

AMANAHRAYA ■ REIT

A N N U A L R E P O R T

2022

STRENGTH THROUGH
RESILIENCE





Offices

- Vista Tower, Kuala Lumpur
- Toshiba TEC, Shah Alam
- Dana 13, Petaling Jaya
- Wisma Comcorp, Shah Alam
- Contraves, Cyberjaya

Education

- SEGi University, Kota Damansara
- HELP University, Jalan Semantan
- SEGi College, Subang Jaya

Industrial

- RHF Stone Factory, Nusajaya

Hospitality

- Holiday Villa, Langkawi
- Ex-Holiday Villa, Alor Setar

Retail

- Selayang Mall, Selayang



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25

MESSAGE FROM
THE CHAIRMAN



36

CORPORATE
CALENDAR 2022



46

SUSTAINABILITY
STATEMENT

TABLE OF

CONTENTS

2	Corporate Directory	36	Corporate Calendar 2022
4	About AmanahRaya REIT	37	Management Discussion and Analysis
5	AmanahRaya REIT's Structure	46	Sustainability Statement
6	Manager's Structure	60	Statement on Corporate Governance
6	Organisation Chart	67	Audit Committee Report
7	Salient Features of AmanahRaya REIT	69	Statement on Risk Management and Internal Control
8	Financial Highlights	71	Property Market Overview
10	Asset Under Management	103	Statutory Financial Statements
11	Property Portfolio	148	Unitholders Statistics
12	Overview of 12 Properties Under AmanahRaya REIT	149	Analysis of Unitholdings
25	Message From The Chairman	150	Additional Disclosure
29	Profile of the Board of Directors	151	Notice of Eleventh Annual General Meeting
35	Profile of Investment Committee Members		

CORPORATE DIRECTORY

MANAGER

AmanahRaya-Kenedix REIT Manager
Sdn Bhd
Registration No. 200901013113
(856167-A)
(Incorporated in Malaysia)

MANAGER'S REGISTERED OFFICE

Level 11, Wisma AmanahRaya
No. 2, Jalan Ampang
50508 Kuala Lumpur
Tel : 03 2075 7388
Fax : 03 2078 8187

PRINCIPAL PLACE OF BUSINESS

Level 2, Wisma AmanahRaya
No. 2, Jalan Ampang
50508 Kuala Lumpur
Tel : 03 2078 0898
Fax : 03 2026 6446

BOARD OF DIRECTORS OF THE MANAGER

Independent Non-Executive Directors

Aida Mosira Binti Mokhtar
(Appointed w.e.f. 30 August 2022)

Wan Azman Bin Ismail
(Appointed w.e.f. 3 January 2023)

Dato' Mohammed Noor Azmall Bin
Jamaluddin
(Appointed w.e.f. 3 January 2023)

Mahadzir Bin Azizan
(Resigned w.e.f. 31 December 2022)

Dato' Haji Che Pee Bin Samsudin
(Resigned w.e.f. 31 December 2022)

Zulazman Bin Zulkifli
(Resigned w.e.f. 31 December 2022)

Non-Independent Non-Executive Directors

Datuk Mohd Radzif Bin Mohd Yunus
(Chairman)
(Re-designated as Chairman w.e.f.
3 January 2023)

YM Tunku Rozita Binti Tunku Abdul Malek
(Re-designated as Managing Director w.e.f.
12 December 2022)

Shahlan bin Md Shukor @ Kadari

Naoto Kojima

Nguyen Thi Hoang Hanh
(Appointed w.e.f. 31 January 2023)

Keisuke Ogawa
(Resigned w.e.f. 31 January 2023)

AUDIT COMMITTEE

Wan Azman Bin Ismail (Chairman)
(Appointed w.e.f. 3 January 2023)

Aida Mosira Binti Mokhtar
(Appointed w.e.f. 3 January 2023)

Nguyen Thi Hoang Hanh
(Appointed w.e.f. 31 January 2023)

Keisuke Ogawa
(Resigned w.e.f. 31 January 2023)

Dato' Haji Che Pee bin Samsudin
(Resigned w.e.f. 31 December 2022)

Zulazman bin Zulkifli
(Resigned w.e.f. 31 December 2022)



CORPORATE DIRECTORY

(CONT'D)

INVESTMENT COMMITTEE

Dato' Mohammed Noor Azmall Bin Jamaluddin (*Chairman*)
(Appointed w.e.f. 3 January 2023)

Wan Azman Bin Ismail
(Appointed w.e.f. 3 January 2023)

Nguyen Thi Hoang Hanh
(Appointed w.e.f. 31 January 2023)

Naoto Kojima

Zulazman bin Zulkifli
(Resigned w.e.f. 31 December 2022)

Dato' Haji Che Pee bin Samsudin
(Resigned w.e.f. 31 December 2022)

Datuk Mohd Radzif bin Mohd Yunus
(Ceased w.e.f. 31 January 2022)

TENDER COMMITTEE

Aida Mosira Binti Mokhtar (*Chairperson*)
(Appointed w.e.f. 3 January 2023)

Dato' Mohammed Noor Azmall Bin Jamaluddin
(Appointed w.e.f. 3 January 2023)

Naoto Kojima

Zulazman bin Zulkifli
(Resigned w.e.f. 31 December 2022)

YM Tunku Rozita binti Tunku Abdul Malek
(Ceased w.e.f. 31 January 2022)

COMPANY SECRETARIES OF THE MANAGER

Jerry Jesudian s/o Joseph Alexander
(MAICSA 7019735)

Leong Shiak Wan
(MAICSA 7012855)

Rizana Binti Ahmad Rithauddeen
(LS 0009663)

MANAGEMENT TEAM

YM Tunku Rozita Binti Tunku Abdul Malek
(Re-designated as Managing Director
w.e.f. 12 December 2022)

Yusoff Iskandar Bin Mohd Zaki
Chief Operating Officer
(Re-designated as Chief Operating Officer
w.e.f. 12 December 2022)

Sahrul Nizam Bin Mohd Salleh
Head of Finance

Justhinderpal Kaur d/o Pritam Singh
Head of Legal and Compliance

TRUSTEE

Pacific Trustees Berhad
199401031319 (317001-A)
Unit A-11-8th, 11th Floor, Megan Avenue 1,
No. 189, Jalan Tun Razak, Off Persiaran
Hampshire, 50400 Kuala Lumpur, Malaysia
Tel. No. : 03-21668830
Fax No. : 03-21663830

REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars Sdn. Bhd.
(Formerly known as Symphony Share
Registrars Sdn. Bhd.)
199601006647 (378993-D)
11th Floor
Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 03-78904700
Fax No. : 03-78904670

PROPERTY MANAGERS

Knight Frank Property Management
Sdn. Bhd.
201601040834 (1211775-H)
Suite 13B, Level 13, Vista Tower
The Intermark, 348 Jalan Tun Razak
50400 Kuala Lumpur
Tel. No. : 03-21613566
Fax No. : 03-21621408

Hartamas Asset Management Sdn. Bhd.
201001021285 (905055-U)
Unit 13-08, Level 13
Block A, Menara Prima, Jalan PJU 1/37
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 03-78395555
Fax No. : 03-78395566

PMC Facilities & Real Estate Sdn Bhd
20160134040 (1204981-V)
D-10-05, Menara Mitrland, PJU 5, No.13A,
Jalan PJU 5/1, Kota Damansara, 47810
Petaling Jaya, Selangor
Tel. No. : 03-7610 2922
Fax No. : 03-7610 2923

AUDITOR

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel. No. : 03-77213388
Fax No. : 03-77213399

FINANCIERS

Public Bank Berhad
196501000672 (6463-H)
Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Tel. No. : 03-21766341
Fax No. : 03-21639917

BURSA MALAYSIA STOCK CODE

ARREIT 5127
(Listed on the Main Board on 26
February 2007)

ABOUT AMANAHRAYA REIT



ABOUT AMANAHRAYA REIT

AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "ARREIT" or "the Trust") is a Malaysia domiciled real estate investment trust constituted between AmanahRaya- Kenedix REIT Manager Sdn. Bhd. ("the Manager" or "AKRM") and CIMB Islamic Trustee Berhad. On 13 May 2019, the Manager, CIMB Islamic Trustee Berhad ("Retiring Trustee") and Pacific Trustees Berhad ("New Trustee" or "the Trustee") entered into a supplementary deed to effect the change of trustee of AmanahRaya REIT from the Retiring Trustee to the New Trustee. The change of trustee took effect on 21 May 2019 upon the registration and lodgement of the Supplementary Deed with the Securities Commission on 24 May 2019.

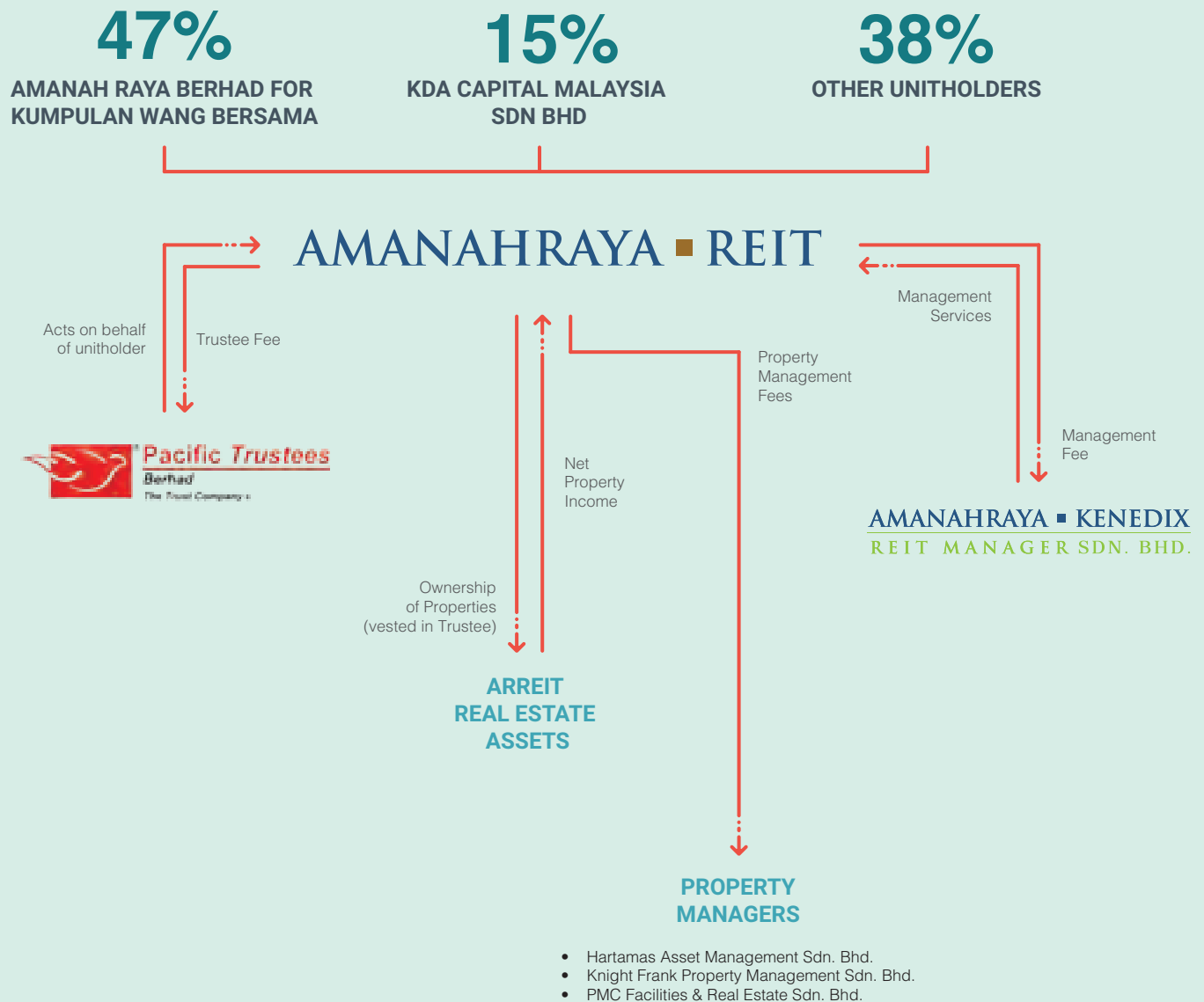
Subsequently, the Manager entered into an Amended and Restated Trust Deed dated 5 December 2019 ("the Trust Deed") with the Trustee which has been registered and lodged with the Securities Commission on 10 January 2020 and 16 January 2020, respectively, in compliance with the amendments made to the Securities Commission's Guidelines on Listed Real Estate Investment Trusts. The Trust Deed is regulated by 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. AmanahRaya REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provision of Clause 26 of the Trust Deed dated 10 October 2006. AmanahRaya REIT is listed on the Main Market of Bursa Malaysia Securities Berhad.

ABOUT AMANAHRAYA-KENEDIX REIT MANAGER SDN. BHD.

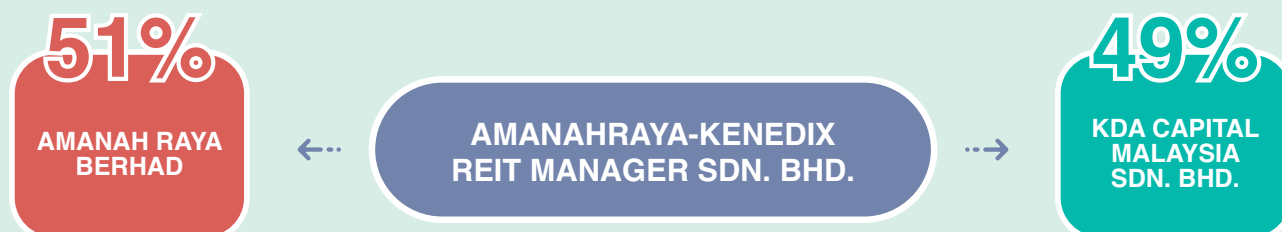
AmanahRaya-Kenedix REIT Manager Sdn. Bhd. ("Manager"), (License No: CMSL/A0309/2013) is a jointly owned entity by Amanah Raya Berhad and KDA Capital Malaysia Sdn. Bhd. ("KDA Capital"). The Manager was formed on 8 May 2009 and took over the management of ARREIT from AmanahRaya Investment Management Sdn. Bhd. on 27 August 2009. Kenedix Asia Pte. Ltd. via KDA Capital became the first Japanese firm to invest in a Malaysian REIT with the acquisition of 15% of the units of ARREIT. KDA Capital also bought 49% of the shares of the Manager with Amanah Raya Berhad maintaining the controlling stake of 51% of the shares of the Manager.

The Manager is principally responsible for the management of ARREIT investment strategies to meet its investment objectives. Its primary investment objective is to provide and administer ARREIT on behalf of the unitholders in accordance with the Amended and Restated Deed dated 5 December 2019 and the Guidelines on Listed Real Estate Investment Trusts by the Securities Commission and Bursa Malaysia Securities Berhad. The Manager's main role is to ensure stable and sustainable return to ARREIT unitholders.

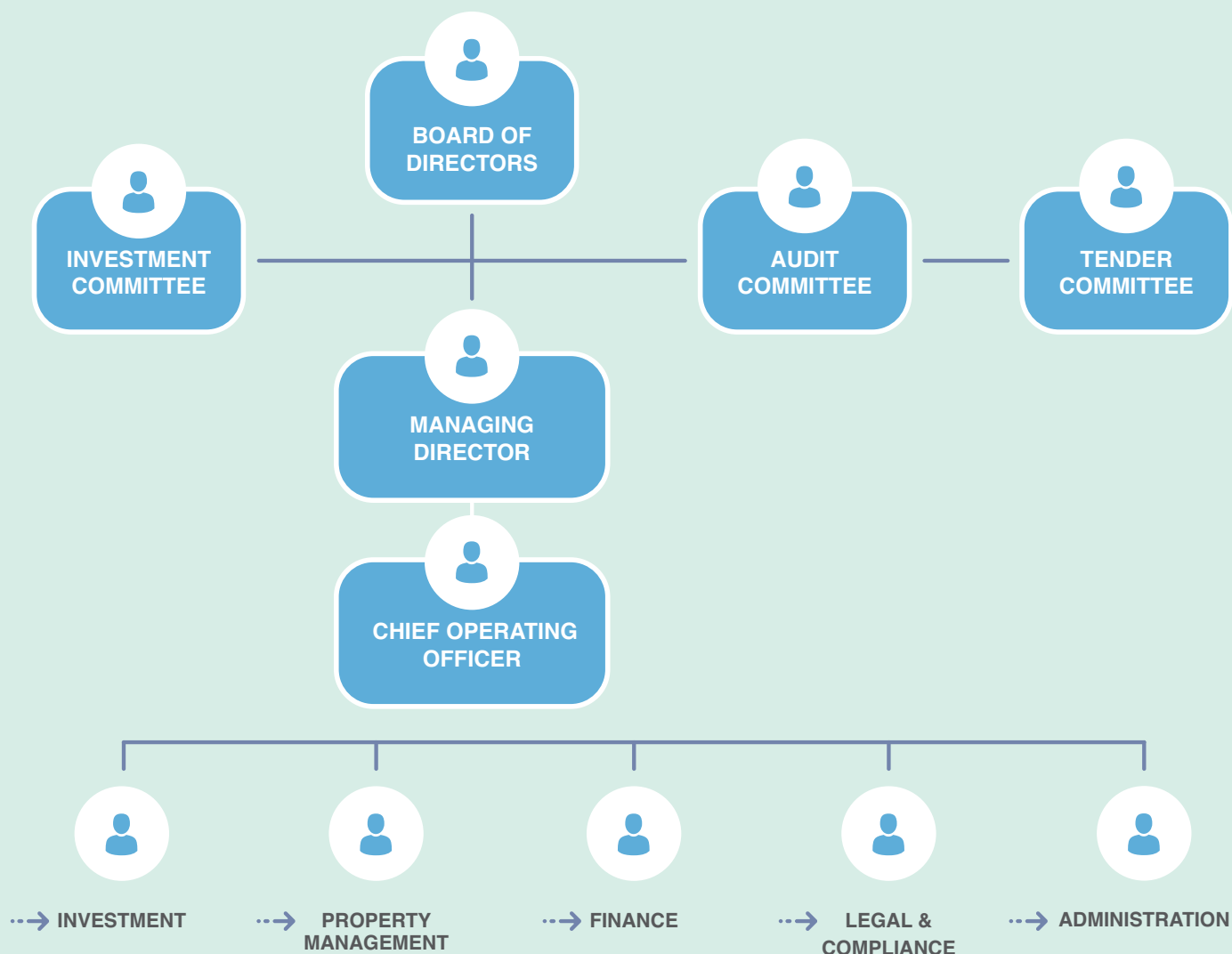
AMANAHRAYA REIT STRUCTURE



MANAGER'S STRUCTURE



ORGANISATION CHART



SALIENT FEATURES OF AMANAHRAYA REIT

Fund Category

Real Estate Investment Trust

Fund Type

Income and Growth

Duration of Fund/Termination Date

The earlier of:

- the occurrence of any termination events set out under the provisions of the Trust Deed
- 80 years after 20 October 2006 or until such further period as the law may permit

Approved Fund Size

573,219,858

Investment Objective

To provide unitholders with stable and growth potential returns over a long term period

Performance Benchmark

- Management expense ratio
- Total returns
- Average annual return
- Distribution yield
- Net asset value (NAV)

Distribution Policy

- Semi-annual income distribution
- Distribution of at least 90% (or such percentage as determined by the Manager at its absolute discretion)

Revaluation Policy

The investment properties shall be revalued annually by the registered independent valuers

Financial Year End

31 December

Listing

Main Market of Bursa Malaysia Securities Berhad

Stock Name

ARREIT

Stock Code

5127

Date of Listing

26 February 2007

Initial Public Offering Price

- RM0.895 - retail
- RM0.94 - institutional

FINANCIAL HIGHLIGHTS

SNAPSHOT OF AMANAHRAYA REIT AS AT 31 DECEMBER 2022



RM1.412 Billion

TOTAL ASSET VALUE



12

TOTAL NO. OF PROPERTIES



RM1.2836

NET ASSET VALUE (NAV)
PER UNIT



573,219,858

TOTAL UNIT ISSUED



45.04%

GEARING RATIO



3.4050

DISTRIBUTION PER UNIT 2022
(SEN PER UNIT)



RM335,333,617

MARKET CAPITALIZATION



22,160,705

TRADING VOLUME (UNIT)
(JANUARY-DECEMBER 2022)



RM0.59 sen

PRICE AS AT
31 DECEMBER 2022
(PER UNIT)



RM0.57 sen

LOWEST PRICE 2022



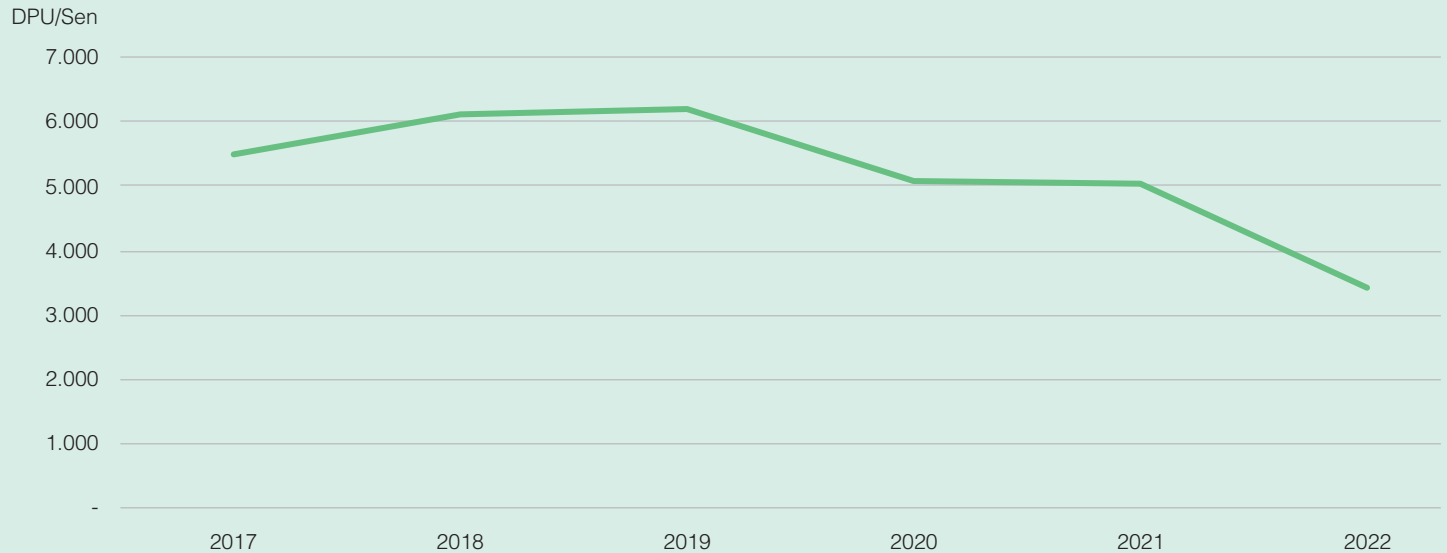
RM0.69 sen

HIGHEST PRICE 2022

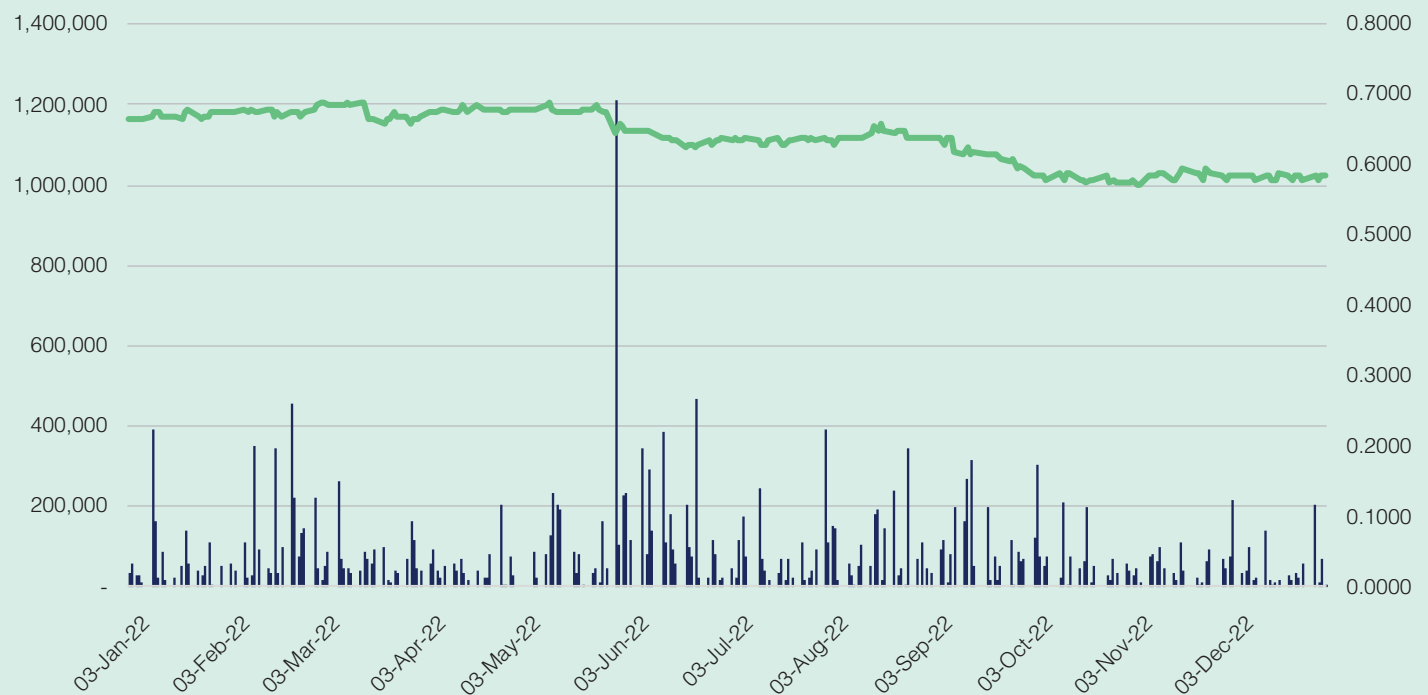
FINANCIAL HIGHLIGHTS

SNAPSHOT OF AMANAHRAYA REIT AS AT 31 DECEMBER 2022 (CONT'D)

Distribution Per Unit (sen)



ARREIT VOLUME VS PRICE

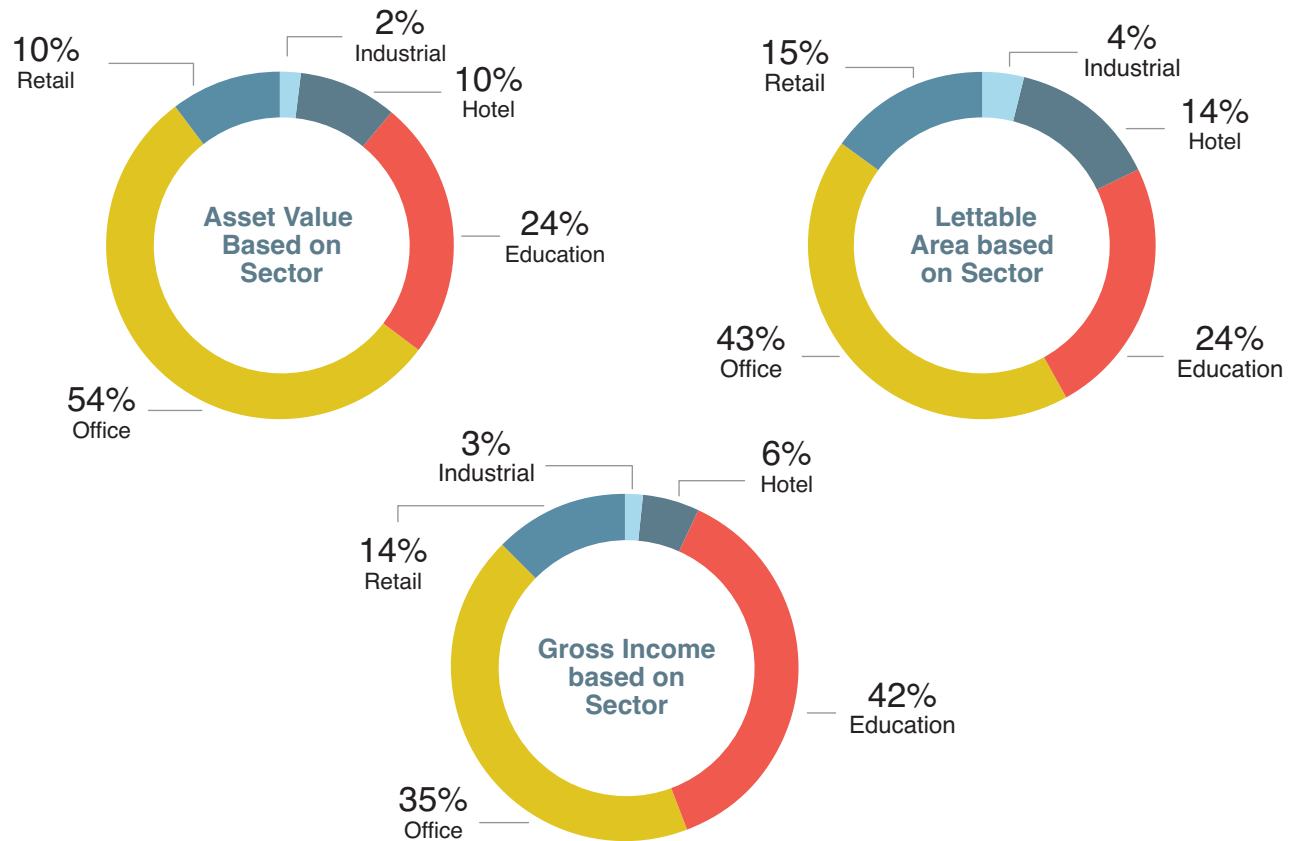


ASSET UNDER MANAGEMENT

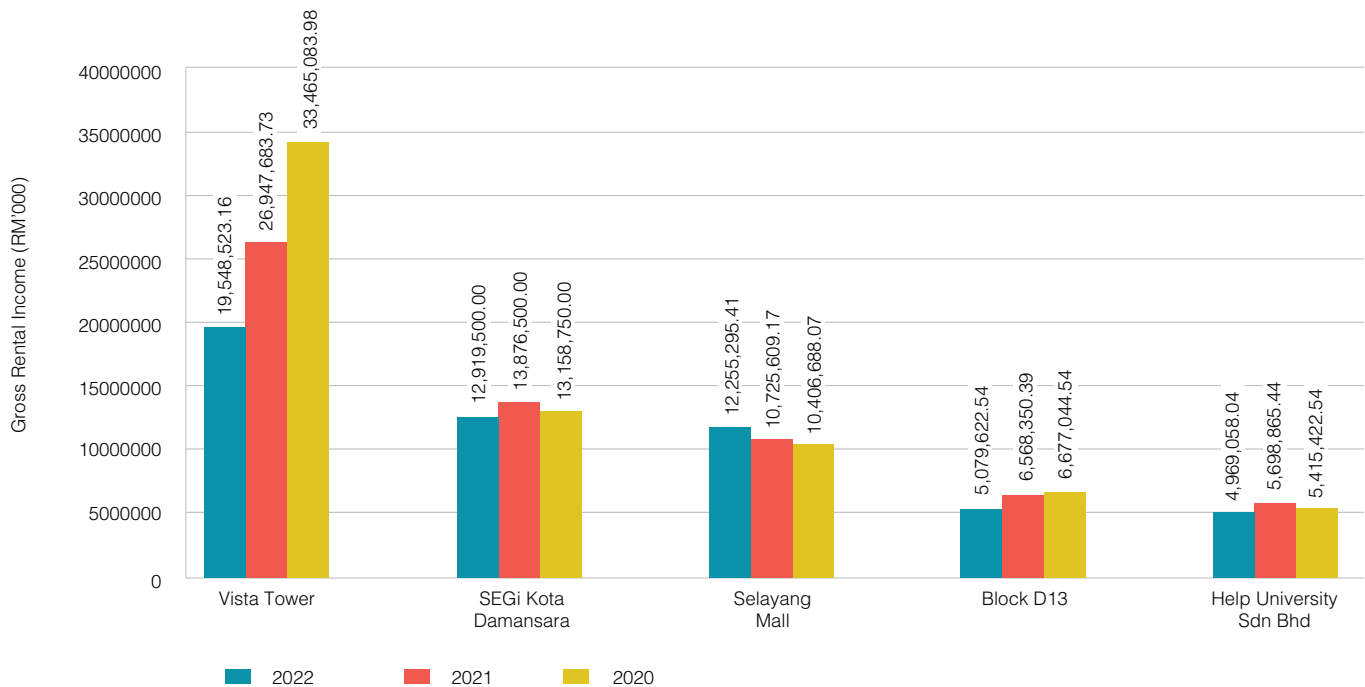
Real Estate(s)	Location	Type of Building	Cost of Acquisition (RM'000)	Appreciation in Value (RM'000)	Occupancy	Unexpired Lease / Tenancy Period (approximate)	Investment in Real Estate Value* (RM'000)(a)	Value over Total Asset Value (%) (a/b)
Hospitality								
Holiday Villa Alor Setar*	Alor Setar, Kedah	Hotel	31,000	-6,000	Vacant	Vacant	25,000	1.77%
Holiday Villa Langkawi*	Langkawi, Kedah	Resort Hotel	55,000	45,000	100%	3.53 yrs	100,000	7.08%
Higher								
SEGi College, Subang Jaya	Subang Jaya, Selangor	Higher Education Building	52,500	17,500	100%	0.64 yrs	70,000	4.96%
SEGi University College, Kota Damansara	Petaling Jaya, Selangor	Higher Education Building	145,000	41,000	100%	5.01 yrs	186,000	13.17%
HELP University, Jalan Semantan	Damansara Heights, Kuala Lumpur	Higher Education Building	53,000	25,000	100%	16.76 yrs	78,000	5.52%
Office Building								
Wisma Comcorp	Glenmarie, Shah Alam	Office Building	30,000	6,500	88%	Multiple Period	36,500	2.58%
Dana13, Dana 1 Commercial Centre	Ara Damansara Petaling Jaya, Selangor	Office Building	99,120	11,880	45%	Multiple Period	111,000	7.86%
Vista Tower	The Intermark, Kuala Lumpur	Office Building	455,000	66,000	45%	Multiple Period	521,000	36.89%
Contraves	Cyberjaya, Selangor	Office Building	40,000	2,000	100%	1.25 yrs	42,000	2.97%
Toshiba TEC	Glenmarie, Shah Alam	Office Building	32,000	-1,000	Vacant	Vacant	31,000	2.20%
Industrial								
RHF Stone Factory	Nusajaya, Johor	Industrial Factory	24,000	2,800	100%	5.62 yrs	26,800	1.90%
Retail								
Selayang Mall	Selayang, Selangor	Retail Mall	128,165	9,835	95%	Multiple Period	138,000	9.77%
Real Estate-Related Assets							1,365,300	96.67%
Cash and security deposits							44,002	3.12%
Others (Trade and Other Receivables)							2,991	0.21%
Total Asset Value (RM'000)(b)							1,412,293	100.00%

* Classified as assets held for sale

PROPERTY PORTFOLIO



AMANAHRAYA REIT: TOP PROPERTIES



OVERVIEW OF 12 PROPERTIES UNDER

AMANAHRAYA REIT



OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT

(CONT'D)

Vista Tower, Kuala Lumpur

Location

The property is located within The Intermark development at Jalan Tun Razak. The Intermark is located approximately 1.3 kilometres north east of Kuala Lumpur City Centre.

Title Details

Lot No. 20000, Seksyen 43 held under Title No. Geran 75638, Bandar Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur.

Address

Vista Tower, The Intermark, 348, Jalan Tun Razak, 50400 Kuala Lumpur.

Property type

Office tower.

Description

A sixty three (63) office tower with three (3) basement levels B1 to B3 identified as Vista Tower together with 914 car park bays which forms part of the integrated commercial development known as The Intermark, Kuala Lumpur.

Age of property

Approximately 28 years

Gross Built-up Area

776,196 sq.ft.

Valuation as at December 2022

RM521,000,000.00

Tenure

Freehold

Net lettable area

551,772 sq.ft.

Valuer

Rahim & Co. International Sdn Bhd

Tenancy period

Multi-tenanted

Existing use

Office Building

Carrying Amount

RM521,000,000.00

Total Land Area

228,948 sq.ft.

Parking spaces

914 car park bays on the basement level identified as B1 to B3

Master Lessee

-

Date of acquisition

16 January 2018

Occupancy rate

45%

Cost of acquisition

RM455,000,000.00

Property Manager

Knight Frank Property Management Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT

(CONT'D)



SEGi University, Kota Damansara

Location

SEGi University is located within a new development known as Taman Sains Selangor 1, an emerging high-technology industry estate in Kota Damansara. Kota Damansara is an integrated self-contained township developed by Selangor State Development Corporation (PKNS) located approximately 25 kilometres to the west of Kuala Lumpur city centre.

Address

SEGi University (Malaysia Main Campus),
No. 9, Jalan Teknologi, Taman Sains
Selangor, Kota Damansara PJU 5, 47810
Petaling Jaya, Selangor

Title Details

H.S. (D) 255765, P.T. 12171, Pekan Baru
Sungai Buloh, District of Petaling, State of
Selangor

Property type

Institutional building

Description

An institutional complex comprising of
1 block of 7-storey administrative building
and one block of 5-storey academic
building

Age of property

Approximately 16 years

Tenure

Leasehold for 99 years

Unexpired lease

86 years

Lease period

5+5 years commencing from January 2023

Land Area

425,605 sq.ft.

Gross Floor Area

577,000 sq.ft.

Net lettable area

337,710 sq.ft.

Existing use

A college campus under the brandname of
SEGi

Parking spaces

334 car parking bays and 1,031 motorcycle
parking bays

Date of acquisition

28 December 2007

Cost of acquisition

RM145,000,000.00

Valuation as at December 2022

RM186,000,000.00

Valuer

CH Williams Talhar & Wong Sdn Bhd
(CBRE WTW)

Carrying Amount

RM186,000,000.00

Master Lessee

SEG International Bhd

Occupancy rate

100%

Property Manager

Hartamas Asset Management Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



Selayang Mall, Selayang

Location

The property is located within Taman Selayang Utama, a medium-sized housing scheme.

Generally, the neighbourhood comprises of a mixture of residential and commercial developments. Prominent landmarks in the neighbourhood include Selayang General Hospital, Forest Reserve Institute of Malaysia (FRIM), Selayang Municipal Council (MPS) and Gombak District Land Office.

Address

Lot 384451, Jalan SU 9, Taman Selayang Utama, 68100 Batu Caves, Selangor Darul Ehsan

Title Details

Lot 38451 held under Title No. PM 11660, Town of Selayang, District of Gombak, State of Selangor

Property type

Shopping Mall

Description

4-storey retail space with 6-storey car park

Net lettable area

365,884 sq.ft

Valuer

Knight Frank Malaysia Sdn Bhd

Age of property

Approximately 26 years

Existing use

A shopping complex under the brand name of Selayang Mall

Net Book Value

RM138,000,000.00

Tenure

Leasehold for 99 years

Parking spaces

825 parking bays

Occupancy rate

95%

Unexpired lease

57 years

Date of acquisition

7 May 2010

Net rental (per month)

Multi-tenanted

Land Area

175,742 sq.ft.

Cost of acquisition

RM128,165,000.00

Property Manager

Knight Frank Property Management Sdn Bhd

Gross Floor Area

868,305 sq.ft

Valuation as at December 2022

RM138,000,000.00

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



Dana 13, Dana 1 Commercial Centre, Petaling Jaya

Location

The property is located within Dana 1 Commercial Centre, a newly completed commercial development which comprises of 152 units of two to five storey shop offices and a 13 storey stratified office building with basement car park level as well as a serviced apartment block, about 35 kilometres south-west of Kuala Lumpur city centre.

Address

Dana 13, Dana 1 Commercial Centre,
Jalan PJU 1A/46, Off Jalan Lapangan
Terbang Subang, 47301 Petaling Jaya,
Selangor Darul Ehsan

Title Details

Developed on the Parent Lot 59214,
Mukim of Damansara, District of Petaling,
State of Selangor, held under Master Title
No. PN 8024

Property type

Office building

Description

A 13-storey stratified office building which
forms part of Dana 1 Commercial Centre

Age of property

Approximately 13 years

Tenure

Leasehold for 99 years

Unexpired lease period

75 years

Lease period

Multi-Tenanted

Gross Floor Area

333,439 sq.ft

Net lettable area

256,972 sq.ft

Existing use

Office Block with MSC status

Parking spaces

The property has been allocated with 300
bays within Dana 1 Commercial Centre

Date of acquisition

7 May 2010

Cost of acquisition

RM99,120,000.00

Valuation as at December 2022

RM111,000,000.00

Valuer

Jones Lang Wootton Sdn Bhd

Carrying Amount

RM111,000,000.00

Occupancy rate

47%

Property Manager

Hartamas Asset Management Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



HELP University, Jalan Semantan

Location

HELP University is located in the commercial corner of Damansara Heights approximately 4 kilometres to the south-west of Kuala Lumpur city centre.

Address

HELP University, No. 15, Jalan Sri Semantan 1, Damansara Heights, 50490 Kuala Lumpur

Title Details

H.S. (D) 83465, P.T. 6 and P.N. 46441, Lot 36622, both in Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur

Property type

Office building

Description

A 5-storey purpose-built office building with 6 lower ground levels inclusive of a 4-level car park

Age of property

Approximately 23 years

Tenure

Leasehold for 99 years

Unexpired lease

- 1) HSD 83465 - 51 years
- 2) PN 46441 - 51 years

Lease period

25 years commencing from September 2014

Total Land Area

35,387 sq.ft.

Gross Floor Area

170,000 sq.ft.

Net lettable area

125,227 sq.ft.

Existing use

A higher learning institution and training centre under the brandname of Help University

Parking spaces

261 parking bays

Date of acquisition

26 February 2007

Cost of acquisition

RM53,000,000.00

Valuation as at December 2022

RM78,000,000.00

Valuer

Nawawi Tie Leung Property Consultants Sdn Bhd

Carrying Amount

RM78,000,000.00

Master Lessee

Help University Sdn Bhd

Occupancy rate

100%

Property Manager

PMC Facilities and Real Estate Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



Holiday Villa, Langkawi

Location

The property is located along one of the most popular beach known as Pantai Tengah. Along the same stretch are other notable hotel resorts including Langkawi Beach Resort, Sunset Beach Resort, Moonlight Bay Resort, Tanjung Mali Beach Resort and Pelangi Beach Resort. Langkawi International Airport is located 6 km to the north of the property.

Langkawi is one of the premier tourist destinations in Malaysia mainly due to its duty free zone status, beautiful beaches and historical sites.

Address

Lot 1698, Pantai Tengah, Mukim Kedawang, 07000 Langkawi, Kedah Darul Aman

Title Details

H.S. (M) 286, P.T. 344, Mukim of Kedawang, H.S. (M) 667, P.T. 107, Town of Padang Mat Sirat, H.S. (M) 668, P.T. 108, Town of Padang Mat Sirat, all in District of Langkawi, Kedah Darul Aman

Property type

Resort Hotel

Description

A purpose-built 4-star resort hotel with 238-rooms and swimming pool and spa facilities

Age of property

Approximately 31 years

Tenure

Freehold

Lease period

5+5 years commencing from July 2016

Total Land Area

427,672 sq.ft.

Gross Floor Area

183,190 sq.ft.

Net lettable area

Not Applicable

Existing use

A hotel under the brand name of Hotel Holiday Villa

Parking spaces

55 parking bays

Date of acquisition

26 February 2007

Cost of acquisition

RM55,000,000.00

Valuation as at December 2022

RM104,740,000.00

Valuer

Rahim & Co. International Sdn Bhd

Carrying Amount

RM104,740,000.00

Master Lessee

Langkawi Holiday Villa Sdn Bhd

Occupancy rate

100%

Property Manager

Hartamas Asset Management Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



SEGi College, Subang Jaya

Location

It is located within the Commercial Business Districts of Subang Jaya in USJ 1. Subang Jaya is an integrated mixed development, comprising residential, commercial and industrial developments located about 15 kilometres to south-west of Kuala Lumpur city centre.

Address

SEGi College, Persiaran Kewajipan USJ 1,
47600 Subang Jaya, Selangor Darul Ehsan

Title Details

Geran 313189, Lot No. 13, Pekan Subang
Jaya, District of Petaling, State of Selangor

Property type

Higher education building

Description

A 12-storey purpose-built commercial
building with 3 basement car park levels

Age of property

Approximately 17 years

Tenure

Freehold

Lease period

15 years commencing from May 2006

Land Area

51,957 sq.ft.

Gross Floor Area

280,575 sq.ft.

Net lettable area

131, 387 sq.ft.

Existing use

A higher learning institution and training
centre under the brand name of SEGi
College

Parking spaces

206 parking bays and 400 motorcycle
parking bays

Date of acquisition

26 February 2007

Cost of acquisition

RM52,500,000.00

Valuation as at December 2022

RM70,000,000.00

Valuer

CH Williams Talhar & Wong Sdn Bhd
(CBRE WTW)

Carrying Amount

RM70,000,000.00

Master Lessee

SEG International Berhad

Occupancy rate

100%

Property Manager

Hartamas Asset Management Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



Wisma Comcorp, Shah Alam

Location

The property is located within Temasya Industrial Park in Glenmarie, Shah Alam. Glenmarie is located about 1.5 kilometres to the north-west of Subang Jaya town centre and about 8 kilometres to the east of Shah Alam city centre.

Address

No. 37, Jalan Pelukis U1/46, Section U1,
Temasya Industrial Park, Glenmarie, 40150
Shah Alam, Selangor Darul Ehsan

Title Details

Lot 52802 held under Title No. GRN 86648,
Town of Glenmarie, District of Petaling,
State of Selangor

Property type

Office building

Description

A free standing five (5) storey workshop
cum office building with a single level
basement car park

Age of property

Approximately 18 years

Tenure

Freehold

Lease period

Multi-Tenanted

Total Land Area

55,090 sq.ft.

Gross Built-up Area

116,472 sq.ft.

Net lettable area

80,253 sq.ft.

Existing use

Workshop cum office

Parking spaces

98 parking bays provided in the basement
and within the compound of the site

Date of acquisition

23 April 2014

Cost of acquisition

RM30,000,000.00

Valuation as at December 2022

RM36,500,000.00

Valuer

Knight Frank Malaysia Sdn Bhd

Carrying Amount

RM36,500,000.00

Occupancy rate

88%

Property Manager

PMC Facilities and Real Estate Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



Contraves Building, Cyberjaya

Location

The property is located within Cyber 5 in Cyberjaya, Selangor. Cyberjaya is located about 35 kilometres to the south-west of Kuala Lumpur city centre and about 5 kilometres to the north east of Putrajaya.

Address

Block 3502, Enterprise Building 2 (EB2),
Jalan Teknokrat 5, Cyber 5, 63000
Cyberjaya, Selangor

Title Details

Lot No. PT 12072 held under Title No. HSD
7061, Mukim of Dengkil, District of Sepang,
State of Selangor

Property type

Office building

Description

A four storey purpose-built office building
with one (1) basement level

Age of property

Approximately 23 years

Tenure

Freehold

Tenancy period

3+3 years commencing from April 2018

Total Land Area

89,470 sq.ft.

Gross Built-up Area

93,804 sq.ft.

Net lettable area

75,014 sq ft.

Existing use

Office Building

Parking spaces

113 numbers covered car park on the
basement level and 64 numbers uncovered
car parks on the ground floor

Date of acquisition

16 June 2016

Cost of acquisition

RM40,000,000.00

Valuation as at December 2022

RM42,000,000.00

Valuer

Jones Lang Wootton Sdn Bhd

Carrying Amount

RM42,000,000.00

Master Lessee

Contraves Sdn Bhd

Occupancy rate

100%

Property Manager

PMC Facilities and Real Estate Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



Toshiba Tec, Shah Alam

Location

The property is located within HICOM Glenmarie Industrial Park in Shah Alam, Selangor. HICOM Glenmarie Industrial Park is located about 4.0 kilometres to the north-west of Subang Jaya town centre and about 14 kilometres to the south-west of Petaling Jaya city centre.

Address

No. 4, Jalan Saudagar U1/16,
Hicom Glenmarie, 40150 Shah Alam,
Selangor Darul Ehsan

Title Details

Lot 61725 held under Title No. GRN
215122, Town of Glenmarie, District of
Petaling, State of Selangor

Property type

Office building

Description

A four-story office building cum warehouse

Age of property

Approximately 18 years

Tenure

Freehold

Lease period

6 years commencing from May 2016

Total Land Area

67,371 sq.ft.

Gross Built-up Area

74,104 sq.ft.

Net lettable area

74,104 sq.ft.

Existing use

Office

Parking spaces

Available within the compound of the
property

Date of acquisition

25 March 2016

Cost of acquisition

RM32,000,000.00

Valuation as at December 2022

RM31,000,000.00

Valuer

Nawawi Tie Leung Property Consultants
Sdn Bhd

Carrying Amount

RM31,000,000.00

Master Lessee

Toshiba Tec Malaysia Sdn Bhd (Lease
expired in May 2022)

Occupancy rate

0%

Property Manager

Hartamas Asset Management Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT (CONT'D)



RHF Stone Factory, Nusajaya

Location

The property is located within Southern Industries and Logistic Clusters (SILC) in Nusajaya, Johor. Nusajaya is located about 30 kilometres to the south-west of Johor Bahru city centre and about 4 kilometres to the north of Gelang Patah town centre.

Address

No. 11, Jalan Bioteknologi 3, Kawasan Perindustrian SILC, 79200 Nusajaya, Johor

Title Details

Lot PTD 6861 held under Title No. HSD 479596, Mukim of Jelutong, District of Johor Bahru, State of Johor

Property type

Industrial Factory

Description

A single storey factory annexed with three storey office building

Age of property

Approximately 10 years

Tenure

Freehold

Lease period

9+3 years commencing from March 2019

Total Land Area

130,685 sq.ft.

Gross Built-up Area

107,666 sq.ft.

Net lettable area

95,035 sq.ft.

Existing use

Factory

Parking spaces

Available within the compound of the property

Date of acquisition

20 April 2016

Cost of acquisition

RM24,000,000.00

Valuation as at December 2022

RM26,800,000.00

Valuer

Savills (Malaysia) Sdn Bhd

Carrying Amount

RM26,800,000.00

Master Lessee

RHF Stone Sdn Bhd

Occupancy rate

100%

Property Manager

Hartamas Asset Management Sdn Bhd

OVERVIEW OF 12 PROPERTIES UNDER AMANAHRAYA REIT

(CONT'D)



Ex-Holiday Villa, Alor Setar

Location

The property is located within the Central Business District of Alor Setar where several government and commercial buildings are located, including Majlis Bandaraya Alor Setar, Bangunan KWSP, Bangunan Simpanan Nasional, Menara Sentosa and Universiti Tun Abdul Razak.

Alor Setar is the capital city of Kedah and one of the region's oldest cities. It is a distribution center for manufacturing and agricultural products such as rice. Alor Setar is also the royal town of the Kedah State.

Address

Lot 162 & 163, Jalan Tunku Ibrahim,
05000 Alor Setar, Kedah Darul Aman

Title Details

Held under Master Title H.S. (D) 21920,
P.T. 6282, H.S. (D) 21921, P.T. 6283, H.S.
(D) 21922, P.T. 6284, all in Town of Alor
Setar, District of Kota Setar, State of
Kedah Darul Aman

Property type

Hotel

Description

A 21-storey hotel with 156-rooms with sub-basement level within a development also known as City Plaza

Age of property

Approximately 27 years

Tenure of Master Title

Leasehold for 99 years

Unexpired lease

Approximately 86 years (Master Title)

Tenancy period

-

Gross Floor Area

112,322 sq.ft.

Existing use

Vacant since 2018

Date of acquisition

26 February 2007

Cost of acquisition

RM31,000,000.00

Valuation as at December 2022

RM25,000,000.00

Valuer

Rahim & Co. International Sdn Bhd

Carrying Amount

RM25,000,000.00

Master Lessee

Vacant since June 2018

Occupancy rate

0%

Property Manager

Hartamas Asset Management Sdn Bhd

MESSAGE FROM THE CHAIRMAN



DATUK MOHD RADZIF BIN MOHD YUNUS
Chairman

Dear Unitholders,

On behalf of the Board of Directors of AmanahRaya-Kenedix REIT Manager Sdn Bhd (AKRM), the Manager of AmanahRaya Real Estate Investment Trust (ARREIT), it is my pleasure and privilege to present the Annual Report and Audited Financial Statements for the financial year ended 31 December 2022 (FY2022).

The year 2022 has seen the global and domestic economies and markets reopening. In Malaysia, lockdown measures began to ease at the beginning of the year and movement restrictions were no longer in place. This has painted an environment for people returning to daily activities outside of their homes and gradually spurring economic recovery.

In the midst of a slow recovery from the COVID-19 pandemic, geopolitical events and tensions during the year undermined spending sentiments, destabilised supply chains, hiked up energy prices, and drove inflation up around the world. Malaysian has not been spared and many industries have seen a need to rethink their strategies, innovating and adapting their business models to a newer business environment.

OVERVIEW OF THE ECONOMY AND ASSOCIATED SECTORS

The Malaysian economy experienced an estimated 8.8% growth during 2022, attributable to a boost in spending sentiments as well as the resumption of business activities and investments due to the reopening of the economy and country borders. That said, the growth boost is expected to be temporary. Overall consumer sentiment seemed to have improved compared to the pandemic times but remains to be clouded by weak economic fundamentals at the global and domestic levels.

MESSAGE FROM THE CHAIRMAN

(CONT'D)



The retail segment experienced significant boost from the reopening of economy, owing to greater desire to spend after more than 2 years of movement restrictions of various degrees.

In total, the Bank Negara Malaysia has put into effect an increase of 100 basis points to the nation's overnight policy rate ("OPR"). This has resulted in higher financing costs and increased the cost of doing business in Malaysia. On the other hand, the Federal Reserve of the United States raised the interest rate by approximately 450 basis points, resulting in Malaysia being a comparatively less desirable place for foreign investments as well as having relatively weaker purchasing power for the Ringgit.

In Malaysia, corporates and businesses grappled with the intricate act of balancing between work-from-home arrangements and requiring employees to work in the office. A hybrid working model, coupled with technological capabilities, enables employees and teams to work together anywhere outside the office, and this may also help businesses achieve better cost efficiencies. This has pressured the demand for office spaces amidst a general oversupply in the Klang Valley.

Following the reopening of Malaysia's borders during the year, as well as the lifting of movement restrictions, the education sector has seen students physically going back to colleges and universities gradually. This also means that colleges and universities are more prepared to welcome international students. That said, the long-term impact of widespread acceptance of online courses to the higher education business model remains uncertain. One may expect greater adoption of online engagement platforms but how the use of physical college or university space will evolve can only be clearer over time.

The retail segment experienced a significant boost from the reopening of the economy, owing to a greater desire to spend after more than 2 years of movement restrictions of various degrees. The phenomenon was expected to be a short-term effect. In addition, the pandemic has driven consumers' familiarity with online shopping, and this may affect the relevance of brick-and-mortar retail stores as consumers' spending behaviour changes.

During FY2022, supply chains have experienced disruptions and volatilities due to the war in Ukraine, the ensuing sanctions in Russia, continuous zero-COVID lockdown measures in the People's Republic of China, and others. These supply chain challenges have generally caused challenges to businesses including the retail and manufacturing segments, on top of high inflation rates and rising prices around the world. These issues are expected to continue to have a significant bearing on the performance of these segments moving forward.

Similarly, the manufacturing segment continued to face workforce management challenges after the pandemic left a vacuum in the foreign labour workforce supply in Malaysia. Furthermore, higher minimum wage and the Federal Government's intention to reduce reliance on foreign labour are putting pressure on conventional manufacturing businesses to transition to greater automation and higher efficiency in order to sustain in the long term.

MESSAGE FROM THE CHAIRMAN

(CONT'D)



PERFORMANCE OVERVIEW

During FY2022, ARREIT recorded a net property income of RM56.19 million, 16.90% lower than the previous financial year. This is largely attributable to lower rental income from the REIT's office space rental, particularly Vista Tower. The occupancy at Vista Tower dropped to 45% because one of its anchor tenants had decided not to renew their tenancy which ended during the year. The challenging office rental market is a widespread phenomenon in Klang Valley.

During the year, the disposal of South City Plaza has been completed. On the other hand, Toshiba TEC, the master tenant of our Toshiba TEC property had decided not to renew their existing lease in efforts to reduce their operational cost which had been impacted from the Covid-19 pandemic. These events had also contributed to lower rental income for the REIT in FY2022.

ARREIT recorded a realised income before taxation of RM15.23 million for FY2022, after accounting for RM57.44 million in expenses which include higher building and maintenance expenses and higher financing costs during the year due to increased interest rates. Building and maintenance expenses were also slightly higher as compared to FY2021 as there were fewer building and maintenance activities in 2021 due to movement restrictions.

As at 31 December 2022, the fair value of ARREIT's investment portfolio stood at RM1,240 million, marking a 9.43% decrease from RM1,369 million in FY2021. The decrease is mainly contributed by a reclassification of asset held for sale amounting to RM125 million.

ARREIT continued to maintain a healthy and robust financial position, with a gearing ratio of 45.04% as at 31 December 2022, below the mandated threshold of 50%.

MOVING FORWARD

The broader global economic environment is expected to continue to face changes and challenges, including intensified climate actions, possible fundamental shifts in supply chains due to geopolitical events and tensions, adoption of technologies, and the possible emergence of new industries. These events will change how businesses use building spaces, especially office and industrial spaces.

ARREIT's management team undertakes ongoing engagement with tenants and potential tenants to understand their changing needs in relation to building spaces. Assessments were also conducted with an aim to enable greater flexibility in our buildings to fit the needs of the market while balancing the cost-benefit equation of any relevant investment or expenditure.

This is on top of the management team's ongoing efforts to continuously engage with tenants to develop sustainable relationships where building spaces are able to support the tenants' needs and functions. Initiatives will also continue to be undertaken to achieve operational efficiency, especially in terms of the sustainable use of buildings, such as energy management and water management. To this end, ARREIT's management team will continue to foster close engagements with property managers.

MESSAGE FROM THE CHAIRMAN (CONT'D)



CHANGES IN THE BOARDROOM AND MANAGEMENT

On behalf of the Board, I welcome Puan Aida Mosira Binti Mokhtar who was appointed as an Independent Director on 30 August 2022. I also welcome Dato' Mohammed Noor Azmall bin Jamaluddin, Encik Wan Azman bin Ismail and Ms Nguyen Thi Hoang Hanh who joined the Board of AKRM on 3 January 2023 and 31 January 2023 respectively. With their characters, experiences, and expertise, the Board is confident that they will contribute to the effective functioning of the Board.

I am also pleased to welcome YM Tunku Rozita binti Tunku Abdul Malek to the position of Managing Director of AKRM. She was appointed as an Independent Director on 31 January 2022 and was redesignated and appointed as the Managing Director on 12 December 2022.

The Board would also like to express its appreciation to Encik Mahadzir bin Azizan, Dato' Haji Che Pee Bin Samsudin and Encik Zulazman Bin Zulkifli who retired on 3 January 2023 for their contributions to the Board as Independent Non-Executive Directors. My thanks also go to Mr Keisuke Ogawa, our Kenedix Asia Pte Ltd partner for the contributions during his tenure as Non-Independent Non Executive Director of AKRM.

ACKNOWLEDGEMENTS

I wish to thank my fellow Board members, Committee members, the Management, and our employees for their hard work and dedication in enabling the continuous value creation of ARREIT, including but not limited to financial, human capital, and societal values created through the REIT's business and operations. I wish to also thank our unitholders, tenants, and business partners for your continuous support.

Initiatives will also continue to be undertaken to achieve operational efficiency especially in terms of the sustainable use of buildings, such as energy management and water management.

PROFILE OF THE BOARD OF DIRECTORS



1

**DATUK MOHD RADZIF BIN
MOHD YUNUS**

Non-Independent
Non-Executive Director (Chairman)



2

**SHAHLAN BIN MD SHUKOR
@ KADARI**

Non-Independent
Non-Executive Director



3

NAOTO KOJIMA

Non-Independent
Non-Executive Director



4

**YM TUNKU ROZITA BINTI
TUNKU ABDUL MALEK**

Non-Independent
Executive Director



5

AIDA MOSIRA MOKHTAR

Independent
Non-executive Director



6

**DATO' MOHAMMED NOOR
AZMALL BIN JAMALUDDIN**

Independent
Non-Executive Director



7

WAN AZMAN BIN ISMAIL

Independent
Non-Executive Director



8

NGUYEN THI HOANG HANH

Non-Independent
Non-Executive Director

PROFILE OF THE BOARD OF DIRECTORS

(CONT'D)

1	2
<p>DATUK MOHD RADZIF BIN MOHD YUNUS Non-Independent, Non-Executive Director</p> <p>Nationality / Age / Gender: Malaysian / 65 / Male</p> <p>Date of Appointment:</p> <ul style="list-style-type: none"> 31 January 2022 (Independent, Non-Executive Director) 3 January 2023 (re-designated as Chairman, Board of Director) <p>Present Directorship:</p> <p>Listed Company</p> <ul style="list-style-type: none"> Nil <p>Other Public Companies</p> <ul style="list-style-type: none"> DuoPharma BioTech Berhad Heitech Padu Berhad Amanah Raya Berhad 	<p>SHANLAN BIN MD SHUKOR @ KADARI Non-Independent, Non-Executive Director</p> <p>Nationality / Age / Gender: Malaysian / 51 / Male</p> <p>Date of Appointment:</p> <ul style="list-style-type: none"> 1 June 2020 (Non-Independent, Non-Executive Director) <p>Present Directorship:</p> <p>Listed Company</p> <ul style="list-style-type: none"> Syarikat Jaminan Kredit Perumahan Berhad Syarikat Jaminan Pembiayaan Perniagaan Berhad <p>Other Public Companies</p> <ul style="list-style-type: none"> Pengurusan Danaharta Nasional Berhad Nil
<p>Board Committee Membership:</p> <ul style="list-style-type: none"> Nil <p>Working Experience and Occupation:</p> <p>Datuk Mohd Radzif has held various leadership positions in healthcare, banking, property consultancy, real estate development, construction and investment. In 2003, he was appointed as the Chief Executive Officer of Institut Jantung Negara Sdn. Bhd. He then assumed the position as Group Managing Director of IJN Holdings Sdn. Bhd. in 2006 prior to his appointment as Managing Director of Small Medium Enterprise Development Bank Malaysia (SME Bank) in 2010.</p> <p>Subsequently, in 2014, he was redesignated as Group Managing Director of SME Bank, the last executive post he held until June 2017. He was awarded the Malaysian Business Leadership Award for Healthcare in 2009. In 2015, he was accorded the CEO of the Year award by the Association of Development Financing Institutions in Asia and the Pacific in recognition of his remarkable achievement in transforming SME Bank.</p> <p>Datuk Mohd Radzif currently sits on the Boards of DuoPharma Biotech Berhad and Heitech Padu Berhad.</p> <p>Academic/ Professional Qualifications:</p> <ul style="list-style-type: none"> Member Institute of Corporate Directors Malaysia Certified Risk Director by Institute Enterprise Risk Management Registered Valuer, Real Estate Professional and Property Manager, Board of Valuers Malaysia Bachelor's Degree in Applied Science Property Resource Management with Finance, University of South Australia, Australia Diploma in Land Survey, Universiti Teknologi Malaysia <p>Declarations:</p> <ul style="list-style-type: none"> No family relationship with any Director/ Major Shareholder of AmanahRaya-Kenedix REIT Manager Sdn Bhd No conflict of interest with AmanahRaya-Kenedix REIT Manager Sdn Bhd Never been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022 	<p>Board Committee Membership:</p> <ul style="list-style-type: none"> Nil <p>Working Experience and Occupation:</p> <p>Shahlan holds a Degree in Accounting from University Teknologi MARA (UiTM) and is a member of the Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA).</p> <p>He started his career in 1995 as an Audit Assistant in Azman, Wong, Salleh & Co (Public Accountants) in Kuala Lumpur. In year 2001, he joined Perbadanan Nasional Bhd as an Investment Monitoring Executive and he continued his career with Keretapi Tanah Melayu Bhd (KTMB) in 2004 as an Auditor in the Internal Audit Department.</p> <p>He began his career as an Accountant in the Government sector since 2005. His extensive experience includes serving at various Government departments including Accountant General's Department of Malaysia Putrajaya (HQ), Accountant General's Department of Malaysia State of Selangor, Selangor State Health Department and Marine Department Malaysia.</p> <p>He is currently the Principal Assistant Secretary, Government Investment Company Division (GIC), Ministry of Finance.</p> <p>Academic/ Professional Qualifications:</p> <ul style="list-style-type: none"> Bachelor Degree in Accounting, Universiti Teknologi MARA Member of the Chartered Accountant, Malaysian Institute of Accountants (MIA) <p>Declarations:</p> <ul style="list-style-type: none"> No family relationship with any Director/ Major Shareholder of AmanahRaya-Kenedix REIT Manager Sdn Bhd No conflict of interest with AmanahRaya-Kenedix REIT Manager Sdn Bhd Never been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022

PROFILE OF THE BOARD OF DIRECTORS

(CONT'D)

3

NAOTO KOJIMA
Non-Independent, Non-Executive Director

Nationality / Age / Gender:

Japanese / 61 / Male

Date of Appointment:

- 31 January 2022 (Non-Independent, Non-Executive Director)

Present Directorship:

Listed Company

- Nil

Other Public Companies

- Nil

4

YM TUNKU ROZITA BINTI TUNKU ABDUL MALEK
Non-Independent, Executive Director

Nationality / Age / Gender:

Malaysian / 54 / Female

Date of Appointment:

- 31 January 2022 (Independent, Non-Executive Director)
- 12 December 2022 (re-designated as Non-Independent, Executive Director and appointed as Managing Director of AmanahRaya-Kenedix REIT Manager Sdn Bhd)

Present Directorship:

Listed Company

- Nil

Other Public Companies

- Nil

Board Committee Membership:

- Member, Investment Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Member, Tender Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd

Working Experience and Occupation:

Naoto Kojima started his career in April 1986 as Assistant Manager/Manager in Nippon Life Insurance Company. Since May 1991 until March 1996, he joined NLI International Limited in the U.K. (wholly owned subsidiary of Nippon Life) as an Associate Director. In the middle of his tenure as Associate Director, Naoto Kojima was appointed as a Delegate for Nippon Life in Banco Bilbao Vizcaya in Spain from October 1992 to December 1992.

In April 1996, Naoto Kojima was promoted as a Chief Manager in Nippon Life Insurance Company and continue the position for a period of two (2) years until March 1998. In April 1998 until March 2000, Naoto Kojima served NLI Properties East, Inc in the U.S.A. as a Senior Vice President. Naoto Kojima then continued his career as a President in NLI Properties West, Inc. in the U.S.A. from April 2000 to September 2002.

Subsequently, Naoto Kojima joined Ikoma CB Richard Ellis K.K. as a Senior Consultant from November 2002 until March 2004. In April 2004 until March 2006, Naoto Kojima joined AMB Blackpine as a Director, Acquisition. In April 2006, Naoto Kojima then joined Kenedix Inc as a Senior Manager/General Manager.

Since October 2021, Naoto Kojima has been serving as Chief Executive Officer of Kenedix Asia Pte. Ltd.

Academic/ Professional Qualifications:

- Bachelor of Arts (Spanish Language, International Law), Kobe City University of Foreign Studies, Japan

Declarations:

- No family relationship with any Director/Major Shareholder of AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Chief Executive Officer at Kenedix Asia Pte. Ltd.
- Never been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022

Board Committee Membership:

- Nil

Working Experience and Occupation:

YM Tunku Rozita began her career as a Business Manager in NCR (M) Sdn Bhd and was responsible for the sale of ATMs to various financial institutions. Since October 1994 until September 2011, she joined CIMB as Senior Vice-President, Institutional Sales. YM Tunku Rozita continue her career with Rohfe Trading Sdn Bhd as a Director that specialized in Sales of Biodegradable Degreaser mainly to ports from October 2011 to December 2012.

Subsequently, from January 2013 until December 2016, she joined RNS Distributor Sdn Bhd as a Partner that responsible for the daily operations, trading sales and marketing for Halal products. Her main clients was Kemaman Supply Base and Malaysia Airlines Berhad. From January 2017 until September 2020, YM Tunku Rozita joined Inspire UK as a Commercial Representative for Southeast Asia.

YM Tunku Rozita also serves as Consultant at Capillary Technologies, Business Development Representative at RAPL Asian Sdn Bhd and Independent Director at Aberdeen Standard Islamic Investments (M) Sdn Bhd.

YM Tunku Rozita currently serves as Managing Director of AmanahRaya-Kenedix REIT Manager Sdn Bhd.

Academic/ Professional Qualifications:

- Member of 30% Club
- Member Institute of Corporate Directors Malaysia
- Was a member of LeadWomen Sdn Bhd
- Bachelor of Science Management Information System, Indiana University of Pennsylvania

Declarations:

- No family relationship with any Director/Major Shareholder of AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Managing Director of AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Never been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022

PROFILE OF THE BOARD OF DIRECTORS

(CONT'D)

5 AIDA MOSIRA MOKHTAR Independent, Non-Executive Director

Nationality / Age / Gender:

Malaysian / 49 / Female

Date of Appointment:

- 30 August 2022 (Independent, Non-Executive Director)

Present Directorship:
Listed Company

- Ocean Vantage Holdings Berhad
- AGX Group Berhad

Other Public Companies

- MIMOS Berhad

Board Committee Membership:

- Chairperson, Tender Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Member, Audit Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd

Working Experience and Occupation:

Aida Mosira Binti Mokhtar ("Aida Mosira") was appointed as Independent Non-Executive Director of AmanahRaya-Kenedix REIT Manager Sdn Bhd on 30 August 2022.

Aida Mosira is a fellow member of The Association of Chartered Certified Accountants (FCCA), Chartered member of MIA (CA (M)), Chartered Islamic Finance Professional (CIFP) and certified Islamic Financial Planner (IFP). She graduated in Economics (Accounting & Finance) from The London School of Economics and Political Science (LSE).

Her professional milestones span across industries such as corporate treasury, asset management, oil & gas, aviation, professional services and management consulting. She has over 20 years' experience in various senior positions in advisory and strategic roles in companies like Petrolam Nasional berhad (PETRONAS), Malaysian Airline System (MAS), Aberdeen Islamic Asset Management Sdn Bhd and Deloitte Risk Advisory Sdn Bhd in the areas of finance (investment, treasury, fund management, Islamic finance), risk management, strategic planning and consulting.

Currently, she sits on several boards of government and listed companies such as Ocean Vantage Holdings Berhad, AGX Group Berhad and MIMOS Berhad.

Academic/ Professional Qualifications:

- Fellow member of The Association of Chartered Certified Accountants (FCCA)
- Chartered member of The Malaysian Institute of Accountants (CA (M))
- The Chartered Islamic Finance Professional (CIFP) – equivalent to Masters' degree
- Islamic Financial Planner (IFP)
- BSc. (Hons) Economics (Accounting & Finance), The London School of Economics & Political Science (LSE), United Kingdom

Declarations:

- No family relationship with any Director/ Major Shareholder of AmanahRaya-Kenedix REIT Manager Sdn Bhd
- No conflict of interest with AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Never been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022

6 DATO' MOHAMMED NOOR AZMALL BIN JAMALUDDIN Independent, Non-Executive Director

Nationality / Age / Gender:

Malaysian / 47 / Male

Date of Appointment:

- 3 January 2023 (Independent, Non-Executive Director)

Present Directorship:
Listed Company

- Nil

Other Public Companies

- Nil

Board Committee Membership:

- Chairman, Investment Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Member, Tender Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd

Working Experience and Occupation:

Dato' Mohammed Noor Azmall Bin Jamaluddin ("Dato' Azmall") was appointed as an Independent Non-Executive Director of AmanahRaya-Kenedix REIT Manager Sdn Bhd on 3 January 2023.

Dato' Azmall holds a Bachelor of Arts (Hons) Architectural Studies Degree from University of Liverpool John Moores, UK (RIBA Part 1), Post Graduate Diploma in Architecture (RIBA Part 2) and Masters of Science in Architecture: Computing and Design from University of East London, UK and subsequently Post Graduate Certificate of Professional Practice in Architecture from University of Westminster London, UK (RIBA Part 3). He is a Professional Architect by profession and a registered member of the Royal Institute of British Architects.

Dato' Azmall spent a total of 16 years studying and working in the United Kingdom prior his return to Malaysia in 2010. His previous work experiences covered his employment with Reid Architecture Ltd, London from 2002 to 2006 as an Architectural Assistant, 3D Architects Ltd, in London from 2006 to 2007 as a Project Architect, 3DReid Ltd in London from 2007 to 2010 as an Associate Director and from 2010 to 2012 as a Regional Director based in Kuala Lumpur where he was instrumental in planning and setting up 3DReid's international expansion in Asia Pacific region.

He is the Founder and Chief Executive Officer of BIMASIA - the leading BIM (Building Information Modelling) Consulting in Asia and also the Founder and Managing Director of 3D Architecture (formerly known as 3DReid International).

Academic/ Professional Qualifications:

- Post Graduate Certificate of Professional Practice in Architecture (RIBA Part 3), University of Westminster, London, United Kingdom
- Post Graduate Diploma in Architecture (RIBA Part 2) and Masters of Science in Architecture: Computing and Design, University of East London, United Kingdom
- Bachelors of Arts (Hons) Architectural Studies (RIBA Part 1), Liverpool John Moores University, Liverpool, United Kingdom

Declarations:

- No family relationship with any Director / Major Shareholder of AmanahRaya-Kenedix REIT Manager Sdn Bhd
- No conflict of interest with AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Never been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022

PROFILE OF THE BOARD OF DIRECTORS

(CONT'D)

7

WAN AZMAN BIN ISMAIL
Independent, Non-Executive Director

Nationality / Age / Gender:

Malaysian / 59 / Male

Date of Appointment:

- 3 January 2023 (Independent, Non-Executive Director)

Present Directorship:

Listed Company

- Nil

Other Public Companies

- Nil

Board Committee Membership:

- Chairman, Audit Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Member, Investment Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd

Working Experience and Occupation:

Wan Azman Bin Ismail ("Wan Azman") was appointed as an Independent Non-Executive Director of AmanahRaya-Kenedix REIT Manager Sdn Bhd on 3 January 2023.

He started his career in 1990 as a Manager in Permata Merchant Bank Berhad. In year 1996, he joined BSN Merchant Bank Berhad as a Senior Manager and later continued his career with Johor Corporation in 1999 as a Senior Manager which responsible for managing and advising on corporate finance functions of Johor Corporation.

Wan Azman then continued his career as a General Manager at Damansara Realty in 2001 and ultimately assumed the Managing Director position in 2013. He then served back Johor Corporation in 2014 until 2017 as a Vice President. In 2017, he was appointed as Chief Executive Officer of Damansara REIT Managers Sdn Bhd until June 2022.

Academic/ Professional Qualifications:

- Diploma in Learning Disorders Management & Child Psychology, College of Allied Educators 2016
- BA Hons in Accounting & Financial Analysis, University of Newcastle upon Tyne 1988
- A Levels, Norfolk College of Arts & Technology 1984

Declarations:

- No family relationship with any Director/ Major Shareholder of AmanahRaya-Kenedix REIT Manager Sdn Bhd
- No conflict of interest with AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Never been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022

8

NGUYEN THI HOANG HANH
Non-Independent, Non-Executive Director

Nationality / Age / Gender:

Vietnamese / 39 / Female

Date of Appointment:

- 31 January 2023 (Non-Independent, Non-Executive Director)

Present Directorship:

Listed Company

- Nil

Other Public Companies

- Nil

Board Committee Membership:

- Member, Audit Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Member, Investment Committee, AmanahRaya-Kenedix REIT Manager Sdn Bhd

Working Experience and Occupation:

Nguyen Thi Hoang Hanh ("Hanh Nguyen") was appointed as Non-Independent Non-Executive Director of AmanahRaya-Kenedix REIT Manager Sdn Bhd on 3 January 2023.

Hanh Nguyen started her career in 2007 as a Senior Consultant for Tax and Corporate Services in KPMG Vietnam, involved in several tax advisory projects to clients for the professional firm until 2009. After gaining MBA qualification at National University of Singapore from 2009 to 2011, she joined CapitaLand Group from 2011 to 2014 and involved in investment and asset management activities, as well as project financing for the Group's residential and mixed-use projects in Singapore and Vietnam.

Subsequently, she continued her career as a Manager, Research & Consulting at CBRE Asia Pacific in 2014 where she provided consultancy for several large-scale projects in different real estate asset classes in Vietnam as well as Indochina markets to international real estate developers and investors. She also served Fragomen Singapore Pte. Ltd. in 2016 until 2017 as a Consultant, Asia Pacific Coordination Centre.

Since June 2017, Hanh Nguyen has been serving Kenedix Asia Pte. Ltd as a Manager and later promoted to Senior Manager in 2021.

Academic/ Professional Qualifications:

- Bachelor of Arts in International Business, Foreign Trade University, Hanoi, Vietnam
- Master of Business Administration (Specialised in Real Estate), National University of Singapore

Declarations:

- No family relationship with any Director/ Major Shareholder of AmanahRaya-Kenedix REIT Manager Sdn Bhd
- Senior Manager at Kenedix Asia Pte. Ltd.
- Never been convicted of any offence within the past five years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022

PROFILE OF THE BOARD OF DIRECTORS

(CONT'D)

Family Relationship with any Director and/or Substantial Unitholder

None of the Directors of the Manager has any family relationship with any other Directors or Substantial Unitholders.

Conflict of Interest

Save for the following, none of the Directors of AmanahRaya REIT has conflict of interest during the financial year under review.

- Shahlan bin Md Shukor is the Nominee of the Ministry of Finance of Malaysia, which is a major shareholder of Amanah Raya Berhad.
- Nguyen Thi Hoang Hanh and Naoto Kojima are the representative of Kenedix Asia Pte. Ltd.

Convictions for Offences

None of the Directors have been convicted for offences within the past ten (10) years.

Attendance at Board of Director's Meetings

The Board of Directors of AmanahRaya-Kenedix REIT Manager Sdn Bhd currently comprises of eight (8) directors.

During the financial year, the Board met eight (8) times, four (4) of which were special board meetings. The number of meetings attended by each Director is as follows:-

Directors	Number of Board meetings held during Directors' tenure in office	Number of meetings attended by Directors
Datuk Mohd Radzif Bin Mohd Yunus (Appointed/Re-designated as Chairman w.e.f. 3 January 2023)	8	7
YM Tunku Rozita Binti Tunku Abdul Malek (Re-designated as Managing Director w.e.f. 12 December 2022)	8	7
Shahlan bin Md Shukor @ Kadari	8	8
Keisuke Ogawa	8	8
Naoto Kojima	8	7
Aida Mosira Binti Mokhtar (Appointed w.e.f. 30 August 2022)	1	1
Wan Azman Bin Ismail (Appointed w.e.f. 3 January 2023)	-	-
Dato' Mohammed Noor Azmall Bin Jamaluddin (Appointed w.e.f. 3 January 2023)	-	-
Nguyen Thi Hoang Hanh (Appointed w.e.f. 31 January 2023)	-	-
Mahadzir bin Azizan (Resigned w.e.f. 31 December 2022)	8	8
Dato' Haji Che Pee bin Samsudin (Resigned w.e.f. 31 December 2022)	8	7
Zulazman bin Zulkifli (Resigned w.e.f. 31 December 2022)	8	7

PROFILE OF INVESTMENT COMMITTEE MEMBERS

INVESTMENT COMMITTEE

Dato' Mohammed Noor Azmall Bin Jamaluddin (Chairman)
(Please refer to page 32 for profile)

Wan Azman Bin Ismail
(Please refer to page 33 for profile)

Naoto Kojima
(Please refer to page 31 for profile)

Nguyen Thi Hoang Hanh
(Please refer to page 33 for profile)

Save for the following, no conflict of interest has arisen between the Investment Committee Members and AmanahRaya REIT during the financial year under review.

- Naoto Kojima and Nguyen Thi Hoang Hanh are the representative of Kenedix Asia Pte. Ltd.

Convictions for Offences

None of the Investment Committee Members have been convicted for offences within the past ten (10) years.

Attendance at Investment Committee Meetings

The Investment Committee currently comprises of four (4) members, of which two (2) are Independent members and two (2) are Non-Independent members.

During the financial year, no Investment Committee Meeting was held as no investment was made by ARREIT.

CORPORATE CALENDAR 2022



1. 10th ANNUAL GENERAL MEETING

The tenth Annual General Meeting ("AGM") of AmanahRaya Real Estate Investment Trust ("ARREIT") was held as a fully virtual meeting through live streaming and online remote voting on 31 March 2022 from the broadcast venue at 1st Floor, Wisma AmanahRaya, No.2 Jalan Ampang, 50508 Kuala Lumpur. During the AGM, the management presented the achievements of ARREIT for the year 2021 to all the unitholders.

The AGM was fully virtual considering the COVID-19 pandemic and as part of the care and safety measures control for the well-being of unitholders of ARREIT as well as employees of AmanahRaya-Kenedix REIT Manager Sdn Bhd (the Manager") and the members of the Board of Directors of ARREIT.

The Voting of all resolutions set out in the notice of the 10th AGM was conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. Chairman and all Directors of the Manager were present at the 10th AGM to engage with Unitholders. Besides, the Trustee, the Management Team and external auditors were in attendance of ARREIT and encouraged unitholders to participate in the Q&A session.

2. Corporate Social Responsibility Programme 2022 - Forest Grow & Restore

AmanahRaya-Kenedix REIT Manager has chosen to carry out CSR activity at Taman Botani Negara, Shah Alam (TBNSA) on 1st December 2022. This Programme is conducted with the supervision from *Planters*, a NGO who have conducted various projects for reforestation which allow allows for the accelerated development of forest structure, species composition, and canopy that provides many benefits including wildlife habitat, clean and abundant water, carbon sequestration, forest wood products for consumers, forested recreation opportunities, and maintenance of soil.

3. Disposal of Block A&B, South City Plaza, Seri Kembangan

On 31 May 2021, Pacific Trustees Berhad, the Trustee of AmanahRaya REIT entered into a Sale and Purchase Agreement with NEP Holding (Malaysia) for the disposal of Block A&B, South City Plaza, Seri Kembangan. *Completed in August 2022*

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors of AmanahRaya-Kenedix REIT Manager Sdn. Bhd., the Manager of AmanahRaya Real Estate Investment Trust ("ARREIT") is pleased to present the Annual Report of ARREIT and the Audited Financial Statements of ARREIT for the financial period ended 31 December 2022.

ABOUT ARREIT AND AMANAHRAYA-KENEDIX REIT MANAGER SDN. BHD.

AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "ARREIT" or "the Trust") is a Malaysia domiciled real estate investment trust constituted between AmanahRaya-Kenedix REIT Manager Sdn. Bhd. ("the Manager" or "AKRM") and CIMB Islamic Trustee Berhad. On 13 May 2019, the Manager, CIMB Islamic Trustee Berhad ("Retiring Trustee") and Pacific Trustees Berhad ("New Trustee" or "the Trustee") entered into a supplementary deed to effect the change of trustee of AmanahRaya REIT from the Retiring Trustee to the New Trustee. The change of trustee took effect on 21 May 2019 upon the registration and lodgement of the Supplementary Deed with the Securities Commission on 24 May 2019.

Subsequently, the Manager entered into an Amended and Restated Trust Deed dated 5 December 2019 ("the Trust Deed") with the Trustee which has been registered and lodged with the Securities Commission on 10 January 2020 and 16 January 2020, respectively, in compliance with the amendments made to the Securities Commission's Guidelines on Listed Real Estate Investment Trusts. The Trust Deed is regulated by 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. AmanahRaya REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provision of Clause 26 of the Trust Deed dated 10 October 2006. AmanahRaya REIT is listed on the Main Market of Bursa Malaysia Securities Berhad.

INVESTMENT STRATEGIES AND POLICIES

The Manager's investment strategy seeks to acquire properties that are able to provide strong, continuous and sustainable returns with stable growth potential in terms of rental yield and capital values. The acquisition and assessment of properties follows a stringent policy involving site visits, financial analysis, preliminary technical and legal due-diligence, risk assessment and market studies before being proposed to the Investment Committee and Board of Directors for their endorsement. The criteria for investment include the following:

Location

The location is evaluated based on its proximity within established Central Business District, industrial zones, populated areas as well as accessibility to and from major roads, highways and public transportation systems such as LRT, buses, etc.

Price and Rental Yield

Rental yields in relation to the value is a key criterion. As such, the Manager closely looks at net rental yields of above 6% depending on the quality or condition of the property being considered, location and type of properties. New acquisitions must be able to deliver accretive yields and capital growth that translate to strong and sustainable returns to the Unitholders.

Quality Properties

The Manager strives towards acquiring high quality properties that are in a good tenable condition. A technical due diligence exercise, which includes examining the condition of mechanical and electrical equipment and structural components are conducted by the Manager's appointed consultants prior to completing any acquisition. All properties acquired must also comply with the requirements and guidelines set by relevant authorities.

Diversified Portfolio

ARREIT's strength lies on the diversity of its portfolio. Diversification allows the Manager to cushion the impact of any adverse condition in a particular sector or locality. ARREIT will continue to adopt this strategy while focusing on four main commercial sectors namely industrial, retail, office and education.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

Covenant's strength

Covenant strength which mainly focuses on tenant profiling is important to mitigate the risk of rental default especially in a single tenancy arrangement. In addition, the Manager will conduct a due diligence exercise on the financial strength of the prospective tenants and its operations. The risk of rental default is also mitigated by having security deposits up to 6 months.

FINANCIAL REVIEW

FUND'S PERFORMANCE

In 2022, ARREIT recorded a net property income of RM56.19 million against RM67.62 million in the previous year. The decrease was mainly contributed by the decrease in rental income from Vista Tower, followed by Toshiba TEC and Dana 13.

Meanwhile, ARREIT's property operating expenses also saw an increase to RM21.66 million from RM18.95 million in the previous year. This is mainly due to increase from service contracts and maintenance costs which was delayed in the previous year due to the Covid-19 situation.

Following the annual revaluation exercise, ARREIT recognised a loss from fair value adjustments of the investment properties amounting to RM6.46 million in comparison to a gain from fair value adjustment of the investment properties amounting to RM0.98 million in 2021.

The decrease in fair value adjustment of the investment properties in 2022 was mainly contributed from decline in fair value of Dana 13, Vista Tower, Ex- Holiday Villa Alor Setar, and Toshiba TEC amounting to RM11.0 million. However, the decrease is mitigated by the increase in fair value from Holiday Villa Langkawi, Selayang Mall, RHF Stone Factory, HELP and SEGi University.

Meanwhile, ARREIT's expenses saw a decrease by 5.6% to RM35.8 million as compared to RM37.9 million in the previous year. The increase was mainly due to the loss of impairment from the disposal of South City Plaza, followed by the increase in finance cost, and administrative expenses. Overall, net realised income in 2022 decreased to RM21.7 million as compared to RM30.6 million in the previous year.

Review of Performance

	2022	2021	2020	2019	2018
Total Asset Value (RM)	1,412,293,431	1,430,844,387	1,434,826,370	1,471,855,117	1,499,264,735
Total Net Asset Value (RM)	735,788,163	745,605,427	746,851,505	776,591,192	775,213,754
Units in Circulation (units)	573,219,858	573,219,858	573,219,858	573,219,858	573,219,858
Net Asset Value Per unit (RM)	1.284	1.301	1.303	1.355	1.352
Highest Net Asset Value Per Unit (RM)	1.308	1.321	1.361	1.364	1.397
Lowest Net Asset Value Per Unit (RM)	1.284	1.301	1.303	1.354	1.352
Market Price per unit (RM) as at 31 December	0.59	0.66	0.66	0.74	0.82
Highest Traded Price for the Twelve Months Period (RM)	0.69	0.71	0.77	0.87	0.92
Lowest Traded Price for the Twelve Months Period (RM)	0.57	0.64	0.51	0.73	0.82

Results of ARREIT's Performance

	2022	2021	2020	2019	2018
Total Gross Rental Income	77,855,200	86,252,295	91,516,844	95,877,818	96,684,553
Total Property Expenses	21,660,075	18,948,164	19,359,656	16,210,440	(17,673,739)
Net Property Income (NPI)	56,195,125	67,620,823	72,645,326	80,665,650	79,570,299
Interest and Other Income	1,408,701	1,202,330	735,044	1,186,193	1,428,555
Total Non-Property Expenses	(35,780,962)	(37,902,449)	(42,184,741)	(42,985,977)	(45,473,626)
Realised Earnings	21,686,984	30,604,012	30,707,491	37,136,577	37,965,743
Changes in Fair Value of Investment Properties	(6,455,432)	981,226	(38,107,358)	3,116,979	49,148,296
Earnings Before Taxation	15,231,552	31,425,238	(7,399,867)	35,494,133	81,250,462
Taxation*	NIL	NIL	NIL	NIL	NIL
Earnings After Taxation	12,300,552	31,425,238	(7,399,867)	35,494,133	81,250,462

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

	2022	2021	2020	2019	2018
Earnings Per Unit (EPU) after Taxation (sen) (Realised + Unrealised)	2.146	5.482	(1.29)	6.19	14.17
EPU Yield (%) (Based on Closing Market Price)	3.64	8.31	(1.96)	8.36	17.28
Distribution Per Unit (DPU) (sen)	3.405	5.026	5.084	6.200	6.100
Distribution Yield (%)	5.77	7.62	7.70	8.38	7.44
MER (%)	1.16	1.08	1.17	1.35	1.20
Annual Total Return (%)**	5.40	8.15	7.89	7.73	7.23
Annual Total Return (3 years) (%)	7.15	7.92	7.62	6.92	6.50
Annual Total Return (5 years) (%)	7.22	7.36	7.02	6.79	6.91

* ARREIT distributed at least 90% of the realised and distributable income and thus, its total income for the year is exempted from tax pursuant to Section 61A (1) of the Income Tax Act 1967.

** Based on movement in weighted average unit price & actual gross income distribution.

Note:

The unit price of ARREIT is largely determined by market factors. Therefore, past performance is not necessarily indicative of future performance and that unit prices and investment returns may fluctuate

Income Distribution

During the period under review, ARREIT made the following income distributions:

First semi annual	Second semi annual	Total
1.6449	1.7601	3.4050

For 2022, ARREIT distributed a total income of RM19.52 million or 3.41 sen, which was lower than 2021's income distribution of 5.03 sen. The second and final income distribution of RM10.09 million has been declared at 1.76 sen per unit payable on 11 April 2023. Analysis of income distribution:

	2022	2021	2020	2019	2018
Income distribution per unit (sen)					
First interim income distribution	-	-	-	1.5000	1.5000
Second interim income distribution	-	-	-	1.5000	1.5000
Third interim income distribution	-	-	-	1.5000	1.5000
Proposed Fourth and final income distribution	-	-	-	1.7000	1.6000
Proposed semi-annual income distribution	1.6449	2.8129	2.1972	-	-
Proposed final income distribution	1.7601	2.2136	2.8868	-	-
	3.4050	5.0265	5.0840	6.2000	6.1000

Net Asset Value

Net Asset Value (NAV) as at 31 December 2022 stood at RM1.284 per unit.

The net asset value of ARREIT since 2018 is tabulated as follows:

	2022	2021	2020	2019	2018
Total net asset value ("NAV") RM:					
Before provision for income distributions	1.284	1.301	1.303	1.355	1.352
After provision for income distributions	1.266	1.278	1.274	1.323	1.324

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

Units in Issue

As at 31 December 2022, the total number of units issued was 573,219,858.

Gearing Level

As at 31 December 2022, ARREIT's total debt was RM636.14 million with a gearing ratio of 45.04%.

	2022	2021	2020	2019	2018
Gearing ratio (%)	45.04	44.99	44.85	43.81	44.72

Other Performance Benchmarks

	2022	2021	2020	2019	2018
Total returns (%) ¹	5.40	8.15	7.89	7.73	7.23
Asset Portfolio Turnover (times) ²	0.01	-	-	0.02	0.35
Management Expense Ratio ("MER") % ³	1.16	1.08	1.17	1.35	1.20

1. Total return is calculated based on the actual gross income distribution and the net change in the weighted average market price for the financial year, over the weighted average market price of ARREIT for the respective year.
2. Asset Portfolio Turnover is based on the average of total acquisitions and total disposals of investment in ARREIT for the financial year ended 31 December 2022 to the average net asset value for the financial year calculated on a daily basis.
3. The calculation of MER is based on the total expenses incurred by ARREIT, including Manager's fee, Trustee's fee, audit fees, tax agent's fee and administrative expenses, to the average net asset value of ARREIT for the financial year calculated on a daily basis.

OPERATIONAL REVIEW

PROPERTY MANAGEMENT

The Property Management Department is responsible for the management of all properties in ARREIT's portfolio with the main aim to preserve the values of all properties and ensuring that they are always in good tenable condition. This is done through comprehensive maintenance programs. Periodic inspections are carried out on a quarterly basis by the appointed Property Managers. In 2022, total property expenses incurred was RM21.66 million including utilities and statutory payments, insurances and building repair works.

Asset Enhancement Initiatives

In 2022, the Manager awarded a contract sum of RM1.3 million for various projects. The major project awarded relates to installation of water proofing at upgrading of the Hostel at SEGi University and the upgrading of building automation system (BAS) at Vista Tower. Smaller projects completed in 2022 include asset enhancement works such as replacement of ABS piping and facade leaking repair works at Menara Dana13, and rectification works to water cooling system and fire protection system at HELP University. Further, the Manager had carried out the installation and integration of cashless carpark system at Selayang Mall.

Occupancy

Occupancy rate for ARREIT's portfolio of properties are tabulated as follows:

Property	Net Lettable Area (sqft)	Type	Occupancy Rate
Industrial			
RHF Stone Factory	95,035	Single tenant	100%
Hospitality			
Holiday Villa Langkawi	183,190	Single tenant	100%
Ex-Holiday Villa Alor Setar	150,000	Vacant	0%

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

Property	Net Lettable Area (sqft)	Type	Occupancy Rate
Education			
SEGI University	337,710	Single tenant	100%
SEGI College	131,387	Single tenant	100%
HELP University	125,227	Single tenant	100%
Office			
Vista Tower	551,772	Multi tenant	45%
Dana 13	256,972	Multi tenant	45%
Contraves	75,014	Single tenant	100%
Wisma Comcorp	80,253	Multi tenant	88%
Toshiba TEC	74,104	Vacant	0%
Shopping Mall			
Selayang Mall	365,884	Multi tenant	95%

CAPITAL MANAGEMENT

The Manager adopted a prudent capital management strategy and strive towards reducing its gearing level. In addition to the above, the Manager has also complied with the provisions of the Trust Deed and all applicable rules and guidelines prescribed by the Securities Commission in financing ARREIT. As at 31 December 2022, ARREIT achieved a debt level of 45.04% of the total asset level as compared to 44.99% in the previous year. The Manager endeavours towards reducing its debt level to at least 40% by end 2023 through asset recycling.

The following are the debt instruments undertaken by ARREIT:

Type	Financier	Amount	Rate	Expiry
Medium Term Note 1	Public Bank Berhad	RM450 million	COF + 0.5%	December 2025
Medium Term Note 2	Public Bank Berhad	RM161 million	COF + 0.5%	March 2025
Term Loan	Public Bank Berhad	RM33.92 million	COF + 0.5%	December 2025

RISK MANAGEMENT

The Manager is aware of the many risk factors that could impact the operation and financial performance of ARREIT. Below are the several initiatives taken by the Manager to mitigate risk:

Acquisition and Investment Risk

The Manager undertakes thorough due diligence process including site visit and review of tenants financial standing on the property and tenant(s) in order to avoid impairment of capital values and low rental yields.

Operational Risk

All properties under the fund are reviewed and updated periodically in accordance to the adopted operating procedures, guidelines, and regulations imposed by the authorities.

Tenancy Risk

The Manager engages real estate consultants and agents on regular basis to ensure full tenancy. At the same time, the Manager monitors tenants capabilities in paying rental periodically.

Financial Process Risk

The Manager adopted the group policy of Amanah Raya Berhad in managing the financials of ARREIT. Proper controls on asset management, procurement and cash management have been put in place.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

Alternate Site / Disaster Recovery Centre ("DRC")

AKRM adopted Amanah Raya Berhad group policy on Business Continuity Management which is in compliance with the Securities Commission's requirement for DRC.

Compliance Risk

Regular monitoring by the Group Chief Risk Officer and the appointed Compliance Officer of AKRM is in place in ensuring compliance of relevant laws and guidelines by the authorities.

Interest Rate Risk

In ensuring good financial performance of ARREIT, the Manager closely monitors the floating rate and has established a cap on the interest rate movement.

Market Risk

Regular review and reporting to Investment Committee and Board are in place.

Human Capital Risk

The Group Human Capital has adopted a policy in line with the market to recruit and retain employees.

Authority Limits

ARREIT is governed by specific authority limits that include but not limited to approvals on investments and divestments, banking facilities, capital and operating expenditure as well as engagement of services from external parties.

Threshold limits was established to ensure transparency and good governance. Provision has also been made for alternate authorised personnel to approve and release payments for transactions with prior approval as per the authority limits.

Internal Audit and Audit Committee

While Internal Audit services come under the Manager's holding company, Amanah Raya Berhad, the Board, Audit Committee and Management meet regularly to monitor, assess and address significant risks faced by ARREIT.

MOVING FORWARD

Acquisition

The Manager will continue to focus on expanding its portfolio through acquisitions of quality properties to ensure growth in terms of dividend and capital values. As prices of properties for sale has turned quite competitive recently, the Manager will acquire yield accretive properties as and when the opportunities arise.

Leasing

The Manager will continue to focus its efforts in filling up the available spaces to improve the average occupancy rate of ARREIT properties. At present, the average occupancy rate is at 72.9%, and the Manager aims to increase it to 85% by the end of 2023.

Financial Performance

As the overall property market has not shown any improvement in 2022, the future poses a challenge for ARREIT. In view of this, the Manager strive to maintain the DPU in the region of between 4.0 to 4.5 sen per unit. In order to cushion the impact of lower DPU due to lower occupancy and rental pressure, the Manager will ensure that the operating cost is kept at minimum. Moving forward, the Manager will also continue to dispose non-performing assets that are not in line with long term strategy of ARREIT portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Capital Management

The Manager will continue with its effort to lower borrowing cost and gearing level.

SOFT COMMISSION

During the financial year under review, the Manager did not receive any soft commission from its broker or any parties by virtue of transactions conducted by ARREIT.

MATERIAL LITIGATION

There is no material litigation pending since the issuance of the last annual report to the date of this report.

CHANGES IN THE STATE OF AFFAIRS

There was no change in the state of affairs of ARREIT during the financial year under review.

MATERIAL CONTRACT

There was no material contract entered by ARREIT that involved the Directors of the Manager of major unitholders of ARREIT during the financial year under review.

DIRECTORS OF THE MANAGER

The Directors of the Manager in office since the date of the last report and the date of this report are:

Datuk Mohd Radzif Bin Mohd Yunus (Chairman) (Appointed with effect from 3 January 2023)
 Mahadzir bin Azizan (resigned with effect from 31 December 2022)
 Keisuke Ogawa (resigned with effect from 31 January 2023)
 Dato' Haji Che Pee bin Samsudin (resigned with effect from 31 December 2022)
 Zulazman bin Zulkifli (resigned with effect from 31 December 2022)
 Shahlan bin Md Shukor @ Kadari
 Naoto Kojima
 YM Tunku Rozita binti Tunku Abdul Malek
 Aida Mosira Binti Mokhtar (Appointed w.e.f. 30 August 2022)
 Wan Azman Bin Ismail (Appointed w.e.f. 3 January 2023)
 Dato' Mohammed Noor Azmall Bin Jamaluddin (Appointed w.e.f. 3 January 2023)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Manager has received or become entitled to receive a benefit (other than benefits which are accrued from the fees paid to the Manager or from transactions made with companies related to the Manager as shown in the notes to the financial statements of ARREIT) by reason of a contract made by the Manager or ARREIT or a related corporation with the Director of the Manager or with a firm in which the Director of the Manager is a member, or with a company in which the Director of the Manager has substantial financial interest, other than related party transactions as shown in Note 21 to the financial statements of the ARREIT.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangement to which the Manager or ARREIT was a party, whereby the Directors of the Manager might acquire benefits by means of acquisition of shares or debentures of the Manager or any other body corporate or the acquisition of units of ARREIT.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

DIRECTORS' INTEREST

None of the directors of the Manager in office at the end of the financial year had any interest in ARREIT during the financial year ended 31 December 2022.

SANCTION AND / OR PENALTIES

There was no public sanction and / or penalty imposed on ARREIT and the Directors of the Manager by the relevant regulatory bodies during the financial year ended 31 December 2022.

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND / OR SUBSTANTIAL UNITHOLDERS

None of the Directors of the Manager has any family relationship with any other Directors or major Unitholders of AmanahRaya REIT.

CONFLICT OF INTEREST

No conflict of interest has arisen during the financial year under review.

AUDIT AND NON-AUDIT FEE

The amount of audit and non-audit fees paid or payable to the external auditors for the financial year ended 31 December 2022 are as follows: -

	FY2022
Audit Fee	RM166,000
Non-Audit Fees	RM10,000

RESERVES AND PROVISIONS

There were no material transfers to and from reserves or provisions during the financial year ended 31 December 2022 other than those disclosed in the Statement of Changes in Net Asset Value.

INFORMATION ON THE FINANCIAL STATEMENTS

In arriving at the financial statements of ARREIT, the Manager took reasonable steps to ascertain that:

- a. any charge on the assets of AmanahRaya REIT which arisen since the end of the financial year which secures the liability of any other person, except as disclosed in Note 4 to the financial statement.
- b. Any contingent liability of AmanahRaya REIT which has arisen since the end of financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year of which, in the opinion of the Manager, will affect the ability of AmanahRaya REIT to meet its obligations as and when they fall due.

MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

OTHER STATUTORY INFORMATION

The Manager states that:

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

The Manager opines:

- a. that the results of the operations of ARREIT during the financial year under review were not substantially affected by any item, transaction or event of material and unusual in nature; and
- b. that there were no item, transaction or event of material and unusual in nature that are likely to affect substantially the results of the operations of AmanahRaya REIT arisen during the interval between the end of the financial year under review and the date of this report.

Before the statement of comprehensive income and statement of financial position of ARREIT were made, the Manager took reasonable steps:-

- a. to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts and that no further allowance is required for doubtful debts; and
- b. to ensure that any current asset which is unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they are expected to be realised at.

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

- a. any circumstances not otherwise dealt with in this report or financial statements of ARREIT which would render the amount written-off for bad debts or the amount of the provision for doubtful debts made in the financial statements of ARREIT inadequate to any material extent;
- b. any circumstances which have arisen, which would render adherence to the existing method of valuation of assets or liabilities of ARREIT misleading or inappropriate; and
- c. any circumstances not otherwise dealt with in this report or the financial statements of ARREIT which would render any amount stated in the financial statements misleading.

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

- a. any charge on the assets of ARREIT which has arisen since the end of the financial year which secures the liabilities of any other person; or
- b. any contingent liability of ARREIT which has arisen since the end of the financial year.

AUDITORS

The auditor, Messrs KPMG, has indicated their willingness to accept reappointment.

This concludes the Management Discussion and Analysis Report with a resolution from the Board of Directors.

Datuk Mohd Radzif Mohd Yunus

Chairman

Kuala Lumpur

24 February 2023

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors (the “Board”) of AmanahRaya-Kenedix REIT Manager Sdn. Bhd. (“AKRM”) views the management of economic, environmental, and social (“EES”) risks and opportunities as integral towards the business sustainability of AmanahRaya REIT (“ARREIT”).

AKRM presents this Sustainability Statement (this “Statement”) which discusses the management and performance of EES risks and opportunities of ARREIT for the financial year ended 31 December 2022 (“FY2022”). This Statement is prepared in accordance with the Sustainability Reporting Guide – 3rd Edition and its accompanying Toolkits published by Bursa Malaysia Securities Berhad (“Bursa”). Where relevant, we have also considered and disclosed in this Statement, the alignment of our practices against the Sustainable Development Goals (“SDG”), which was adopted by all United Nations Member States (Malaysia included) in 2005, a global partnership which aims to provide peace and prosperity for people and the planet, now and into the future.

This year, AKRM conducted a review of ARREIT’s material sustainability matters (“MSMs”) through an internal discussion and assessment with the respective Senior Management to reassess and identify EES matters which are material to the ARREIT. The review of MSMs has also considered the amended Market Listing Requirements (“Listing Requirements”) of Bursa pertaining to sustainability reporting.

SCOPE

The scope of this Statement for the financial year ended 31 December 2022 (“FY2022”) includes all 12 properties in ARREIT’s portfolio as follows:

Segment	Property	Location
Office	Vista Tower, The Intermark Dana 13, Dana 1 Commercial Centre Contraves Toshiba TEC Malaysia Wisma Comcorp	Kuala Lumpur Petaling Jaya Cyberjaya Shah Alam Shah Alam
Hotel	Holiday Villa Lot 162 & 163 (Ex-Holiday Villa)	Langkawi Alor Setar
Education	SEGI University HELP University, Jalan Semantan SEGI College	Kota Damansara Kuala Lumpur Subang Jaya
Industrial	RHF Stone Factory	Nusajaya
Retail	Selayang Mall	Selayang

OUR SUSTAINABILITY MANAGEMENT PROCESS AND GOVERNANCE

ARREIT’s business sustainability is incorporated in AKRM’s governance structure. The Board holds the ultimate responsibility in ensuring ARREIT’s strategic plans incorporate strategies, targets, and performance pertaining to EES matters, as well as ensuring the governance structure of AKRM facilitates effective EES management across the business and operations. The Board also reviews the overall internal control system to ensure EES risks and opportunities are considered and managed in operations and businesses.

The Board is supported by the Senior Management, whose responsibilities include driving the development and ensuring the effective implementation of sustainability strategies and initiatives, particularly those addressing ARREIT’s MSMs.

The Senior Management is responsible for carrying out materiality assessments to identify and assess EES matters which are most material, i.e. MSMs. Senior Management is also responsible for ensuring relevant stakeholders are engaged adequately and effectively, including for the purpose of communicating the strategies, targets, and performance of the management of MSMs, as relevant.

Our Senior Management personnel, as depicted in the Organisation Chart Section in this Annual Report, is responsible for reviewing and managing the sustainability performance of the department or function under their respective purview.

SUSTAINABILITY STATEMENT

(CONT'D)

OUR ENGAGEMENT WITH STAKEHOLDERS

AKRM is aware of its role in preserving and creating value, including from the perspectives of financial value and EES value, for its key stakeholders. We do understand our stakeholders through various engagement channels and methods, including their interests, needs, concerns, and any complaints. These channels also serve as an avenue for constructive exchanges between AKRM or ARRIET and their stakeholders towards building relationships that foster mutual development.

The outcomes of engagement with stakeholders, such as key concerns, also contribute to AKRM's materiality assessment where each stakeholder group's priorities are taken into consideration when determining the MSMs.

The table below summarises AKRM and ARREIT's key stakeholder groups, engagement methods, frequency as well as the key focus areas commonly discussed with the respective stakeholder groups. These engagements may be carried out physically or via online platforms, e.g., video/ voice calls and online meetings.

STAKEHOLDERS	ENGAGEMENT METHOD	FREQUENCY	FOCUS AREAS
Investors/ Unitholders	Annual General Meetings	Annual	<ul style="list-style-type: none"> • Growth and income • Financial sustainability • Active engagement
	Extraordinary General Meeting	As needed	
	Quarterly results and Bursa announcements	Quarterly	
Government, Agencies & Regulators	Meetings	As needed	<ul style="list-style-type: none"> • Compliance with laws and regulations • Water management • Energy and emissions management • Waste and effluents management
	Electronic Reporting System	Ongoing	
Tenants	Meetings and online meetings	Ongoing	<ul style="list-style-type: none"> • Property maintenance and enhancement • Property safety and health • Water management • Energy and emissions management • Waste and effluents management
	Tenants survey	Ongoing	
	Tenant feedbacks	As needed	
Property Managers	Monthly and/ or quarterly reporting	Monthly/ Quarterly	<ul style="list-style-type: none"> • Energy and emissions management • Security • Property maintenance and enhancement • Water management • Waste and effluents management
Employees	Townhall/ dialogue	Ongoing	<ul style="list-style-type: none"> • Employment benefits • Talent retention, professional development, and succession planning • Equal opportunity and non-discrimination • Workplace safety and health
	Performance appraisals	Annual	
Suppliers/ Vendors/ Service Providers	Meetings	Ongoing	<ul style="list-style-type: none"> • Business practices • Creditability/ qualification • Responsible supply chain management • Ethical business practices and integrity
Local Community	Philanthropic activities	Ongoing	<ul style="list-style-type: none"> • Community investment

SUSTAINABILITY STATEMENT

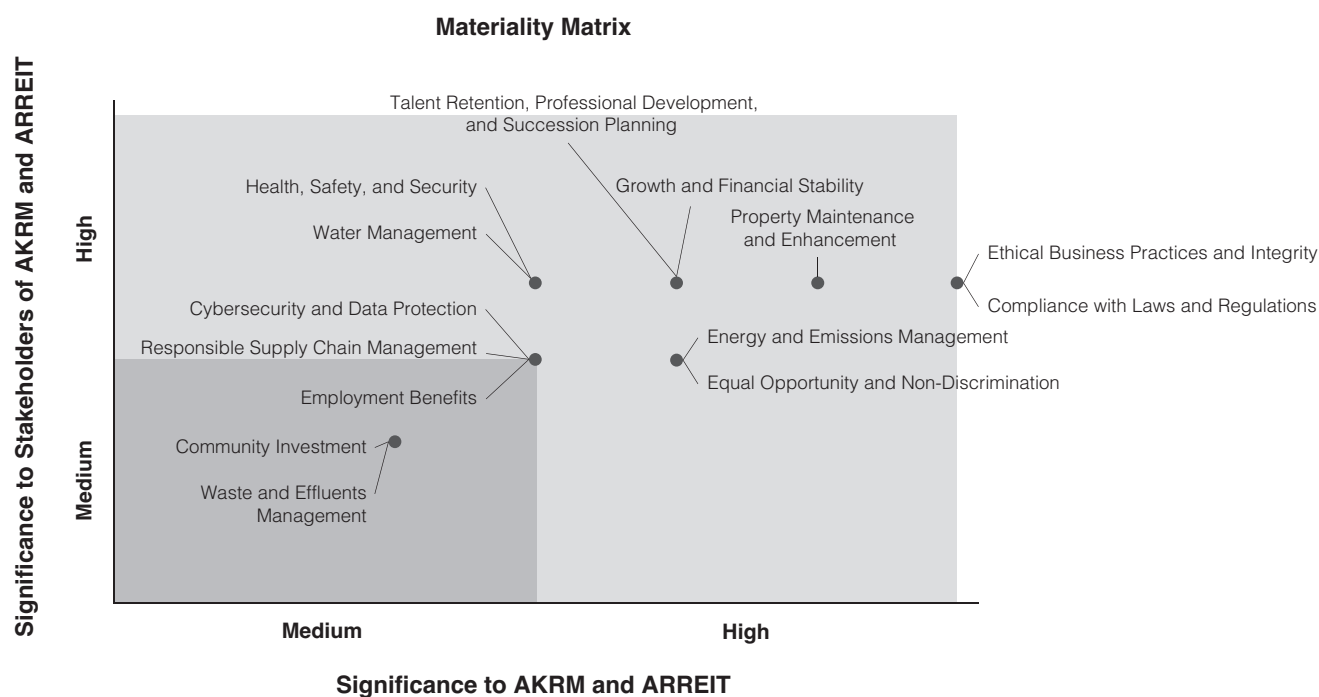
(CONT'D)

MATERIAL SUSTAINABILITY MATTERS (“MSMs”)

In FY2022, AKRM conducted a comprehensive materiality assessment where Senior Management assessed and prioritised EES risks and opportunities which are material to AKRM and ARREIT. To ensure that our MSMs are updated and continued relevant to our current operations and businesses, a materiality assessment process is generally conducted every year.

The materiality assessment approach is in line with the Listing Requirements, where a MSM is considered material if is:

- reflects ARREIT and AKRM's significant economic, environmental, and social impacts; and/ or
- substantively influence the assessments and decisions of ARREIT and AKRM's key stakeholders.



Arising from the materiality assessment conducted during the year, 14 MSMs have been identified, where 5 were new topics, namely Cybersecurity and Data Protection, Responsible Supply Chain Management, Community Investment, Energy and Emissions Management as well as Waste and Effluents Management.

SUSTAINABILITY STATEMENT

(CONT'D)

The MSMs are summarised as follows:

Material Sustainability Matters	Description
Growth and Financial Stability	ARREIT's main investment objective is to continuously provide sustainable returns to its investors and unitholders and nurture quality growth of its portfolio. Maintaining financial stability and sustainable growth is key to obtaining continuous support from investors and unitholders.
Compliance with Laws and Regulations	It is crucial for ARREIT and AKRM to comply with relevant laws and regulations. It is the responsibility of ARREIT and AKRM to ensure the rule of law of its business environment is upheld to protect the society and stakeholders which the laws and regulations are enacted to protect.
Ethical Business Practices and Integrity	AKRM believes in business sustainability fostered by ethical business environment and practices. Upholding business ethics and integrity instils confidence and trust in the relationship between AKRM, ARREIT, and their stakeholders.
Health, Safety, and Security	AKRM takes seriously the health, safety, and security of people involved in ARREIT's business, including employees and tenants and users of ARREIT's properties, and as such, aims to create a secure and safe environment for users of ARREIT's properties as well as a healthy and safe workplace for its employees.
Water Management	Freshwater supply is a basic necessity for all, including businesses, tenants, and users of ARREIT properties. AKRM aims to provide adequate access to water supply to the tenants of ARREIT properties and minimise water shortage impacts in the event of water supply disruption at the municipal level, especially for properties in Selangor area.
Talent Retention, Professional Development, and Succession Planning	Innovation and intellectual capital are increasingly pivotal to value creation and AKRM places strong emphasis on human capital development. Without the presence of suitable talents, skills and leadership in management, ARREIT would not be able to optimise its value even in the most ideal presence of all other business factors.
Equal Opportunity and Non-Discrimination	AKRM views all people as equal and shall have equal opportunity and no one shall be discriminated on any basis, including race, colour, religion, national origin, gender, age, marital status, disability, or veteran status. AKRM upholds meritocracy in its workforce.
Property Maintenance and Enhancement	ARREIT's properties are key tangible assets core to the revenue generating capacity of the business. Hence, it is vital for ARREIT to ensure its properties are fit for the purposes they are meant to serve and satisfy the demands and requirements of tenants. A well-maintained property, with due consideration given to environmental and social aspects, is not only favourable to renewal of leases but also creates better market demand.
Employment Benefits	AKRM respects the employer-employee relationship it has with its workforce. AKRM aims to provide appropriate benefits that incentivise performance while supporting healthy work-life balance of its employees.
Cybersecurity and Data Protection	AKRM acknowledges the importance of safeguarding business and personal data by establishing adequate cybersecurity systems and ensuring appropriate handling and use of personal data.
Responsible Supply Chain Management	AKRM supports the development of the local economy and local businesses.
Community Investment	AKRM supports the development of the local society and community, especially vulnerable communities.
Energy and Emissions Management	AKRM seeks to optimise energy and emissions efficiency and to reduce unnecessary wastage of energy. This is also in line with the global combat against climate change, apart from driving operational efficiency in relation to the management of ARREIT's properties.
Waste and Effluents Management	AKRM seeks to responsibly manage the waste and effluent generated from AKRM or ARREIT's operations to reduce the impact on the environment.

SUSTAINABILITY STATEMENT

(CONT'D)

PURSUING SUSTAINABLE BUSINESS PERFORMANCE

GROWTH AND FINANCIAL STABILITY

ARREIT's investment strategy places emphasis on properties which are able to provide continuous, strong, and sustainable returns. To ensure ARREIT's portfolio and investment decisions remain in line with ARREIT's strategy, we have stringent processes to review and assess existing and current investments. Amongst others, considerations in the management of ARREIT's properties include maximising rental yield and property value and managing operational and strategic risks.

The financial performance of ARREIT for FY2022 is reported and discussed in detail in the **Management Discussion and Analysis** section of this Annual Report.

PROPERTY MAINTENANCE AND ENHANCEMENT

Maintenance of Properties

The day-to-day maintenance of ARREIT's properties is generally managed by the respective Property Managers and is overseen and monitored by AKRM through monthly reports submitted by Property Managers and quarterly visits and inspections performed by AKRM's Property Management Department. Inspections may include assessments on the physical and aesthetic conditions, safety of the building, ingress and egress, cleanliness, lighting, structural soundness, and many other considerations.

The Property Managers are annually assessed and significant consideration is placed on how well the respective properties were maintained. Other assessment considerations include any complaints received, any incident reports, and the pricing terms and conditions. The assessments will further determine the reappointment of the Property Managers.

Information on ARREIT's properties and their respective Property Managers is detailed in the **Overview of Properties under AmanahRaya REIT** section in this Annual Report.

Property Enhancement and Refurbishment

To maintain and enhance the condition of the property and to boost the competitiveness and attractiveness of ARREIT's properties, scheduled Asset Enhancement Initiatives ("AEIs") are established. The AEIs also incorporate initiatives which potentially enable greater operational efficiency, as well as sustainability initiatives.

During the financial year under review, the key property enhancement and refurbishment works carried out include:

- the refurbishment of the grand and lift lobbies at Dana 13;
- Acrylonitrile Butadiene Styrene ("ABS") piping replacement works at Dana 13;
- the replacement of waterproofing membrane at the hostels of SEGI University; and
- external and internal facade repainting works at Selayang Mall.

Further details on ARREIT's AEI are available in the **Management Discussion and Analysis** section of this Annual Report.

DOING BUSINESS RESPONSIBLY

COMPLIANCE WITH LAWS AND REGULATIONS

AKRM has a Compliance Officer whose role is dedicated to ensuring the businesses of AKRM and ARREIT are in compliance with the relevant legal and regulatory requirements, especially focusing on the laws, regulations, and guidelines relating to REITs which are governed by the Securities Commission Malaysia and Bursa. The Compliance Officer continuously ensure AKRM is regularly updated on developments of key legal and regulatory requirements and ensures that AKRM and/ or ARREIT are aware of the developments and are prepared to address these developments.

The Compliance Officer is also responsible to ensure that AKRM, as the manager of ARREIT, maintains its Capital Markets Services Licence and complies with the Bursa's Listing Requirements as well as the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia, and other laws and regulations, especially those which, if not complied with, may affect the continuous operations or result in serious repercussions.

SUSTAINABILITY STATEMENT

(CONT'D)

To ensure our employees are aware and are updated on the existing and latest amended laws and regulations and compliance matters, training is provided regularly to relevant employees.

During the financial year under review, there were no fines being levied on ARREIT and AKRM in relation to non-compliance with laws and regulations.

ETHICAL BUSINESS PRACTICES AND INTEGRITY

Code of Business Ethics and Vendor Code of Ethics

AKRM is committed to undertaking business ethically and with integrity. AKRM's expectation on ethical business practices and culture is enshrined in the Code of Business Ethics (the "Code"), which AKRM has adopted from AmanahRaya Group.

The key elements of the Code are summarised as follows:

- conflict of interest situations - conflict of interest situations with AKRM's business counterparts, especially where purchasing, supplying or tender is concerned, shall be reported to the Chief Integrity Officer;
- gift and entertainment policy - the size of the gift and entertainment shall not appear to be able to impede independent judgement by the employee, and reasonable gift and entertainment allowed by the Code shall be reported to and approved by the relevant authorities within the AmanahRaya Group;
- gratification - prohibition of soliciting and receiving corrupt gratification and duty to report to the Chief Integrity Officer; and
- purchasing practices - purchasing practices of AKRM are guided by procedures and guidelines that include controls such as anti-money laundering checks on buyers and tenants, assessment by a tender committee, comparison of quotations, etc.

AKRM also has policies and procedures, as well as controls, in relation to anti-bribery and anti-corruption, anti-fraud, anti-money laundering and counter financing of terrorism, due diligence, integrity management, no-gift, sexual harassment, and conflict of interest. The policies are meant to communicate, deter, and prevent, as well as to allow concerns to be raised.

To ensure that all employees are aware of and understand the Code, AKRM required all its employees to sign and acknowledge their commitment to the Code. Furthermore, AKRM also required its suppliers, vendors, and business partners to adopt the business ethics principles and policies disclosed in the AmanahRaya Group's Vendor Code of Ethics, which at the same time governs tender practices such as non-collusion in the submission of tender. The practices include the provision for the vendor not to communicate the tender price with other parties, to independently assess the tender price without colluding with other bidders, and not to affect or induce other parties to submit or not to submit a tender.

In FY2022, all employees of AKRM have signed and acknowledged the Code.

Anti-Bribery and Anti-Corruption

The Board of AKRM adopted a zero-tolerance policy against all forms of bribery and corruption and this is formalised in the AmanahRaya Group's Anti-Bribery and Anti-Corruption Policy. AKRM's anti-corruption management system is adopted from AmanahRaya Group and includes a risk-based approach towards corruption management. Corruption risk assessments have been conducted on all AKRM's functions and corresponding controls have also been considered and enhancement plans, if required, will also be established.

All new employees are briefed on the Anti-Bribery and Anti-Corruption Policy by the AmanahRaya Group's Human Capital Division. Furthermore, they are required to sign the Anti-Bribery Anti-Corruption Policy Declaration Form which serves as an acknowledgement and commitment to act with integrity. In addition, to maintain integrity in the operations and businesses of AKRM and ARREIT, integrity training and briefings are provided to employees periodically.

All AKRM's employees have been communicated with and trained on anti-corruption and anti-bribery.

Number of employees (and percentage)	FY2022	
	Communicated on anti-corruption	Received training on anti-corruption
Senior Management	100%	100%
Management	100%	100%
Executives	100%	100%
Non-Executives	100%	100%

SUSTAINABILITY STATEMENT

(CONT'D)

The practices adopted in our working environment and the stance of our Board to avoid and prevent unethical business practices, such as bribery and corruption, are aligned with Goal 16 of SDG, *"peace, justice and strong institutions"*, contributing to reducing corruption and bribery in all their forms.



Whistleblowing Mechanism

AKRM also adopts AmanahRaya Group's Whistleblowing Policy and mechanism, which serve the purpose of encouraging internal and external stakeholders to raise concerns on any integrity matters or unethical business practices. Protection against reprisals as a direct impact of making a disclosure is provided to whistleblowers to enable genuine reports to be made without fear of reprisal. The confidentiality of the report and the whistleblower's identity shall also be maintained. The Chief Integrity Officer is named as the person to whom reports shall be made.

During the financial year under review, there were no incidents in relation to corruption or whistleblowing cases reported.

	FY2020	FY2021	FY2022
Corruption incidents	0	0	0
Whistleblowing cases	0	0	1

CYBERSECURITY AND DATA PROTECTION

AKRM's employees are governed by the established AmanahRaya Group's policies and procedures on the protection, proper handling, and proper use of data including personal data and sensitive data. Our IT services are provided by the Group-level IT function of AmanahRaya Berhad group of companies ("AmanahRaya Group") and include various cybersecurity-related controls such as antivirus systems, data backup, firewalls, and others. New AKRM employees are also communicated on such policies and procedures during their onboarding.

As for the data of the tenants of ARREIT's properties, they are kept and maintained by the respective Property Managers.

There were no substantiated complaints concerning breaches of customer privacy and losses of customer data reported for the financial year under review.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

As a Malaysian business, ARREIT does not only focus on its financial performance but also its ability to create positive value for Malaysia and its economy. In this regard, we also acknowledge our responsibility in supporting a sustainable and ethical business environment in our operations and our supply chain.

Our supply chain mainly involves the procurement of services such as property managers, technicians, and contractors. These suppliers (including service providers) are subjected to due diligence checks to ensure we select ethical and capable suppliers to work with. Our due diligence may include the following considerations, amongst others:

- financial strength;
- validity of company;
- previous and current projects or achievements; and
- detailed company background check.

SUSTAINABILITY STATEMENT

(CONT'D)

AKRM communicates its key policies to suppliers to ensure they understand AKRM's expectations and stance on corporate responsibility such as ethical business practices and anti-corruption.

AKRM also supports the local economy through its procurement activities by prioritising local suppliers where practical and possible. Purchasing local may also be more operationally efficient, economical, and possibly more environmentally friendly due to factors such as shorter travelling distances, familiarity with the local environment and consumers, and others.

During the financial year under review, 100% of AKRM's procurements are attributable to spending on local suppliers.

The practices adopted by AKRM and ARREIT in supporting the local economy are aligned with Goal 8 of SDG, "*decent work and economic growth*", contributing to promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises.



THE PEOPLE AND SOCIETY

HEALTH, SAFETY, AND SECURITY

Health, Safety and Security of ARREIT's Properties

AKRM views the safety and security of ARREIT's properties seriously. The Property Managers are responsible for overseeing and monitoring safety and security matters at the respective properties. AKRM maintains close engagement with the Property Managers to understand any safety and health issues arising. Property Managers submit monthly management reports to AKRM including any accidents or incidents during the reporting period, as well as the root causes and action plans to avoid future recurrence.

AKRM regularly monitors compliance with safety standards and regulations by its properties, while the responsibility to ensure compliance lies with the Property Managers. Property Managers also ensure that fire-fighting systems are in place and effective and fire drill is conducted at least once a year for the annual renewal of the Fire Certificate by the Fire Rescue Department. During the financial year under review, ARREIT's properties have complied with all Fire Certificates and fire safety requirements.

We also ensure our vacant properties, namely Toshiba TEC Malaysia and Ex-Holiday Villa, are safe from unauthorised access and use to protect public safety. These properties are properly fenced off with security guards deployed on-site, as well as having closed-circuit televisions installed for monitoring purposes.

During the financial year under review, we noted no major accidents or incidents reported by the Property Managers.

	FY2020	FY2021	FY2022
Major accidents or incidents	0	0	0

Health, Safety and Security at the Workplace

AKRM is also committed to providing a safe and healthy working environment for its employees. AKRM has a target of zero serious work-related injuries for its employees whose workplaces are commonly based at AKRM's office with occasional site visits to properties, including potential target properties for investments.

Safety briefings are provided to employees, particularly those who are conducting visits to premises which are under construction, renovation, or maintenance, to ensure these employees are well-equipped with the knowledge and equipment to protect themselves, manage safety risks, and respond to accidents or emergencies. Relevant protective equipment such as hard hats is provided to employees as well.

SUSTAINABILITY STATEMENT

(CONT'D)

During the financial year under review, we are pleased to report that there were zero cases of work-related fatality or serious injury among AKRM's employees.

	FY2020	FY2021	FY2022
Work-related fatality	0	0	0
Serious injury	0	0	0

Health and Safety Training

In FY2022, in addition to a fire drill which has been conducted at our headquarters and safety-related training provided by the Fire Rescue Department to all our employees, the following training sessions were also carried out and provided to all employees:

- Virtual Health Talk: How to Recognize and Help Someone with Hidden Depression;
- Virtual Health Talk: Obesity, Why Bother?; and
- Virtual Webinar on Understanding the Implementation of OSHA 1994.

Regular information and knowledge updates on personal and workplace safety and health are also provided by AmanahRaya Berhad to AKRM employees from time to time.

Responding to COVID-19

This year, as COVID-19 restrictions eased globally and domestically, ARREIT's Property Managers worked together with tenants to maintain various levels of prevention measures considering the different user groups for different buildings, user experience and conditions and trends of the spread of COVID-19. Various control measures also continued to be implemented to safeguard our employees, including working from home by rotation and online meetings where possible.

EQUAL OPPORTUNITY AND NON-DISCRIMINATION

AKRM believes that everyone shall have access to equal opportunities and be free from discrimination, regardless of their gender, age, race, religion, colour, national origin, marital status, disability, or veteran status, especially in AKRM's human capital management practices from recruitment to career progression.

AKRM assesses and selects employees and candidates based on their experience, credentials, merits, and achievements. Employees are also given the opportunity to further their career progression based on merits and performance without preference or prejudice based on gender, age, race, religion, colour, national origin, marital status, disability, or veteran status.

The Code also protects the equal treatment of employees by encouraging employees to report in accordance with the established procedures when they feel that they have been harassed or discriminated against.

We are pleased to report that there were no reported cases of discrimination or harassment noted during FY2022. There were also no substantiated complaints concerning human rights violations reported.

	FY2020	FY2021	FY2022
Discrimination or harassment cases	0	0	0
Cases concerning human rights violations	0	0	0

SUSTAINABILITY STATEMENT

(CONT'D)

As of 31 December 2022, AKRM has a total of 17 employees, of which 7 are full-time permanent employees and 10 are full-time contract employees. A summary of AKRM's Board and employee composition in terms of gender and age group is as follows:

Number of Board and Employees	FY2022				
	Gender Male	Female	Age <30	30 – 50	>50
Board of Directors	5 (63%)	3 (37%)	0 (0%)	5 (63%)	3 (37%)
Employee Category					
Senior Management	1 (50%)	1 (50%)	0 (0%)	1 (50%)	1 (50%)
Management	2 (67%)	1 (33%)	0 (0%)	2 (67%)	1 (33%)
Executives	3 (37%)	5 (63%)	3 (37%)	5 (63%)	0 (0%)
Non-Executives	1 (25%)	3 (75%)	3 (75%)	1 (25%)	0 (0%)
Total	7 (41%)	10 (59%)	6 (35%)	9 (53%)	2 (12%)

Due to the different nature and functions of ARREIT's properties, employees of our Property Managers may also work in our properties where their work environment is generally controlled by the Property Managers.

The principle and practices of providing equal opportunities and prohibiting discrimination are aligned with Goals 4 and 10 of SDG on "gender equality" and "reduced inequalities", contributing to reducing discrimination in all forms and promoting equal opportunities to all, regardless of race, colour, religion, gender, age, etc.



TALENT RETENTION, PROFESSIONAL DEVELOPMENT, AND SUCCESSION PLANNING

AKRM and ARREIT recognise human and intellectual capital as intangible assets. A suitable mix of skills, talents, and leadership among our employees is the key to success in management as well as business sustainability in the medium to long term.

The skills and talents required for effective functioning of AKRM's business and operations are assessed and reviewed by AKRM from time to time to inform AKRM's human capital management strategies, including determining if additional recruitment or training is required.

All employees of AKRM are subjected to AmanahRaya Group's annual performance appraisal program. The performance appraisal is performed in a two-way discussion between the employee and his/ her superior. The purpose of conducting the session in open communication is to understand the strength and contributions and to assess the existing or potential weaknesses and continuous improvement opportunities for employees and superiors. Apart from assessing work performance, our employees are also encouraged to share their career aspirations with AKRM to enable AKRM to provide relevant support for their career development, such as additional training or enhanced roles and responsibilities. High-performing employees may also have the opportunity for internal transfer or promotion to other departments within the AmanahRaya Group.

These employee engagement activities and employee development programs not only provide opportunities for employees to improve and enhance their working experience and career satisfaction, but they also provide a chance for AKRM to assess potential leaders and talents for its succession plans. The Human Capital Division of AmanahRaya Group and the Senior Management of AKRM also communicate from time to time on succession planning matters to ensure longer-term business continuity in AKRM and its operations.

SUSTAINABILITY STATEMENT

(CONT'D)

AKRM's employees are provided with ongoing personal and professional development programs and training. The training topics attended by our employees in FY2022 are summarised as follows:

- Efficient Finance & Accounts Operations Best Practices;
- MIA Conference 2022: Leading ESG, Charting Sustainability;
- Preserving the Climate Through Sustainable Business and Living;
- The Employment Act 1955 – Employers' Obligations and Employees' Entitlements;
- Assets & Fund Management; and
- Training topics relating to safety and health reported in the **HEALTH, SAFETY, AND SECURITY – Health and Safety Training** section above.

AKRM has set a target which required all its employees to attend at least 16 hours of training per year. For FY2022, at least 53% AKRM employees attended at least 16 hours of training. The average hours of training by employee category are presented as follows.

Employee Category	Total hours of training	FY2022
		Average hours of training
Senior Management	35.0	17.5
Management	89.8	29.9
Executives	189.5	23.7
Non-Executives	32.0	8.0
Total	346.3	20.4

The target of attending at least 16 hours of training indirectly encourages our employees to enhance and improve their skills and talents via relevant training is aligned with Goal 4 of SDG, “*quality education*”, eliminating discrimination in education and providing equal access to technical education.



EMPLOYMENT BENEFITS

AKRM aims to build a working environment that promotes positive thinking, personal and professional enhancement, and supports career satisfaction as well as work-life balance. Our employees are provided with employee benefits beyond the minimum requirements from applicable laws and regulations. The benefits provided to AKRM's employees are as follows:

- leaves such as study leaves and Haj leaves;
- medical benefits such as hospitalisation/ surgical insurance, Group Term LIFE Insurance, outpatient, and maternity benefits;
- education assistance; and
- training and development opportunities.

AKRM's employees are provided with compensation packages and competitive remuneration which are commensurate with their workload, roles, and responsibilities. Performing employees who meet their performance targets may be further rewarded, such as with bonuses or other incentives, to ensure our employees are incentivised and motivated.

SUSTAINABILITY STATEMENT

(CONT'D)

AKRM and the Human Capital Division of AmanahRaya Group review the employee benefits regularly to ensure that the benefits and compensation remain competitive and relevant in the market.

Employee Category	Male	FY2022 Female	Total
Turnover number			
Senior Management	2	0	2
Management	0	0	0
Executives	1	2	3
Non-Executives	1	0	1
New hire number			
Senior Management	0	1	1
Management	0	0	0
Executives	1	3	4
Non-Executives	0	3	3

COMMUNITY INVESTMENT

From time to time, AKRM supports and participates in AmanahRaya Group's corporate social responsibilities ("CSR") programmes to contribute to society and those in need of support such as vulnerable communities so that no one gets left behind as we grow as a nation. At times, AKRM also participates in external community programmes to contribute to society in various possible ways.

During the financial year under review, AKRM supported an initiative by Planters International Berhad to plant trees to enhance forest coverage and to support the scientific education efforts of Laman Herba & Taman Botani Negara Shah Alam. AKRM contributed RM13,000, including for the purpose of forest trees and exotic and rare plants.

THE ENVIRONMENT

The efficient use of resources and materials in properties is also for sustainable and efficient building operations. Where possible, we reduce and enhance the use of resources such as electricity, water, and other resources in ARREIT's properties.

In FY2022, we began to collect data on the use of resources (including water and energy) and waste generated at our properties to analyse patterns and trends to determine if the properties are utilising resources efficiently and if there are any further potential enhancement opportunities. In this section, environmental data is only reported on ARREIT's properties where data is available. Continuous efforts are currently being undertaken to collect data on all properties to facilitate better resource management at our properties in the future.

WATER MANAGEMENT

While ARREIT properties are not located in water-stressed areas, they may occasionally face water disruptions arising from issues at the municipal level. To ensure the properties have a sufficient and continuous supply of water to serve the needs of the tenants, Property Managers implement various approaches such as regular monitoring of water tank levels and have in place contingency plans such as access to emergency water suppliers.

Through the Property Managers, we also continuously identify opportunities to enhance water efficiencies at the properties and engage with stakeholders to promote water conservation and responsible water usage practices.

During the financial year under review, there were no significant water disruption incidents in ARREIT's properties.

SUSTAINABILITY STATEMENT

(CONT'D)

The water consumption data for our properties in FY2022 is summarised as follows:

Properties*	FY2022 Total water used (m3)
Dana 13	11,950
HELP University	12,196
Contraves	490
Selayang Mall	68,392
Vista Tower	89,848

Note: * Only properties with available data are covered in this table.

Energy and Emissions Management

Energy, particularly electricity use, is not only a key resource used in buildings but may also constitute a significant portion of the expenses of operating a building and supporting tenant activities. Property Managers provide monthly reports on electricity use for ARREIT properties with full-management arrangements. For other properties, AKRM also discusses with Property Managers on initiatives to enhance the energy efficiency of properties, which may also provide certain level of competitiveness for ARREIT properties through lower building expenses in general.

One of ARREIT's key initiatives was the optimised usage of cooling towers and air-handling units ("AHU") based on real-time usage (i.e. central air-conditioning system), to reduce electricity use during non-peak time periods. In addition, the majority of the lighting systems at Selayang Mall and other key office buildings have been converted to LED lighting systems.

During the financial year under review, key projects included the installation of LED lighting systems in common areas for Vista Tower and Dana 13. We have also performed the cooling tower infill replacement works at Vista Tower.

Electricity is the most significant source of energy at all ARREIT properties. The electricity consumption data for our properties in FY2022 is summarised as follows:

Properties*	FY2022 Total electricity consumed (kWh)
Dana 13	1,931,557
Wisma Comcorp	275,943.27
HELP University	1,376,018
Contraves	359,480
Selayang Mall	3,675,213
Vista Tower	5,987,611

Note: * Only properties with available data are covered in this table.

Emissions Management

Controlling energy use and enhancing energy efficiency is one of the key measures to support the global fight against climate change. AKRM is currently in the progress of identifying the possible sources of emissions, including Scope 1, Scope 2, and certain categories of Scope 3 emissions to facilitate emissions reporting in the future.

SUSTAINABILITY STATEMENT

(CONT'D)

Waste and Effluents Management

Waste and effluent management is another area where we will have enhanced focus moving forward. Most of the waste management activities of ARREIT's properties are undertaken by third-party service providers. All waste and effluent management processes of ARREIT's properties are compliant with the relevant laws and regulations.

AKRM will be engaging closely with Property Managers to understand and prioritise the waste handling efforts, as well as identifying improvement areas to enhance the waste and effluent management processes of ARREIT's properties.

TOWARDS A MORE SUSTAINABLE FUTURE

AKRM acknowledges that there is a need to strike a balance between the ARREIT's financial performance and longer-term sustainability of the properties' operations. AKRM will undertake continuous efforts, including engagements with relevant stakeholders, establishing, and maintaining processes for data collection and analysis, as well as processes to manage and enhance the sustainability performance of AKRM, including the sustained creation of financial, environmental, and social values for ARREIT and stakeholders.

STATEMENT ON CORPORATE GOVERNANCE

Effective corporate governance has always been a priority to the Board of Directors of AmanahRaya-Kenedix REIT Manager Sdn. Bhd. ("AKRM" or "the Manager") as the Manager of AmanahRaya Real Estate Investment Trust ("ARREIT"). We are committed towards ensuring that high standard of corporate governance is practised throughout the Manager for the best interest of our unitholders.

In ensuring the implementation and operation of proper corporate governance, AKRM is guided by the principles and recommendations stipulated in Securities Commission's Guidelines on Real Estate Investment Trusts ("REIT Guidelines"), Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), Capital Markets & Services Act 2007 ("CMSA 2007") and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("MMLR").

THE MANAGER OF ARREIT

ARREIT is managed by AKRM. All Directors and employees of the Manager are remunerated by the Manager and not by ARREIT. The Manager's primary role is to ensure good and sustainable return to the unitholders by managing the properties under ARREIT's portfolio in accordance with ARREIT's Deed and the REIT Guidelines.

Other main functions of the Manager are as follows:

- developing business plans as well as strategic and investment policies for ARREIT;
- providing recommendations on the acquisition, divestment and/or enhancement of ARREIT's assets to the Trustee;
- monitoring compliance with all applicable legislations, rules and guidelines as well as ARREIT's Deed;
- ensuring appropriate record keeping;
- formulating proper risk management policies;
- supervising and overseeing the appointed Property Managers on the management of ARREIT's properties; and
- formulating plans for equity and debt financing for ARREIT's capital requirements as well as managing its finances.

DIRECTORS OF THE MANAGER

The Board of Directors

The Board is entrusted with the responsibility of overall management and corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Board has collective responsibility for charting the strategic direction, development, and control of the Manager and has adopted the primary responsibilities, roles and duties set out in the REIT Guidelines, which facilitate the discharge of the Directors' stewardship responsibilities. The responsibilities of the Board, amongst others, are as follows:

- setting up the objectives and goals of the Manager and ARREIT;
- formulating and reviewing the adequacy of corporate policies and strategies, including but not limited to policies on investments, internal controls, investor relations and accounting;
- overseeing and evaluating the conduct of the Manager's activities;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure in accordance with established policies and procedures; and
- ensuring proper succession planning is in place, including appointing, training and reviewing the remuneration and compensation for key personnel of the Manager, where appropriate.

Board Balance and Composition

The Board comprises of three (3) Independent Non-Executive Directors, four (4) Non-Independent Non-Executive Directors, and one (1) Non-Independent Executive Director. The Board takes cognisance that MCCG recommends that at least two (2) or one-third (1/3) of the Board is independent and the Chairman of the Board is an Independent Director. The Board also has achieved the target of having a majority of Independent Directors in compliance with the MCCG 2021 and exceeding the minimum one-third (1/3) requirement as set out in the MMLR.

In terms of diversity in skills, experience and competencies, the Board comprises members with various professional backgrounds from the fields of law, accounting, architecture, management, economics, business and public administration, all of whom bring in depth and diverse experiences, expertise and perspectives to the Manager's operations to ultimately enhance unitholders' value for the long-term.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Chairman of the Board is responsible for the conduct of the Board and ensures that the Board's discussions are conducted in such a way that all views are taken into account and discussed at length before a decision is made. The roles of Chairman and Chief Executive Officer are separate with clear segregation of roles and responsibilities to ensure balance of power and authority. Whilst the Chairman navigates the Board and ensures that members of the Board work hand in hand with the management and encourages constructive relationship between the directors and management, the Chief Executive Officer holds the responsibility of executing the agreed business policies and directions set by the Board as well as making operational decisions in managing ARREIT.

Board Meetings

Board meetings are scheduled regularly at least once every quarter. Special Board meetings are also held to discuss urgent issues, as and when necessary. Throughout 2022, eight (8) Board meetings were held, four (4) of which were Special Board meetings. Pursuant to the MMLR, all Directors have complied with the requirement to attend at least 50% of Board meetings held in a financial year. The number of meetings attended by each Director during the financial year ended 31 December 2022 ("FYE2022") are as follows:-

Directors	Designation	Attendance
Mahadzir bin Azizan ^(a)	Independent Non-Executive Director	8/8
Dato' Haji Che Pee bin Samsudin ^(b)	Independent Non-Executive Director	7/8
Zulazman bin Zulkifli ^(c)	Independent Non-Executive Director	7/8
Keisuke Ogawa ^(d)	Non-Independent Non-Executive Director	8/8
Shahlan bin Md Shukor @ Kadari	Non-Independent Non-Executive Director	8/8
Naoto Kojima	Non-Independent Non-Executive Director	7/8
Datuk Mohd Radzif Bin Mohd Yunus	Non-Independent Non-Executive Director	7/8
YM Tunku Rozita Binti Tunku Abdul Malek	Non-Independent Executive Director	7/8
Aida Mosira Binti Mokhtar ^(e)	Independent Non-Executive Director	1/8
Wan Azman Bin Ismail ^(f)	Independent Non-Executive Director	-
Dato' Mohammed Azmall Bin Jamaluddin ^(g)	Independent Non-Executive Director	-
Nguyen Thi Hoang Hanh ^(h)	Non-Independent Non-Executive Director	-

Notes:-

(a) Resigned with effect from 31 December 2022

(b) Resigned with effect from 31 December 2022

(c) Resigned with effect from 31 December 2022

(d) Resigned with effect from 31 January 2023

(e) Appointed with effect from 22 August 2022

(f) Appointed with effect from 3 January 2023

(g) Appointed with effect from 3 January 2023

(h) Appointed with effect from 31 January 2023

Access to and Supply of Information and Advice

Board members are supplied with information in a timely manner. Notices and meeting agenda together with the board papers are usually circulated one (1) week prior to the scheduled Board meeting. The papers provide among others, financial and corporate information, significant operational, financial and corporate issues, performance of ARREIT and management's recommendations and proposals.

The Board has complete and unrestricted access to the advice and service of the Audit Committee, Company Secretary, Group Legal Division, Group Compliance, Integrity and Risk Division and Group Internal Audit Division to enable them to discharge their duties effectively. In discharging their duties, the Board also has access to external independent professional advisers, from time to time and whenever deemed necessary, at the expense of the Manager.

Appointment to the Board

All new nominations are assessed and approved by the entire Board which in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

The selection of candidates is assessed considering various factors including the objectives of ARREIT and the Manager and the relevant experience and expertise of the candidates as well as their potential contributions.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

Reviews on the performance of the Board members are done formally. The renewal or replacement of Board members do not necessarily reflect their level of contributions but will most of the time be determined by the need to align and structure the Board in accordance with the goals and directions of ARREIT and its business.

Directors are regularly updated on developments and changes in the operating environment including revisions to accounting standards as well as laws and regulations affecting ARREIT and/or the Manager.

Directors' Remuneration

The objective of the remuneration policy is to attract, retain, and motivate the Directors to successfully carry out the Manager's and ARREIT's missions and objectives. The level of Directors' remuneration is comparable in order to attract and retain Directors of such calibre to provide the necessary skills and experience as required and to commensurate with the responsibilities for the effective management and operations of the Manager and ARREIT's operations. All Non-Executive Directors are paid directors' remuneration taking into account any additional responsibilities undertaken such as a Director acting as Chairman of a Board Committee and membership of Board Committees.

Directors' Training

The Directors attended various talks and lecture series organised by regulators and professional bodies to enhance their knowledge and expertise as well as to keep abreast with the relevant changes of the industry, corporate governance, laws and regulations and business environment.

During the FYE2022 the Directors have attended the trainings as indicated below:-

DIRECTOR	ORGANISER	TITLE OF PROGRAM
Mahadzir Bin Azizan	Securities Commission	Release of the Securities Commission Annual Report 2021
Dato' Haji Che Pee Bin Samsudin	Securities Commission	Audit Oversight Board's Conversation with Audit Committees
	Securities Industry Development Corporation	Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) – The Role of Boards and Senior Management
	Securities Industry Development Corporation	Board's Role in Managing Conflict of Interest
	Securities Industry Development Corporation	Cyber Risk Governance for Boards
	Securities Industry Development Corporation	Managing Material Non-Public Information (MNPI)
	Securities Industry Development Corporation	Board's Oversight on Section 17A MACC Act 2009
Zulazman Bin Zulkifli	The London School of Economics and Political Science	Real Estate Economics and Finance
	Securities Commission	Audit Oversight Board's Conversation with Audit Committees
	Securities Industry Development Corporation	Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) – The Role of Boards and Senior Management
	Securities Industry Development Corporation	Board's Role in Managing Conflict of Interest
	Securities Industry Development Corporation	Cyber Risk Governance for Boards
	Securities Industry Development Corporation	Managing Material Non-Public Information (MNPI)
	Securities Industry Development Corporation	Board's Oversight on Section 17A MACC Act 2009

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

DIRECTOR	ORGANISER	TITLE OF PROGRAM
Shahlan Bin Md Shukor @ Kadari	Securities Industry Development Corporation	Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) – The Role of Boards and Senior Management
	Securities Industry Development Corporation	Board's Role in Managing Conflict of Interest
	Securities Industry Development Corporation	Cyber Risk Governance for Boards
	Securities Industry Development Corporation	Managing Material Non-Public Information (MNPI)
	Securities Industry Development Corporation	Board's Oversight on Section 17A MACC Act 2009
Keisuke Ogawa	Malaysian Institute of Accountants	Audit Committee Conference 2022
	Securities Commission	Audit Oversight Board's Conversation with Audit Committees
Naoto Kojima	Institute of Corporate Directors Malaysia	Mandatory Accreditation Programme ("MAP")
	Securities Industry Development Corporation	Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) – The Role of Boards and Senior Management
	Securities Industry Development Corporation	Board's Role in Managing Conflict of Interest
	Securities Industry Development Corporation	Cyber Risk Governance for Boards
	Securities Industry Development Corporation	Managing Material Non-Public Information (MNPI)
	Securities Industry Development Corporation	Board's Oversight on Section 17A MACC Act 2009
Datuk Mohd Radzif Bin Mohd Yunus	Securities Industry Development Corporation	Managing Material Non-Public Information (MNPI)
	Securities Industry Development Corporation	Board's Oversight on Section 17A MACC Act 2009
YM Tunku Rozita Binti Tunku Abdul Malek	Institute of Corporate Directors Malaysia	Mandatory Accreditation Programme ("MAP")
	Securities Industry Development Corporation	Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) – The Role of Boards and Senior Management
	Securities Industry Development Corporation	Board's Role in Managing Conflict of Interest
	Securities Industry Development Corporation	Cyber Risk Governance for Boards
	Securities Industry Development Corporation	Managing Material Non-Public Information (MNPI)
	Securities Industry Development Corporation	Board's Oversight on Section 17A MACC Act 2009
Aida Mosira Binti Mokhtar	Securities Industry Development Corporation	Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) – The Role of Boards and Senior Management
	Securities Industry Development Corporation	Board's Role in Managing Conflict of Interest
	Securities Industry Development Corporation	Cyber Risk Governance for Boards
	Securities Industry Development Corporation	Managing Material Non-Public Information (MNPI)
	Securities Industry Development Corporation	Board's Oversight on Section 17A MACC Act 2009

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Board Committees

The Board has set up the following committees to assist the Directors in discharging their duties. The committees are:

- The Audit Committee;
- The Investment Committee; and
- The Tender Committee.

AUDIT COMMITTEE

The Audit Committee ("AC") was formed on 9 June 2009 to assist the Board in the execution of its responsibilities. It comprises of two (2) Independent Non-Executive Members and one (1) Non-Independent Non-Executive Member. The full details of the composition and summary of activities of the AC during FYE2021 are set out in the Audit Committee Report of this Annual Report.

INVESTMENT COMMITTEE

The Investment Committee ("IC") was established on 4 August 2006. It operates under the delegated authority from the Board and is represented by members from various fields including banking and property. The IC comprises of two (2) Independent Non-Executive Members and two (2) Non-Independent Non-Executive Member.

The duties and responsibilities of the IC are outlined in its terms of reference, which includes:

- To review, deliberate and decide on any investments to be made by ARREIT as recommended by the Management;
- To review, assess and decide on any asset acquisition, disposal and fund raising exercise to be undertaken by the ARREIT before being presented to the Board for final approval;
- Ensure that ARREIT is managed in accordance with:-
 - ARREIT's investment objectives
 - ARREIT's Trust Deed;
 - ARREIT's Prospectus;
 - The securities laws and these Guidelines;
 - The internal investment restrictions and policies; and
 - Acceptable and efficacious investment management practices within the real estate investment industry
- To select the appropriate strategies to achieve the proper performance of ARREIT in accordance with the investment policies and to recommend the same for Board approval;
- To ensure the investment strategies selected are properly and efficiently implemented by the management company or its fund management (if any);
- Actively monitor, measure and evaluate the performance of the management company or its fund management (if any); and
- Carry out other duties as may be determined from time to time by the Board.

The members of the IC are as follows:

- Zulazman bin Zulkifli^(a)
- Dato' Haji Che Pee bin Samsudin^(b)
- Datuk Mohd Radzif bin Mohd Yunus^(c)
- Naoto Kojima
- Dato' Mohammed Noor Azmall Bin Jamaluddin (*Chairman*)^(d)
- Wan Azman Bin Ismail^(e)
- Nguyen Thi Hoang Hanh^(f)

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Notes:-

- (a) Resigned with effect from 31 December 2022
- (b) Resigned with effect from 31 December 2022
- (c) Resigned with effect from 31 December 2022
- (d) Appointed with effect from 3 January 2023
- (e) Appointed with effect from 3 January 2023
- (f) Appointed with effect from 31 January 2023

TENDER COMMITTEE

The Tender Committee ("TC") was established on 24 August 2016. It operates under the delegated authority from the Board. The TC comprises of two (2) Independent Non-Executive Members and two (2) Non-Independent Non-Executive Members.

The members of the TC are as follows:

- Zulazman bin Zulkifli^(a)
- YM Tunku Rozita binti Tunku Abdul Malek^(b)
- Naoto Kojima
- Aida Mosira Binti Mokhtar (*Chairperson*)^(c)
- Dato' Mohammed Noor Azmall Bin Jamaluddin^(d)

Notes:-

- (a) Resigned with effect from 31 December 2022
- (b) Ceased with effect from 12 December 2022
- (c) Appointed with effect from 3 January 2023
- (d) Appointed with effect from 3 January 2023

The duties and responsibilities of the TC are outlined in its terms of reference, which includes:

- To reinforce and inculcate good corporate governance, accountability, integrity and transparency in the tendering process and contract management;
- To ensure prudent spending of ARREIT fund for refurbishment works, renovation and other related works to the existing and future properties of ARREIT and are done in the best interest of ARREIT unit holders; and
- To assist the Management in making recommendation to the Board that the services to be provided by the contractor / consultant / service provider etc. through the tendering process are of high standard, value for money and in accordance to the requirements / specifications of the contract / project to be awarded.

COMPANY SECRETARY

The Company Secretary played an important role in advising the Board on issues relating to compliance with relevant laws, rules, procedures and regulations that may affect the Board, the Manager and ARREIT. The Company Secretary is responsible for ensuring that the Board, Board Committees and Unitholders meeting procedures, corporate policies and procedures, and applicable rules and regulations are adhered to. The Company Secretary is also responsible for advising the Board of their obligations and duties to disclose their interests in securities including any conflict of interests in a transaction involving the Manager and ARREIT.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

Financial Reporting

The Board is responsible in ensuring that proper maintenance of accounting records for ARREIT and appropriate accounting policies had been consistently applied. The Board is assisted by the AC in overseeing ARREIT's financial reporting processes and the quality thereof.

Relationship with External Auditors

The external auditors, Messrs KPMG is independent and the appointment was nominated by the Manager and approved by the Trustee. The remuneration of the Auditor was approved by the Trustee.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

The Audit Committee also reviews the results of the annual audit, the audit report and management letters, including Management's responses thereon with the auditors. Private sessions between the auditors and the Audit Committee, in the absence of the Management team was held during the period under review.

Internal Control

The Board has an overall responsibility of maintaining a system of internal control that covers financial and operational controls and risk management. The system provides reasonable but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

Compliance Officer

The Manager has a dedicated compliance officer working towards ensuring compliance with all legislation, rules and guidelines issued by Securities Commission and Bursa Malaysia as well as the Deed.

MANAGEMENT OF BUSINESS RISK

Effective risk management is an integral part of the Manager's strategic plan. The Manager operates within overall guidelines and specific parameters set by the Board. The risk management framework adopted by the Manager allows it to continuously identify, evaluate, mitigate and monitor risks affecting ARREIT and the Manager.

The risk management process is integrated in the day-to-day operations of the Manager, allowing a more practical and hands on approach in identifying mitigating strategies.

RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

The Manager has established procedures that will ensure related party transactions and conflicts of interests are undertaken in full compliance with the REIT Guidelines, the Deed and MMLR.

Among the policies adopted by the Manager to deal with potential conflicts of interest issues include:

- transactions on arm's length basis and on normal commercial terms which are not more favourable than those extended to third parties or public and are not to the detriment of the minority Unitholders;
- ARREIT's cash or other liquid assets should be placed in a current or deposit account of institutions licensed or approved to accept deposits;
- the Manager may not act as principal in the sale and purchase of real estate, securities and any other assets to and from ARREIT; and
- all real estate investment and divestment transactions must be consented by the Trustee, consistent with the investment objective and strategy of ARREIT and transacted at a price which is in accordance to the relevant guidelines.

WHISTLEBLOWING POLICY

The Board has put in place procedures to provide employees of the Manager with defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to ARREIT or the Manager, and for the independent investigation of any reports by employees and appropriate follow-up action. The aim of the whistle blowing policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly, and to the extent possible, be protected from reprisal.

COMMUNICATION WITH UNITHOLDERS

The Board acknowledges the importance of regular communication with unitholders and investors via annual reports, circulars, and quarterly financial reports. The Manager has made various announcements that are released to Bursa Malaysia Securities Berhad via Bursa LINK during the period, through which unitholders and investors are able to obtain an overview of ARREIT's performance and operations.

ARREIT has also established a systematically maintained corporate website, amanahrayareit.com.my, allowing the Unitholders and public to keep abreast with the development of ARREIT at all times.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") was formed on 9 June 2009 to assist the Board in the execution of its responsibilities. It operates under the delegated authority from the Board and in line with the MMLR. The Audit Committee of ARREIT comprises of two (2) Independent Non-Executive Members and one (1) Non-Independent Non-Executive Member.

The members of the Audit Committee are as follows:

- Dato Haji Che Pee bin Samsudin (*Chairman*)^(a)
- Zulazman bin Zulkifli^(b)
- Keisuke Ogawa^(c)
- Wan Azman Bin Ismail (*Chairman*)^(d)
- Aida Mosira Binti Mokhtar^(e)
- Nguyen Thi Hoang Hanh^(f)

Notes:-

- (a) Resigned with effect from 31 December 2022
 (b) Resigned with effect from 31 December 2022
 (c) Resigned with effect from 31 January 2023
 (d) Appointed as the Chairman with effect from 3 January 2023
 (e) Appointed with effect from 30 August 2022
 (f) Appointed with effect from 31 January 2023

The composition of the AC fulfils the requirements of Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

Audit Committee Meetings

The Audit Committee held four (4) meetings during FYE2022. The meeting dates were predetermined in advance in order to ensure availability of each member. Meeting papers were circulated to all the AC members prior to the meetings by way of electronic means and hard copy. The details of attendance of each member are as follows:

Directors	Designation	Attendance
Dato' Haji Che Pee bin Samsudin	Independent Non-Executive Director	4/4
Zulazman bin Zulkifli	Independent Non-Executive Director	4/4
Keisuke Ogawa	Non-Independent Non-Executive Director	4/4
Wan Azman Bin Ismail	Independent Non-Executive Director	-
Aida Mosira Binti Mokhtar	Independent Non-Executive Director	-
Nguyen Thi Hoang Hanh	Non-Independent Non-Executive Director	-

Summary of Activities carried out by the Audit Committee during the Financial Year of 2022

The primary role of the AC 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 of ARREIT. The AC 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"). Summary of work undertaken by AC during the year under review is as listed below:-

- Reviewing all internal and external reports on the operations of ARREIT and the Manager as well as the portfolio under management and ensuring compliance with all relevant laws and regulations;
- Initiating investigation in respect of activities within its terms of reference and to seek for information it requires from the management and/or any employee;

AUDIT COMMITTEE REPORT (CONT'D)

- Obtaining external legal or other independent professional advice, opinion and/or reports and to secure the attendance of external parties with relevant experience and expertise as and when necessary;
- Reviewing, together with external auditors, the audit plan, scope of the audit and areas of audit for ARREIT and the Manager;
- Discussing and highlighting any problems arising from the audit exercise and/or any other matters raised by external auditors;
- Reviewing external auditors' letters and reports and response from the management;
- Reviewing the audit report prepared by external auditors;
- Making appropriate recommendations to the Board on matters concerning resignations, dismissals and replacements of external auditors;
- Reviewing and reporting the adequacy of the scope, functions and resources of the internal audit function and authorizing it to carry out the audit works;
- Reviewing all financial results and financial statements and all portfolios under management;
- Reviewing and highlighting any related-party transactions; and
- Ensuring that the policy, strategy and operations of ARREIT and the Manager are in compliance with all relevant laws and regulations.

INTERNAL AUDIT FUNCTION

The internal audit function of the Manager was carried out by an in-house Group Internal Audit Division ("GIAD") and is led by the Head of Internal Auditor which reports directly to the Audit Committee. GIAD is an independent, objective assurance and consulting services unit that designed to add value and improve the Manager's operations. It actively facilitates the Manager to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance processes.

GIAD has the principal responsibility for undertaking a regular and systematic review of the systems and internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. Summary of activities undertaken by GIAD during FYE2022 are listed below:

- To ensure that ARREIT was managed in accordance with the Deed, Prospectus, the Securities Commission's Guidelines on Real Estate Investment Trusts and other applicable guidelines imposed by the SC and other relevant authorities;
- To ensure that the properties are adequately insured by the lessees /tenant;
- To ensure that all reasonable and permitted courses of action taken to pursue overdue rental payments and how is the action taken evidenced;
- To ensure that properties are maintained based on the Property Management Agreement;
- No undue influence or favouritism on selection / appointment of Property Manager;
- The selection of financially stable, competent and reliable Property Manager;
- To ensure that AKRM closely monitor the work performed by the appointed Property Managers which are constantly sourced solution to enhance the value of the properties either via internal and / or external refurbishment and upgrading exercises;
- To ensure that the performance of Property Managers was fully assessed;
- To ensure that all record keeping procedures and audit trail of all records and the confidentiality of information were adhered to; and
- Identify and disclose any non-compliance issue detected during audit exercise and recommend for corrective actions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Being a Real Estate Investment Trust, AmanahRaya Real Estate Investment Trust ("ARREIT") is not subjected to Paragraph 15.26(b) of the MMLR of Bursa Malaysia Securities Berhad. Nevertheless, the Board of Directors of AmanahRaya-Kenedix REIT Manager Sdn Bhd ("the Manager") has voluntarily opted to include this Statement on Internal Control to demonstrate its commitment in maintaining a sound and effective system of internal control.

THE BOARD'S RESPONSIBILITY

The Board is responsible for ensuring the adequacy and integrity of the overall internal control systems and policies. Strong emphasis has been given by the Board in maintaining a sound system of internal control and effective risk management practices.

Notwithstanding the above, the Board also acknowledges that a sound system of internal control can mitigate but not eliminate the risk of failure in achieving the identified business objectives. It is therefore pertinent to note that the adopted system of internal control should be able to provide reasonable protection against material losses but not absolute shield against the same.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Manager has established, among others, the following systems of internal control to protect the interest of the Unitholders:

- An operational manual has been established to outline the structure and framework in managing the overall operations of the Manager. The operational manual includes inter-alia policies and procedures on acquisition and disposal of properties, property management processes, financial and operational reporting as well as continuing listing and compliance obligations. The operational manual is subject to periodical review and will be updated as and when necessary;
- Authority limits have been specified for the operations of ARREIT including but not limited to approvals on investments and divestments, banking facilities, capital and operating expenditure as well as engagement of services from external parties. Approvals from Pacific Trustees Berhad ("the Trustee") and the Board are required for matters of certain threshold limits whereas those which do not exceed the threshold limits are delegated to other Board committees or the Managing Director ("MD") / Chief Executive Officer ("CEO") to facilitate operational efficiency. A set of other authorised personnel have also been identified to approve and release payments for transactions with prior approval in accordance with the authority limits;
- The Manager has adopted a group wide Integrity Plan and Code of Business Ethics towards recognising and resolving ethical issues that may be encountered in conducting its daily operations. The Code of Business Ethics addresses among others, issues on conflict of interest, whistle blowing policy, ethics and responsibility to stakeholders;
- An Enterprise Risk Management Policy which sets out the approaches and expectations in relation to risk management has also been adopted by the Manager. Via the policy, the Board recognises that risk management is an integral part of good management and corporate governance practice;
- Internal Audit services are outsourced to the Manager's holding company, Amanah Raya Berhad. The cost incurred by the Manager for the outsourced Internal Audit Function in respect of the financial year ended 2022 amounted to RM19,761. Findings obtained from internal audit activities are reported directly to Audit Committee ("the AC") and are independent from the management team of the Manager;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

- Scheduled regular meetings of the Board, AC and Investment Committee ("IC") with representation from the management provide the key to systematic monitoring of ARREIT's activities. The MD/CEO is entrusted to manage the daily operations of the Manager and ARREIT and holds the responsibility of leading the respective heads of departments towards achieving the identified objectives;
- In order to maintain quality and efficiency, the Manager's personnel across all functions are given the opportunity to attend relevant trainings. A systematic staff performance appraisal mechanism has also been adopted to ensure adequate and sufficient rewards are awarded to well-deserving personnel;
- The AC conducts reviews on issues relating to the effectiveness of the internal control system raised by internal and external auditors, regulatory authorities and the management. Where a weakness on internal control mechanism is identified, the AC shall ensure that appropriate remedial action is taken by the management. Management is reviewing the audit findings raised by the Group Internal Auditor;
- The IC reviews and scrutinizes all investment, divestment and fund-raising proposals recommended by the management. The reviewing process includes identification of risks involved in such activities towards ensuring that ARREIT is managed in accordance with its objectives. The IC also holds the responsibility of actively monitoring the performance of the Manager and ARREIT;
- All recommendations endorsed by the AC and IC shall be presented for review and approval by the Board.

REVIEW OF THIS STATEMENT

Based on the above, the Board is of the view that the risk management and internal control system adopted by the Manager is adequate and sufficient to ensure good corporate governance for ARREIT. Assurance had been received from the MD/CEO and Head of Finance that the risk management and internal control system of the Manager in relation to managing the operations of ARREIT, is operating adequately and effectively, in all material aspects, based on the risk management and internal control system set in place by the Manager.

This Statement has been tabled and approved by the Board on 24 February 2023.

PROPERTY MARKET OVERVIEW

MARKET INDICATORS

The reopening of borders in April 2022 has boosted domestic economic activity in Malaysia, with most businesses back to normalcy. However, the ongoing conflict between Russia-Ukraine continues to affect the global economy, bringing challenges such as unstable oil prices and overall global inflation.

The quarterly gross domestic product (GDP) was recorded between RM360.2 billion and RM382.9 billion, with a total of RM1.1 trillion, during Q1-Q3/2022, supported by higher domestic demand, an improved labour market and upbeat service and manufacturing sectors. The Malaysian economy expanded by 9.3% in the first three quarters of 2022.

The unemployment conditions in Malaysia have improved sharply since the beginning of 2022. Compared to 4.6% at the end-2021, the unemployment rate consistently enhanced to 4.1%, 3.9% and 3.7% in the first three quarters of 2022, mainly driven by strong employment gains amid the increasing number of workers entering the labour force.

Headline inflation, as measured by the Consumer Price Index (CPI), increased by 2.2 - 4.5% during Q1-Q3/2022, driven mainly by the base effect from the discount on electricity bills implemented in 2021 and sustained increases in core and price-volatile inflation. The CPI increased from 124.5 in December 2021 to 129.0 in November 2022.

Against the backdrop of continued growth prospects for the Malaysian economy and to tackle the rising inflation, Bank Negara Malaysia (BNM) adjusted the degree of monetary accommodation by increasing the Overnight Policy Rates (OPR) four times since May 2022 by 25 bps each to 2.75% as of December 2022. The move also helped to pre-emptively manage the risk of excessive demand on price pressures.

The Business Conditions Index (BCI) remained stable at 99.8 points in Q3/2022. No significant change was recorded q-o-q (96.2 in Q2/2022) and y-o-y (97.0 in Q3/2021). On a positive note, Malaysia's Industrial Production Index (IPI) registered a 10.8% growth year-on-year (y-o-y) in September 2022, supported by robust mining, manufacturing, and electricity output.

Approved Investment, 2020 to Q1-Q3/2022

Malaysia	2020	2021	Q1-Q3/2022
Number of Approved Projects	4,758	4,568	2,786
Domestic Direct Investment (DDI) (RM Million)	64,197.0	100,817.0	63,044.2
Foreign Direct Investment (FDI) (RM Million)	103,199.1	208,583.5	130,657.3
Total Capital Investment (RM Million)	167,396.1	309,400.4	193,701.5

Source: Malaysia Investment Development Authority (MIDA)

For the period Q1-Q3/2022, Malaysia recorded 2,786 approved projects worth RM193.7 billion, resulting in 2.5% growth y-o-y from the corresponding period last year (Q1-Q3/2021: RM189.0 billion). Out of the total approved investment, 58.5% (RM113.3 billion) was contributed by the service sector, followed by the manufacturing sector (33.5%, RM64.9 billion) and the primary sector (8.0%, RM15.5 billion).

In terms of investment sources, FDI remained the major contributor, at 67.5% (RM130.7 billion), while domestic direct investment DDI contributed 32.5% (RM63 billion). Of the total investments approved, China dominated FDI totalling RM49.2 billion, followed by the United States (RM16.9 billion), Netherlands (RM16.5 billion), Germany (RM9.2 billion) and Singapore (RM8.7 billion).

According to the World Bank, continuing multi-year investment projects will support economic growth. In addition, tourism-related activities by domestic and international travellers are expected to see an uptake in the near future. As per the Ministry of Finance, GDP growth for the whole year of 2022 will likely exceed the earlier projection of 6.5 - 7.0%. The growth is expected to moderate to 4.0% in 2023.

PROPERTY MARKET OVERVIEW

(CONT'D)

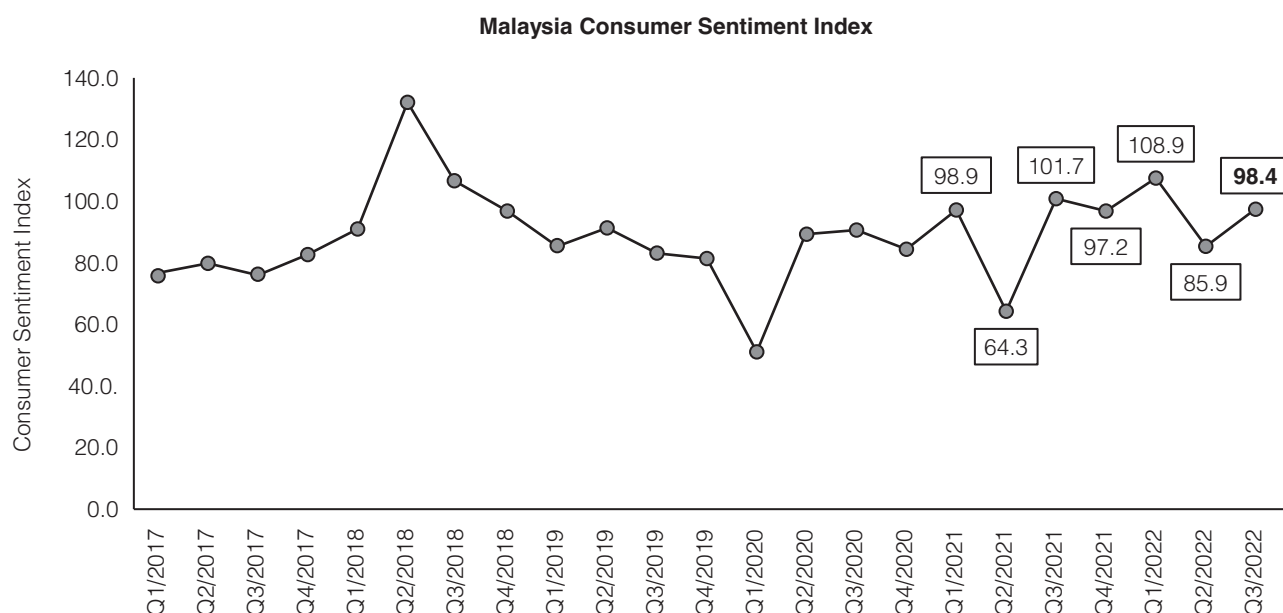
RETAIL MARKET

1.0 RETAIL OVERVIEW: MALAYSIA

Malaysia's retail sector is still reaping the benefits of a post-pandemic reopening. The Malaysian Institute of Economic Research (MIER) reflected that the transition to the epidemic stage in the first quarter of 2022 had boosted consumer confidence, with the Consumer Confidence Index (CSI) at 108.9 points, the highest level since Q2/2018. However, the CSI fell 23 points q-o-q to 85.9 points in Q2/2022 as inflation rose from 2.8% to 3.4% in a month. Increasing prices of goods and services affected consumers spending on big-ticket items.

As of Q3/2022, the CSI rose to 98.4 points as consumers adjusted and adjusted to higher prices for goods and services in the previous quarter. Uncertainty in the global economy could further affect consumer spending in the coming months, especially after the Lunar New Year.

Malaysia: Consumer Sentiment Index, Q1/2017 – Q3/2022



Source: Malaysia Institute of Economic Research (MIER)

The Department of Statistics Malaysia (DOSM) reported that Malaysia retail sales registered a growth of 24.2% y-o-y to RM542.9 billion in the first ten months of 2022, a significant increase compared to the same period of 2021. However, this unprecedented growth rate was unlikely to sustain.

The total retail sales were observed to increase from April 2022, higher than the pre-pandemic total retail sales. The top 5 retail trade categories with the highest growth are 1) Retail Sale of Other Goods in Specialised Stores, 2) Retail Sale of Automotive Fuel in Specialised Stores, 3) Retail Sale in Non-specialised Stores, 4) Retail Sale of Other Household Equipment in Specialised Stores and 5) Retail Trade Not in Stores, Stalls or Markets. However, in terms of total sales value, the retail sale in supermarkets or convenience stores, personal items, i.e., clothing, beauty & wellness, and household equipment contributed the largest share.

PROPERTY MARKET OVERVIEW

(CONT'D)

Malaysia: Retail Sales Growth, 2019 to October 2022



Source: Department of Statistics Malaysia (DOSM) & Savills Research

Note: r= revision, p= preliminary

2.0 RETAIL OVERVIEW: GREATER KUALA LUMPUR

2.1 Supply: Existing and Future

The cumulative retail space supply in Greater Kuala Lumpur (Greater KL) was 72.6 million sq ft in 2022, spread across about 190 retail malls. Out of the total retail space supply, 56.5% is in Outer Kuala Lumpur (Outer KL), while the remaining 43.5% is in Kuala Lumpur (KL).

The first quarter of 2022 witnessed the opening of Mitsui Shopping Park Lalaport with a net lettable area (NLA) of approximately 860,000 sq ft, a flagship project under Mitsui Fudosan Co. Ltd. featuring mainly Japanese brands such as NITORI, Nojima and Don Don Donki.

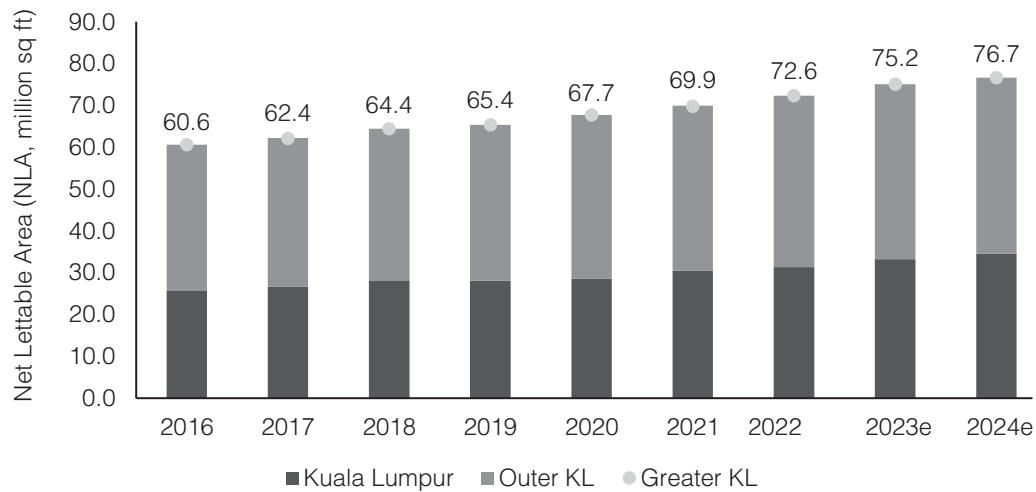
In Q3/2022, the extension of IOI City Mall Phase 2 was opened, adding about 1.0 million sq ft of retail space to the existing IOI City Mall. IOI City Mall is now the largest retail mall in the Greater KL, with a total NLA of 2.35 million sq ft. The extension includes IOI City Farm, an indoor edutainment exhibition space and IOI Sports Centre.

The other smaller-scale malls opening in 2022 include Setia Eco Hill (170,000 sq ft), Retail Podium @ Datum Jelatek (319,000 sq ft), Megah Rise (142,000 sq ft) and Rain Tree Rain @ The Era (277,000 sq ft) consisting of neighbourhood friendly tenant mix.

By the end of 2024, another 4.1 million sq ft of retail space will be ready in the Greater KL. These incoming malls include The Exchange TRX, Warisan Merdeka Mall and Pavilion Damansara Heights, which will bring a new retail scene to Greater KL.

PROPERTY MARKET OVERVIEW (CONT'D)

Greater KL: Cumulative Supply of Retail Space, 2016 to 2024e



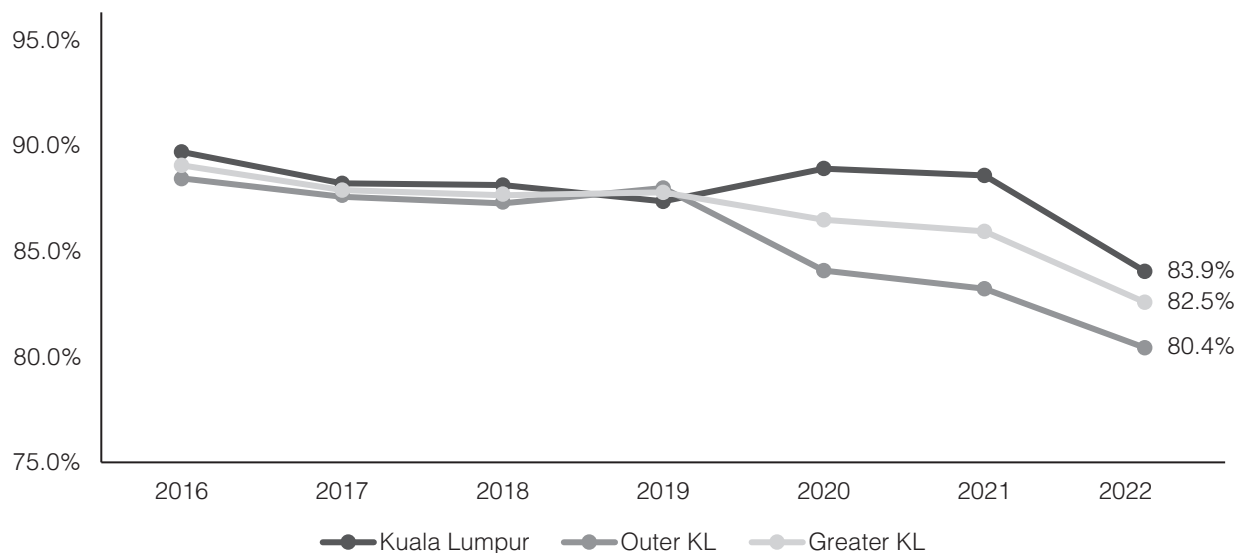
Source: Savills Research

Note: e=estimated

2.2 Occupancy Rates

The average occupancy rate of malls in Greater KL declined by 3.4% from 85.9% to 82.5% in 2022. The downward trend was mainly due to the low occupancy of new malls. However, established malls' occupancy rates were maintained above average, supported by returning shoppers' traffic that lifted retailers' confidence.

Greater KL: Retail Space Occupancy Trend, 2016 to 2022



Source: Savills Research

PROPERTY MARKET OVERVIEW

(CONT'D)

2.3 Rental Rates

On the rental front, the prime malls in Selangor, such as One Utama and Sunway Pyramid, achieved the highest rental rates ranging between RM7.00 and RM58.60 per sq ft per month in H1/2022, depending on the location, size, floor level and other factors of the retail lots within the mall.

Melawati Mall and Central i-City, neighbourhood malls opened in Selangor, commanded rental rates ranging between RM5.00 and RM32.60 per sq ft per month. At the same time, other neighbourhood malls, including Subang Parade and IOI Mall Puchong, achieved a rental range between RM4.00 and RM33.30 per sq ft.

As reported by the National Property Information Centre (NAPIC), rental rates of these malls have remained stable compared to H2/2021.

Rental Levels of Retail Space in Selected Retail Malls, H1/2022

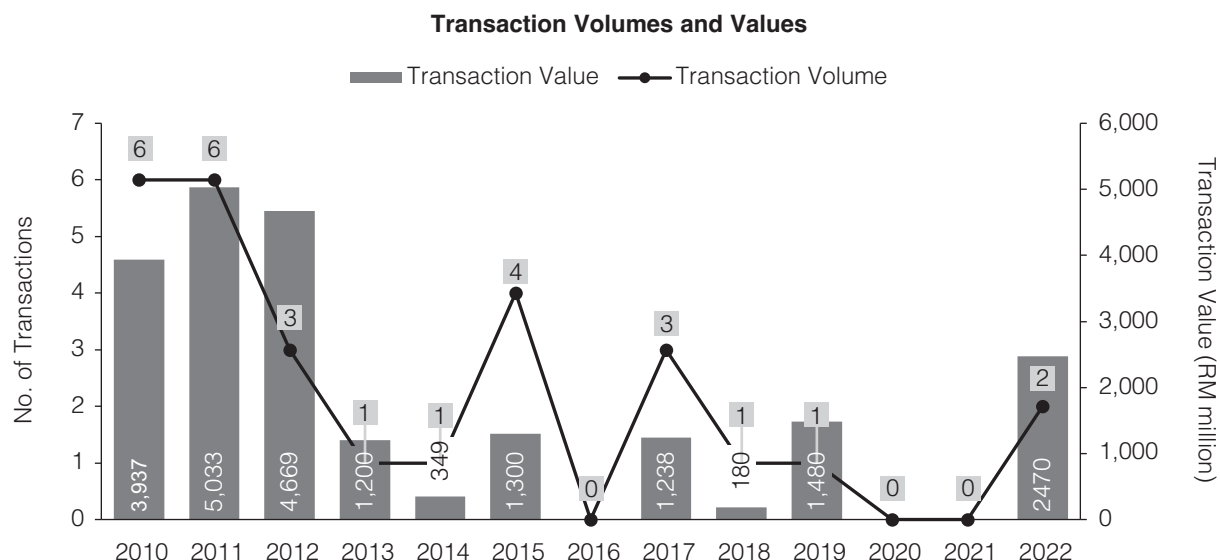
Retail Mall	Location	Floor Level	Retail Space (sq ft)	Rental Range (RM per sq ft per month)
One Utama	Bandar Utama	LG	323 - 1,981	12.00 - 41.00
		G	1,345 - 2,669	12.50 - 34.00
		1	560 - 1,378	12.50 - 38.00
		2	463 - 1,830	7.00 - 31.00
Sunway Pyramid	Bandar Sunway	LG2	635 - 7,739	16.80 - 35.80
		LG1	538 - 3,337	11.90 - 45.30
		G	592 - 1,991	22.60 - 43.80
		1	108 - 3,391	17.50 - 58.60
Subang Parade	Subang Jaya	LG	538 - 4,510	7.80 - 20.60
		G	463 - 2,659	12.00 - 23.40
		1	1,421 - 1,485	4.00 - 10.20
Central i-City	Shah Alam	LG	388 - 4,036	6.00 - 17.00
		G	581 - 3,789	10.00 - 23.00
		1	581 - 2,207	8.00 - 30.00
		2	764 - 1,970	6.00 - 16.00
		3	1,173 - 2,454	8.00 - 13.00
IOI Mall	Bandar Puchong	G	355 - 3,143	9.00 - 33.30
		1	657 - 3,746	6.00 - 16.50
		2	560 - 2,390	9.30 - 15.00
Melawati Mall	Taman Melati	LG	151 - 2,024	5.60 - 18.80
		G	484 - 1,539	8.60 - 32.60
		1	323 - 1,787	5.00 - 8.60
		2	452 - 904	6.10 - 18.60
		3	172 - 25.94	9.30 - 22.60
		4	506 - 1,453	5.30 - 18.10
		5	506 - 2,820	5.40 - 18.10
		6	1,023 - 1,851	5.60 - 10.60

Source: National Property Information Centre (NAPIC) & Savills Research

PROPERTY MARKET OVERVIEW

(CONT'D)

2.4 Capital Values



Source: Savills Research

Two notable retail transactions on 163 Retail Park and Pavilion Bukit Jalil were recorded in KL City with an investment value worth RM270.0 million and RM2,200.0 million, respectively. The retail investment market is expected to have a better post-pandemic outlook, backed by pent-up investment demand.

3.0 RETAIL MARKET OUTLOOK

The average occupancy of malls in Greater KL is expected to remain under pressure as a large impending supply to be ready in the next two years, coupled with retailers taking longer to move in. Leasing will remain active; however, rents are expected to remain competitive due to intense competition from upcoming malls.

With the upcoming malls such as TRX The Exchange, Warisan Merdeka Mall and Pavilion Damansara Heights, the retail market in Greater KL will have more exciting retail concepts in the coming years. These malls will enter the market with new experiential concepts integrated with technology, modern architectural design and new-to-market entrants. In-store shopping is still an experience that consumers look forward to, but with a higher expectation for malls with community social space.

The retail market will still face several challenges, including rising inflation affecting consumer spending power and uncertainties in the global economy that may trigger retrenchment. These uncertainties will dampen retail spending and affect retail performance. Nevertheless, the retail market is slowly recovering in 2023.

PROPERTY MARKET OVERVIEW (CONT'D)

HOTEL MARKET

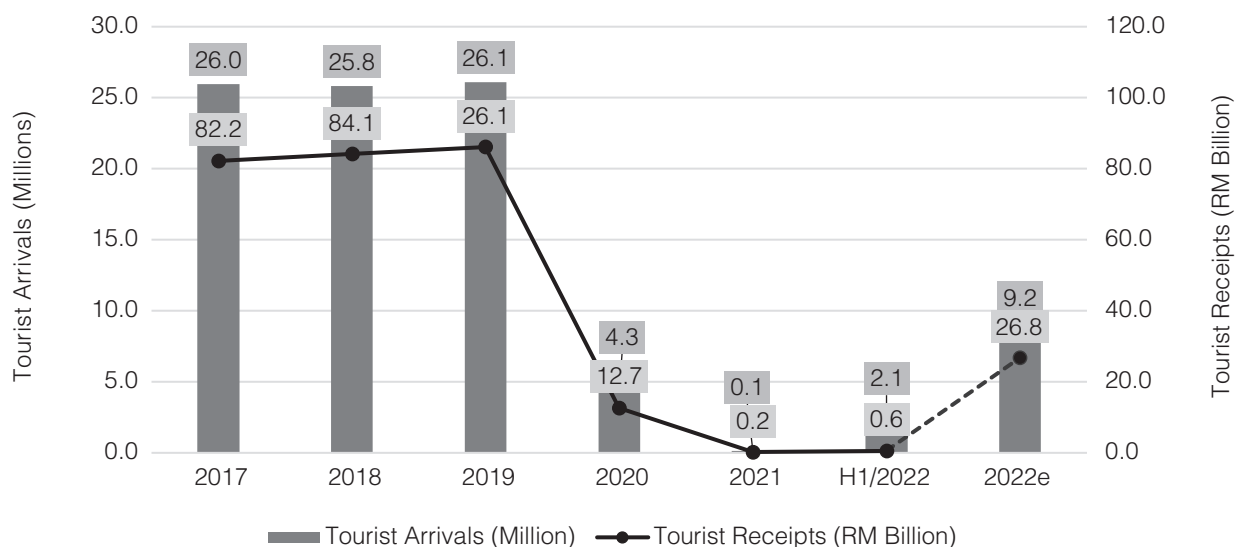
4.0 TOURISM MARKET PERFORMANCE: MALAYSIA & KEDAH

The unprecedented challenges of COVID-19 left a substantial impact towards the tourism industry. Nonetheless, the hospitality sector is on its path to recovery following the reopening of the international border on 1st April 2022. As the country transitioned towards endemicity, the hospitality sector's performance expanded rapidly. The growth momentum is mainly driven by strong domestic and international demand.

The reopening of the international border contributed to the surge of tourist arrivals. According to the Ministry of Tourism, Arts and Culture (MOTAC), over 1.6 million tourist arrivals registered in May and June 2022, a threefold increase compared to the first four months in 2022 (Jan-Apr: 490,112). This remarkable comeback was also observed in July 2022, whereby a rise of 11% in tourist arrivals from June 2022, marking a total of over 3.2 million tourists. This favourable outlook is in line with MOTAC's revised projection of 9.2 million tourist arrivals and RM26.8 billion tourist receipts in 2022.

The improved tourist arrivals and receipts were attributed to the Government's proactive policies to boost the tourism industry. Accordingly, MOTAC received an allocation of RM1.6 billion through Budget 2022, representing 6.5% more than the previous year (2021: RM1.14 billion). In May 2022, MOTAC launched the Tourism Recovery Plan 2022 (PRE 2.0), a continuation of PRE 1.0 to promote domestic tourism following the transition towards the endemic phase. The PRE 2.0, inclusive of collaboration with industry players such as The Malaysia Association Hotels (MAH), Malaysian Hotel Owners Association (MAHO), Kuala Lumpur International Airport (KLIA) Express and more, offer vouchers and discounts to attract locals and boost the domestic tourism economy.

Malaysia: Tourist Arrivals and Receipts, 2017 to 1H/2022



Source: Tourism Malaysia / Savills Research

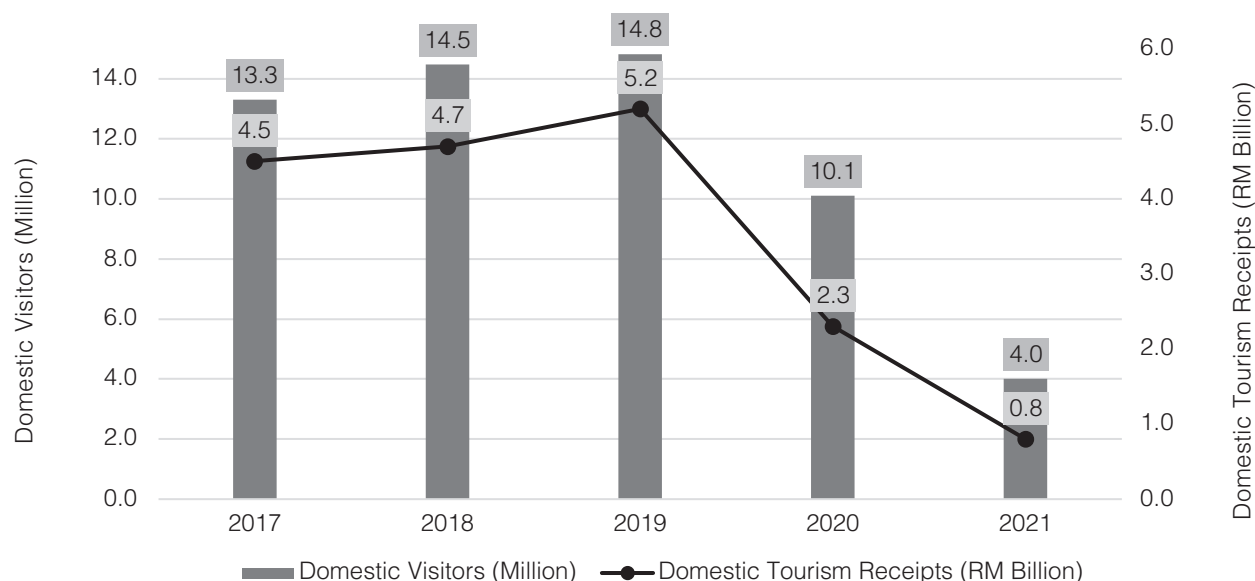
Note: e=estimated

In Kedah, the overall domestic tourism in terms of volume and value continued to dwindle in 2021 due to the challenges and effects of the global pandemic. According to Domestic Tourism Survey Kedah (DTS) 2021, the number of domestic arrivals declined by a staggering 60.2% y-o-y to 4.0 million visitors (2020: 10.1 million), whereas receipts dropped significantly by 62.9% to RM0.8 billion (2020: RM2.3 billion). Nonetheless, there are brighter days ahead for economic performance in Kedah as the targeted tourist arrivals of 1.4 million were achieved in September 2022, as projected by Kedah Tourism Committee.

PROPERTY MARKET OVERVIEW

(CONT'D)

Kedah: Domestic Visitors & Tourism Receipts, 2017 to 2021



Source: Department of Statistics Malaysia (DOSM) / Savills Research

The survey showed that the primary purposes of tourists travelling to Kedah were to visit relatives and friends, with a share of 52.5%, followed by holiday/ leisure/ relaxation (22.3%). Moreover, most tourists that visited Kedah opted to stay with relatives and friends' houses as unpaid accommodation (relatives' and friends' houses), sharing the highest percentage of accommodation types with 58.6%. The remaining was paid accommodation opting for the hotel (with a share of 28.7%).

5.0 HOTEL OVERVIEW: MALAYSIA & KEDAH

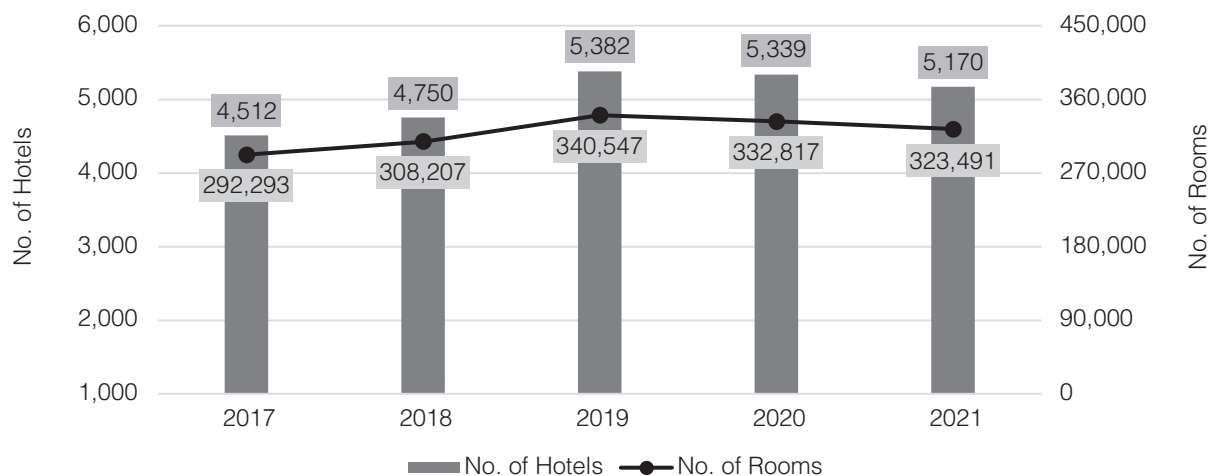
5.1 Supply: Hotel & Room – All-Star Rating

The challenges brought by COVID-19 directly impacted the hotel supply. As of 2021, the hotel supply was reduced by 169 to 5,170 hotels (2020: 5,339 hotels). Moreover, the total number of rooms declined by 9,326 to 323,491 (2020: 332,817). For the past two years, the hotels and rooms supply registered a downward trend following a series of Movement Control Orders (MCOs) imposed by the government since March 2020. According to the MOTAC, more than 100 hotels and tourism operators had to cease during the peak pandemic in 2020 due to financial difficulties faced by the operators.

PROPERTY MARKET OVERVIEW

(CONT'D)

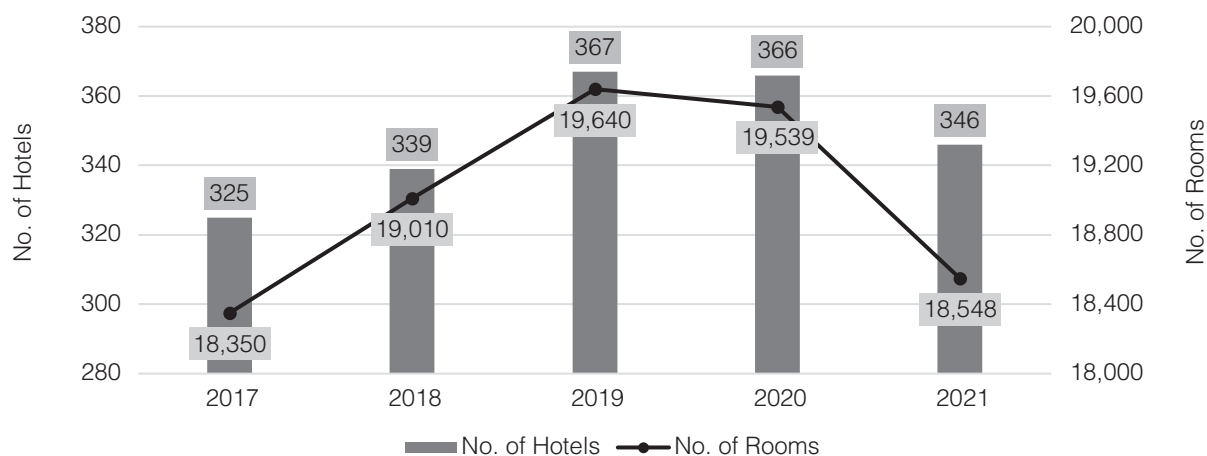
Malaysia: Hotel & Room Supply – All Star Ratings, 2017 to 2021



Source: Tourism Malaysia / Savills Research

In Kedah, hotel & room supplies were severely affected during the lockdown period. The number of hotels was reduced by 20 to 346 hotels (2020: 366 hotels), and the number of hotel rooms was decreased by 991 to 548 rooms (2020: 19,539 rooms). This is primarily due to the strict MCOs measure that put all economic and tourism activities on hold.

Kedah: Hotel & Room Supply – All-Star Rating, 2017 to 2021



Source: Tourism Malaysia / Savills Research

PROPERTY MARKET OVERVIEW

(CONT'D)

Despite the challenges, more hotel and room supplies are predicted to expand in the next two years, whereas all construction activities were resumed and progressing normally. Notable 5-star hotels in Greater KL slated to open in 2023 include Conrad Kuala Lumpur, Crowne Plaza Kuala Lumpur, Imperial Lexis Kuala Lumpur, Renaissance Kuala Lumpur, Hyatt Place Bukit Jalil, Holiday Inn Bangsar, etc. Jumeirah Hotel Kuala Lumpur, So Sofitel Kuala Lumpur, Kempinski Hotel Kuala Lumpur, Park Hyatt Kuala Lumpur and so forth are expected to open in 2024.

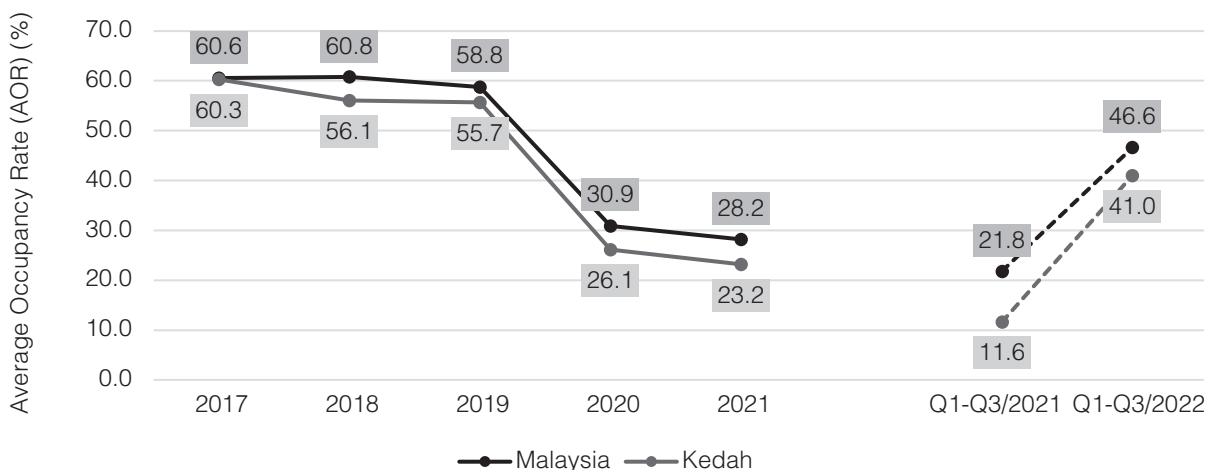
In Kedah, notable new additions include The Nautilus Resort Curio Collection by Hilton Langkawi in 2023, Hilton's Burau Bay Resort Langkawi in 2024, and Tropicana Cenang Langkawi in 2029.

5.2 Occupancy

Malaysia's Average Occupancy Rate (AOR) fell significantly to a low of 28.2% in 2021 from 30.9% in 2020 following the continuation of travel restrictions and MCOs. The AOR, however, improved to 46.6% in Q1-Q3/2022, from 21.8% compared to the same period previous year. The ease of travel restrictions and reopening of international was a positive move, as observed in the significant rise in AOR, driven by the government's consistent policy support to boost tourism performance further.

A similar trend was observed in Kedah. The AOR declined from 26.1% in 2020 to 23.2% in 2021 but bounced back to 41.0% in Q1-Q3/2022 (Q1-Q3/2021: 11.6%). The y-o-y increase was almost fourfold from 11.6% for the same period in 2021. In addition, MAH reported that some 5-star hotels in Langkawi reached 100% bookings since the reopening of the island to tourists, owing to the travel bubble scheme imposed by the government to attract international tourists.

Malaysia & Kedah: Average Occupancy Rates of All-Star Hotels, 2017 to Q3/2022



Source: Tourism Malaysia / Savills Research

PROPERTY MARKET OVERVIEW

(CONT'D)

6.0 HOTEL MARKET OUTLOOK

The tourism industry is reviving, albeit slowly. In light of the recent general election, Tourism Malaysia expects a surge in tourist arrivals, primarily from the Association of Southeast Asian Nations (ASEAN) and European countries, under the new government's leadership. This will increase the confidence of international travellers, industry players and investors in the hospitality sector.

As one of the main contributors to the country's economic growth, MOTAC introduced National Tourism Policy in 2020 to transform the tourism industry towards sustainability, competitiveness, and inclusiveness to promote Malaysia to become top 10 globally in tourist arrivals and receipts. A strategic direction has been implemented to achieve the goal by harnessing public-private sector partnerships and embracing digitalisation to drive innovation and competitiveness towards sustainable and inclusive development in line with the United Nations Sustainable Development Goals.

The reopening of international borders on 1 April 2022 as the country transited to the endemic phase of living with COVID-19 is expected further to boost the tourism industry in the coming future. The weak ringgit currency has positively impacted tourism, attracting more international travellers. The ringgit depreciation has improved travel affordability in Malaysia, making Malaysia one of the most affordable holiday destinations for foreign visitors.

Moving forward, as the world navigates towards normalcy, situations may recover. However, adding newly completed projects will likely result in a more challenging competition. As a result, Average Room Rate (ARR) and AOR may remain under pressure and improve rather slowly. Hotel operators might face challenges in filling the vacancies due to the shortfall of staff as the hospitality sector has been a labour-intensive industry since the onset of the COVID-19 pandemic.

OFFICE MARKET

7.0 OFFICE OVERVIEW: GREATER KUALA LUMPUR

7.1 Supply: Existing and Future

Greater KL's office supply amounted to 139.9 million sq ft in 2022, a 1.8% year-on-year increase from 137.4 million sq ft in 2021. Nearly two-thirds of the current total supply (66.8%, 93.5 million sq ft) is located in KL, and almost a third (33.2%, 46.4 million sq ft) is in Outer KL.

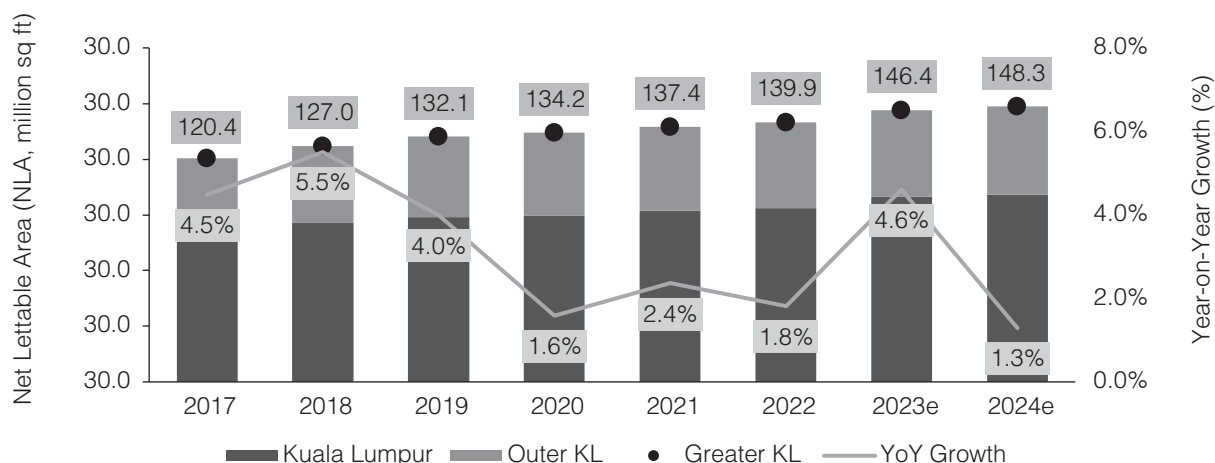
Office supply in KL grew by 1.5% in 2022, with the addition of 1.4 million sq ft of office space from 92.1 million sq ft registered in 2021. Notable completions during this period include Affin HQ @ Tun Razak Exchange (0.62 million sq ft), Pavilion Embassy Corporate Suites (0.41 million sq ft) and the 0.38 million sq ft The Stride Strata Office @ BBCC (Bukit Bintang City Centre).

In Outer KL, about 1.1 million sq ft of office space was added in 2022, a 2.4% year-on-year increase from 45.3 million sq ft in 2021. Amongst the notable additions include Menara KWSP @ Kwasa Damansara (0.48 million sq ft) and HCK Tower @ Empire City (0.56 million sq ft).

PROPERTY MARKET OVERVIEW

(CONT'D)

Greater KL: Cumulative Supply of Office Space, 2017 to 2022



Source: Savills Research

Note: e=estimated

Greater KL's office supply is projected to grow by a Compound annual growth rate (CAGR) of 3.0% between 2022 and 2024, with the addition of 8.4 million sq ft to reach 148.3 million sq ft by 2024. KL is expected to host 86.9% (7.3 million sq ft) of the incoming office supply by 2024, with the remaining 1.1 million sq ft in Outer KL.

In 2023 alone, Greater KL expects about 6.5 million sq ft of new office supply, which equates to a 4.6% y-o-y increase from the current supply in 2022. KL is projected to host 6.3 million sq ft, with the remaining 0.2 million sq ft in Outer KL. Notable incoming office developments in KL include Merdeka 118 (1.65 million sq ft), Corporate Towers & Corporate Suites @ Pavilion Damansara Heights (1.37 million sq ft), TNB HQ @ Jalan Bangsar (0.64 million sq ft) and Senada Offices @ KLGCC (0.20 million sq ft).

By 2024, Greater KL expects an additional office supply of 1.9 million sq ft with a year-on-year supply growth of 1.3% from 2023, of which 1.0 million sq ft of space is in KL and the remaining 0.9 million sq ft is located in Outer KL. Notable incoming office supply in 2024 includes Office Towers @ Atwater, Section 13 (0.37 million sq ft) and CP2 @ Sunway South Quay (0.55 million sq ft).

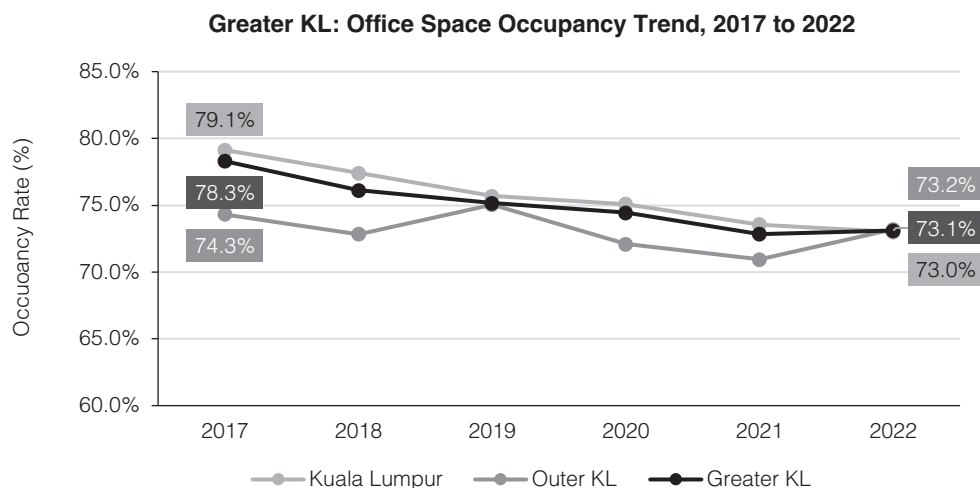
7.2 Occupancy Rates

The office occupancy rate in Greater KL stood at 73.1% in 2022, a marginal 0.4% increase from 72.8% in 2021. In Outer KL, a 73.2% occupancy was recorded in 2022, a 3.1% increase from the 71.0% occupancy achieved in 2021. Notable tenant movements within the Outer KL region in 2022 include the relocation of KWSP (also known as EPF or Employee's Provident Fund) from its previous headquarters at Jalan Raja Laut to the newly completed Menara KWSP @ Kwasa Damansara (0.48 million sq ft).

Of the newly completed buildings in Greater KL, Menara KWSP @ Kwasa Damansara and Menara Affin @ TRX in Greater KL both registered over 70% occupancy rates. As leasing income continues to gain traction in the endemic phase, occupancy rates are expected to rise in the near term.

PROPERTY MARKET OVERVIEW

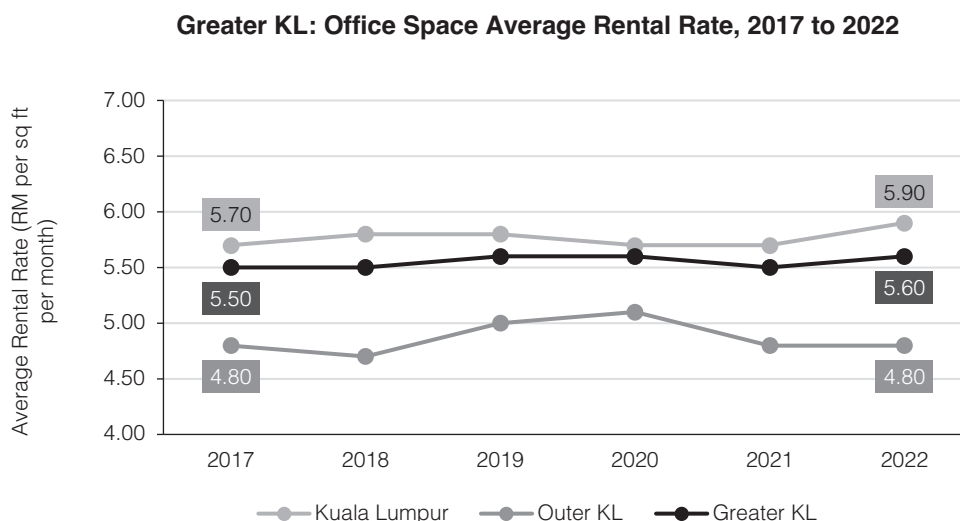
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Source: Savills Research

7.3 Rental Rates

Greater KL's rental showed marginal changes throughout 2017 to 2022, with an average rental rate of RM5.60 per sq ft per month in 2022. KL contributed the highest average rental rate of RM5.90 per sq ft per month, whilst Outer KL's average rental rate in 2022 remains unchanged from 2021, at RM4.80 per sq ft per month.



Source: Savills Research

The sustained office supply growth over the past few years against a weaker demand, especially from the oil and gas sector, has created a tenant-led office market where tenants are able to demand better incentives from landlords in the event they relocate. This poses a challenge for landlords in maintaining their income streams. They are forced to offer competitive rental rates with generous rental waivers and rent-free periods amidst inflationary pressures and rising business costs.

PROPERTY MARKET OVERVIEW

(CONT'D)

7.4 Capital Values

As for the office investment market in Greater KL, seven en-bloc offices with a total combined Net Lettable Area (NLA) of some 0.90 million sq ft were transacted for a total combined value of RM710 million in 2022. Three transactions were recorded in the Outer KL region with a total transacted value of RM282 million.

The highest transaction in value was recorded in Q2/2022, with the disposal of Quill 9 to Neo Platinum Berhad, an SPV seeking to securitise real estate, at RM200 million (RM715 per sq ft). Other notable transactions include the acquisition of Bangunan KWSP Kuala Lumpur for RM62 million by TIME DotCom Berhad's wholly owned subsidiary, AIMS Data Centre Sdn Bhd, to expand their operational facilities by repurposing the said building into a data centre. Additionally, Q2/2022 also saw the disposal of Bangunan AHP in TTDI (Taman Tun Dr Ismail) by Amanahraya Trustees Berhad for RM86 million.

Kuala Lumpur: Major Office Transactions in 2022

Year	Buildings	Region	NLA (sq ft)	Price	Price (RM per sq ft)	Buyer
2022	Bangunan KWSP Changkat Raja Chulan	KL City	110,524	RM62 mil	RM561	AIMS Data Centre Sdn. Bhd.
	Block N, Jaya One	Outer KL	28,578	RM20 mil	RM696	Luxchem Corporation Berhad
	Bangunan AHP	KL Suburban	96,154	RM86 mil	RM894	Kuala Sentral Point Sdn. Bhd.
	Quill 9	Outer KL	279,877	RM200 mil	RM715	Neo Platinum Berhad
	Faber Imperial Court	KL City	141,468	RM245 mil*	n.a.	Achi Jaya Plantations Sdn. Bhd.
	Menara AmFirst	Outer KL	158,450	RM62 mil	RM391	Forever Backup Sdn. Bhd.
	Wisma TM, Taman Desa	KL Suburban	86,000	RM35 mil	RM410	JAG Land Sdn. Bhd.

Note: *Details of the sale include a 398-key Sheraton Imperial hotel and Faber Imperial Court with an NLA of 0.14 million sq ft

8.0 OFFICE MARKET OUTLOOK

A positive outlook is expected in Greater KL's office market, underpinned by increased office leasing activities, albeit in the form of very tenant-friendly deals. Despite the challenges faced due to inflationary pressures on rentals and rising business costs, improvements in occupancy rates were observed in 2022 as the nation transitioned to the endemic phase in H1/2022. With the election of a new Prime Minister in November 2022, it is hoped that this will improve economic conditions and investor sentiment, which is expected to lead to greater demand for office space from local and foreign companies over time.

In 2022, most corporate occupiers were either back to the office or have moved into hybrid or flexible working arrangements where employees are spending a significant portion of their time in the office compared to the pandemic-affected years of 2020 and 2021; furthermore, with research from Savills and others appearing to confirm that instituting flexible working arrangements does not necessarily lead to proportional reductions in the demand for office space, prospects for the office market are much more optimistic than they were 12 or 24 months ago.

Overall, it is evident that it will take some time to overcome the structural imbalances in the Greater KL office market, and tenants will continue to enjoy favourable leasing conditions in the interim. Flight-to-quality tenant movements and repurposing of office buildings as viable business options are expected to persist, with the success or failure of the newly installed government being one of the critical factors that will impact the office sector's prospects in the near term.

PROPERTY MARKET OVERVIEW (CONT'D)

INDUSTRIAL MARKET

9.0 INDUSTRIAL OVERVIEW: MALAYSIA

The manufacturing sector remained one of the key components contributing to GDP growth. The manufacturing sector continued to improve, attracting a total capital investment of RM64.9 billion in Q1-Q3/2022, recording a slight decrease of 37.5% y-o-y from RM103.9 billion registered in Q1-Q3/2021. This was contributed by the reopening of international border measures since 1 April 2022, consistency rolled out of government policies, and normalising economic activities. However, market uncertainties with ongoing issues like domestic labour shortage, unstable macroeconomic conditions and the conflict between Russia-Ukraine are putting pressure on the growth of the manufacturing industry after the pent-up demand during the pandemic period.

Manufacturing Sector: Investment Overview, 2020 to Q3/2022

Malaysia	2020	2021	Q3/2022
Number of approved projects	1,050	702	588
DDI (RM Million)	34,683.1	15,489.3	14,681.5
FDI (RM Million)	56,579.9	179,598.8	50,192.1
Total Capital Investment (RM Million)	91,263.1	195,088.1	64,873.6

Source: Malaysia Investment Development Authority (MIDA)

In this context, FDIs accounted for about 77.4% (RM50.2 billion) of total capital investment in Q1-Q3/2022, while domestic investment contributed to the remaining 22.6% (RM14.7 billion). Primary sources of FDI in the manufacturing sector were from Singapore (58 approved projects, RM5.7 billion), China (34 approved projects, RM3.7 billion), Japan (21 approved projects, RM4.2 billion), USA (20 approved projects, RM3.8 billion,) and Hong Kong (13 approved projects, RM3.8 billion,).

Likewise, the top three industrial contributors to the RM64.9 billion in total approved investments were the electrical and electronics industry (34.8% share, RM22.6 billion), followed by the transport equipment industry (11.6% share, RM7.5 billion) and petroleum products (including Petrochemicals) (8.5% share, RM5.5 billion).

The global trend of digitalisation and globalisation, bolstered by the chips shortage issue, has benefitted the growth in the Electrical and Electronic (E&E) sector. Besides, the Petrochemical industry, affected mainly by the ongoing Russia-Ukraine war, has disrupted the supply trade flow. It has eventually boosted the industries with pent-up demand for petroleum, petrochemicals and palm oil.

The reopening of international borders on 1st April 2022 positively impacts the national economy by attracting more FDI. This is reflected in the GDP growth driven by strong internal and external demand, increased economic activity, and continued high e-commerce penetration in the country.

PROPERTY MARKET OVERVIEW

(CONT'D)

10.0 INDUSTRIAL OVERVIEW: JOHOR

10.1 Industrial Sector

For Q1-Q3/2022, Johor recorded 117 approved manufacturing projects with a total investment value of RM8.85 billion, almost a two-fold increase from RM4.64 billion registered in Q1-Q3/2021.

Johor: Approved Manufacturing Projects, 2020 to Q3/2022

Johor	2020	2021	Q3/2022
Number of Approved Projects	232	134	117
Total Capital Investment (RM Million)	6,784.3	6,953.2	8,845.1

Source: Malaysia Investment Development Authority (MIDA)

Several notable announcements on the investment and expansion plans of industrial facilities in Johor during the year included:

- The Port of Tanjung Pelepas (PTP) plans to invest RM750 million in expanding its cargo capacity. The expansion involves an 81-acre site in Tanjung Adang, which is planned to be completed by early 2023.
- Iskandar Investment Berhad (IIB) pre-planned to set aside 2,900 acres of prime land in Iskandar Puteri to be developed into an "integrated sustainable living" over six phases in the future. The said development will bring commerce, residences, nature and culture to enhance the area's value proposition.
- Insulet Corporation, a leader in tubeless insulin pump technology, is constructing its new manufacturing facility with an estimated 400,000 sq ft of space in i-Tech Valley, which is expected to start operation in mid-2024.
- South Korean F&B company SPC Group is investing in a halal-certified bakery manufacturing and distribution centre in Nusajaya Tech Park with a total investment sum of RM130 million, which will begin operation in June 2023.
- The Hershey Company, a chocolate manufacturer, has opened its new Research and Development (R&D) Centre with a total gross floor area of 10,400 sq ft. It will house research & development laboratories, packaging development facilities and a sensory area in Senai.
- Wiyynn Corporation, a Taiwan-based cloud IT company, has kickstarted its Phase 2 development in Senai Airport City with a sum of RM300 million in developing its regional hub in the Asia Pacific region.
- YTL Data Center Holdings Pte Ltd (YTL DC) has announced the construction of its first 72-megawatt (MW) of its 500MW data centre campus in Johor, which will be tenanted by Sea Data Centre (JDC1). The data centre will be ready to serve by the first quarter of 2024.
- Xin Hwa plans to construct a two-phase integrated logistics solutions hub in Pasir Gudang on a 44-acre industrial land with an investment value of RM50 million (Phase 1). Phase 1 of the warehouse will begin construction in 2023 and is expected to be completed in 2024 with a gross floor area of 450,000 sq ft.
- A global tier-one aerospace company, GKN Aerospace, has set up an aero-engine parts repair and research facility in Johor's Nusajaya Technology Park with an investment value of RM160 million.
- AME Elite Consortium Bhd is expanding its 6th facility to expand HQPack Sdn Bhd in i-Park@Indahpura, which will feature a total net lettable area of 100,000 sq ft comprising warehouse and office block, which will slate to complete by H2/2023.

PROPERTY MARKET OVERVIEW

(CONT'D)

- Paris Baguette, a global bakery chain owned by the SPC Group of South Korea, will invest RM130 million to develop its first global halal manufacturing food hub in Johor.
- JLand Group Sdn Bhd (JLG) has signed a memorandum of understanding (MOU) with Mitsui & Co Ltd for their joint ventures projects in developing a Hyperscale Data Centre, as well as a renewable energy (RE) facility in the form of a Captive Solar Farm to power the data centres in Sedenak Tech Park (STeP) in Johor.
- Tiong Nam Logistics Holdings Bhd entered into a joint venture (JV) agreement with JLand Group Sdn Bhd (JLG) to develop a high-tech logistics industrial park on a 300-acre piece of land at Sedenak Technology Valley, Johor. The development comprises ready-built and customised warehouses, factories, commercial buildings, and integrated logistics infrastructure for global businesses.

10.2 Overview

Johor: Industrial Property Volume and Value of Transactions, 2020 to Q3/2022^(p)

Industrial Property Type	2020		2021		Q3/2022 ^(p)	
	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)
Vacant Plot	152	612.90	227	891.76	232	617.75
Terraced Factory/ Warehouse	184	146.96	184	126.39	193	125.27
Semi-Detached Factory/ Warehouse	166	325.62	172	325.65	242	463.27
Detached Factory/ Warehouse	106	702.38	178	1,182.18	108	1,426.93
Industrial Complex/ Unit	2	321.20	0	0.00	0	0.00
Others	30	59.89	49	63.14	44	93.32
Total	640	2,168.95	810	2,589.12	819	2,726.54

Source: National Property Information Centre (NAPIC)

Note: p= preliminary data

In Johor, industrial property transaction value was recorded at RM2,589.12 million in 2021, a growth of 19.4% compared with RM2,168.95 million in 2020. In contrast, the transaction volume also increased by 26.6% from 640 units in 2020 to 810 units in 2021. Strong demand from the logistics and warehousing segment has benefited the acquisition activities, supporting the improvement of transaction activities in Johor.

Subsequently, 819 transactions with RM2,726.54 million were recorded in Q1-Q3/2022; semi-detached factories/warehouses recorded the highest share of volume transacted at 242 units (29.5% share), followed by vacant plots (28.3% share, 232 units), terraced factories/warehouses (23.6% share, 193 units), detached factories/warehouses (13.2% share, 108 units) and "others" category (5.4% share, 44 units).

In terms of transaction value by property types, detached factories/warehouses aggregated the highest sum at RM1,426.93 million in Q1-Q3/2022, followed by vacant plots at RM617.75 million, semi-detached factories/warehouses at RM463.27 million, terraced factories/warehouses at RM125.27 million, and the "others" category at RM93.32 million.

PROPERTY MARKET OVERVIEW

(CONT'D)

10.3 Supply: Existing and Future

Johor: Supply of Industrial Properties by Type, 2020 to Q3/2022

State	Industrial Property Type	Existing Supply (No. of Units)			Future Supply (No. of Units)	
		2020	2021	Q3/2022	Incoming	Planned
Johor	Terraced	8,038	8,063	8,131	188	113
	Semi-Detached	4,628	4,766	4,788	224	302
	Detached	4,016	4,047	4,078	146	219
	Flatted Factory	0	0	0	0	0
	Industrial Complex	425	425	425	2	4
	Cluster	972	1,224	1,296	156	172
Total		18,079	18,525	18,718	716	810

Source: National Property Information Centre (NAPIC)

As of Q3/2022, the existing cumulative supply of industrial properties in Johor was reported at 18,718 units, an increase of 193 units from 2021 (18,525 units). Of the added units, 175 were located in Johor Bahru, 10 were in Kulai, 7 were in Batu Pahat, whereas the remaining 1 unit was situated in Pontian.

In terms of distribution by industrial property type, the existing supply was predominantly terraced factories (43.4% share, 8,131 units), followed by semi-detached factories (25.6% share, 4,788 units) and detached factories (21.8%, 4,078 units). However, semi-detached factories make up most of the future supply (224 units incoming, 302 units planned), followed by detached factories (146 units incoming, 219 units planned) and cluster factories (156 units incoming, 172 units planned).

Johor: Supply of Industrial Properties by District, 2020 to Q3/2022

District	Existing Supply (No. of Units)			Future Supply (No. of Units)	
	2020	2021	Q3/2022	Incoming	Planned
Batu Pahat	1,520	1,532	1,539	38	14
Johor Bahru	11,283	11,685	11,860	409	558
Kluang	987	987	987	43	0
Kota Tinggi	395	395	395	62	90
Kulai	2,424	2,456	2,466	132	91
Mersing	69	69	69	0	0
Muar	173	173	173	26	21
Pontian	507	507	508	1	27
Segamat	513	513	513	5	9
Tangkak	208	208	208	0	0
Total	18,079	18,525	18,718	716	810

Source: National Property Information Centre (NAPIC)

In short, Johor Bahru will remain one of the leading districts with the largest share of industrial properties in the foreseeable future. It hosted at least 60% of the total existing industrial supply in 2021, predominantly of the terraced categories. Likewise, the top three districts for the 1,526 units of future supply are mainly Johor Bahru (63.4% share, 967 units), Kulai (14.6% share, 223 units) and Kota Tinggi (10.0% share, 152 units).

PROPERTY MARKET OVERVIEW

(CONT'D)

10.4 Capital Values

The list below reflects the general capital values of selected industrial properties in Johor.

Johor: Selected Industrial Property Transactions, 2022

No	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)
1	Kawasan Perindustrian I-park, Kulai, Johor	Factory & Office	2.26	FH	February 2022	16.3
2	Plots DW1 and DW2, Jalan Tanjung A/2, Distripark A, Pelabuhan Tanjung Pelepas, Gelang Patah, Johor	Industrial Land with Building	18.40	LH	April 2022	390.0
3	16, Jalan Firma 2/1, Kawasan Perindustrian Tebrau 1, Johor	Factories & Office	1.72	FH	July 2022	10.8
4	i-Park @ Senai Airport City, i-Park @ Indahpura, i-Park @ SILC and District 6 @ SILC, Johor	Factories, Warehouses & Dormitory	-	FH	July 2022	557.0
5	Jalan Industri Saleng 3, Senai, Johor	Vacant Land	8.00	FH	August 2022	12.2
6	Geran Mukim 292, Lot 513, Mukim Senai, Daerah Kulai, Johor	Vacant Land	8.84	FH	August 2022	14.2
7	Jalan Industri 6, Industrial Area Pekan Nenas, Mukim Jeram Batu, Daerah Pontian, Johor	Factories & Office	4.95	FH	October 2022	45.0
8	No. 1, Jalan Sagai 3, Taman Pasir Putih, Sime Darby Business Park, Pasir Gudang, Johor	Factory & Office	6.60	FH	October 2022	33.8
9	Geran 80943, Lot 2699, Mukim Plentong, Daerah Johor Bahru, Johor	Vacant Land	104.5	FH	November 2022	71.5
10	Geran Mukim 699, Lot 300, Mukim Plentong, Daerah Johor Bahru, Johor	Vacant Land	9.75	FH	November 2022	9.5

PROPERTY MARKET OVERVIEW

(CONT'D)

No	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)
11	Senai Airport City, Johor	Industrial Land	9.72	FH	November 2022	23.3
12	No.13 & 14 (Plot 15 & 16), Kawasan Perindustrian i-Park, Bandar Indahpura, Kulai, Johor No.60, (Plot 43), Jalan i-Park SAC 6, Taman Perindustrian i-Park SAC, Senai, Johor	Factories	-	FH	December 2022	69.3
13	Mukim Tanjung Kupang, Johor Bahru, Johor Mukim Pulau, Johor Bahru, Johor	Development Land	234.5	FH	December 2022	289.2

Source: Valuation and Property Services Department (JPPH) / Savills Research

Note: ⁽¹⁾ FH = Freehold; LH = Leasehold

10.5 Rental Values

In 2022, the average asking rentals for detached factories in Pasir Gudang ranged from RM1.00 per sq ft to RM1.50 per sq ft per month; in contrast, similar units in Port of Tanjung Pelepas (PTP) were going from RM1.50 per sq ft to RM2.00 per sq ft per month.

In Gelang Patah, the asking rentals ranged from RM0.90 per sq ft to RM1.40 sq ft per month, whereas Nusa Cemerlang, Nusajaya (SILC) commanded monthly asking rental of RM1.00 per sq ft to RM1.60 per sq ft per month.

The monthly asking rentals in Taman Perindustrian Cemerlang, Ulu Tiram, ranged between RM0.80 per sq ft and RM1.20 per sq ft per month.

In Senai, the general asking rentals ranged from RM1.10 per sq ft to RM1.30 per sq ft per month, while in Kawasan Perindustrian Senai. iPark @ Senai City, on the other hand, commanded a higher monthly asking rental of RM1.40 per sq ft to RM1.80 per sq ft per month. The similar industrial properties in iPark @ Indahpura commanded asking rentals of RM1.20 per sq ft to RM1.50 per sq ft per month.

11.0 INDUSTRIAL OVERVIEW: GREATER KUALA LUMPUR

11.1 Industrial Sector

Greater KL recorded a 60.5% y-o-y decrease in approved total capital investments from RM19.73 billion in 2020 to RM7.79 billion in 2021, in tandem with the drop in approved projects from Selangor, during the same period. Manufacturing activities have been badly impacted by the nationwide lockdown from June to October 2021 in curbing COVID-19 which resulted in a remarkable fall in all manufacturing-related investment projects.

As of Q1-Q3/2022, 208 manufacturing projects worth RM9.83 billion were approved in the Federal Territory of Kuala Lumpur (WPKL) and Selangor, supported by the recovery in most of the economic sectors and the restored confidence of foreign investors.

PROPERTY MARKET OVERVIEW

(CONT'D)

Greater KL: Approved Manufacturing Projects, 2020 to Q3/2022

State	2020		2021		Q3/2022	
	No. of Projects	Total Capital Investment (RM Million)	No. of Projects	Total Capital Investment (RM Million)	No. of Projects	Total Capital Investment (RM Million)
WPKL	17	1,306.5	17	278.4	9	121.7
Selangor	324	18,425.2	247	7,511.0	199	9,704.0
Greater KL	341	19,731.7	264	7,789.4	208	9,825.7

Source: Malaysia Investment Development Authority (MIDA)

Notable industrial sector announcements in Greater KL in 2022 include:

- Ninja Van Malaysia has unveiled its new most considerable warehouse construction spanning across 260,000 sq ft located in Shah Alam in 2022. This expansion will have the capacity to process over 400,000 parcels daily.
- In January 2022, Axis REIT agreed to lease the upcoming re-developed Bukit Raja Distribution Centre 2, a 620,096 sq ft warehouse, to Shopee Express for 15 years.
- Can-One Bhd partnered with WorldKlang Group Property Development Sdn Bhd in developing its two parcels of land totalling 67.92 acres in Kapar. The initial plan was to construct 86 units of semi-detached factories, 44 units of terrace factories and a hostel with a gross development value of RM478.8 million. Scheduled for completion by 2027, the site is aimed to transform into a new one-stop industrial park in Klang.
- Xin Hwa Holdings Berhad invested approximately RM100 million to establish an e-fulfilment centre in Shah Alam to support the booming e-commerce market. The facilities comprise a 7-storey office and a 3-storey warehouse with a total built-up of 300,000 sq ft.
- OCB Bhd partnered with WorldKlang Group Property Development Sdn Bhd in a property development project known as "Excellent Technology Park @ KIIP Kapar" with a total investment value of RM247.6 million on 36.92 acres of freehold land in Kapar. The industrial development will consist of 34 units of semi-detached factories upon its completion.
- OCR Group Bhd and Magna Prima Bhd agreed to co-develop an integrated e-commerce logistics hub on a 20-acre leasehold land in Section 15, Shah Alam, with a total gross development value of RM1.5 billion. The development will be developed over phases from 2023, comprising a mixture of commercial and multi-storey integrated e-commerce spaces.
- CSG Alliance Bhd acquired a 1.07-acre industrial land along Jalan Tandang, Petaling Jaya, for RM10 million to set up a 4S (sales, service, spare parts and body paint) services centre and showroom for its Electrical Vehicle (EV) customers.
- Dassault Aviation to build its new purpose-built facility totalling 144,000 sq ft by Q4/2023 as an expansion of its existing services at Sultan Abdul Aziz Shah Airport in Subang to cater to more business aviation aircraft in the Asia Pacific region.
- Ericsson, an ICT provider, expanded its regional distribution capacity by commissioning a new facility with a floor area of 68,000 sq ft at Cainiao Aeropolis Electronic World Trade Platform (eWTP) Hub at KLIA Cargo Village in Sepang to support the operation of customer network in Asia Pacific.
- The government of Selangor revealed the plan to develop a 2,000-acre Selangor International Aero Park (SAP) in Sepang to meet the growing demand of aerospace industry players in Malaysia. The park will cater to activities that include MRO, aircraft maintenance & retrofitting, engines and aero manufacturing, training research centres and development labs.
- NTT Ltd announced the commencement of its 6th data centre construction in Cyberjaya, known as Cyberjaya 6 (CBJ6), to cater to hyperscalers and high-end enterprises.

PROPERTY MARKET OVERVIEW

(CONT'D)

- SIAB Holdings Berhad to construct its storage facilities by acquiring a leasehold of vacant industrial land of 1.55 acres for RM4.33 million.
- Australia's The Arnott's Group (TAG) launched its Asia hub in KL in line with its expansion plans in setting up its regional powerhouse. TAG's three-stage expansion plans include an RM155 million investment in a manufacturing hub and the recruitment of over 200 talents.
- Nippon Express (Malaysia) Sdn Bhd (NX Malaysia) opened a new warehouse measuring 63,507 sq ft in the Free Commercial Zone (FCZ) of KLIA for business expansion and cargo storage space to support the growing cargo demand.
- The Employees Provident Fund (EPF) and Ally Logistics Property had partnered to develop a smart warehouse in Bukit Raja on 27-acre industrial land. Upon completion by Q3/2024, the warehouse will have 1.8 million sq ft of space, which will be fully leased to Ally Logistics Property (ALP) under a 15-years master lease agreement.
- 20 Cube Logistics Pte Ltd expanded its Malaysia Distribution Center located in Port Klang Free Zone (PKFZ) to a 250,000 sq ft storage space to support its offshore warehousing business in Asia Pacific.
- Rivertree Group to venture into industrial development with its 1st project-Esteem Business Park which will span a 10.03-acre land and be developed over 2 phases with a GDV of RM180 million.
- UMW Group's Equipment Division opened its new integrated Equipment Division Customer Center (EDCC) in Kota Kemuning to house its heavy and industrial equipment and industrial power business on its 0.5 hectares of land with 25,000 sq ft shop floor as well as 10,000 sq ft of office space.
- A Dassault Aviation subsidiary, ExecuJet MRO Services Malaysia, began constructing its new purpose-built MRO Centre with a gross floor area of 149,500 sq ft scheduled for completion in Q4/2023.
- Cochlear Limited announced the expansion of its global manufacturing facility in Kuala Lumpur, which involves an investment of more than RM30 million. The new facility will have about 50,000 sq ft of space.

11.2 Overview

WPKL and Selangor: Industrial Property Volume and Value of Transactions, 2020 to Q3/2022^(p)

State	Industrial Property Type	2020		2021		Q3/2022 ^(p)	
		Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)
WPKL	Vacant Plot	0	0.00	2	3.91	3	13.86
	Terraced Factory/ Warehouse	38	56.83	53	89.33	58	126.94
	Semi-Detached Factory/ Warehouse	8	42.18	8	40.10	4	19.55
	Detached Factory/ Warehouse	11	86.93	14	91.92	24	307.21
	Industrial Complex/ Unit	23	10.03	17	7.29	20	7.80
	Others	5	3.24	3	2.61	1	0.99
	Total	85	199.21	97	235.16	110	476.35

PROPERTY MARKET OVERVIEW

(CONT'D)

State	Industrial Property Type	2020		2021		Q3/2022 ^(p)	
		Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)	Volume (No. of units)	Value (RM Million)
Selangor	Vacant Plot	360	3,440.25	400	3,727.65	428	2,511.61
	Terraced Factory/ Warehouse	714	724.38	888	912.97	933	892.90
	Semi-Detached Factory/ Warehouse	287	1,175.63	430	1,567.46	421	1,717.36
	Detached Factory/ Warehouse	151	1,827.63	187	2,582.49	188	2,177.24
	Industrial Complex/ Unit	38	17.23	7	38.49	9	4.18
	Others	51	105.87	40	88.18	41	245.14
	Total	1,601	7,290.99	1,952	8,917.24	2,020	7,548.43
Greater KL	Vacant Plot	360	3,440.25	402	3,731.56	431	2,525.47
	Terraced Factory/ Warehouse	752	781.21	941	1,002.30	991	1,019.84
	Semi-Detached Factory/ Warehouse	295	1,217.81	438	1,607.56	425	1,736.91
	Detached Factory/ Warehouse	162	1,914.56	201	2,674.41	212	2,484.45
	Industrial Complex/ Unit	61	27.26	24	45.78	29	11.98
	Others	56	109.11	43	90.79	42	246.13
	Total	1,686	7,490.20	2,049	9,152.40	2,130	8,024.78

Source: National Property Information Centre (NAPIC)

Note: p= preliminary data

In Greater KL, 2,049 industrial property transactions worth RM9.15 billion changed hands in 2021, recording an increase of 22.2% in transaction value and 21.5% in transaction volume y-o-y (2020: RM7.49 billion; 1,686 transactions). Improvement of the industrial transactions was mainly supported by strong buying interest in the industrial sector and active acquisitions for future expansion by investors.

Subsequently, 2,130 transactions were recorded with RM8.02 billion recorded in Q3/2022; terraced factories/warehouses contributed the highest share of 991 units (46.5% share), followed by vacant plots (20.2% share, 431 units), semi-detached factories/warehouses (20.0% share, 425 units), detached factories/warehouses (10.0% share, 212 units), "others" category (2.0% share, 42 unit) and industrial complexes/units (1.4% share, 29 units).

In terms of transaction value by property types, vacant plots aggregated the highest transacted sum at RM2,525.47 million in Q3/2022, followed by detached factories/warehouses at RM2,484.45 million, semi-detached factories/warehouses at RM1,736.91 million, terraced factories/warehouses at RM1,019.84 million, "others" category at RM246.13 million and industrial complexes/units at RM11.98 million.

Likewise, WPKL's industrial property transaction value was recorded at RM235.16 million in 2021, increasing 18.0% from RM199.21 million in 2020. This is in line with a 14.1% increase in transaction volume to 97 units in 2021 (2020: 85 units). As of Q3/2022, the aggregate transaction volume was recorded at 110 units with a value of RM476.35 million.

Selangor's industrial market activity also showed improvement, recording a 22.3% y-o-y increase in total transaction value from RM7.29 billion in 2020 to RM8.92 billion in 2021. This is in line with a 21.9% increase in transaction volume to 1,952 cases in 2021 (2020: 1,601 cases).

PROPERTY MARKET OVERVIEW

(CONT'D)

11.3 Supply: Existing and Future

WPKL and Selangor: Supply of Industrial Properties by Type, 2020 to Q3/2022

State	Industrial Property Type	Existing Supply (No. of Units)			Future Supply (No. of Units)	
		2020	2021	Q3/2022	Incoming	Planned
WPKL	Terraced	2,545	2,545	2,545	0	37
	Semi-Detached	412	412	412	0	0
	Detached	511	511	511	0	0
	Flatted Factory	1,670	1,670	1,670	0	0
	Industrial Complex	0	0	0	0	0
	Cluster	0	0	0	0	0
	Total	5,138	5,138	5,138	0	37
Selangor	Terraced	28,647	28,785	28,919	333	363
	Semi-Detached	6,694	6,826	6,926	368	732
	Detached	5,273	5,356	5,407	302	473
	Flatted Factory	263	264	264	464	0
	Industrial Complex	107	108	108	1	4
	Cluster	0	0	0	92	93
	Total	40,984	41,339	41,624	1,560	1,665
Greater KL	Terraced	31,192	31,330	31,464	333	400
	Semi-Detached	7,106	7,238	7,338	368	732
	Detached	5,784	5,867	5,918	302	473
	Flatted Factory	1,933	1,934	1,934	464	0
	Industrial Complex	107	108	108	1	4
	Cluster	0	0	0	92	93
	Total	46,122	46,477	46,762	1,560	1,702

Source: National Property Information Centre (NAPIC)

In Greater KL, the existing cumulative supply of industrial properties stood at 46,762 units as of Q3/2022. Much of the current supply was contributed by terraced factories (67.3% share, 31,464 units), followed by semi-detached factories (15.7% share, 7,338 units) and detached factories (12.7% share, 5,918 units). On the other hand, the bulk of Greater KL's 3,262 units in the pipeline were mainly semi-detached factories (33.7% share, 1,100 units), followed by detached factories (23.8% share, 775 units) and terraced factories (22.5% share, 733 units).

In WPKL, the cumulative supply has been unchanged since 2020 at 5,138 units. Terraced factories dominated the industrial supply in WPKL at 2,545 units (49.5% share), followed by flatted factories at 1,670 units (32.5% share), detached factories at 511 units (9.9% share) and semi-detached factories at 412 units (8.0% share). There is a planned supply of 37 terraced factories as of Q3/2022.

In Selangor, the existing cumulative supply of industrial properties stood at 41,624 units as of Q3/2022. Much of the current supply was contributed by terraced factories (69.5% share, 28,919 units), followed by semi-detached factories (16.6% share, 6,926 units) and detached factories (13.0% share, 5,407 units). On the other hand, the bulk of Selangor's 3,225 units in the pipeline were mainly semi-detached factories (34.1% share, 1,100 units), followed by detached factories (24.0% share, 775 units) and terraced factories (21.6% share, 696 units).

PROPERTY MARKET OVERVIEW

(CONT'D)

WPKL and Selangor: Supply of Industrial Properties by District, 2020 to Q3/2022

State	District	Existing Supply (No. of Units)			Future Supply (No. of Units)	
		2020	2021	Q3/2022	Incoming	Planned
WPKL	Bandar Kuala Lumpur	227	227	227	0	0
	Bandar Petaling Jaya	0	0	0	0	0
	Mukim Ampang	0	0	0	0	0
	Mukim Batu	3,046	3,046	3,046	0	0
	Mukim Cheras	0	0	0	0	0
	Mukim Hulu Kelang	0	0	0	0	0
	Mukim Kuala Lumpur	488	488	488	0	22
	Mukim Petaling	1,295	1,295	1,295	0	0
	Mukim Setapak	82	82	82	0	15
Total		5,138	5,138	5,138	0	37
Selangor	Gombak	4,688	4,742	4,802	87	106
	Hulu Langat	7,363	7,391	7,391	6	18
	Hulu Selangor	4,334	4,334	4,393	59	134
	Klang	8,438	8,632	8,760	413	833
	Kuala Langat	569	569	591	147	215
	Kuala Selangor	251	257	261	287	303
	Petaling	14,378	14,413	14,413	498	0
	Sabak Bernam	35	35	35	27	3
	Sepang	928	966	978	36	53
Total		40,984	41,339	41,624	1,560	1,665

Source: National Property Information Centre (NAPIC)

As of Q3/2022, the existing 5,138 industrial units in WPKL were predominantly located in Mukim Batu (59.3% share, 3,046 units), followed by Mukim Petaling (25.2% share, 1,295 units) and Mukim Kuala Lumpur (9.5% share, 488 units). Of the 37 units of planned supply, 22 units were located in Mukim Kuala Lumpur, whereas the remaining 15 units were situated in Mukim Setapak.

In terms of geographical distribution, the top three districts which represented almost 73% of Selangor's existing industrial supply as of Q3/2022 are Petaling (34.6% share, 14,413 units), followed by Klang (21.0% share, 8,760 units) and Hulu Langat (17.8% share, 7,391 units). Of the 3,225 units in the future supply pipeline, the majority of the industrial supply is located in Klang (38.6% share, 1,246 units), followed by Kuala Selangor (18.3%, 590 units) and Petaling (15.4% share, 498 units).

PROPERTY MARKET OVERVIEW

(CONT'D)

11.4 Capital Values

The list below reflects the general capital values of selected industrial properties in Selangor.

Selangor: Selected Industrial Property Transactions in 2022

No	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)
1	H.S.(D) 63081, PT 17942, Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor	Industrial Land	4.31	LH	12 January 2022	8.4
2	HS(D) 58960, PT 4 (New Lot 26), Bandar Batu, 26, Beranang, Daerah Ulu Langat, Selangor	Industrial Land with Building	9.00	LH	28 January 2022	23.0
3	Subang Jaya, Selangor	Industrial Lands	5.96	-	15 February 2022	65.6
4	H.S.(D) 139744, PT 69171, Mukim Kapar, Daerah Klang, Selangor	Industrial Lands	7.08	FH	31 March 2022	25.3
5	HSD 164275 Lot PT 6, Seksyen 28, Bandar Petaling Jaya, Daerah Petaling, Selangor	Industrial Land with Building	2.00	LH	7 April 2022	20.0
6	H.S.(D) 5732, PT 10568, Mukim Ijok, Daerah Kuala Selangor, Selangor	Development Land	60.81	LH	22 April 2022	74.2
7	Lot 54, Title No. Pajakan Negeri 10300, Seksyen 20, Bandar Petaling Jaya, Daerah Petaling, Selangor	Industrial Land	1.07	LH	20 May 2022	10.0
8	Sungai Way PJ, Selangor	Industrial Land with Building	3.63	FH	23 June 2022	60.1
9	Seksyen U1, 6, Jalan Pemaju U1/15, Hicom-glenmarie Industrial Park, Shah Alam, Selangor	Industrial Land with Building	1.18	FH	5 July 2022	20.2
10	Selangor Halal Hub, Port Klang, Klang, Selangor	Industrial Land	10.07	LH	7 July 2022	30.7
11	Lot 5, Lot 3A, PT 154141, Jalan Perigi Nenas 7/3, Pulau Indah Industrial Park, Port Klang, Klang, Selangor	Industrial Land	15.11	LH	12 July 2022	78.7
12	H.S.(D) 24277, PT 3501, Mukim Kapar, Daerah Klang, Selangor	Industrial and with Building	7.98	LH	29 July 2022	47.1

PROPERTY MARKET OVERVIEW

(CONT'D)

No	Location	Property Details	Land Area (Acres)	Tenure ⁽¹⁾	Date of Transaction	Consideration (RM Million)
13	No. 16, Taman Perindustrian Semanja Puncak Alam, Mukim Ijok, Daerah Kuala Selangor, Selangor	Industrial Land	9.32	LH	1 August 2022	30.5
14	Pajakan Negeri 20510, Lot 21687, Bandar Sultan Sulaiman, Daerah Klang, Selangor	Industrial Land	11.90	LH	16 August 2022	38.4
15	Lot BBR3-i10/06, Mukim Kapar, Daerah Klang, Selangor	Industrial Land	2.88	FH	17 August 2022	16.5
16	UMW High-Value Manufacturing Park (UMW HVM Park), Serendah, Selangor	Industrial Land	140.00	LH	30 August 2022	304.9
17	PM 432, Lot 13833, Tempat Batu 34, Jalan Dengkil/Banting, Mukim Dengkil, Daerah Sepang, Selangor	Industrial Land	1.55	LH	15 September 2022	4.3
18	Lot 6119, Jalan Haji Salleh Batu 5 ½ off Jalan Meru, Klang, Selangor	Industrial Land	6.16	FH	23 September 2022	41.0
19	PT 73964, Jalan Bestari 2A/KU 7, Taman Perindustrian Kapar Bestari, Kapar, Klang	Industrial Land with Building	1.24	FH	26 October 2022	14.7
20	H.S. (D) 5726, PT 10562, Mukim Ijok, Daerah Kuala Selangor, Selangor	Industrial Land	9.81	LH	1 November 2022	36.0
21	Lot 5, Persiaran Raja Muda, Seksyen 16, Shah Alam, Selangor	Industrial Land with Building	6.00	LH	7 November 2022	41.0
22	Lot 15, Jalan RP3, Rawang Industrial Estate, Rawang, Selangor	Industrial Land with Building	1.90	FH	10 November 2022	13.8
23	Geran 297363 Lot 40; Geran 297364 Lot 41; Geran 297365 Lot 42, all in Mukim Kapar, Daerah Klang, Selangor	Development Land	948.82	FH	1 December 2022	618.0
24	PT 11517, HS(M)9686, Mukim Kajang, Daerah Hulu Langat, Selangor	Industrial Land with Building	6.82	LH	21 December 2022	31.0

Source: Valuation and Property Services Department (JPPH) / Savills Research

Note: FH = Freehold; LH = Leasehold

PROPERTY MARKET OVERVIEW (CONT'D)

11.5 Rental Values

The monthly asking rental of selected detached industrial properties in Sungai Besi-Chan Sow Lin ranged between RM2.40 per sq ft and RM3.20 per sq ft per month.

Meanwhile, within the established industrial areas of Section 13, Section 19 and Section 51A in Petaling Jaya, the monthly asking rentals for detached factories and warehouses ranged from RM2.20 per sq ft to RM3.00 per sq ft per month.

Detached factories and warehouses in Temasya Glenmarie and Hicom Glenmarie Industrial Park command monthly asking rentals of RM1.80 per sq ft to RM2.40 per sq ft. In contrast, the monthly asking rentals of similar premises ranged from RM1.20 per sq ft to RM1.80 per sq ft in Section 15 and Section 26 of the Shah Alam industrial area.

Monthly asking rentals for detached factories and warehouses in Subang Hi-Tech Industrial Park could be found within the range of RM1.60 per sq ft to RM2.20 per sq ft.

Asking rentals of selected industrial areas in Port Klang ranged between RM1.20 per sq ft and RM1.80 per sq ft per month. In Kawasan Perindustrian Bukit Raja, the monthly asking rental ranged slightly higher between RM1.50 per sq ft and RM2.00 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 per month in Taming Jaya Industrial Park.

The asking rentals of detached industrial properties in the industrial estates of Bukit Angkat, Kajang, ranged from RM1.40 per sq ft to RM1.60 per sq ft per month. In contrast, the monthly asking rentals ranged between RM1.00 per sq ft and RM1.50 per sq ft in Semenyih.

12.0 INDUSTRIAL MARKET OUTLOOK

The industrial sector has shown resilience throughout the pandemic, fueled by e-commerce growth and accelerating demand for warehouse and logistics space. Since the pandemic outbreak in 2020, the booming e-commerce industry has contributed significantly to the development of the logistics industry. Both e-commerce players and last-mile logistics service providers are seen looking for business and spatial expansion, especially in strategic locations close to the seaport or airport.

The reopening of international borders on 1st April 2022 positively impacts the national economy by attracting more FDI. This is reflected in the GDP growth driven by strong internal and external demand, increased economic activity, and continued high e-commerce penetration in the country.

The global trend of digitalisation and globalisation has benefitted the growth of e-commerce, which in turn, stimulates the demand for warehouses and logistics space. The buoyant market for logistics services is witnessed by the growing interest in space expansion and active acquisitions by logistics players, Real Estate Investment Trusts (REITs) and Third-Party Logistics (3PL).

Notable upcoming developments include strategic partnerships between local developers and international industry experts. Sime Darby has entered into a JV with LOGOS Property Group Ltd to establish a development fund to develop its 177-acre BTS development on industrial land in Bandar Bukit Raja, primarily targeting clients in the logistics sector. The JV leverages LOGOS Property's expertise in delivering sustainable, green building-certified integrated industrial space solutions, including the latest in warehouse/logistics automation and construction technology.

Moving forward, more planned projects are expected in the completion pipeline, mainly in Klang and Shah Alam. These developments will contribute to a greater supply in the near future, putting pressure on conventional warehouses regarding rental and occupancy rates. Some notable forthcoming projects include Omega Logistics Park, LYL Logistics Park (Phase 2), Daiwa House (Phase 3), Mapletree Logistics Hub – Jubli Shah Alam, and AXIS Mega Distribution Centre Phase 2, to name a few.

The industrial and logistics sectors will remain favourable despite global headwinds due to market uncertainties with ongoing issues like domestic labour shortage, unstable macroeconomic conditions, geopolitical tensions, and labour shortages. Given the fast digitalisation Industry 4.0 transformation, there is a more significant demand shift from conventional warehouses to high-specification industrial warehouses/facilities supported by the promising outlook in logistics sectors driven by e-commerce growth.

PROPERTY MARKET OVERVIEW (CONT'D)

EDUCATION MARKET

13.0 Malaysia

In Malaysia, 2022 was a recovery year from the COVID-19 pandemic. Like many others, the education sector also witnessed some improvements. Students from tertiary education institutes were allowed to return to campuses beginning from 1 March 2022 with or without the RT-PCR tests depending upon their vaccination status. Fully vaccinated international students were allowed to enter Malaysia with quarantine requirements.

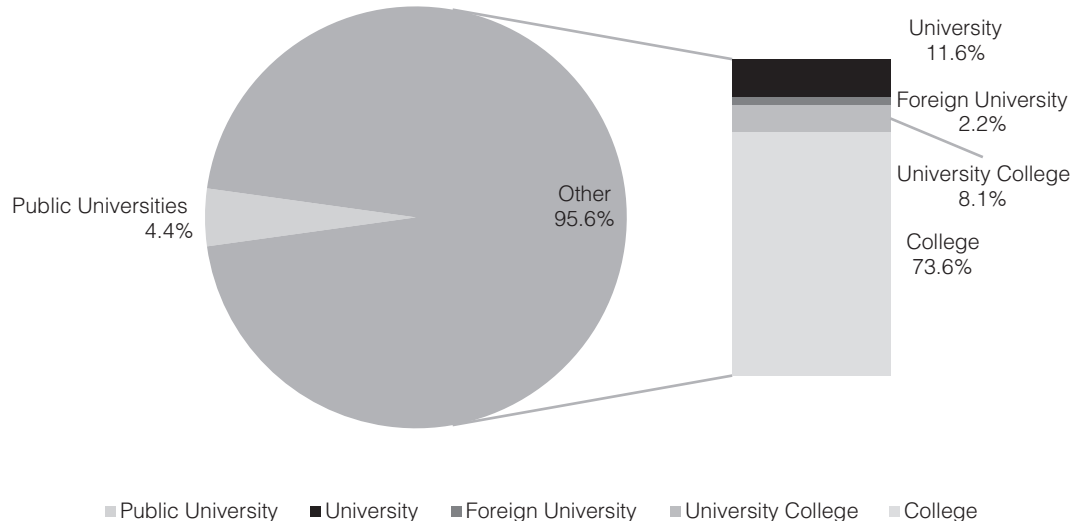
As the effects of the pandemic started fading away and situation stabilized, 2021 witnessed no new closures of higher education institutes (HEIs). However, it was observed that private institutions faced more financial challenges than public ones. This is mainly due to students' inclination towards public universities. The financial difficulties due to the recent economic downturn left students searching for cost-effective alternatives for their study plans. In some cases, students were seen dropping out or suspending or postponing their studies, mainly due to their mental health or family's socioeconomic status.

Additional challenges faced by the higher education ecosystem were a lack of access to proper infrastructure, a widening digital divide amidst online teaching & learning (T&L) arrangements and disruption in internship programmes by organisations with reduced operations or financial difficulties. The dual pressure from economic recession and change in academic trends impacted graduate employability.

Many initiatives were taken by the government and the Ministry of higher education (MoHE) to stabilise the situation & improve student inflow.

13.1 Supply: HEIs

Malaysia: Number of HEIs, 2020



Source: Ministry of higher education (MoHE) / Savills Research

About 455 HEIs were registered with MoHE at the end of 2021. 20 (4.4%) of these are public universities, whereas the remaining 435 (95.6%) are private HEIs (PHEIs).

PROPERTY MARKET OVERVIEW (CONT'D)

The PHEIs are also classified into four major groups, notably:

- Private university and university branch campus (11.6% share, 53 units)
- Private foreign university branch campus (2.2%, 10 units)
- Private university college and university college branch campus (8.1% share, 37 units)
- Private college (73.6%, 335 units)

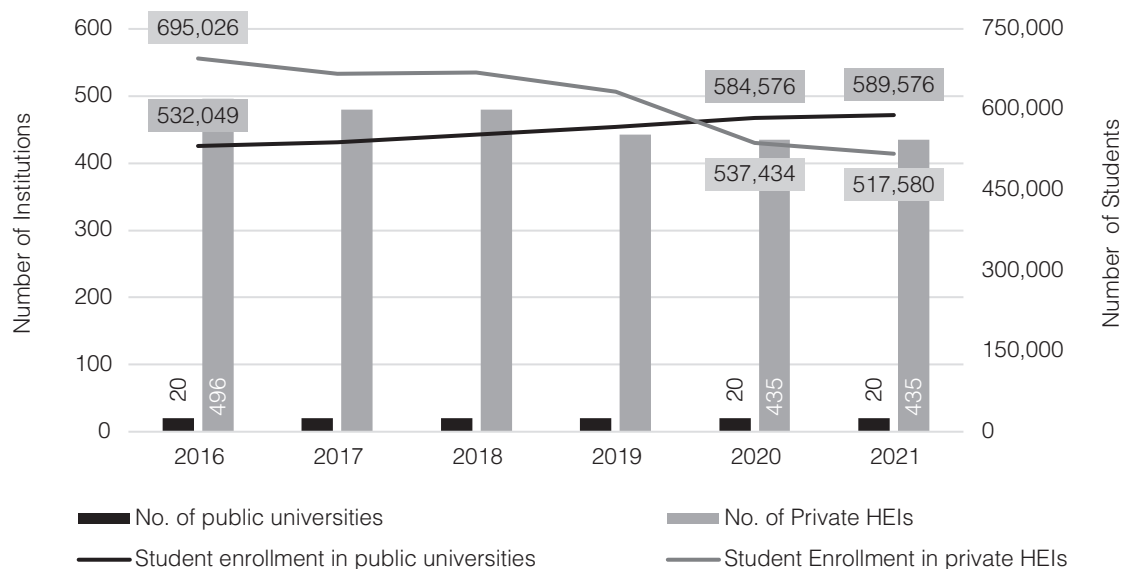
Malaysia: Composition of PHEIs, 2021

PHEIs	435
College	335
University	53
University College	37
Foreign University Branch Campus	10

Source: Ministry of higher education (MoHE) / Savills Research

13.2 Student Enrolment

Malaysia: Student Enrolment & Number of HEIs, 2016 to 2021



Source: Ministry of higher education (MoHE) / Savills Research

In 2021, the total number of private and public universities remained unchanged from the previous year at 435 units and 20 units, respectively. However, the total combined student enrolment in public and private HEIs continued to drop marginally by 1.3% y-o-y, from 1,122,010 in 2020 to 1,107,459 in 2021, brought about by students' decisions to defer and/or delay their studies.

This drop is primarily observed in Private institutions, which focus on international students. On the other hand, enrolment in public universities has been on the constant rise since 2016. The number of students in public universities increased by 2.1% CAGR since 2016, whereas that for private universities dropped at -5.7% CAGR for the same period.

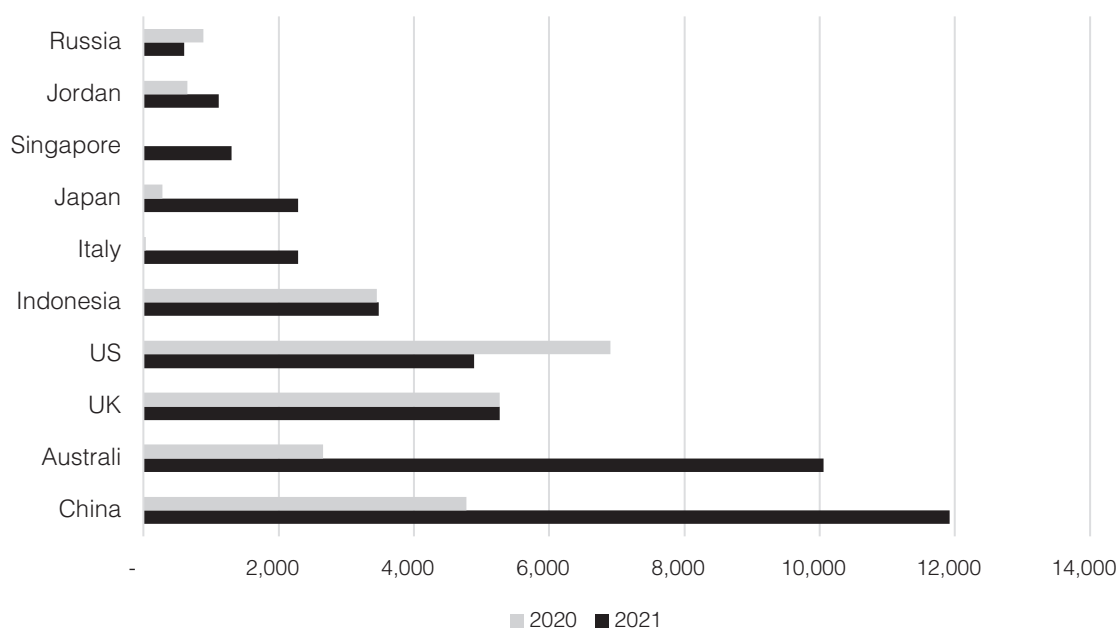
PROPERTY MARKET OVERVIEW

(CONT'D)

Along with economic hardships, one of the other reasons for the drop in student enrolment was the virtual T&L which caused problems for students with limited internet access, especially those who live in remote areas or from low-income families.

Public universities remained attractive to both local & international students due to the value-for-money offerings. Enrolment in public universities from local students remained almost stable, whereas an increase in interest was observed from international students. This was further supported by the opening of international borders.

Top Countries for Malaysian Student Studying Abroad, 2021



Source: Ministry of higher education (MoHE) / Savills Research

Opening international borders for almost all countries over the world undoubtedly had a significant impact on many sectors and businesses. The education sector was no exception. The total number of Malaysian students pursuing education in foreign countries increased to 1.4x in 2021 to 56,253 students compared to 39,882 students in 2020.

China remains the most popular education destination among Malaysians (11,920 students, over 20% of total students studying abroad), closely followed by Australia (10,062 students) and the United Kingdom (5,265 students).

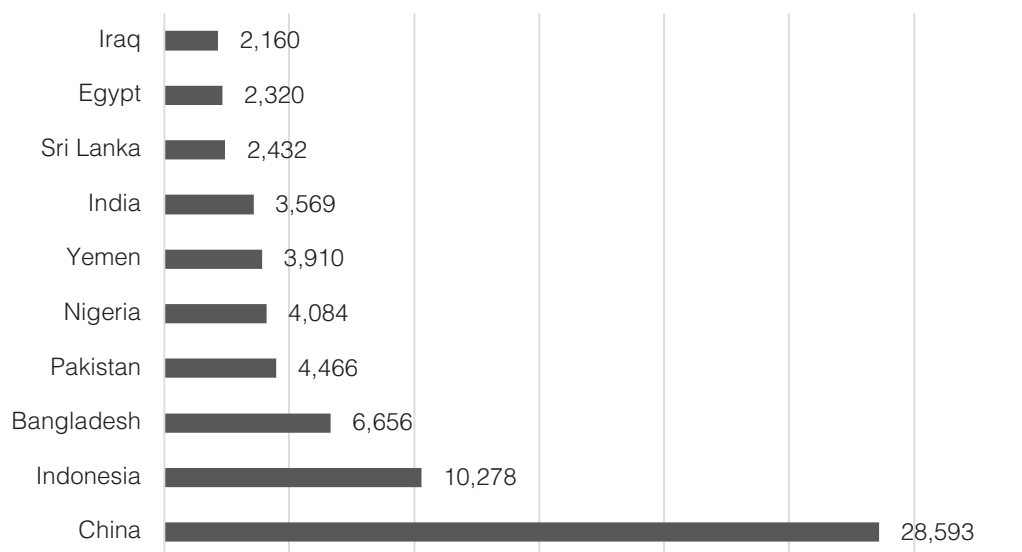
Along with the conventional criteria such as the country's employment opportunities, economic stability, state of peace and the number of quality education institutes recognised by international global market leaders, students' intentions are highly influenced by factors like the country's low-cost living and tuition fee; and safety image. A country's approach to fighting the pandemic and its statistics on COVID-19 cases would be the key factor for the international study destinations.

The United States of America is a less preferred option among Malaysian students as the enrolment dropped from 6,910 in 2020 to 4,889 in 2021. The interest in US universities faded particularly in the said year due to high COVID-19 infection rates. Forex rates may also dampen interest towards the western regions in this high price-sensitive environment.

PROPERTY MARKET OVERVIEW (CONT'D)

13.3 International Students in Malaysia

Malaysia: Top 10 International Students by Nationality in PHEIs, 2021



Source: Ministry of higher education (MoHE) / Savills Research

Malaysia has been facing challenges in attracting international students. There were over 130,000 students who resided in Malaysia between 2016 and 2018; however, the number dropped drastically in 2019 to 93,569. As of 2021, there were 97,236 international students residing in Malaysia. China (28,593 students), Indonesia (10,278 students) and Bangladesh (6,656 students) remained the top 3 countries for international student enrolment in 2021. A drastic drop was witnessed in the number of Yemenis students from 6,001 in 2020 to 3,910 in 2021. This country holding the 4th position in the previous year was overtaken by Pakistan and Nigeria (4,466 and 4,084 students, respectively) in 2021.

It is commonly observed that students are either cancelling or postponing their plans to study abroad. Some students are not planning to travel again and are focusing on other modes. In contrast, students who are still considering studying abroad are only focusing on those countries that have fewer COVID-19 cases. Successful containment in COVID-19 cases makes Malaysia a reliable option for international students. Additionally, quality education within a reasonable cost, affordable living cost, widely spoken the English language, and English as a medium of instruction are significant competitive advantages for Malaysia.

14.0 EDUCATION MARKET OUTLOOK

After three years of the COVID-19 outbreak, Malaysia is working on regaining its economic recovery. A decrease in COVID-19 infections and productive vaccination progress have helped the country return to normalcy. However, global economic uncertainties still affect decision-making in many aspects of life, including education. Overall, Malaysia struggles with enrolment, attracting international students and academic infrastructure to support virtual T&L practice, which has become a norm.

During the pandemic, Malaysia implemented five intervention initiatives to address the declining marketability of graduates during the COVID-19 pandemic period. The five initiatives are the reskilling dan upskilling programme: the KPT-Career Advancement Programme (KPT-CAP), Teaching Factory programme, Technical Vocational Education and Training (TVET) Transformation Programme, flexible and micro-credential programs, as well as mobility programmes. The MoHE has also designed several strategic interventions, such as developing the Higher Education Digitalisation Plan (HEDP), setting up the National TVET Council (MTVET), and initiating a special task force to facilitate the PHEIs.

To reduce the dropout rate, the MoHE has taken steps to help students who were facing issues with the home-based T&L by providing scholarships and financial assistance to target groups and also providing counselling services and psychosocial support to students under emotional or mental stress.

Amidst the economic challenges, changing priorities and shift in the thinking process brought by the pandemic, the education sector will likely face challenges in attracting students in the near future. Tapping the country's competitive advantages, Malaysia is likely to attract more students, provided the quality of education continues to improve.

104

STATUTORY
DECLARATION

110

STATEMENT OF
FINANCIAL
POSITION

115

NOTES TO THE
FINANCIAL
STATEMENTS

STATUTORY

FINANCIAL STATEMENTS

104	Statement by the Manager
104	Statutory Declaration
105	Trustee's Report to the Unitholders
106	Independent Auditors' Report to the Unitholders
110	Statement of Financial Position
111	Statement of Profit or Loss and Other Comprehensive Income
113	Statement of Changes in Net Asset Value
114	Statement of Cash Flows
115	Notes to the Financial Statements

STATEMENT BY THE MANAGER

In the opinion of the Directors of the Manager, the financial statements set out on pages 110 to 147 are drawn up in accordance with the provisions of the Amended and Restated Trust Deed dated 5 December 2019, 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, Capital Markets & Services Act 2007, Malaysian Financial Reporting Standards and International Financial Reporting Standards, so as to give a true and fair view of the financial position of AmanahRaya Real Estate Investment Trust as at 31 December 2022 and of its financial performance and cash flows for the financial year ended on that date.

For and on behalf of the Manager,
AmanahRaya-Kenedix REIT Manager Sdn. Bhd.
Signed in accordance with a resolution of the Directors of the Manager:

Datuk Mohd Radzif bin Mohd Yunus
Kuala Lumpur,

Date: 24 February 2023

STATUTORY DECLARATION

I, **YM Tunku Rozita binti Tunku Abdul Malek**, the officer of AmanahRaya-Kenedix REIT Manager Sdn. Bhd. primarily responsible for the financial management of AmanahRaya Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 110 to 147 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed, YM Tunku Rozita binti Tunku Abdul Malek, (I/C No. 691117-10-5670), in Kuala Lumpur on 24 February 2023.

YM Tunku Rozita binti Tunku Abdul Malek

Before me:

TRUSTEE'S REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST

(ESTABLISHED IN MALAYSIA)

We, Pacific Trustees Berhad, have acted as Trustee of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT or "the Trust") for the financial year ended 31 December 2022. In our opinion and to the best of our knowledge:

- (a) AmanahRaya-Kenedix REIT Manager Sdn. Bhd. ("the Manager") has managed AmanahRaya REIT in accordance with the limitations imposed on the investment powers of the Manager and the trustee under the Trust Deed dated 10 October 2006 (as varied by the Supplemental Trust Deed dated 4 January 2007, the Novation Agreement dated 27 August 2009, the Second Supplemental Trust Deed dated 27 August 2009 and the Supplemental Deed dated 13 May 2019) (collectively be referred to as "the Trust Deed"), the Securities Commission's Guidelines on Listed Real Estate Investment Trusts, the Capital Markets and Services Act 2007 and other applicable laws during the financial year ended 31 December 2022; and
- (b) the procedures and processes employed by the Manager to value and price the units of AmanahRaya REIT are adequate and that such valuation/pricing is carried out in accordance with the Trust Deed and other regulatory requirements.

We also confirm that the income distributions declared and paid during the financial year ended 31 December 2022 are in line with and are reflective of the objectives of AmanahRaya REIT. Two distributions have been declared for the financial year ended 31 December 2022 as follows:

- 1) 1st semi-annual income distribution of 1.6449 sen per unit paid on 11 October 2022
- 2) Final income distribution of 1.7601 sen per unit payable on 11 April 2023

For and on behalf of the Trustee,
Pacific Trustees Berhad
(Company No.: 199401031319 (317001-A))

Razak bin Ahmad
Chief Executive Officer
Kuala Lumpur,
Date: 24 February 2023

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST

(ESTABLISHED IN MALAYSIA)

Opinion

We have audited the financial statements of AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT"), which comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in net asset value and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 147.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AmanahRaya REIT as at 31 December 2022, and of its financial performance and their 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 AmanahRaya 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 matters that, in our professional judgement, were of most significance in our audit of the financial statements of AmanahRaya REIT for the current year. This matter were addressed in the context of our audit of the financial statements of AmanahRaya 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 3(c) of the significant accounting policies and Note 4, Investment Properties to the financial statements.

The key audit matter

AmanahRaya REIT owns a portfolio of 10 investment properties comprising office/industrial buildings, hotels, a college, campuses and a shopping complex located in Malaysia. Investment properties represent the single largest category of assets on the statement of financial position, at RM1,240,300,000 as at 31 December 2022.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AMANAHRAYA REAL ESTATE INVESTMENT TRUST

(ESTABLISHED IN MALAYSIA) (CONT'D)

How the matter was addressed in our audit

We assessed the processes and controls of AmanahRaya-Kenedix REIT Manager Sdn. Bhd. ("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 recognised professional body. We also examined the terms of engagement of the valuers entered into with AmanahRaya REIT 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.

- In respect of investment method and discounted cash flow method, we tested the appropriateness of the projected cash flows used in the valuation to supporting lease agreements and title deeds. 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.
- In respect of sales comparison and cost method, we tested the underlying data used by the valuers in the valuations. We also considered the adjustments made by the valuers, if any, for appropriateness.

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 is responsible for the other information. The other information comprises the annual report, but does not include the financial statements of AmanahRaya REIT and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of AmanahRaya REIT, our responsibility is to read the other information identified above and, in doing so, consider whether the other information 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements of AmanahRaya REIT

The Manager is responsible for the preparation of the financial statements of AmanahRaya REIT so as to give a true and fair view in accordance with the Amended and Restated Trust Deed dated 5 December 2019, 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, the Capital Markets & Services Act 2007, 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 AmanahRaya REIT that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of AmanahRaya REIT, the Manager is responsible for assessing AmanahRaya 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 AmanahRaya REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AmanahRaya REIT's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF AMANAH RAYA REAL ESTATE INVESTMENT TRUST

(ESTABLISHED IN MALAYSIA) (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements of AmanahRaya REIT

Our objectives are to obtain reasonable assurance about whether the financial statements of AmanahRaya 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 of AmanahRaya REIT.

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 AmanahRaya 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 AmanahRaya 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 AmanahRaya 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 AmanahRaya 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 AmanahRaya REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of AmanahRaya REIT, including the disclosures, and whether the financial statements of AmanahRaya 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 AmanahRaya REIT to express an opinion on the financial statements of AmanahRaya 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 AmanahRaya REIT for the current year and are therefore the key audit matters. We describe these matters 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF
AMANAHRAYA REAL ESTATE INVESTMENT TRUST**

(ESTABLISHED IN MALAYSIA) (CONT'D)

Other Matters

The report is made solely to the unitholders of AmanahRaya 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: 24 February 2023

Chan Kah Mun

Approval Number: 03350/01/2024 J

Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Assets			
Non-current assets			
Investment properties	4	1,240,300,000	1,369,500,000
		1,240,400,000	1,369,500,000
Current assets			
Trade and other receivables	5	5,471,668	7,870,877
Security deposits in trust accounts	6	9,452,200	11,205,770
Cash and cash equivalents	7	32,069,563	33,767,740
		46,993,431	52,844,387
Assets classified as held for sale	8	125,000,000	8,500,000
Total current assets		171,993,431	61,344,387
Total assets		1,412,293,431	1,430,844,387
Financed by:			
Unitholders' funds			
Unitholders' capital	9	519,685,915	519,685,915
Reserves		216,102,248	225,919,510
Total unitholders' funds		735,788,163	745,605,425
Non-current liabilities			
Borrowings	10	610,254,963	643,845,642
Trade and other payables	11	11,239,294	14,644,410
Total non-current liabilities		621,494,257	658,490,052
Current liabilities			
Borrowings	10	25,881,840	-
Trade and other payables	11	15,415,171	15,965,910
Deferred tax liabilities	12	13,714,000	10,783,000
Total current liabilities		55,011,011	26,748,910
Total liabilities		676,505,268	685,238,962
Total unitholders' funds and liabilities		1,412,293,431	1,430,844,387
Net asset value ("NAV")			
- Before income distribution		735,788,163	745,605,425
- After income distribution		725,698,875	732,916,774
Number of units in circulation		573,219,858	573,219,858
NAV per unit (RM)			
- Before income distribution		1.284	1.301
- After income distribution		1.266	1.279

The notes on pages 115 to 147 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Gross revenue			
Rental income			
- Realised		77,719,320	86,252,295
- Unrealised (in relation to unbilled lease income receivable)		135,880	316,692
Property operating expenses	13	77,855,200 (21,660,075)	86,568,987 (18,948,164)
Net property income		56,195,125	67,620,823
Interest income		513,169	308,025
Other income		895,532	894,305
Changes in fair value of investment properties			
- As per valuation	4	(1,715,432)	981,226
- On assets classified as held for sale	8	(4,740,000)	-
- Unbilled lease income receivable		135,880)	(316,692)
Net property and investment income		51,012,514	69,487,687
Manager's fees		(6,330,098)	(6,424,199)
Trustee's fees		(271,395)	(281,634)
Valuation fees		(266,509)	(176,321)
Auditors' fees			
- Audit		(166,000)	(145,000)
- Other services		(17,000)	(10,000)
Tax agent's fees		-	(10,000)
Net loss on impairment of financial instruments		(644,627)	(5,558,924)
Administrative expenses		(1,879,310)	(1,253,460)
Finance costs		(26,206,023)	(24,042,911)
Total trust expenses		(35,780,962)	(37,902,449)
Net income before taxation		15,231,552	31,585,238
Tax expense	14	(2,931,000)	(160,000)
Net income for the year and total comprehensive income for the year attributable to unitholders		12,300,552	31,425,238

The notes on pages 115 to 147 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	2022 RM	2021 RM
Net income for the year is made up as follows:			
Realised		21,686,984	30,604,012
Unrealised			
- Unrealised rental income (in relation to unbilled lease income receivable)		135,880	316,692
- Change in fair value of investment properties			
- As per valuation	4	(1,715,432)	981,226
- On assets classified as held for sale	8	(4,740,000)	-
- Unbilled lease income receivable		(135,880)	(316,692)
- Deferred tax expense	12	(2,931,000)	(160,000)
		(9,386,432)	821,226
		12,300,552	31,425,238
Earnings per unit (sen)			
- Before Manager's fees	15	3.250	6.603
- After Manager's fees	15	2.146	5.482
Net income distribution*			
- First semi-annual income distribution of 2.8128 sen per unit paid on 11 October 2021		-	16,123,741
- Final income distribution of 2.2136 sen per unit payable on 13 April 2022		-	12,688,651
- First semi-annual income distribution of 1.6449 sen per unit paid on 11 October 2022		9,429,088	-
- Proposed final income distribution of 1.7601 sen per unit payable on 11 April 2023		10,089,288	-
	16	19,518,376	28,812,392
Income distribution per unit (sen)*			
- First semi annual income distribution	16	-	2.8128
- Final income distribution		-	2.2136
- First semi annual income distribution		1.6449	-
- Final income distribution		1.7601	-

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

	Withholding tax rate	
	2022	2021
Resident corporate	Nil [^]	Nil [^]
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

[^] Tax flow through; thus no withholding tax

The notes on pages 115 to 147 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSET VALUE

FOR THE YEAR ENDED 31 DECEMBER 2022

	Unitholders' capital RM	Distributable Realised income RM	Non- distributable Unrealised income RM	Total unitholders' funds RM
At 1 January 2021	519,685,915	44,508,363	182,657,227	746,851,505
Net profit for the year	-	30,604,012	821,226	31,425,238
Total comprehensive income for the year	-	30,604,012	821,226	31,425,238
<i>Contributions by and distributions to unitholders</i>				
Distributions to unitholders:				
- 2021 interim	-	(16,123,741)	-	(16,123,741)
- 2020 final	-	(16,547,577)	-	(16,547,577)
Total transactions with unitholders	-	(32,671,318)	-	(32,671,318)
At 31 December 2021/ 1 January 2022	519,685,915	42,441,057	183,478,453	745,605,425
Net profit/(loss) for the year	-	21,686,984	(9,386,432)	12,300,552
Total comprehensive income/(expense) for the year	-	21,686,984	(9,386,432)	12,300,552
<i>Contributions by and distributions to unitholders</i>				
Distributions to unitholders:				
- 2022 interim	-	(9,429,088)	-	(9,429,088)
- 2021 final	-	(12,688,726)	-	(12,688,726)
Total transactions with unitholders	-	(22,117,814)	-	(22,117,814)
At 31 December 2022	519,685,915	42,010,227	174,092,021	735,788,163

Note 9.1

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Profit before taxation		15,231,552	31,585,238
<i>Adjustments for:</i>			
Finance costs		26,206,023	24,024,911
Finance income		(513,169)	(308,025)
Net impairment loss on financial instruments		644,627	5,558,924
Changes in fair value of investment properties			
- as per valuation	4	1,715,432	(981,226)
- on assets classified as held for sale	8	4,740,000	-
Operating profit before changes in working capital		48,024,465	59,897,822
Change in trade and other receivables		3,516,370	(834,324)
Change in trade and other payables		(3,700,854)	(3,177,951)
Net cash from operating activities		47,834,981	55,885,547
Cash flows from investing activities			
Interest received		504,950	272,651
Proceeds from disposal of investment properties		8,245,000	-
Enhancement of investment properties	4	(2,255,432)	(3,532,981)
Net cash from/(used in) investing activities		6,494,518	(3,260,330)
Cash flows from financing activities			
Distributions paid to unitholders		(22,117,814)	(32,671,317)
Interest paid		(25,914,862)	(23,760,863)
Repayment of term loan		(8,000,000)	-
Net cash used in financing activities		(56,032,676)	(56,432,180)
Net decrease in cash and cash equivalents		(1,698,177)	(3,807,063)
Cash and cash equivalents at 1 January	7	33,767,740	37,574,803
Cash and cash equivalents at 31 December	7	32,069,563	33,767,740

The notes on pages 115 to 147 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General

AmanahRaya Real Estate Investment Trust ("AmanahRaya REIT" or "the Trust") is a Malaysia domiciled real estate investment trust constituted between AmanahRaya- Kenedix REIT Manager Sdn. Bhd. ("the Manager") and CIMB Islamic Trustee Berhad. On 13 May 2019, the Manager, CIMB Islamic Trustee Berhad ("Retiring Trustee") and Pacific Trustees Berhad ("New Trustee" or "the Trustee") entered into a supplementary deed to effect the change of trustee of AmanahRaya REIT from the Retiring Trustee to the New Trustee. The change of trustee took effect on 21 May 2019 upon the registration and lodgement of the Supplementary Deed with the Securities Commission on 24 May 2019.

Subsequently, the Manager entered into an Amended and Restated Trust Deed dated 5 December 2019 ("the Trust Deed") with the Trustee which has been registered and lodged with the Securities Commission on 10 January 2020 and 16 January 2020, respectively, in compliance with the amendments made to the Securities Commission's Guidelines on Listed Real Estate Investment Trusts. The Trust Deed is regulated by 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. AmanahRaya REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provision of Clause 26 of the Trust Deed dated 10 October 2006. AmanahRaya REIT is listed on the Main Market of Bursa Malaysia Securities Berhad.

The addresses of its registered office and principal place of business are as follows:

Registered office

Level 11, Wisma AmanahRaya
No. 2, Jalan Ampang
50508 Kuala Lumpur

Principal place of business

Level 2, Wisma AmanahRaya
No. 2, Jalan Ampang
50508 Kuala Lumpur

The financial statements as at and for the financial year ended 31 December 2022 comprise AmanahRaya REIT and its wholly-owned special purpose company, ARREIT MTN 1 Sdn. Bhd., a company incorporated in Malaysia, of which the principal activity is to raise financing for and on behalf of AmanahRaya REIT.

AmanahRaya REIT is principally engaged in investing in a diversified portfolio of properties with the objectives 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 financial year.

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

(a) Property management fees

The Property Managers, Knight Frank Property Management Sdn. Bhd., Nawawi Tie Leung Property Consultants Sdn. Bhd., Hartamas Asset Management Sdn. Bhd., Henry Butcher Malaysia (Mont Kiara) Sdn. Bhd. and PMC Facilities & Real Estate Sdn. Bhd. are entitled to property management fees in respect of the management of the investment properties owned by AmanahRaya REIT as provided for in the Trust Deed. The fees are determined by a graduated scale based on the gross annual rental income as provided in the provisions of the revised Valuers, Appraisers and Estate Agents Act, 1981. The property management fees are payable monthly in arrears with permissible discounts.

(b) Manager's fees

Pursuant to the Trust Deed, the Manager is entitled to receive a fee of up to a maximum of 1.0% per annum of the Net Asset Value of AmanahRaya REIT. The Manager's fee is payable in arrears, calculated and accrued daily. However, the Manager has only been charging at the rate of 0.85% (2021: 0.85%) per annum of the Net Asset Value.

(c) Trustee's fees

Pursuant to the Deed, the Trustee is entitled to receive a fee of up to a maximum of 0.1% per annum of the NAV of the Trust. The Trustee's fee is payable in arrears, calculated and accrued daily. However, the Trustee has only been charging at the rate of 0.03% (2021: 0.03%) per annum of the Net Asset Value.

The financial statements were approved by the Board of Directors of the Manager on 24 February 2023.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. Basis of preparation

(a) Statement of compliance

The financial statements of AmanahRaya REIT have been prepared in accordance with the provisions of the Trust 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 in the ensuing page are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by AmanahRaya REIT:

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 – 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 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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*

AmanahRaya REIT plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- 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, except for MFRS 17 and amendments to MFRS 17 which are not applicable to AmanahRaya REIT,
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

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 AmanahRaya REIT.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except as otherwise stated in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of AmanahRaya REIT.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. Basis of preparation (continued)

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with MFRSs requires management to make judgments, 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 year in which the estimates are revised and in any future years affected.

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than as disclosed in Note 4 – valuation of investment properties.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the years presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by AmanahRaya 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.

AmanahRaya 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.

AmanahRaya 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.

Investment in a subsidiary is measured in AmanahRaya REIT's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to AmanahRaya REIT.

For new acquisitions, AmanahRaya REIT measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, AmanahRaya REIT elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that AmanahRaya REIT incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Loss of control

Upon the loss of control of a subsidiary, AmanahRaya REIT derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If AmanahRaya REIT retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(iv) 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 consolidated financial statements.

(b) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, AmanahRaya 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 significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless AmanahRaya 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.

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 interest method. The amortised cost is reduced by impairment losses. Interest 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.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(g)(i)) where the effective interest rate is applied to the amortised cost.

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense is recognised in the profit or loss. Any gain or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred or control of the asset is not retained or substantially all of the risk 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 of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharge, 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.

(c) Investment property

(i) Investment property 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.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise.

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.

External independent valuation firms, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values AmanahRaya REIT's investment properties portfolio annually.

(ii) Investment property carried at fair value

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant, and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. Significant accounting policies (continued)

(d) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, AmanahRaya 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 of use; and
- 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.

At inception or on reassessment of a contract that contains a lease component, AmanahRaya 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 AmanahRaya REIT is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

As a lessor

When AmanahRaya REIT acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, AmanahRaya 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, AmanahRaya REIT applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

AmanahRaya REIT recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. AmanahRaya REIT uses the interest rate implicit in the lease to measure the net investment in the lease.

When AmanahRaya 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 AmanahRaya REIT applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

As a lessor

AmanahRaya REIT recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. Significant accounting policies (continued)

(e) Asset held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with AmanahRaya REIT's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

(f) Cash and cash equivalents

Cash and cash equivalents consist of balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by AmanahRaya REIT of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(g) Impairment

(i) Financial assets

AmanahRaya REIT recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

AmanahRaya 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 equivalent which has 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 AmanahRaya REIT is exposed to credit risk.

AmanahRaya REIT estimates expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, AmanahRaya 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 AmanahRaya 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 AmanahRaya REIT's procedures for recovery amounts due.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. Significant accounting policies (continued)

(g) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for investment properties measured at fair value, deferred tax assets and non-current assets classified as held for sale) 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 related cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(h) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition 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 cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(i) Provisions

A provision is recognised if, as a result of a past event, AmanahRaya 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.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. Significant accounting policies (continued)

(k) Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. AmanahRaya REIT recognises revenue when (or as) it transfers control over a product or service to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

AmanahRaya REIT transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as AmanahRaya REIT performs;
- (b) AmanahRaya REIT's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) AmanahRaya REIT's performance does not create an asset with an alternative use and AmanahRaya REIT has an enforceable right to payment for performance completed to date.

(i) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the respective leases. The aggregate cost of incentives provided to the lessees is recognised as a reduction of rental income over the respective lease terms on a straight-line basis.

(ii) Car park rental income

Car park rental income is derived from renting the investment properties' car park spaces to car park operators and is recognised on an accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(l) Expenses

(i) Property operating expenses

Property operating expenses consist of property management fees, quit rent, assessment, and other outgoings in relation to investment properties where such expenses are the responsibility of AmanahRaya REIT.

Property management fees are recognised on an accrual basis.

(ii) Manager's and Trustee's fees

The Manager's and Trustee's fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1(b) and Note 1(c), respectively.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. Significant accounting policies (continued)

(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 temporary differences arising from 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 assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Fair value measurements

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, AmanahRaya REIT uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that AmanahRaya REIT can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

AmanahRaya REIT recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. Investment properties

	Note	2022 RM	2021 RM
Land and buildings at fair value:			
At 1 January		1,369,500,000	1,363,000,000
Enhancements		2,255,432	5,518,774
Changes in fair value		(6,455,432)	981,226
Reclassified to asset held for sale	8	(125,000,000)	-
At 31 December		1,240,300,000	1,369,500,000

The fair values of the investment properties are categorised as Level 3 fair value and the reconciliation of the fair value movement is as shown above.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

Item	Description of property	Tenure of land	Term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2022 %	Fair value as at 31.12.2022 RM	Cost as at 31.12.2022 RM	Percentage of fair value to Net Asset Value as at 31.12.2022 %
(1)	Ex-Holiday Villa Alor Setar #	Leasehold	99 years expiring 2107	Alor Setar	Hotel	-	25,000,000	31,000,000	3.40
(2)	Holiday Villa Langkawi*	Freehold	Not applicable	Pulau Langkawi	Resort hotel	100	104,740,000	59,541,214	14.24
(3)	SEGi College*	Freehold	Not applicable	Subang Jaya	College	100	70,000,000	53,107,807	9.51
(4)	SEGi University*	Leasehold	99 years expiring 2108	Kota Damansara	College/Campus	100	186,000,000	147,600,743	25.28
(5)	Dana 13#	Leasehold	99 years expiring 2097	Petaling Jaya	Office	45	111,000,000	100,077,472	15.09
(6)	Help University*	Leasehold	99 years expiring 2072	Kuala Lumpur	Office	100	78,000,000	55,476,889	10.60
(7)	Selayang Mall	Leasehold	99 years expiring 2079	Selayang Utama	Shopping complex	95	138,000,000	136,582,208	18.76
(8)	Wisma Comcorp*	Freehold	Not applicable	Shah Alam	Office	88	36,500,000	30,000,000	4.96
(9)	RHF Stone Factory*	Freehold	Not applicable	Nusa Jaya	Industrial factory	100	26,800,000	24,216,510	3.64
(10)	Toshiba TEC	Freehold	Not applicable	Shah Alam	Office	-	31,000,000	32,142,972	4.21
(11)	Contraves*	Freehold	Not applicable	Cyberjaya	Office	100	42,000,000	40,232,532	5.71
(12)	Vista Tower*	Freehold	Not applicable	Kuala Lumpur	Office	45	521,000,000	457,715,633	70.81
Investment properties							1,370,040,000	1,167,693,980	
Investment properties classified as asset held for sale (Note 8)							(129,740,000)	(90,541,214)	
							1,240,300,000	1,077,152,766	

4. Investment properties (continued)

Details of the investment properties are as follows:

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. Investment properties (continued)									
Details of the investment properties are as follows: (continued)									
Item	Description of property	Tenure of land	Term of lease (Years)	Location	Existing use	Occupancy rates as at 31.12.2021 %	Fair value as at 31.12.2021 RM	Cost as at 31.12.2021 RM	Percentage of fair value to Net Asset Value as at 31.12.2021 %
(1)	Ex-Holiday Villa Alor Setar #	Leasehold	99 years expiring 2107	Alor Setar	Hotel	-	26,000,000	31,000,000	3.49
(2)	Holiday Villa Langkawi*	Freehold	Not applicable	Pulau Langkawi	Resort hotel	100	100,000,000	59,536,444	13.41
(3)	SEGi College*	Freehold	Not applicable	Subang Jaya	College	100	70,000,000	52,939,342	9.39
(4)	SEGi University*	Leasehold	99 years expiring 2108	Kota Damansara	College/ Campus	100	185,000,000	147,462,993	24.82
(5)	Dana 13#	Leasehold	99 years expiring 2097	Petaling Jaya	Office	54	118,000,000	99,372,672	15.83
(6)	Help University*	Leasehold	99 years expiring 2072	Kuala Lumpur	Office	100	74,000,000	54,410,828	9.93
(7)	Selayang Mall	Leasehold	99 years expiring 2079	Selayang Utama	Shopping complex	94	137,000,000	136,502,815	18.38
(8)	Wisma Comcorp*	Freehold	Not applicable	Shah Alam	Office	88	36,500,000	30,000,000	4.90
(9)	RHF Stone Factory*	Freehold	Not applicable	Nusa Jaya	Industrial factory	100	26,000,000	24,216,510	3.49
(10)	Toshiba TEC	Freehold	Not applicable	Shah Alam	Office	100	32,000,000	32,142,972	4.29
(11)	Contraves*	Freehold	Not applicable	Cyberjaya	Office	100	42,000,000	40,232,532	5.63
(12)	Vista Tower*	Freehold	Not applicable	Kuala Lumpur	Office	53	523,000,000	457,621,440	70.16
Investment properties							1,369,500,000	1,165,438,548	

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. Investment properties (continued)

* These properties were charged to financial institutions for banking facilities granted to AmanahRaya REIT (Note 10). The pledging of assets of AmanahRaya REIT was conducted pursuant to the Trust Deed under sub-clause 11.2 and is not prejudicial to the interest of the unitholders.

The title deeds of all properties of AmanahRaya REIT are registered under the name of the Trustee, except for these properties, which are pending the issuance of separate individual titles.

The fair value of the investment properties as at 31 December 2022 were derived by the Directors of the Manager based on values obtained from latest valuations conducted by independent firms of professional valuers as shown below. The properties were valued by the following appointed valuers adopting suitable valuation approaches depending on the type of properties.

Item	Description of property	Valuer	Method of valuation	Date of valuation
(1)	Ex-Holiday Villa Alor Setar	Rahim & Co.	Comparison	31 December 2022
(2)	Holiday Villa Langkawi	Rahim & Co.	Investment/ comparison	31 December 2022
(3)	SEGi College	C H Williams Talhar & Wong Sdn. Bhd.	Investment	31 December 2022
(4)	SEGi University	C H Williams Talhar & Wong Sdn. Bhd.	Investment	31 December 2022
(5)	Dana 13	Jones Lang Wootton	Investment	31 December 2022
(6)	Help University	Nawawi Tie Leung Property Consultants Sdn. Bhd.	Investment	31 December 2022
(7)	Selayang Mall	Knight Frank Malaysia Sdn. Bhd.	Discounted cash flow	31 December 2022
(8)	Wisma Comcorp	Knight Frank Malaysia Sdn. Bhd.	Cost	31 December 2022
(9)	RHF Stone Factory	Savills (Malaysia) Sdn. Bhd.	Investment	31 December 2022
(10)	Toshiba TEC	Nawawi Tie Leung Property Consultants Sdn. Bhd.	Investment	31 December 2022
(11)	Contraves	Jones Lang Wootton	Investment	31 December 2022
(12)	Vista Tower	Rahim & Co	Investment	31 December 2022

The fair value of the investment properties as at 31 December 2021 were derived from the Directors of the Manager based on values obtained from latest valuations conducted by independent firms of professional valuers as shown below. The properties were valued by the following appointed valuers adopting suitable valuation approaches depending on the type of properties.

Item	Description of property	Valuer	Method of valuation	Date of valuation
(1)	Ex-Holiday Villa Alor Setar	Rahim & Co.	Comparison	31 December 2021
(2)	Holiday Villa Langkawi	Rahim & Co.	Investment	31 December 2021
(3)	SEGi College	C H Williams Talhar & Wong Sdn. Bhd.	Investment	31 December 2021
(4)	SEGi University	C H Williams Talhar & Wong Sdn. Bhd.	Investment	31 December 2021
(5)	Dana 13	Jones Lang Wootton	Investment	31 December 2021
(6)	Help University	Nawawi Tie Leung Property Consultants Sdn. Bhd.	Investment	31 December 2021
(7)	Selayang Mall	Knight Frank Malaysia Sdn. Bhd.	Discounted cash flow	31 December 2021
(8)	Wisma Comcorp	Knight Frank Malaysia Sdn. Bhd.	Cost	31 December 2021
(9)	RHF Stone Factory	Savills (Malaysia) Sdn. Bhd.	Investment	31 December 2021
(10)	Toshiba TEC	Nawawi Tie Leung Property Consultants Sdn. Bhd.	Investment	31 December 2021
(11)	Contraves	Jones Lang Wootton	Investment	31 December 2021
(12)	Vista Tower	Rahim & Co	Investment	31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. Investment properties (continued)

The following are recognised in profit or loss in respect of investment properties:

	Note	2022 RM	2021 RM
Rental income			
- Realised		77,719,320	86,252,295
- Unrealised (in relation to unbilled lease income receivable)		135,880	316,692
		<hr/> 77,855,200	<hr/> 86,568,987
Property operating expenses	13	(21,660,075)	(18,948,164)
		<hr/> 56,195,125	<hr/> 67,620,823
Net property income			

4.1 Operating lease receivable

The operating lease payments to be received are as follows:

	2022 RM	2021 RM
Less than one year	56,374,172	62,527,341
One to two years	41,485,385	29,923,105
Two to three years	34,893,231	13,380,324
Three to four years	22,785,337	9,035,810
Four to five years	16,553,301	4,008,375
More than five years	1,097,654	2,865,305
	<hr/> 173,189,080	<hr/> 121,740,260
Total undiscounted lease payments		

4.2 Fair value information

Fair values of investment properties are categorised as follows:

	2022 Level 3 RM	2021 Level 3 RM
Land and buildings	1,240,300,000	1,369,500,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. Investment properties (continued)

4.2 Fair value information (continued)

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 significant unobservable inputs used in the valuation models.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>The investment method considers income and expense data relating to the subject property being valued and estimates value through a capitalisation process.</p> <p>Capitalisation relates income (usually a net income figure) and a defined value 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.</p>	<ul style="list-style-type: none"> Risk-adjusted capitalisation rates ranging from 5.00% - 6.50% (2021: 5.00% - 6.50%). Risk-adjusted discount rate ranging from 5.25% - 6.75% (2021: 5.25% - 6.50%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Risk-adjusted capitalisation rates were lower (higher). Risk-adjusted discount rates were lower (higher).
<p>The comparison method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, the property being valued is compared with sales of similar properties that have been transacted in the open market.</p> <p>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.</p>	<ul style="list-style-type: none"> Adjusted land value is RM167.00 per sq. ft. (2021: RM173.00 per sq. ft.). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Adjusted land value per square foot was higher (lower).
<p>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 size, 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 or current market prices for materials, labour and present construction techniques.</p> <p>Valuation under this method may be significantly affected by the location of the property and the market prices for materials and labour.</p>	<ul style="list-style-type: none"> Land value at RM315.00 per sq. ft. (2021: RM310.00 per sq. ft.). Replacement cost is RM224 per sq. ft. (2021: RM220 per sq. ft.). Depreciation rates at 27% (2021: 25%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> Land value per square foot was higher (lower). Replacement cost per square foot was higher (lower). Depreciation rates were lower (higher).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. Investment properties (continued)

4.2 Fair value information (continued)

Level 3 fair value (continued)

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The discounted cash flow method incorporates the estimation of future annual cash flows over an investment horizon (5 years) from the valuation date by reference to expected revenue growth rates, operating expenses and terminal value. The present value of future cash flow is then determined by the application of an appropriate discount rate to derive a net present value of the property as at the valuation date. It is assumed that the property is sold at the commencement of the terminal year of the cash flow at the expected rate of return of similar asset classes.	<ul style="list-style-type: none"> • Risk-adjusted capitalisation rates at 6.75% (2021: 6.75%). • Risk-adjusted discount rate at 7.00% (2021: 7.00%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • Risk-adjusted capitalisation rates were lower (higher). • Risk-adjusted discount rates were lower (higher).

Valuation process applied by AmanahRaya REIT for Level 3 fair value

The fair values of investment properties are determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Highest and best use

AmanahRaya REIT's current use of the properties on its own are the highest and best use as there are no other factors to suggest that a different use would maximise the value of the properties.

4.3 Significant estimate uncertainty and judgements

In the previous financial year, the heightened uncertainty in market conditions caused by the 2019 Novel Coronavirus ("Covid-19") outbreak has resulted in the inclusion by the external valuers of a material uncertainty declaration in their valuation reports. Consequently, less certainty and a higher degree of caution should be attached to these valuations than would normally be the case as values may change more rapidly and significantly than during standard market conditions.

In the current financial year, these material valuation uncertainty declarations have been removed except for the valuation report of an investment property amounting to RM26,800,000, which states that, although it now has a lesser degree of material uncertainty, a degree of caution is still attached to the valuation due to the unknown impact of Covid-19 in the endemic stage.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. Trade and other receivables

	Note	2022 RM	2021 RM
Current			
Trade			
Trade receivables	5.1	1,074,230	2,810,434
Non-trade			
Other receivables		1,688,741	2,540,534
Deposits		2,480,391	2,336,078
Prepayment		228,306	183,831
		4,397,438	5,060,443
		5,471,668	7,870,877

5.1 Trade receivables

Trade receivables are non-interest bearing and the normal credit terms granted by AmanahRaya REIT ranged from 7 days to 30 days (2021: 7 days to 30 days).

6. Security deposits in trust accounts

	Note	2022 RM	2021 RM
Security deposits placed with ITA-ARB	6.1	9,452,200	11,205,770

6.1 Security deposits placed with ITA-ARB

Security deposits received from the lessees together with its accrued interest are placed with the Institutional Trust Account of Amanah Raya Berhad ("ITA-ARB"). The interest rate of the security deposits placed with ITA-ARB is 3.75% (2021: 3.75%) per annum. Pursuant to the lease agreements, the lessees are entitled to the interest earned from the security deposits placed with ITA-ARB (see Note 11.2).

AmanahRaya REIT has the right to deduct from the security deposits in the event of arrears in rental payment or early termination by the lessees.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. Cash and cash equivalents

	Note	2022 RM	2021 RM
Cash and bank balances		7,069,563	5,767,740
Deposits placed with licensed financial institutions	7.1	25,000,000	28,000,000
		32,069,563	33,767,740

7.1 Deposits placed with licensed financial institutions

The deposits are placed with licensed financial institutions at interest rates of 3.00% (2021: 1.85%) per annum.

8. Asset classified as held for sale

	2022 RM	2021 RM
Land and buildings	125,000,000	8,500,000

On 31 May 2021, AmanahRaya REIT entered into a sale and purchase agreement to sell Block A & B of South City Plaza for a total consideration of RM8,500,000. The transaction was completed on 18 May 2022.

On 28 September 2022, AmanahRaya REIT received an offer from a prospective buyer and has agreed to sell Holiday Villa Langkawi and Ex-Holiday Villa Alor Setar. The expected consideration to be received by AmanahRaya REIT is RM125,000,000. Accordingly, these two properties have been classified as held for sale. The transaction is expected to be completed in 2023.

9. Total unitholders' funds

9.1 Unitholders' capital

	Number of units 2022	2022 RM	Number of units 2021	2021 RM
Issued and fully paid units with no par value classified as equity instruments	573,219,858	519,685,915	573,219,858	519,685,915

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. Total unitholders' funds (continued)

9.2 Unitholdings of related parties

As at 31 December 2022, the Manager and Directors of the Manager did not hold any units in AmanahRaya REIT. However, the holding company of the Manager and its related parties held units in AmanahRaya REIT as follows:

	Number of units held	Percentage of total units %	Market value
Direct unitholdings of the holding company of the Manager and its related parties			
2022			
Amanah Raya Berhad	271,186,379	47.31	159,999,964
KDA Capital Malaysia Sdn. Bhd.	85,982,979	15.00	50,729,958
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	1,199,234
	359,201,958	62.66	211,929,156
2021			
Amanah Raya Berhad	271,186,379	47.31	178,983,010
KDA Capital Malaysia Sdn. Bhd.	85,982,979	15.00	56,748,766
AmanahRaya Capital Sdn. Bhd.	2,032,600	0.35	1,341,516
	359,201,958	62.66	237,073,292

The market value is determined by using the closing market price of AmanahRaya REIT as at 31 December 2022 of RM0.59 (2021: RM0.66) per unit.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. Borrowings

	Note	2022 RM	2021 RM
Non-current			
Term loan III (Secured)	10.1	-	33,920,000
		-	33,920,000
Less: Unamortised transaction costs		-	(50,880)
		-	33,869,120
Unrated medium term notes I (Secured)	10.2	450,000,000	450,000,000
Less: Unamortised transaction costs		(577,329)	(775,270)
		449,422,671	449,224,730
Unrated medium term notes II (Secured)	10.2	161,000,000	161,000,000
Less: Unamortised transaction costs		(167,708)	(248,208)
		160,832,292	160,751,792
		610,254,963	643,845,642
Current			
Term loan III (Secured)	10.1	25,920,000	-
		25,920,000	-
Less: Unamortised transaction costs		(38,160)	-
		25,881,840	-
		636,136,803	643,845,642

The borrowings are secured by way of first legal charge on investment properties amounting to RM1,065,040,000 (2021: RM1,056,500,000), as disclosed in Note 4 to the financial statements.

Borrowing costs are payable in arrears on a monthly basis.

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January 2021 RM	Net changes from financing cash flows RM	At 31 December 2021/ 1 January 2022 RM	Net changes from financing cash flows RM	At 31 December 2022 RM
Term loans	33,920,000	-	33,920,000	(8,000,000)	25,920,000
Unrated medium term notes	611,000,000	-	611,000,000	-	611,000,000
Total liabilities from financing activities	644,920,000	-	644,920,000	(8,000,000)	636,920,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. Borrowings (continued)

10.1 Term loan III

Term loan III bears interest rate at Cost of funds ("CoF") plus 0.5% (2021: CoF plus 0.5%) per annum and a principal of RM8 million is repayable annually and will expire on 22 December 2025.

According to the terms of the supplemental agreement dated 21 December 2021 in respect of Term loan III, AmanahRaya REIT is to submit a valuation report conducted by the lender's panel valuer on the property on which the loan is secured, reflecting a current market value of not less than RM43.6 million by 28 February 2022. However, the valuation report submitted by AmanahRaya REIT reflected a current market value of RM42.0million for the property. Consequently, the entire loan of RM25,920,000 million has been reclassified as current liability as at 31 December 2022.

On 20 February 2023, AmanahRaya REIT obtained a waiver from the lender stating that it has no objection to accept the valuation report indicating a lower market value of RM42.0 million for the said property.

10.2 Medium term notes of RM950 million

On 29 November 2017, the Securities Commission Malaysia approved and authorised the establishment of a proposed medium term notes ("MTNs") programme of RM950 million in nominal value ("MTN Programme") to be undertaken by ARREIT MTN 1 Sdn. Bhd. ("Issuer"), a company wholly-owned by AmanahRaya REIT. The MTN Programme has a tenure of 15 years from the date of the first issuance of MTNs.

As at 31 December 2022, RM611 million (2021: RM611 million) has been issued with a floating coupon rate based on CoF plus 0.5% (2021: CoF plus 0.5%) per annum.

11. Trade and other payables

	Note	2022 RM	2021 RM
Non-current			
Non-trade			
Tenants' deposits	11.1	11,239,294	14,644,410
Current			
Trade			
Trade payable		286,801	58,416
Non-trade			
Tenants' deposits	11.1	11,032,096	8,938,336
Other payables and accrued expenses	11.2	4,096,274	6,799,158
Deposits	11.3	-	170,000
		15,415,171	15,965,910
		26,654,465	30,610,320

11.1 Tenants' deposits

Included in tenants' deposits are deposits of RM8,332,585 (2021: RM8,332,585) received from a lessee for tenancy contract with tenure of twenty-five (25) years which is placed with ITA-ARB as disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. Trade and other payables (continued)

11.1 Tenants' deposits (continued)

Since the inception of AmanahRaya REIT, the Manager has received rental deposits from the following tenants by way of bank guarantee as follows:

Tenants	Property	Amount RM	Remarks
SEG International Berhad	SEGi College	2,170,988	Equivalent to six (6) months' rental
SEG International Berhad	SEGi University	14,355,000	Equivalent to one (1) year's rental
HELP University Sdn. Bhd.	Wisma Amanah Raya Berhad	1,406,337	Equivalent to three (3) months' rental
Total		<u>17,932,925</u>	

The bank guarantees are unconditional, irrevocable and payable to AmanahRaya REIT in the event of default of the lease agreement by the lessees.

11.2 Other payables and accrued expenses

Included in other payables and accrued expenses is an interest of RM1,119,617 (2021: RM2,873,186) generated from security deposits placed with ITA-ARB as disclosed in Note 6 to the financial statements.

11.3 Deposits

The deposit as at the previous financial year ended 31 December 2021 was related to the amount received from the prospective buyer for Block A & B of South City Plaza as disclosed in Note 8 to the financial statements.

12. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Investment properties	-	1,517,000	(13,714,000)	(12,300,000)	(13,714,000)	(10,783,000)

Movement in temporary differences during the year:

	At 1.1.2021 RM	Recognised in profit or loss (Note 14) RM	At 31.12.2021/ 1.1.2022 RM	Recognised in profit or loss (Note 14) RM	At 31.12.2022 RM
Investment properties	(10,623,000)	(160,000)	(10,783,000)	(2,931,000)	(13,714,000)

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. Property operating expenses

	2022 RM	2021 RM
Assessment and quit rent	3,956,943	4,268,579
Service contracts and maintenance	13,279,096	9,952,836
Property management fees	3,794,935	3,934,768
Insurance	629,101	791,981
	21,660,075	18,948,164

14. Tax expense

	2022 RM	2021 RM
Deferred tax expense		
- Current year	2,931,000	160,000
Total tax expense	2,931,000	160,000
Reconciliation of tax expense		
Income before taxation	15,231,552	31,585,238
Income tax using Malaysian tax rate at 24% (2021: 24%)	3,655,572	7,542,057
Non-deductible expenses	241,777	219,710
Effect of fair value loss on leasehold investment properties	2,089,152	-
Effect of income exempted from tax	(5,986,501)	(7,761,767)
Effect of changes in real property gains tax	2,931,000	160,000
Total tax expense	2,931,000	160,000

Pursuant to the amendment to Section 61A(1) of 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.

As AmanahRaya REIT has met the abovementioned threshold, its total income for the financial year is exempted from tax.

15. Earnings/(Losses) per unit

The earnings per unit before Manager's fee of 3.250 sen (2021 earnings per unit: 6.603 sen) is calculated by dividing the net profit after taxation but before deduction of Manager's fees for the financial year of RM18,630,650 (2021 net profit after taxation: RM37,849,437) by the weighted average number of units in circulation during the financial year of 573,219,858 (2021: 573,219,858).

The earnings per unit after Manager's fee of 2.146 sen (2021 earnings per unit: 5.482 sen) is calculated based on the net profit after taxation of RM12,300,552 (2021 net profit after taxation: RM31,425,238) for the financial year and on the weighted average number of units in circulation during the financial year of 573,219,858 (2021: 573,219,858).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

16. Distributions to unitholders

Distributions to unitholders are from the following sources:

	2022 RM	2021 RM
Net realised rental income	77,719,320	86,252,295
Interest income	513,169	308,025
Other income	895,532	894,305
	<hr/>	<hr/>
Less: Expenses	79,128,021 (57,441,037)	87,454,625 (56,850,613)
	<hr/>	<hr/>
Total income available for distribution	21,686,984	30,604,012
Less: Undistributed income	(2,168,608)	(1,791,620)
	<hr/>	<hr/>
	19,518,376	28,812,392
Distribution per unit (sen)	3.405	5.026
	<hr/>	<hr/>

17. Management expense ratio

	2022	2021
Management expense ratio ("MER") (%)	1.16	1.08
	<hr/>	<hr/>

The calculation of the MER is based on the total expenses of AmanahRaya REIT incurred, including Manager's fees, Trustee's fees, audit fees, tax agent's fees and administrative expenses, to the average net asset value of AmanahRaya REIT for the financial year calculated on a daily basis.

Since the basis of calculating MER may vary among real estate investment trusts, comparison of MER of AmanahRaya REIT with other real estate investment trusts may not be an accurate comparison.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. Financial instruments

18.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	2022		2021	
	Carrying amount RM	AC RM	Carrying amount RM	AC RM
Financial assets				
Trade and other receivables, excluding prepayments	5,243,362	5,243,362	7,687,046	7,687,046
Security deposits in trust accounts	9,452,200	9,452,200	11,205,770	11,205,770
Cash and cash equivalents	32,069,563	32,069,563	33,767,740	33,767,740
	46,765,125	46,765,125	52,660,556	52,660,556
Financial liabilities				
Borrowings	636,136,803	636,136,803	643,845,642	643,845,642
Trade and other payables	26,654,465	26,654,465	30,610,320	30,610,320
	662,791,268	662,791,268	674,455,962	674,455,962

18.2 Net losses arising from financial instruments

	2022 RM	2021 RM
Net losses on:		
Financial assets at amortised cost	(131,458)	(5,250,899)
Financial liabilities at amortised cost	(26,206,023)	(24,042,911)

18.3 Financial risk management

AmanahRaya REIT has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. Financial instruments (continued)

18.4 Credit risk

Credit risk is the risk of a financial loss to AmanahRaya REIT if a tenant or counterparty to a financial instrument fails to meet its contractual obligations. AmanahRaya REIT's exposure to credit risk arises principally from its receivables from tenants. AmanahRaya REIT performs ongoing credit evaluation of its tenants and generally does not require collateral other than tenants' deposits or bank guarantees. There are no significant changes as compared to prior periods.

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, AmanahRaya 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 full) when there is no realistic prospect of recovery. This is generally the case when AmanahRaya 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. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposures to credit risk arising from receivables are represented by the carrying amounts 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. AmanahRaya REIT uses ageing analysis to monitor the credit quality of the 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 RM1,074,230 (2021: RM2,810,434) and are secured by tenants' deposits.

Concentration of credit risk

The exposure of credit risk for top 3 trade receivables as at the end of the reporting period by tenants were:

	2022 RM
Tenant A	408,814
Tenant C	348,227
Tenant D	204,246
	961,287
	2021 RM
Tenant A	910,870
Tenant B	752,079
Tenant E	311,567
	1,974,516

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. Financial instruments (continued)

18.4 Credit risk (continued)

Recognition and measurement of impairment loss

AmanahRaya REIT assesses the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. AmanahRaya REIT maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Loss allowances RM	Net RM
2022			
Past due 1 - 30 days	936,204	(202,471)	733,733
Past due 31 - 60 days	767,453	(604,402)	163,051
Past due 61 - 90 days	307,961	(130,515)	174,446
Credit impaired			
Past due more than 90 days	2,147,707	(2,147,707)	-
Individually impaired	1,603,807	(1,603,807)	-
	5,763,132	(4,688,902)	1,074,230
2021			
Past due 1 - 30 days	2,210,718	(361,526)	1,849,192
Past due 31 - 60 days	862,080	(604,402)	257,678
Past due 61 - 90 days	235,239	(215,948)	19,291
Credit impaired			
Past due more than 90 days	1,988,652	(1,988,652)	-
Individually impaired	1,743,870	(1,059,597)	684,273
	7,040,559	(4,230,125)	2,810,434

The movement in the allowance for impairment in respect of trade receivables during the year are shown below:

	Credit Impaired RM
Balance as at 31 December 2020/ 1 January 2021	6,586,579
Amounts written off	(7,915,378)
Net remeasurement of loss allowances	5,558,924
	4,230,125
Balance as at 31 December 2021/ 1 January 2022	4,230,125
Amounts written off	(185,850)
Net remeasurement of loss allowances	644,627
	4,688,902
Balance as at 31 December 2022	4,688,902

18.5 Liquidity risk

Liquidity risk is the risk that AmanahRaya REIT will not be able to meet its financial obligations as they fall due. AmanahRaya REIT's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. Financial instruments (continued)

18.5 Liquidity risk (continued)

The Manager monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance AmanahRaya 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 borrowing (see Note 19).

Maturity analysis

The table below summarises the maturity profile of AmanahRaya REIT's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM	1 - 5 years RM	More than 5 years RM
2022						
Financial liabilities						
Trade and other payables	26,654,465	-	26,654,465	15,415,171	10,798,477	440,817
Borrowings	636,136,803	3.68	683,116,483	49,217,311	633,899,172	-
	<u>662,779,268</u>		<u>709,770,948</u>	<u>64,632,482</u>	<u>644,697,649</u>	<u>440,817</u>
2021						
Financial liabilities						
Trade and other payables	30,610,320	-	30,610,320	15,795,908	14,410,775	403,637
Borrowings	643,845,642	3.68	717,201,761	23,424,314	693,777,447	-
	<u>674,455,962</u>		<u>747,812,081</u>	<u>39,220,222</u>	<u>708,188,222</u>	<u>403,637</u>

18.6 Market risk

Market risk is the risk that changes in market prices such as interest rates will affect AmanahRaya REIT's financial position or cash flows.

Interest rate risk

Exposure to interest rate risk

The interest rate profile of AmanahRaya REIT's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year was:

	2022 RM	2021 RM
Financial asset		
<i>Fixed rate instruments</i>		
Security deposits in trust accounts	9,452,200	11,205,770
Deposits placed with licensed financial institutions	25,000,000	28,000,000
	<u>34,452,200</u>	<u>39,205,770</u>
Financial liabilities		
<i>Floating rate instruments</i>		
Borrowings	636,136,803	643,845,642

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. Financial instruments (continued)

18.6 Market risk (continued)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis

AmanahRaya REIT does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and AmanahRaya REIT does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate 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) unitholders' funds and pre-tax profit or loss by the amounts shown below.

	Profit/(Loss)	
	100 bp increase RM	100 bp decrease RM
2022		
Floating rate instruments	(6,361,368)	6,361,368
2021		
Floating rate instruments	(6,438,456)	6,438,456

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. Financial instruments (continued)

18.7 Fair value information

The carrying amounts of cash and cash equivalents, trade and other receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts as shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM		
2022									
Financial liabilities									
Borrowings	-	-	-	-	-	-	636,136,803	636,136,803	636,136,803
Tenants' deposits	-	-	-	-	-	-	22,271,390	22,271,390	22,271,390
	-	-	-	-	-	-	665,408,193	665,408,193	665,408,193
2021									
Financial liabilities									
Borrowings	-	-	-	-	-	-	643,845,642	643,845,642	643,845,642
Tenants' deposits	-	-	-	-	-	-	23,582,746	23,582,746	23,582,746
	-	-	-	-	-	-	667,428,388	667,428,388	667,428,388

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

18. Financial instruments (continued)

18.7 Fair value information (continued)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Tenants' deposits	Discounted cash flows using interest rate placed with ITAARB at 3.75% (2021: 3.75%) per annum.
Borrowings	Discounting cash flows using market interest rate on similar instruments.

19. Capital management

The primary objective of the Manager is to ensure that AmanahRaya REIT would be able to continue as a going concern while maximising the returns to unitholders through a balance between issuance of new units and loan financing. The overall strategy of the Manager remains unchanged during the financial year ended 31 December 2022.

The Manager manages the capital structure of AmanahRaya REIT and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Manager may adjust the income distribution to unitholders or issue new units. No changes were made to the objectives, policies or processes during the financial year ended 31 December 2022.

The Manager also complies with the provisions of the Trust Deed and all applicable rules and guidelines prescribed by the Securities Commission relating to the financing of AmanahRaya REIT.

The Manager monitors capital using a borrowings ratio, which is total borrowings divided by total assets of AmanahRaya REIT pursuant to the Securities Commission's Guidelines on Listed Real Estate Investment Trusts.

	2022 RM	2021 RM
Total borrowings	636,136,803	643,845,642
Total assets	1,412,293,431	1,430,844,387
Borrowings ratio	45.04%	44.99%

20. Operating segments

As the principal activity of AmanahRaya REIT is to invest in properties which are all located in Malaysia with the primary objective to derive rental income, there are no risk and returns distinguishable between business and geographical segments. No operating segment reporting is thus presented.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

21. Related parties

For the purposes of these financial statements, parties are considered to be related to AmanahRaya REIT if AmanahRaya REIT has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where AmanahRaya REIT and the party are subject to common control or common significant influence. 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 AmanahRaya 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.

AmanahRaya REIT has related party relationship with the Manager, the holding company of the Manager, significant investors, and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

	2022 RM	2021 RM
Security deposits from lessees placed with the holding company of the Manager	9,452,200	11,205,770
Manager's fees	6,330,098	6,424,199

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms. The balances related to the above transactions are shown in Notes 6 and 11.

22. Capital expenditure commitments

	2022 RM	2021 RM
Investment properties		
Contracted but not provided for	19,190,200	21,141,809

UNITHOLDERS STATISTICS

Top 30 Unitholders as at 31 December 2022

TOTAL UNITHOLDERS: 5,127

RANKING	UNITHOLDER	NO. OF UNITS	% OF TOTAL ISSUED UNITS
1.	AMANAHRAYA BERHAD (KUMPULAN WANG BERSAMA)	271,186,379	47.31
2.	UOBM NOMINEES (TEMPATAN) SDN BHD KDA CAPITAL MALAYSIA SDN BHD	85,982,979	15.00
3.	PERBADANAN KEMAJUAN NEGERI SELANGOR	32,360,000	5.65
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS INSURANCE BERHAD (LIFE PAR FD)	2,907,900	0.51
5.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	2,361,000	0.41
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR RAM HOLDINGS BERHAD (PB)	2,339,700	0.41
7.	AMANAH RAYA BERHAD AMANAHRAYA CAPITAL SDN BHD	2,032,600	0.35
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD MCIS INSURANCE BERHAD (ANN FD)	1,910,200	0.33
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SIEW HUNG	1,459,900	0.25
10.	YEO ENG SENG	1,214,400	0.21
11.	NG KIM YUEN	1,150,000	0.20
12.	YEAP AH KAU @ YEAP CHAN TOOI	1,111,100	0.19
13.	TEE KIAM HENG	1,100,000	0.19
14.	MALAYSIAN RATING CORPORATION BERHAD	1,095,000	0.19
15.	ANG SIEW SIANG	1,050,000	0.18
16.	TEW SOO CHIM	1,050,000	0.18
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PEE SIEW BOON (8057713)	1,030,00	0.18
18.	SEG EQUITY SDN BHD	1,000,000	0.17
19.	STATE INSURANCE BROKERS SDN BHD	1,000,000	0.17
20.	CHAN WAI CHON	900,000	0.16
21.	YEOW EWE CHUAN	880,900	0.15
22.	BOH PLANTATIONS SDN BERHAD	880,600	0.15
23.	ON THIAM CHAI	812,100	0.14
24.	LIAN MONG YEE @ LIAN MUNG YEE	810,600	0.14
25.	ABDUL RAHIM BIN BIDIN	802,600	0.14
26.	LAU BAN YIN	800,000	0.14
27.	CHAR CHOR YOOK	780,000	0.14
28.	BOH PLANTATIONS SDN BHD	750,300	0.13
29.	CHUAH HOCK SENG @ CHUAH TEONG KOK	750,000	0.13
30.	SONG BOON KAH	750,000	0.13
TOTAL		422,258.258	73.63

ANALYSIS OF UNITHOLDINGS

DISTRIBUTION OF UNITHOLDERS AS AT 31.12.2022

Unit Class	No. of Unitholders	%	No. of Unitholding	%
1 - 999	38	0.62	655	0.00
100 - 1,000	1,017	16.69	661,100	0.12
1,001 - 10,000	2,813	46.16	15,223,845	2.66
10,001 - 100,000	1,894	31.08	63,179,400	11.02
100,001 - 28660991 (*)	329	5.40	104,625,500	18.25
28660992 AND ABOVE(**)	3	0.05	389,529,538	67.95
DIRECTORS HOLDING	0	0.00	0	0.00
Total	6,094	100.00	573,219,858	100.00

The units in circulation remained at 573,219,858 during the financial year.

Category of unitholders as at 31.12.2022

Category of Unitholder	No. of Holders		No. of Holdings			
	Malaysian		Foreign	Malaysian		Foreign
	Bumiputra	Non-Bumiputra		Bumiputra	Non-Bumiputra	
1) Individual	156	4,153	50	2,518,300	122,334,789	1,450,900
2) Body Corporate						
a. Banks / Finance Companies	3	0	0	273,240,979	0	0
b. Investments Trust/ Foundation /Charities	0	0	0	0	0	0
c. Other Type of Companies	5	57	1	773,500	9,104,800	40,000
3) Government agencies / Institutions*	1	0	0	32,360,000	0	0
4) Nominees	1,233	388	46	22,175,400	104,021,979	5,199,200
5) Trustee	0	0	0	0	0	0
6) Others	0	1	0	0	11	0
Total	1,398	4,599	97	331,068,179	235,461,579	6,690,100

ADDITIONAL DISCLOSURE

ADDITIONAL INFORMATION PURSUANT TO LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds received during the current financial year.

2. SHARE BUY-BACKS DURING THE FINANCIAL YEAR

AmanahRaya REIT did not carry out any share buy-backs exercise during the financial year ended 31 December 2022.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

AmanahRaya REIT did not issue any warrants or convertible securities for the financial year ended 31 December 2022.

4. AMERICAN DEPOSITORY RECEIPTS (“ADR”)/GLOBAL DEPOSITORY RECEIPT (“GDR”)

AmanahRaya REIT has not sponsored any ADR/GDR programme during the financial year ended 31 December 2022.

5. PROFIT GUARANTEES

There were no profit guarantees given by the Manager during the financial year ended 31 December 2022.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of AmanahRaya Real Estate Investment Trust ("**ARREIT**") will be held at Connexion Conference & Event Centre, Bangsar South No. 7, Jalan Kerinchi 59200 Kuala Lumpur Malaysia on Wednesday, 22 March 2023 at 10.00 a.m. to consider the following businesses:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 of ARREIT together with the Reports attached thereon. (Please refer to Note 1 of the Explanatory Notes)

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification, the following Ordinary Resolution:-

2. **PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW UNITS PURSUANT TO PARAGRAPH 6.59 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("PROPOSED RENEWAL OF AUTHORITY")** Ordinary Resolution (Please refer to Note 2 of the Explanatory Notes)

"THAT pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and subject to the approvals from the relevant regulatory authorities, where such approval is required, the Directors of AmanahRaya-Kenedix REIT Manager Sdn Bhd, the Manager of ARREIT ("the Manager"), be and are hereby authorised to allot and issue new units in ARREIT ("New Units") at any time to any such persons, and upon such terms and conditions as the Directors of the Manager may in their absolute discretion, deem fit and in the best interest of ARREIT, provided that the aggregate number of the New Units to be allotted and issued pursuant to this resolution, when the aggregated number of units issued during the preceding twelve (12) months, does not exceed 20% of the issued fund size of ARREIT.

THAT such authority shall continue to be in force until:-

- i. the conclusion of the next Annual General Meeting ("AGM") of ARREIT at which time it shall lapse, unless by a resolution passed at the meeting, the authority is renewed;
- ii. the expiration of the period within which the next AGM of the Unitholders is required by law to be held; or
- iii. the Proposed Renewal of Authority is revoked or varied by the Unitholders in a Unitholders' meeting.

whichever is the earliest;

THAT such New Units to be issued pursuant to the Proposed Renewal of Authority shall, upon allotment and issuance, rank equally in all respects with the existing Units except that the New Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared, made or paid before the date of allotment and issuance of the New Units;

AND THAT authority be and is hereby given to the Directors of the Manager and Pacific Trustees Berhad ("the Trustee") (acting for and on behalf of ARREIT), to give effect to the Proposed Renewal of Authority with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in relation to the Proposed Renewal of Authority as they may deem fit in the best interests of the Unitholders 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 ARREIT) to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Authority."

AS OTHER BUSINESS

3. To transact any other business for which due notice shall have been given in accordance with the Deed of Trust constituting ARREIT.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

(CONT'D)

By Order of the Board of Directors

AMANAHRAYA-KENEDIX REIT MANAGER SDN BHD

REGISTRATION NO. 200901013113 (856167-A)

Management Company of ARREIT

Jerry Jesudian a/l Joseph Alexander (MAICSA 7019735) (SSM PC No. 201908003018)

Rizana binti Ahmad Rithauddeen (f) (LS 0009663) (SSM PC No. 20191224000019)

Leong Shiak Wan (f) (MAICSA 7012855) (SSM PC No. 202008002757)

Company Secretaries

Kuala Lumpur

28 February 2023

NOTES:

- (1) A unitholder of ARREIT ("**Unitholders**") shall be entitled to attend and vote at any meeting of Unitholders and shall be entitled to appoint up to two (2) persons, whether a Unitholder or not, as its proxy to attend and vote.
- (2) Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the meeting and shall be entitled to appoint up to two (2) persons (whether a Unitholder or not) as its proxy to attend and vote.
- (3) Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.
- (4) If the Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**Authorised Nominee**"), it may appoint at least one (1) proxy (but not more than two (2)) in respect of each securities account it holds with units of ARREIT standing to the credit of the said securities account.
- (5) If the Unitholder is an exempt Authorised Nominee which holds Units for multiple beneficial owners in one 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.
- (6) Only a depositor whose name appears in the Record of Depositors of ARREIT as at 13 March 2023 shall be regarded as a Unitholder and entitled to attend, speak and vote at this Eleventh AGM of ARREIT or appoint proxy(ies) to attend and vote on his/her behalf.
- (7) 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 corporation, the Instrument of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (8) To be valid, the original Instrument of Proxy duly completed and signed must be deposited with the Manager at **AmanahRaya-Kenedix REIT Manager Sdn. Bhd. at Level 2, Wisma AmanahRaya, No. 2 Jalan Ampang, 50508 Kuala Lumpur** no later than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the Instrument of Proxy proposes to vote; in default of this provision, the Instrument of Proxy shall not be treated as valid.

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

(CONT'D)

EXPLANATORY NOTES:

(1) Ordinary Business

There shall be no voting on the aforesaid Ordinary Business given that the laying of the Audited Financial Statements for the financial year ended 31 December 2022 of ARREIT together with the Reports attached thereon ("the Accounts"), before the Unitholders at the 11th AGM is meant for discussion only, in accordance with Paragraph 13.18(b) of Guidelines on Listed Real Estate Investment Trust issued by the Securities Commission Malaysia.

The Accounts of ARREIT are contained in the 2022 Annual Report of ARREIT issued to all Unitholders of ARREIT on 28 February 2023 pursuant to Paragraph 9.45(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

If any Unitholder does not have a copy of the 2022 Annual Report, you may download from the corporate website of ARREIT at <http://www.amanahrayareit.com.my> or request via telephone requisition at +603-2078 0898 from the principal place of business of the Manager.

(2) Special Business

Subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, if passed, the proposed Ordinary Resolution is for the purpose of granting a renewal mandate and would enable the Manager to issue up to a maximum of 20% of units of ARREIT as at the date of such issuance ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a unitholder's meeting, will expire at the conclusion of the next AGM of ARREIT.

The Renewed Mandate will enable the Manager to take swift action in case of a need for fund raising exercises including but not limited to further placement of units for purpose of funding current and/or future investment projects, working capital and/or acquisitions of investment assets.

AMANAHRAYA ■ REIT

AMANAHRAYA REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted under the laws of Malaysia)

(Managed by AmanahRaya-Kenedix REIT Manager Sdn Bhd)

INSTRUMENT OF PROXY

I/We.....
(Full Name as per NRIC /Passport /Certificate of Incorporation in Capital Letters)

NRIC No./Passport No./Registration No

of.....
(Full Address)

being a Unitholder of **AMANAHRAYA REAL ESTATE INVESTMENT TRUST**, do hereby appoint

.....
(Full Name as per NRIC /Passport in Capital Letters)

NRIC No./Passport No.

of
(Full Address)

or failing *him/her,
(Full Name as per NRIC /Passport in Capital Letters)

NRIC No./Passport No.

of
(Full Address)

or failing *him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy, to vote for *me/us and on *my/our behalf at the Eleventh Annual General Meeting of ARREIT to be held at Connexion Conference & Event Centre, Bangsar South No. 7, Jalan Kerinchi 59200 Kuala Lumpur Malaysia on Wednesday, 22 March 2023 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your vote to be casted. If no specific direction is given, the proxy will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Renewal of Authority		
CDS Account No		
Contact No		
Email Address		
Total number of units held		
Number of units to be represented by each proxy	Proxy 1	Proxy 2

Dated this day of2023

(*Delete if not applicable)

.....
Signature/Common Seal of Unitholder(s)

NOTES:

- (1) A unitholder of ARREIT ("**Unitholders**") shall be entitled to attend and vote at any meeting of Unitholders and shall be entitled to appoint up to two (2) persons, whether a Unitholder or not, as its proxy to attend and vote.
- (2) Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend and vote at the meeting and shall be entitled to appoint up to two (2) persons (whether a Unitholder or not) as its proxy to attend and vote.
- (3) Where a Unitholder appoints two (2) proxies, the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy.
- (4) If the Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**Authorised Nominee**"), it may appoint at least one (1) proxy (but not more than two (2)) in respect of each securities account it holds with units of ARREIT standing to the credit of the said securities account.
- (5) If the Unitholder is an exempt Authorised Nominee which holds Units for multiple beneficial owners in one 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.
- (6) Only a depositor whose name appears in the Record of Depositors of ARREIT as at 13 March 2023 shall be regarded as a Unitholder and entitled to attend, speak and vote at this Eleventh AGM of ARREIT or appoint proxy(ies) to attend and vote on his/her behalf.
- (7) 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 corporation, the Instrument of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (8) To be valid, the original Instrument of Proxy duly completed and signed must be deposited with the Manager at **AmanahRaya-Kenedix REIT Manager Sdn. Bhd. at Level 2, Wisma AmanahRaya, No. 2 Jalan Ampang, 50508 Kuala Lumpur** no later than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the Instrument of Proxy proposes to vote; in default of this provision, the Instrument of Proxy shall not be treated as valid.

Fold this flap for sealing

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STAMP

AmanahRaya-Kenedix REIT Manager Sdn. Bhd.

Level 2, Wisma AmanahRaya

No. 2, Jalan Ampang

50508 Kuala Lumpur

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AMANAHRAYA ■ KENEDIX
REIT MANAGER

www.amanahrayareit.com.my

AmanahRaya-Kenedix REIT Manager Sdn. Bhd.

Company No. 200901013113 (856167-A)
(The Manager of AmanahRaya Real Estate Investment Trust)
Level 2, Wisma AmanahRaya, No. 2, Jalan Ampang
50508 Kuala Lumpur
Tel : 603 2078 0898
Fax : 603 2026 6322