to the Proposed Renewal of IDRP Authority."

By Order of the Board of **AXIS REIT MANAGERS BERHAD** (200401010947 (649450-W))

Management company of Axis Real Estate Investment Trust

Rebecca Leong Siew Kwan

Chartered Secretary (SSM PC No. 202008000587) (MAICSA 7045547)

Petaling Jaya 28 February 2022

Notice of Tenth Annual General Meeting

Notice of Tenth Annual General Meeting

About Our Report Who We Are and What We Do Building Our Resilience Driving Value Creation Leadership that Creates Value Financial Statements Additional Information

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 10th AGM will be conducted on a virtual basis, an individual Unitholder who is unable to attend and vote via the Remote Participation and Electronic Voting facilities, at the AGM, can appoint the Chairman of the meeting as his/her proxy.
- (2) Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at the meeting and shall be entitled to appoint up to 2 persons (whether a Unitholder or not) as its proxy to attend and vote.
- (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 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 21 April 2022 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 10th AGM or appoint proxy(ies) in the manner as indicated above.
- (8) The Instrument of Proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Instrument of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- 9) To be valid, the original Instrument of Proxy duly completed and signed must be deposited at the office of the Registrars at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting (facsimile copy or soft copy of the Instrument of Proxy would be disregarded).

Additional Information:

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 10th 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 2021 of Axis-REIT together with the Reports attached thereon, before the Unitholders at this AGM is meant for discussion only. This is in accordance with Paragraph 13.18(b) of the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

Other than the aforesaid Ordinary Business, there is no other ordinary business to be transacted at this AGM.

Special Business – Ordinary Resolution No. 1: Proposed Renewal of Authority

- (a) 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) The Directors of the Manager had implemented a placement exercise pursuant to the general mandate, which was procured and approved by the Unitholders at the Ninth AGM of Axis-REIT convened and held on 28 April 2021, where 188,042,597 new Placement Units were issued and listed on Bursa Securities on 20 December 2021. The proceeds from this placement exercise were utilised to partly repay Axis-REIT's existing bank financing (including finance cost payable), which were taken up to finance acquisitions of real estate and also to provide financial headroom for future investments.
- (c) With the Proposed Renewal of Authority, delays and further costs involved in convening separate Unitholders' meetings to approve such issue of new Units to raise funds can be avoided. The Manager will have the flexibility to raise funds via the Proposed Placement for Axis-REIT, as and when such need arises. The proceeds, after deducting the estimated expenses, to be raised from the issuance of the Placement Units, may be used, at the Directors' absolute discretion, for:

- i) repayment of Axis-REIT's existing bank financing (including finance cost payable), which are taken up to finance acquisitions of real estate;
- ii) future investments:
- (iii) capital expenditure, including development costs; and
- (iv) working capital purposes.

Special Business - Ordinary Resolution No. 2: Proposed Renewal of IDRP Authority

- (a) The Manager proposes to renew the authority to allot and issue up to 127,194,246 new Units, representing approximately 7.78% of the existing issued fund size of Axis-REIT of 1,634,524,115 Units, for the purpose of the IDRP. The Proposed Renewal of IDRP Authority will empower the Directors with the flexibility to allot and issue new Units at any time under the IDRP, provided that the aggregate number of Units to be issued pursuant to the Proposed Renewal of IDRP Authority does not exceed 127,194,246 new Units.
- (b) The Unitholders had, at the Ninth AGM of Axis-REIT convened and held on 28 April 2021 approved, among others, the authority to allot and issue up to 131,344,468 new Units pursuant to the IDRP. Axis-REIT had applied the IDRP to the final income distribution for the period from 1 October 2020 to 31 December 2020 ("2020 Final Income Distribution") which was declared on 20 January 2021 ("2020 IDRP"). A total of 4,150,222 new Units were issued on 11 March 2021 (being the payment date for the 2020 Final Income Distribution) pursuant to the 2020 IDRP. There was no application of IDRP to any of the income distributions declared and paid/payable in respect of the financial year ended 31 December 2021.
- (c) In view of the foregoing, the remaining number of new Units that can be allotted and issued pursuant to the Proposed Renewal of IDRP Authority will be up to 127,194,246 new Units, subject to the Unitholders' approval being obtained at the forthcoming AGM for the Proposed Renewal of IDRP Authority.
- (d) 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 to refurbish and/or renovate the properties of Axis-REIT.

Personal Data Notice

In view of the enforcement of **Personal Data Protection Act 2010** ("Act") which regulates the processing of personal data in commercial transactions, the Act applies to us, **Axis REIT Managers Berhad**, being the management company of Axis-REIT.

The personal data processed by us may include your name, contact details, and mailing address and any other personal data derived from any documentation. 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 and the convening of the AGM of Axis-REIT. As such, it is necessary for us to obtain your personal data in order to carry out the said purposes.

Subject to the requirements under the Act, if you would like to make any enquiries of your personal data, please contact us using any of the following modes:

Mailing address : Axis REIT Managers Berhad

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

Telephone / Fax No : 603-7958 4882 /603-7957 6881

E-mail Address : pdpa@axis-reit.com.my





(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

	on No	Con	tact No		
mail address					
f (address)					
eing a Unitholder of Axis Real E	state Investment Trust	("Axis-REIT") hereby appoint the fo	llowing:		
Full Name (In block letters):		MyKad/Passport No.:	Proportion o	Proportion of unitholdings	
			No. of Units	Percentage (%)	
Address:					
Email address:		Contact No.:			
		*OR failing him/her/AND,			
Full Name (In block letters):		MyKad/Passport No.:	Proportion o	Proportion of unitholdings	
			No. of Units	Percentage (%)	
Address:					
Email address:		Contact No.:			
_	ehalf at the Tenth Annu	/our proxy/proxies to attend, speak al General Meeting ("10 th AGM") of	Axis-REIT to be convened of		
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- (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 10th AGM will be conducted on a virtual basis, an individual Unitholder who is unable to attend and vote via the Remote Participation and Electronic Voting facilities, at the AGM, can appoint the Chairman of the meeting as his/her proxy.
- (2) Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at the meeting and shall be entitled to appoint up to 2 persons (whether a Unitholder or not) as its proxy to attend and vote.
- (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 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.

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- (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 21 April 2022 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 10th AGM or appoint proxy(ies) in the manner as indicated above.
- (8) The Instrument of Proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Instrument of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (9) To be valid, the original Instrument of Proxy duly completed and signed must be deposited at the office of the Registrars at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting (facsimile copy or soft copy of the Instrument of Proxy would be disregarded).

Additional Information:

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 10th AGM. The Instrument of Proxy is also available for download from the same link.

AFFIX STAMP

Management Company of Axis Real Estate Investment Trust

Axis REIT Managers Berhad

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