



# ALPHA REIT MANAGERS SDN BHD

## Board Charter & Corporate Governance Statement

*[Last Updated: 27 October 2017]*

This document is strictly confidential  
and is for the sole use of  
Alpha REIT Managers Sdn Bhd and its Directors.  
It must not be provided to any other party without the prior written consent of the  
Alpha REIT Managers Sdn Bhd.

## 1. INTRODUCTION

Unless otherwise stated, the following applies:

**“Alpha REIT”** means Alpha Real Estate Investment Trust.

**“Bursa Securities”** means Bursa Malaysia Securities Berhad.

**“Board”** means the Board of Directors of the Company.

**“CA”** means the Companies Act 2016 and includes such amendments thereof.

**“CEO”** means the Chief Executive Officer of the Company.

**“Charter”** means this Board Charter and Corporate Governance Statement of the Company.

**“CMSA”** means the Capital Markets and Services Act 2007 and includes such amendments thereof.

**“Company”** means Alpha REIT Managers Sdn Bhd.

**“Deed”** means the trust deed of Alpha REIT dated 29 June 2017 executed between the Trustee and the Company as the manager of Alpha REIT and registered with the SC on 30 June 2017.

**“EXCO”** means Executive Committee, a standing committee of the Board.

**“Key Officers”** means the function heads in the Management.

**“Management”** means the senior management of the Company.

**“MCCG”** means the Malaysian Code on Corporate Governance published by the SC that is currently in effect and shall include such amendment and revision by the SC from time to time.

**“MMLR”** means the Main Market Listing Requirements of Bursa Securities.

**“SC”** means the Securities Commission of Malaysia.

**“Trustee”** means RHB Trustees Berhad, being the trustee appointed for Alpha REIT.

**“Unitholder(s)”** means the unitholder(s) of Alpha REIT.

## 1.1 Alpha REIT Managers Sdn Bhd as the Manager of Alpha Real Estate Investment Trust

Alpha REIT is a real estate investment trust constituted by the Deed.

The Company was appointed pursuant to the approval of the SC and in accordance with the terms of the Deed as the external manager of Alpha REIT.

The Company in turn appoints experienced and well qualified individuals to manage and run its day-to-day operations. All Directors and employees of the Company are remunerated by the Company as the manager of Alpha REIT and not Alpha REIT.

The tenure of the Company as the manager of Alpha REIT can be terminated or that the manager can be removed through a special resolution passed by a majority consisting of not less than three-fourths of the Unitholder(s) present and voting at a meeting of Unitholder(s) duly convened and held in accordance with the provisions of the Deed.

Please see **Attachment A** which spells out the main duties and responsibilities of the Company as the manager of Alpha REIT.

The Trustee, being the other party to the Deed, acts as the trustee of Alpha REIT for the Unitholder(s) and the custodian for all the assets of Alpha REIT. Its powers, duties and obligations are set out principally in the Deed.

## 1.2 The Board Charter

This Charter has been adopted by the Board to assist the Board and its committees in the exercise of their powers, duties and responsibilities.

The principles and policies set out in this Charter are in addition and are complimentary to the requirements regarding the Board and Board members contained in laws, regulations, guidelines and requirements relevant and applicable to the Company, the Board and the Board members, the Articles of Association of the Company and the terms of reference of the Board's committees.

The Board will review this Charter at least annually or as and when appropriate. Any modifications to or replacements of this Charter must be approved by the Board.

## 1.3 Corporate Governance

Strong corporate governance has always been the priority of the Company. The Company recognises that an effective corporate governance culture is critical to the performance and consequently, to the success of Alpha REIT.

The Company is committed to high standards of corporate governance and transparency in the management of Alpha REIT and operates in the spirit of the MCCG, wherever applicable, in discharging its responsibilities as the manager of Alpha REIT and in dealings with the shareholder(s), the Unitholder(s) of Alpha REIT as well as other stakeholders.

The Company's main corporate governance practices and policies encompass proactive measures adopted by the Company to best safeguard the interests of the shareholder(s), stakeholders and the Unitholder(s) by avoiding situations of conflict and potential conflicts of interest, including prioritising the interests of the Unitholder(s) over the Manager's and ensuring that applicable laws and regulations are complied with.

The practices and policies are designed to ensure that applicable securities laws and regulations, the SC's Guidelines on Real Estate Investment Trusts as well as SC's Guidelines on Islamic Real Estate Investment Trusts, the MMLR, where applicable and the MCCG are complied with, where applicable, and that the Company's obligations as the manager of Alpha REIT as described in the Deed are properly and efficiently carried out.

## 2. ROLE AND POWERS OF THE BOARD OF DIRECTORS OF THE COMPANY

The Board is charged with the collective responsibility in leading and directing for the long-term success of the Company and the delivery of sustainable value to its shareholder(s), stakeholders and the Unitholder(s). In this context, it sets the values and standards for the Company to ensure that its obligations to its shareholder(s), stakeholders and Unitholder(s) are understood and met, and it directs, supervises and monitors the management of the business and affairs of the Company to ensure that the Company's primary responsibility for matters relating to strategic planning, corporate governance, business operations, asset management, risk management and internal controls, financial performance and business development are carried out or implemented for the benefit of its shareholder(s), stakeholders as well as the Unitholder(s), in accordance with the laws and regulations, the SC's Guidelines on Real Estate Investment Trusts and Guidelines on Islamic Real Estate Investment Trusts, the MMLR, the MCCG, where applicable, as well as its Memorandum and Articles of Association and the Deed.

In the discharge of its fiduciary and leadership duties, the Directors must at all times, exercise his/her powers for a proper purpose and act in good faith, with due care and diligence and in the best interest of the Company as well as Alpha REIT. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership, championing good governance, adopting sound social policies and ethical practices and consider sustainability through environmentally responsible practices throughout the Company. At the same time, the Board endeavours to maximize returns to shareholder(s) of the Company, stakeholders and Unitholder(s) of Alpha REIT

### 2.1 General Duties and Responsibilities of the Directors

The basic responsibility of the Directors is to exercise their business judgment for a proper purpose and in good faith, in the best interests of the Company and the Unitholder(s). In discharging that obligation, Directors should be entitled to rely on the honesty and integrity of the Company's Management and its advisors and auditors.

In the discharge of its duties and responsibilities, the Board discusses matters of strategic importance to the Company, which include the following:

- (a) business and operating strategies;
- (b) new or changes to existing the business plans;
- (c) new investments or divestments;

- (d) mergers and acquisitions;
- (e) borrowings, debt securities, redemption and/or refinancing;
- (f) expansion or entry into new markets, geographies or regions;
- (g) corporate restructuring or reorganisation;
- (h) set-up of new subsidiaries;
- (i) partnerships or strategic alliances; and
- (j) acquisitions or disposal of significant assets.

In furtherance of its responsibilities, the Board will: among others:

- (a) oversee the Management;
- (b) review, evaluate and/or approve:
  - (i) that the Company acquires Shariah-compliant assets;
  - (ii) that the Company is using the appropriate Takaful coverage;
  - (iii) the Islamic Capital structure for the Company;
  - (iv) on a regular basis, the long-range plans for the Company;
  - (v) the Company's budget and forecasts;
  - (vi) major resource allocations and capital investments;
  - (vii) the financial and operating results of the Company;
  - (viii) the Company's corporate objectives and policies relating to social responsibility;
  - (ix) the overall corporate organizational structure, the assignment of senior management responsibilities and plans for Management's resources, development and succession;
  - (x) the compensation strategy as it relates to the Management of the Company;
  - (xi) the appointment and removal of the CEO, and determining the terms and conditions of his/her appointment, including the remuneration package;
  - (xii) the appointment and removal of the company secretary;
  - (xiii) the appointment of the external auditor and such other auditor(s) as may be required or necessary;
  - (xiv) the appointment of the Board's committees; and
  - (xv) the levels of authority to be given to the CEO in relation to operational expenditures, capital expenditures, contracts and the operation of banking and credit facilities, and authorising any further delegations of those authorities by the CEO to other senior employees of the Company;
- (c) adopt, implement and monitor the compliance with corporate governance best practices and the Company's Code of Conduct;
- (d) review and assess the effectiveness of the Company's policies and practices with respect to internal compliance and control, risk assessment and risk management;
- (e) review and assess the compliances to with the Deed and the relevant laws and regulations, including but not limited to the CA, the CMSA, the SC's Guidelines on Real Estate Investment Trusts, Licensing Handbook, written directions, notices, codes and other applicable guidelines issued by SC, the tax rulings issued by the Inland Revenue Board of Malaysia on the taxation of Alpha REIT and its Unitholder(s) as well as any updates and amendments to such relevant laws and regulations, as well as the MMLR when Alpha REIT is listed; and
- (f) report to the shareholder(s).

Specific matters which are reserved for the Board's approval shall include, but is not limited to:

- (a) material acquisitions, investments, disposals, and divestments;
- (b) corporate and financial restructuring;
- (c) share issuance, dividends and other returns to shareholders;
- (d) the issue of new Units in Alpha REIT and the income distribution of Alpha REIT;
- (e) review of the targets for and assessing the performance of the key officers from the Management team and their compensation package for the key officers; and
- (f) matters which involve conflict of interest for a substantial shareholder, major Unitholder or a Director.

## 3. BOARD COMPOSITION

The Company recognises that an effective corporate governance culture is critical to its performance and consequently, its long-term goals and the success of Alpha REIT. The Company is committed to high standards of corporate governance and will adopt a comprehensive corporate governance framework that meets best practice principles. In particular, the Company will act honestly, with due care and diligence, and in the best interest of the shareholder(s), stakeholders and Unitholder(s). The Board will formalise and commit to ethical values through a Code of Conduct.

### 3.1 Size of the Board of Directors

The Articles of Association provides that the Board shall comprise not be less than two (2) and not more than nine (9) members. The CA provides that the minimum number of Directors shall ordinarily reside in Malaysia by having a principal place of residence in Malaysia and shall not include an alternate or substitute director.

At present, the Board comprises 7 members, of which 3 are independent and consist of persons from diverse professional backgrounds, to enable our management to tap into their expertise and broad business experience in managing Alpha REIT.

The composition of the Board must be reviewed annually to ensure that it has the best mix of expertise and experience. The responsibility of reviewing the Board composition, mix of skills, experience, competence and qualities of the Board members and their individual contribution should be undertaken by the Nomination Committee.

In recognizing diversity, which includes experience, skills, competence, race, gender, age, culture and nationality, as an important attribute to the Board's effectiveness and an essential measure for good governance, the Board should have at least one (1) female director on the Board in recognition of the country's target of 30% women to be at the decision-making level in the corporate sector.

All Independent Directors should be subject to annual assessment of independence, including tenure assessment. This is perceived as essential in order to ensure exercise of objectivity and independent judgment in all decision-making processes.

A whistleblowing policy will be adopted for the management to report and file claims in relation to suspected or presumed violations of the Code of Conduct, financial reporting and other malpractice. The policy will reaffirm our commitment to safeguard those who report in good faith against any form of reprisal.

### 3.2 Role of the Chairman (which is separate from the CEO/Executive Director)

The positions of Chairman and CEO/Executive Director are held by separate persons in order to promote accountability and to maintain an effective segregation of duties. In this regard, no individual can influence Board's discussion and decision-making. .

The Chairman ensures that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues.

The Chairman is primarily responsible for:

- (a) instilling good corporate governance practices, leadership and effectiveness of the Board appointed so that the Board can undertake its roles and perform its responsibilities effectively;
- (b) setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner;
- (c) leading board meetings and discussions;
- (d) monitoring the workings and conduct of the Board;
- (e) encouraging all Directors to play an active role in the Board and allowing dissenting views to be freely expressed;
- (f) facilitating and managing the communication and understanding between the Board and Management; and
- (g) playing a role in the Company's external relationship and communication with stakeholders.

### 3.3 Role of the Executive and Non-Executive Director

Executive Directors are, as employees, involved in the day to-day management of the Company.

The Non-Executive Directors are those who:

- (a) have no direct or indirect pecuniary interest in the Company other than their Directors' fee related emoluments and their permitted holdings of shares in the Company; and/or
- (b) are not employees of the Company or affiliated with it in any other way and are not involved in the day-to day running of the business but have pecuniary interest in the Company, either as shareholders or otherwise and whether direct or indirect.

Non-Executive Directors act as a bridge between Management, shareholder(s) and other stakeholders. They provide the relevant checks and balances, focusing on shareholder(s)' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

### 3.4 Role of the Independent Non-Executive Director

Independent Directors are essential for protecting the interests of shareholder(s) and can make significant contributions to the Company by bringing in the quality of detached impartiality.

The MMLR emphasises that even if a person does not fall within any of the disqualifying indicators enumerated in the MMLR, both the Director and the Board must give effect to the spirit, intention and purpose of the definition of an Independent Director. There must be a conscious application of the appropriate test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company.

Independent Director shall observe the following criteria and measures:

- (a) An Independent Director is a person who is independent of Management and free from any significant business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company and the Group.
- (b) The independent and objective judgement of an Independent Director must not be compromised by, amongst others, familiarity or close relationship with other Board members.
- (c) The Board, assisted by the Nomination and Remuneration Committees shall carry out annual assessment of the independence of its Independent Directors and focus beyond the Independent Director's background, economic and family relationships and considers whether the Independent Directors can continue to bring independent and objective judgment to Board deliberations.
- (d) The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.
- (e) Upon completion of nine (9) years, an Independent Director may continue to serve the Board subject to the director's re-designation as a Non-Independent Non-Executive Director and assessment of the Nomination Committee.
- (f) If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek shareholders' approval.
- (g) If the Board continues to retain the Independent Director after the twelfth (12<sup>th</sup>) year, the Board should seek shareholders' approval through two-tier process as set out in MCCG.
- (h) An Independent Director must not be a substantial shareholder of the Company, its subsidiaries or any related corporations of the Company.

MMLR provides that an Independent Director:

- (i) is not an Executive Director of the Company, its subsidiaries or any related corporations of the Company;
- (ii) has not been within the last two (2) years and is not an officer of the Company (except as a Non-Executive Director);
- (iii) is not a family member of any executive director, officer or major shareholder of the Company, its subsidiaries or any related corporations of the Company;
- (iv) is not acting as a nominee or a representative of any executive director or major shareholder of the Company, its subsidiaries or any related corporations of the Company;
- (v) has not been engaged as a professional adviser or is not presently a partner, director (except as an independent director) or a major shareholder, as the case may be, of a firm or corporation ("Entity") which provides professional advisory services; and

(vi) has not engaged in any transaction or is not presently a partner, Director or a major shareholder, as the case may be, of the Entity (other than subsidiaries of the Company) which has been engaged in any transaction.

The Board shall assess the independence of Directors upon appointment and annually through a self-declaration process undertaken by each Independent Director.

An Independent Director must immediately disclose to the Board any change in their circumstances that may affect their status as an Independent Director.

### **3.5 Company Secretary**

The Board will also be supported by a professionally qualified and competent Company Secretary, responsible for ensuring that the Board's meeting procedures, applicable rules and regulations as well as corporate governance best practices are adhered to.

Notices of meetings setting out the agenda of the meetings will be issued to the Board no less than seven (7) days in advance by the Company Secretary and the relevant meeting papers are compiled and distributed to all the Board as soon as practicable after the notices of meetings are issued, after at the direction and upon consultation with the Chairman.

The Company Secretary are to attend every Board meeting and thereafter prepare the minutes of proceedings for approval by the Chairman. The Company Secretary also kept the Board abreast of all relevant regulatory updates to laws and requirements.

### **3.6 Selection of Directors**

The selection Board members shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing Board members, Management or major shareholder(s). The Board utilises independent sources to identify suitably qualified candidates and recommendation for nominee Directors shall be made to the Board by the Nomination Committee in accordance with the policies and principles set forth in its terms of reference. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nomination Committee and the Chairman of the Board.

The appointment of Directors is subject to the approval of the Securities Commission.

### **3.7 Director Qualifications**

The Nomination Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include evaluation of the members' independence, as well as consideration of diversity (including gender, age, ethnic background, geographic origin and professional experience), talent, skills, and other experience in the context of the needs of the Board.

The criteria for the independence of an Independent Director are set forth in Section 3.4 of this Charter. The Nomination Committee will review such criteria at least annually and recommend any appropriate changes to the Board for consideration.

A description of the desirable characteristics that the Nomination Committee and the Board should evaluate when considering candidates for nomination as Directors are set forth in **Attachment B** to this Charter. The Nomination Committee will review such characteristics at least annually and recommend any appropriate changes to the Board for consideration.

### 3.8 Director Retirement

At every annual general meeting of the Company, one-third (1/3) of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Directors may seek re-election for his/her appointment as Directors at the annual general meeting.

A retiring Director shall be eligible for re-election if he is not disqualified under the CA.

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Company at the meeting at which a Director so retires may fill the vacated office by electing a person thereto, and in default the retiring Director shall, if offering himself/herself for re-election and not being disqualified under the CA from holding office as a Director, be deemed to have been re-elected, unless at that meeting it is expressly resolved not to fill the vacated office unless a resolution for the re-election of that Director is put to the meeting and lost.

The company may, from time to time by ordinary resolution passed at a general meeting, increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.

### 3.9 Resignation from the Board

Any Director may resign at any time by giving notice in writing to the Chairman of the Board or the Company Secretary of the Company at the registered address of the Company. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

It is the sense of the Board that Directors who change the responsibility they held when they were elected to the Board or who subsequently have another change in responsibility should notify the Chairman of the Board of each such change in responsibility. It is not the sense of the Board that in every instance the Directors who retire or have a change in responsibility from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Nomination Committee to review the continued appropriateness of Board membership under the circumstances. If the Committee determines that continued Board membership under the circumstances is no longer appropriate, the Director shall resign.

### 3.10 Director Remuneration/Compensation

The remuneration of the Board will be paid by the Company and not Alpha REIT.

The Remuneration Committee is responsible for the determination of the remuneration policy framework of the Company's Directors and Key Officers.

Directors who travel to attend Board meetings shall receive additional compensation for their travel expenses for attending the Board Meetings.

The Remuneration Committee, upon the proposal from the EXCO, recommends to the Board the remuneration package of the Directors and Key Officers, and it is the responsibility of the Board, as a whole to approve the remuneration package of the Directors. This is in line with the remuneration policy adopted by the Board.

The Board will, through its Remuneration Committee in consultation with the EXCO, establish transparent remuneration policies and procedures. The remuneration of the Board and Key Officers will be aligned with the Company's key strategies and objectives, as well as reflect the Board and Key Officers' responsibilities, expertise and complexity of our activities for each year.

The Remuneration Committee will consider that Directors' independence may be jeopardized if Director compensation and perquisites exceed customary levels or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated.

### 3.11 Director's Orientation and Education

The Board will ensure its members have access to appropriate continuing education programmes to update their knowledge and enhance their skills to be able to continually provide valuable input during Board deliberations. The Board will, at every meeting, receive a list of training programmes available for selection. Details of the training attended by the Board will have to be reported at the Board's meetings and recorded accordingly. An in-house training course will also be organised for all the Directors annually.

Management will provide new Directors with an initial orientation in order to familiarize them with their responsibilities as Directors and with the Company and its strategic plans, significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct, its Key Officers, and its internal and independent auditors.

In order to facilitate the Directors' fulfilment of their responsibilities regarding continuing education and to enhance each Director's knowledge of the Company, the Company's business operations and the latest developments in corporate governance, the Directors will be provided with the following:

- (a) educational programs supplemental to the initial orientation to explain the Company's business operations, including its technology, products and market position;
- (b) access to, or notice of, continuing educational programs that are designed to keep Directors abreast of the latest developments in corporate governance matters and critical issues relating to the operation of public company boards;
- (c) material that contains information pertaining to:

- (i) the Company's industry; and
- (ii) comparisons of the Company with its major competitors; and
- (d) periodic visits to tenants' buildings as organised by the Company.

### 3.12 Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a Director wishes to initiate may be arranged through the CEO or the Company Secretary or directly by the Director. The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a Director and an officer or employee of the Company.

### 3.13 Supply of Information and Independent Advisors

The Company aims to provide all directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

The Board and each committee have the power to engage experts or advisors, including independent legal counsel, deemed appropriate by the Board or the committee, without consulting or obtaining the approval of any officer of the Company. The Company will provide for appropriate funding, as determined by the Board or committee, for payment of compensation to any such counsel, experts or advisors retained by the Board or a committee.

## 4. COMMITTEES OF THE BOARD

A substantial portion of the analysis and work of the Board is done by standing Board committees. The Board has established the following standing committees:

- (a) Executive Committee/EXCO;
- (b) Audit Committee;
- (c) Remuneration Committee; and
- (d) Nomination Committee.

The Board may form other committees as dictated by business imperatives. Membership in the various committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective committees.

Committee members will be appointed by the Board upon recommendation of the Nomination Committee with consideration of the desires of individual Directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

The Board will have at all times, the EXCO, an Audit Committee, a Remuneration Committee and a Nomination Committee. The chair and members of these committees will be appointed in consideration of the criteria established by the SC, MCCG and the MMLR.

Notwithstanding the delegation of duties to the committees, the Board shall nonetheless, be responsible for the exercise of the power by the person to whom the Board have delegated its powers, as if the powers had been exercised by the Board members.

#### 4.1 Executive Committee/EXCO

The EXCO will operate under the delegated authority from the Board which are drawn from the Directors of the Board who are shareholder(s) of the Company. This committee will oversee the Company's day-to-day operations of the Company and Alpha REIT's on behalf of the Board.

Please see **Attachment C** on the EXCO's terms of reference.

#### 4.2 Audit Committee

The Board has an overall responsibility in ensuring that a balanced and understandable assessment of Alpha REIT's positions and prospects are presented to Unitholder(s). The Audit Committee plays an important role in assisting the Board in this area. The Audit Committee will consist of exclusively Non-Executive Directors, a majority of whom are independent and the Chairman should be an accountant.

Please see **Attachment D** on the Audit Committee's terms of reference.

#### 4.3 Remuneration Committee

The Remuneration Committee is responsible for recommending to the Board the policy framework of the remuneration of the Board and Key Officers, and reviewing the framework from time to time to ensure that the Company attracts and retains individuals of the highest calibre. The Remuneration Committee will consist of exclusively or a majority of Non-Executive Directors.

Please see **Attachment E** on the Remuneration Committee's terms of reference.

#### 4.4 Nomination Committee

The key function of the Nomination Committee is to ensure that the Company recruits, retains and develops the best available Executive and Non-Executive Directors including effectively managing succession at Board level. Nomination Committee will consist of exclusively Non-Executive Directors, a majority of whom are independent Director.

Please see **Attachment F** on the Remuneration Committee's terms of reference.

### 5. BOARD PROCESSES

#### 5.1 Board and Committee Meetings

Regular Board meetings will be held at least four times per year, and special meetings will be called as necessary.

A schedule of locations of the regular meetings will be provided to the Directors well in advance. Directors are expected to attend at least 50% of the Board meetings and meetings of the committees on which they serve. The Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities. The office of a Director shall become vacant if a Director is absent from more than 50% of the total number of Board meetings held in any one financial year.

The Articles of Association of the Company provides for Board approvals to be approved by way of circular resolutions as an alternative to full physical Board meetings. Resolution shall be deemed to be approved if signed by a majority of the Directors who are entitled to receive notice of a meeting of the Directors.

All meeting dates will be determined and fixed annually in advance so that the Board will be able to schedule their time effectively.

The Chairperson presides over Board and the Board's committees of the Company. If the Chairperson is not present within the stipulated duration after the time appointed for a meeting, the Directors present shall choose one of their numbers to be the Chairperson of such meeting.

The quorum for Board meeting shall be two Directors.

The Committee meetings will generally be held in conjunction with each Board meeting and the Directors will be provided the time and place in advance. The meeting process for the Remuneration, Audit and Nomination Committees are as set out in their respect terms of reference in Attachments D, E and F. The meetings are designed to provide the Directors an opportunity to discuss matters that do not require full Board action. The outcome of such sessions shall then be recommended to the Board for adoption or implementation.

Directors are encouraged to attend all annual meetings of Unitholder(s).

## 5.2 Agenda Items for Board and Committee Meetings

The Chairman of the Board will establish the agenda for each Board meeting. At the beginning of the year the Chairman will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Director is free to suggest the inclusion of items on the agenda. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Directors approximately seven (7) days prior to each Board meeting. Directors should review these materials in advance of the meeting. Subject to any applicable notice requirements, Directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Chairman of the Board well in advance of such meetings.

The Chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

## 6. CHIEF EXECUTIVE OFFICER/EXECUTIVE DIRECTOR AND THE MANAGEMENT

### 6.1 Chief Executive Officer/Executive Director

The Board provides leadership to the CEO and the Management team of the Company.

The CEO/Executive Director has full executive responsibilities over the execution of the agreed business policies and directions set by the Board and of all operational decisions in managing the Company and Alpha REIT. In the execution of the policies and strategy for the Company and Alpha REIT and the day-to-day operation of the Company and Alpha REIT's business, the CEO shall be assisted by the Management.

The primary responsibilities of the CEO/Executive Director:

- (a) to provide leadership executing the policies and decisions of the Board;
- (b) to develop strategic vision for the Company and Alpha REIT and to set guidelines for Management;
- (c) to provide high-level business judgment and wisdom;
- (d) to meet performance targets set by the Board without neglecting long-term growth opportunities of the Company and Alpha REIT;
- (e) to ensure the Company and Alpha REIT's goals and objectives are achieved;
- (f) to ensure all relevant issues for the effective running of the business are on the agenda;
- (g) to ensure that quality information to facilitate decision-making is delivered to the Board members on a timely basis; and
- (h) to manage resources within the approved budget.

### 6.2 CEO's Evaluation and Management Succession

The Remuneration Committee will conduct an annual review of the CEO's performance, as set forth in its terms of reference. The Board will review the Remuneration Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long and short term.

The Board will evaluate potential successors and approve management succession strategies and plans for the CEO and the Key Officers of the Company. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## 7. OTHER BOARD PRACTICES

### 7.1 Review of Roles and Responsibilities of Directors

The Chairman of the Board will review with each Director on a periodic basis the performance of each Director's duties as well as the role and responsibilities of each Director.

### 7.2 Disclosure and Communication with Stakeholders and Unitholder(s)

The Company believes in establishing a strong culture of continuous disclosure and transparent communication with stakeholders and Unitholder(s) and the investing community.

The Board will take steps to promote effective communication and proactive engagements with the stakeholders and Unitholder(s) at the Unitholder(s)' meetings to provide a better appreciation of the Company's objectives and quality of its management and challenges, while also making the Company aware of the expectations and concerns of the Unitholder(s).

The Company has established investors relation functions and will organize briefings for stakeholders and Unitholder(s) and leverage on information technology for effective dissemination of information to stakeholders and Unitholder(s) by having in place a dedicated sections for its role, the news of Alpha REIT, corporate governance on its corporate website. This section provides information such as the Board Charter, Code of Conduct, Whistleblowing Policy and Unitholder(s)' voting rights.

### 7.3 Board Interaction with Analysts, Media and the Public

Except where directed by the CEO or the Head of Finance, communications on behalf of the Company with the media, securities analysts, stockbrokers and investors must be made only by the CEO and/or the Head of Finance.

If a Director receives any inquiry relating to the Company from the media, securities analysts, brokers or investors, including informal social contacts, he or she should decline to comment and ask them to call the Company's CEO and/or Head of Finance.

### 7.4 Limitation of Liability

A Director shall be protected against any liabilities arising from the Company's action or the Unitholder(s) to the extent covered by the Company's Takaful covering the Directors, Officers and Professional conduct of the company for monetary damages for breach of a Director's fiduciary duty; for breach of a Director's duty of loyalty to the Company or the Unitholder(s) or for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, actions by employee for unfair dismissal and any other misconduct as may be deemed normal under the coverage of such insurance.

The value of the liability that the Takaful insurance shall cover shall be limited to RM10,000,000.00 per occurrence for the financial year ending 31 December 2017.

## 7.5 Risk Management

Effective risk management is a fundamental part of the Company's business strategy in order to ensure there are no adverse disruptions to the income distribution and to mitigate any potential loss which may impact negatively upon all the Unitholder(s) so as to preserve their investments.

Risk management has been part of the Company's day-to-day operations and the Operations Manual provides an overview of the Company's responsibilities and guidance in relation to the management of Alpha REIT to ensure consistency of operational procedures and practices within the organization.

The risk management framework will be formulated and developed and a risk register will be put in place where key risk profiles were established and updated periodically for reporting to the Audit Committee.

## 7.6 Performance Evaluation of the Board

The Board will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Nomination Committee will receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. The assessment will be discussed with the full Board each year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

Each standing Committee, other than the EXCO, shall annually review its own performance and report the results to the Board. The Nomination Committee shall oversee and report annually to the Board its assessment of each Committee's performance evaluation process.

## 7.7 Sustainability

The Company takes cognizant of the three aspects of sustainability i.e. economic, environmental and social underpinning sustainability management and is incorporating good sustainability practices into the operations and businesses of the Company and Alpha REIT.

In relation to the economic aspect, the Company is focused on building sustainable relationships with its stakeholders and utilizing its and Alpha REIT's resources optimally to contribute to economic growth and bring value to the welfare of its employees and shareholder(s), the Unitholder(s) of Alpha REIT and other stakeholders (including the tenants/lessee of the assets of Alpha REIT)

In relation to the environmental aspect, the Company is committed to sustainable development and seeks to operate in a way that minimises environmental harm and to comply with the environmental laws and regulations governing the sector in which it operates. The focus is on managing and reducing the impacts arising from operational activities over which the Company and Alpha REIT have direct control such as energy and water consumption and wastes management.

In relation to the social aspect, the Company, in keeping with its philosophy of giving back to the community, supports the local community wherein they operate by participating in charity programmes and fundraising drives to assist those in need.

## 7.8 Prior Notice of Outside Directorships

Directors should carefully consider the number of other boards on which they can serve consistent with the time and energy necessary to satisfy the requirements of Board and Committee memberships. Directors should also carefully consider any actual or apparent conflicts of interest and impairments to independence that service on other boards may create.

In furtherance of these considerations, outside directors must notify the Chairman of the Board in a timely fashion before accepting an invitation to serve on the board of another public company. Such notification should include an indication of time commitment expected of the new appointment. The Nominating Committee should take cognisance of such new appointment in its annual assessment of directors.

This prior notice is to allow discussion with the Chairman of the Board to review whether such other service will interfere with the outside Director's service on the Company's Board, impact the Director's status as an independent Director, or create an actual or apparent conflict of interest for the Director.

## 7.9 Dealing with Related Parties

The Company has established internal control procedures to ensure that all transactions involving Alpha REIT and its related parties (i.e. the Company, major Unitholder(s), the Trustee and the Company's Director, CEO and major shareholder or person connected with the Company, the major Unitholder(s) and Trustee and/or a person connected with the Company's Directors, CEO and major shareholder) are undertaken:

- (a) on an arm's length basis and on normal commercial terms;
- (b) in the best interest of Unitholder(s) of Alpha REIT;
- (c) adequately disclosed to the Unitholder(s) of Alpha REIT;
- (d) in relation to a real estate transaction:
- (i) consented by the Trustee;
- (ii) consistent with the investment objective and strategy of Alpha REIT; and
- (iii) transacted at a price that is equivalent to the value stated in the valuation report.

The acquisition/disposal may be transacted at a price other than in accordance with the valuation report Provided That:

- (a) the acquisition price is not more than 110% of the value assessed in the valuation report;
- (b) the disposal price is not less than 90% of the value assessed in the valuation report; and
- (c) the Trustee provides written confirmation that the transaction is based on normal commercial terms, at arm's length, and is not prejudicial to Unitholder(s)' interest.

In addition, the following procedures are generally followed in relation to related party transaction involving the Company and its related party, the Director of the Company who is in any way, whether directly or indirectly, interested in a contract or proposed contract

with the Company shall, as soon as practicable after the relevant facts have come to the Director's knowledge, declare the nature of his interest at the Board meeting (unless his interest is deemed not material according to the CA). The Directors in such circumstance, shall not participate in any discussion while the contract or proposed contract is being considered during the meeting and shall not vote on the contract or proposed contract.

In respect of such transactions, the Company would have to demonstrate to the Audit Committee that the transactions are undertaken, in relation to Alpha REIT and the related parties, in accordance with the abovestated principles/requirements which are particularly provided in the Deed and in accordance with the SC's Guidelines on REIT and the applicable laws and regulations relevant to Alpha REIT, the Company and related party transactions, and in relation to the Company and its related parties, at arm's length, on normal commercial terms which may include obtaining (where applicable) quotations from parties unrelated to the Company, or obtaining valuations from independent valuers.

- (a) All non-real estate transactions shall be approved by the Board upon the advice of internal auditor and review/recommendation by the Audit Committee. The same principles apply to real estate transactions less than 5% of the gross asset value ("GAV") of Alpha REIT and are additionally subject to the Trustee's written confirmation based on the Board's approval.
- (b) Real estate transactions greater than or equal to 5% of GAV shall be approved by the Unitholder(s) based on the Board's approval after internal auditor's advice and the Audit Committee's review/recommendation.
- (c) Save and except for transactions which fall within the ambit of Paragraph 10.08(11)(e) and (g)1 of the Listing Requirements and such transactions highlighted to the SC and confirmed in their letters dated 19 September 2012 and 21 June 2016 (Exempted Related Party Transaction), the appointment or renewal of service providers related to the Manager shall be approved by the Independent Directors upon the advice of internal auditor and review/ recommendation by the Audit Committee.
- (d) Exempted Related Party Transactions shall be approved/ratified by the Independent Directors.

## 7.10 Dealing with Conflicts of Interest

Directors are expected to avoid any action, positions or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the Director's interest in accordance with the CA.

The following principles and procedures have been established to deal with potential conflicts of interest which the Company (including its Directors, executive officers and employees) may encounter in managing Alpha REIT:

- (a) all executive officers of the Company will be employed by the Company;
- (b) all resolutions at meetings of the Board of the Company in relation to matters concerning Alpha REIT must be decided by a majority vote of the Directors, including at least one Independent Director;
- (c) in respect of matters in which AREA Group and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by AREA Group and/or its subsidiaries to the Board will abstain from voting;

- (d) if the Company is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Alpha REIT with an affiliate of the Company, the Company shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Alpha REIT, has a *prima facie* case against the party allegedly in breach under such agreements, the Company is obliged to pursue the appropriate remedies under such agreements. The Directors of the Company have a duty to ensure that the Company complies with the aforesaid. Notwithstanding the foregoing, the Company shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee with an affiliate of the Company, and the Trustee may take such action as it deems necessary to protect the rights of Unitholder(s) and/or which is in the interests of Unitholder(s). Any decision by the Company not to take action against an affiliate of the Company shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such affiliate;
- (e) The appointment or renewal of a delegate or service provider for Alpha REIT who is a related party of the Company (i.e. Company's Director, CEO and major shareholder or person connected with the Company and/or a person connected with the Company's Directors, CEO and major shareholder) shall be approved by the Independent Directors; and
- (f) The Board shall comprise at least one-third of Independent Directors.

In addition, the Directors and Key Officers of the Company are expected to act with integrity and honesty at all times.

The Company Secretary shall facilitate the Directors' annual Independence and Conflict of Interest Declarations, which allow the Directors to perform an annual self-declaration on Independence (i.e. for Independent Directors) and conflict of interest (i.e. for all Directors). This exercise may constitute part of the Board Effectiveness Assessment.

## 7.11 Bribery and Corruption Prevention Policy

The Company adopts a strong stance against corruption and bribery. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Company are required to make a declaration on an annual basis where they pledge to uphold the core values and not to indulge in any corrupt or unethical practices.

The Company's zero tolerance policy towards corruption and bribery extends to its dealings with third party service providers and vendors. Pursuant to such policy, the Company requires that all agreements with third party service providers and vendors incorporate a robust anti-corruption clause.

## 7.12 Whistle-Blowing Policy

The Whistleblowers Protection Act 2010 lays down various activities which the Company must be aware of.

A whistle-blowing policy and other procedures are put in place to provide employees of the Company and parties having official dealings with Alpha REIT with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices

or other impropriety at the workplace to facilitate independent investigation of any reported incidents and appropriate follow up action.

The aim of the whistle-blowing policy is to encourage the reporting of such matters whereby employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly, and to the extent possible, be protected from reprisal. On an ongoing basis, the whistle-blowing policy is covered during periodic communications to employees to promote fraud awareness.

### 7.13 Anti-Money Laundering and Countering the Financing of Terrorism Measures

The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (“**Said Act**”) lays down various activities which AMLA views as unlawful activities and which the Company must be aware of.

The Company has applied a policy to comply with the Said Act for prevention of money laundering and terrorism financing and is alert at all times to suspicious transactions. The Company performs due diligence checks on its counterparties, where appropriate, in order to ensure that it does not enter into business transactions with terrorist suspects or other high risk persons or entities.

## 8. RISK MANAGEMENT AND INTERNAL CONTROL

It should be noted that when listed, Paragraph 15.26(b) of the Listing Requirements requires the board of directors of any given publicly listed issuer to include in its annual report a ‘statement about the state of internal control of the listed issuer as a group’ and the Board is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

### 8.1 Board’s Responsibility

In discharging the Board’s stewardship responsibilities, the Board assumes the responsibility for the system of internal controls and risk management as set up by the Company as the manager for Alpha REIT. The Board is responsible for the adequacy and integrity of the system of risk management and internal controls.

It is an essential part of the Board’s responsibilities to identify principal risks, ensure that appropriate systems and policies are in place to manage these risks and to review the adequacy and integrity of such internal controls system and policies.

However, the Board acknowledges that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

A sound system of risk management and internal controls therefore provides a reasonable but not absolute assurance that Alpha REIT will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

## 8.2 Risk Management

The Company's Risk Management Framework which shall be adapted from the risk management best practices and guidelines and other relevant best practices and guidelines. It enables the Company to continuously identify, assess, treat and manage risks that affect Alpha REIT in achieving its objectives within defined risk parameters in a timely and effective manner. All identified risks shall be recorded in a risk register to facilitate systematic review and monitoring. The Risk Management Framework and related risk management policies will be reviewed annually and to be validated by external consultants.

The Company, nonetheless, recognises that risk management is just as much about opportunities as it is about threats. To capitalise on opportunities, the Company has to take measured risks. Therefore, risk management is not about pursuing risk minimisation as a goal, but rather optimising the risk-reward relationship within known and agreed risk appetite levels. The Company therefore takes risks in a prudent manner for justifiable business reasons.

The Board is responsible for the governance of risk across Alpha REIT.

The responsibilities include determining Alpha REIT's risk appetite, overseeing the Company's Risk Management Framework, regularly reviewing Alpha REIT's risk profile, material risks and mitigation strategies, and ensuring the adequacy and effectiveness of risk management framework and policies. For these purposes, it is assisted by the EXCO and Audit Committee which provide dedicated oversight of risk management at the Board level.

The EXCO currently comprises three Non-Independent Non-Executive Board members, while the Audit Committee comprises three independent Board members. The EXCO and Audit Committee meetings maybe attended by Key Officers of the Company as and when required.

The Board approves Alpha REIT's risk appetite, which determines the nature and extent of material risks that the Company is willing to take to achieve Alpha REIT's strategic and business objectives.

## 8.3 Key Internal Control Processes

The Company has put in place systems of internal control and a set of procedures and processes to safeguard the assets of Alpha REIT and interest of Unitholder(s) as well as to manage risk. These are described in the following paragraphs.

The Company shall maintain a risk register which identifies the material risks facing Alpha REIT and the internal controls in place to manage or mitigate those risks. The risk register shall be reviewed and updated at least once a year by the CEO and function heads of the Company and is also reviewed quarterly by the EXCO and Audit Committee and annually by the Board. The EXCO is tasked to review and it is reported to the Audit Committee the approach taken in identifying and assessing risks and internal controls in the risk register.

Internal and external auditors conduct audits that involve testing the effectiveness of the material internal control systems for Alpha REIT including testing, where practical,

material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with proposed corrective measures by internal auditors are reported to the Audit Committee. The system of risk management and internal controls is continually being refined by the Company and reported to the Audit Committee and the Board for their approval.

The internal controls of the Company sets out the authority limits for investments and divestments, acceptance of banking facilities or treasury products, budgetary approval, capital and operating expenditure, lease renewals, marketing, professional services expenditure and other operational matters. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions within those limits to authorised personnel in order to facilitate operational efficiency. Only authorised personnel are empowered to approve a transaction (including payments) on behalf of the Board.

Internal control procedures are established to ensure that related party transactions are undertaken in compliance with the REITs Guidelines, the MMLR and the Deed and are carried out on an arm's length basis and on normal commercial terms, which are in the best interest of the Unitholder(s). The Company incorporates into its annual internal audit plan a review of all related party transactions.

Policies, guidelines and processes are established for dealing with any potential conflicts of interest. In order to deal with any potential conflict of interest situations that may arise, the Company's policy is that any such transactions carried out for and on behalf of Alpha REIT are to be executed on terms that are the best available to Alpha REIT and which are no less favourable to Alpha REIT than transactions between independent parties. The Company has outsourced internal audit function to a professional firm and the service provider will report directly to the Audit Committee.

Alpha REIT subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing ("Standards") developed by the Institute of Internal Auditors and has incorporated these Standards into its audit practices.

The Audit Committee reviews the internal audit reports and activities on an on-going basis. The Audit Committee also reviews and approves the annual internal audit plan with respect to Alpha REIT. The Audit Committee is of the view that the internal audit department is adequately resourced to perform its functions and has, to the best of its ability, maintained its independence from the activities that it audits.

The Audit Committee has put in place a whistle blowing policy to provide employees of the Company and Alpha REIT with procedures and accessible channels to report suspected fraud, corruption, dishonest practices or other similar matters relating to Alpha REIT and the Company and for independent investigation of any reports by employees and appropriate follow up action. This whistle blowing policy has been established to promote fraud awareness and 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 reprisals.

The Audit Committee reviews, monitors and evaluates the effectiveness and adequacy of Alpha REIT's internal controls and financial and risk management issues raised by the external and internal auditors, regulatory authorities and Management. The Audit Committee also reviews written reports issued by the internal and external auditors, and ensures that appropriate and prompt remedial actions are taken by Management where

deficiencies in internal controls have been identified. The Audit Committee also convenes meetings with both external and internal auditors without the presence of Management.

In addition, the Audit Committee has undertaken an assessment of the scope, functions and competency of the internal audit function. The Audit Committee also reviews and evaluates the procedures established to ensure compliance with applicable legislation, the MMLR and the REITs Guidelines.

## ATTACHMENT A

### The Company as the manager of Alpha REIT

As Alpha REIT is externally managed by the Company, it has no employees. Alpha REIT Managers Sdn Bhd is the appointed manager of Alpha REIT in accordance with the terms of the Deed. The Deed outlines the functions and duties of the Company as well as the circumstances under which the Company can be retired.

The Company as the manager is also responsible for the risk management of the Fund. The primary role as the manager of Alpha REIT is to set the strategic direction of Alpha REIT and make recommendations to the Trustee on the acquisition of new assets and divestment or enhancement of Alpha REIT's assets in accordance with its stated investment strategy. The research, evaluation and analysis required for this purpose are coordinated and carried out by the Company in its capacity as the manager of Alpha REIT. The Company is also responsible for the system of risk management and internal controls for Alpha REIT.

The Company as the manager of Alpha REIT has general powers of management over the assets of Alpha REIT. Its primary responsibility is to manage the assets and liabilities of Alpha REIT for the benefit of the Unitholder(s) of Alpha REIT. This is done with a focus on generating rental income and enhancing asset values over time so as to maximise the returns from the investments and ultimately, the distribution and total returns to Unitholder(s).

Other functions and responsibilities of the Company as the manager of Alpha REIT include:

- a) using its best endeavours to conduct Alpha REIT's business in a proper and efficient manner and to conduct all transactions on behalf of Alpha REIT at arm's length.
- b) preparing annual property plans for review by the Company's Directors, including forecasts on revenue, net income and capital expenditure, reasons for major variances in previous years' numbers, written commentaries on key issues and underlying assumptions for rental rates, operating expenses and other relevant assumptions.
- c) ensuring compliance with the Deed and relevant laws and regulations, including but not limited to the CA, the CMSA, the MMLR when listed, , the SC's Guidelines on Real Estate Investment Trusts (REITs Guidelines), Licensing Handbook, written directions, notices, codes and other applicable guidelines issued by SC and/or Bursa Securities from time to time and the tax rulings issued by the Inland Revenue Board of Malaysia on the taxation of Alpha REIT and its Unitholder(s) as well as any updates and amendments to such relevant laws and regulations.
- d) attending to all regular communications with Unitholder(s).
- e) supervising the Property Manager(s), which pursuant to the property management agreements, perform the day-to-day property management functions for Alpha REIT's properties.

The Company will, subject to the provisions of the Deed, carry out all activities as deemed necessary for the management of Alpha REIT and its business. The Company's main responsibility is to manage Alpha REIT's assets and liabilities for the benefit of Unitholder(s).

The Company shall, in managing Alpha REIT, undertake primary management activities in relation to Alpha REIT, including but not limited to overall strategy, new acquisition and disposal analysis, marketing and

communications, individual asset performance and business planning, market performance analysis and other activities as provided under the Deed.

The Company in its capacity as the manager of Alpha REIT covenants, among others the following:

- (a) to carry on and conduct the business of Alpha REIT and our business in a proper, diligent and efficient manner and ensure that Alpha REIT is conducted, managed and administered in a proper, diligent and efficient manner and in accordance with the Deed, the applicable laws and regulations and acceptable and efficacious business practices in the real estate investment industry;
- (b) to act with due care, skill and diligence in managing Alpha REIT and effectively employ the resources and procedures necessary for the proper performance of Alpha REIT;
- (c) to observe high standards of integrity and fair dealing in managing Alpha REIT to the best and exclusive interest of Unitholder(s);
- (d) not to take on, lease or otherwise acquire, except for the purposes of operating Alpha REIT and those entered into in the ordinary course of business, any immovable property or any interest therein;
- (e) not to make improper use of the Company's position in, or information acquired through, managing Alpha REIT to gain an advantage for ourselves or for any other person or to cause detriment to the interests of Unitholder(s) and to ensure that the Company's officers and delegates comply with the same;
- (f) to make available, or ensure that there is made available, to the Trustee such information as the Trustee requires with respect to all matters relating to Alpha REIT to which the Deed relates;
- (g) within a reasonable period of time at the Trustee's request:
- (h) to make available to the Trustee or an authorised officer or employee of the Trustee or the auditor appointed by the Trustee, for inspection the whole of the books and records of the Company in relation to Alpha REIT wherever kept;
- (i) to make available to the Trustee or an authorised officer or employee of the Trustee or the auditor appointed by the Trustee, for inspection, all financial and other records of Alpha REIT wherever kept; and
- (k) to give to the Trustee or an authorised officer or employee of the Trustee or the auditor appointed by the Trustee such oral or written information, explanation or other assistance that they may require with respect to all matters relating to Alpha REIT or any assets of Alpha REIT or otherwise relating to the affairs of Alpha REIT;
- (l) to ensure that Alpha REIT has, at all times, an appointed Trustee, a Shariah adviser and a person responsible for ensuring compliance with the Deed and the applicable laws and regulations;
- (m) unless otherwise permitted by the SC and the provisions of the Valuers, Appraisers and Estate Agents Act 1981, to appoint a property manager which has been approved by the Trustee to manage real estate held by Alpha REIT and which possesses adequate human resources with the necessary qualifications, expertise and experience in real estate management;
- (o) to ensure that all real estate held by Alpha REIT is kept in good repair, that all valid notices from and requirements of proper authorities in relation thereto are observed and complied with and that they are let and otherwise dealt with to the best advantage;
- (p) to insure and keep covered or insured in the name of the Trustee for their full replacement value or such amounts as may be recommended by a qualified valuer against fire, explosion, storm, tempest, flood, lightning and other usual risks including loss of rent where applicable on all the real estate comprised in the assets of Alpha REIT and on request by the Trustee produce for the inspection of the Trustee all insurance policies effected;
- (q) to furnish the Trustee with a copy of all notices that the Company in its capacity as the manager of Alpha REIT makes to Unitholder(s);
- (r) to take all necessary steps to ensure that the assets of Alpha REIT are adequately protected and properly segregated;
- (s) prior to the initial listing of the units in Alpha REIT, to take all reasonable steps and exercise due diligence to ensure that the assets of Alpha REIT and the units held in Alpha REIT are correctly

valued and priced in accordance with the Deed, REIT Guidelines and the other applicable laws and regulations;

- (t) prior to the initial listing of the units in Alpha REIT, to sell the units at the price calculated in accordance with the Deed, REIT Guidelines and the other applicable laws and regulations;
- (u) prior to the initial listing of the units in Alpha REIT, at the request of a Unitholder, to coordinate the purchase of the units held by that Unitholder, and the purchase price will be a price calculated in accordance with the Deed, REIT Guidelines and the other applicable laws and regulations;
- (v) to account to the Trustee for any loss suffered by the fund as a result of the Company's failure in its managerial role to exercise the degree of care and diligence required in operating and managing Alpha REIT;
- (w) to ensure that the Company's officers and delegates comply with all of its duties and obligations prescribed under any applicable laws and regulations;
- (x) to ensure that the assets of Alpha REIT are held separately from the Company's assets and any other fund managed by the Company;
- (y) to establish and maintain risk management systems and controls to enable the Company to identify, assess, mitigate, control and monitor risks in relation to Alpha REIT;
- (z) to have adequate human resource with the necessary qualification, expertise and experience to carry the Company's business;
- (aa) to have adequate and appropriate systems, procedures, and processes to undertake the business in a proper and efficient manner; and
- (bb) to pay the Trustee, within ten (10) days after receipt, any moneys payable by the Company to the Trustee under the Deed.

The Company as the manager of Alpha REIT has jointly covenanted with the Trustee in the Deed as follows:

- (a) to safeguard the interests of Unitholder(s) and to act in the best interests of Unitholder(s) and if there is a conflict between Unitholder(s)' interests and the Company's own interest, priority should be given to Unitholder(s)' interest;
- (b) to ensure that for the duration of the REIT, there is a Deed registered with the SC in force at all times;
- (c) unless otherwise permitted by the REIT Guidelines, the Islamic REIT Guidelines and/or any other applicable laws and regulations, to avoid any investments where any related party or associated person, as the case may be, to the Company as the manager of Alpha REIT or the Trustee gains any advantage, or where conflicts of interest may arise and avoid investments in real estate assets or other authorised investments which are speculative in nature or those which would not yield a reasonable return;
- (d) to ensure that neither the Company as the manager of Alpha REIT nor the Trustee will exercise the right to vote in respect of any shares forming part of the assets of the REIT held by the Trustee at any election for the appointment of any director of a corporation, whose shares are so held without the sanction of an ordinary resolution of a meeting of Unitholder(s) duly convened and held in accordance with the provisions in the Deed;
- (e) subject to the provisions of the Deed, at all times to use our best endeavours to list and maintain the listing of Alpha REIT on the Main Market of Bursa Securities and to comply with the relevant listing requirements issued by Bursa Securities; and
- (g) to fulfil our respective duties and responsibilities imposed by all other provisions of the Deed and the applicable laws and regulations and the Company and the Trustee declare that the Company's duties and responsibilities imposed on it as the manager of Alpha REIT by the Deed are in addition to, and not in derogation from, the duties which are otherwise imposed on it by law.

## Code of Business Conduct

The Company adheres to an ethics and code of business conduct policy which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle work place harassment and grievances are also in place.

All employees of the Company have each been given a printed employee handbook which sets out these policies clearly.

The Company believes that the policies it has implemented help to detect and prevent occupational fraud mainly in three ways.

Firstly, the Company offers fair compensation packages to its employees, based on practices of pay-for-performance and promotion based on merit.

Secondly, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Company seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values. The Company's zero tolerance stance against all types of fraud is also regularly communicated at staff communication sessions.

*[The remainder of this page is intentionally left blank]*

## ATTACHMENT B

### Desirable Characteristics of Directors

#### 1. PERSONAL CHARACTERISTICS

The following characteristics are desired but not a mandatory requirement.

<b><i>Integrity and Accountability</i></b>	High ethical standards, integrity and strength of character in his or her personal and professional dealings and a willingness to act on and be accountable for his or her decisions.
<b><i>Informed Judgment</i></b>	Demonstrate intelligence, wisdom and thoughtfulness in decision-making. Demonstrate a willingness to thoroughly discuss issues, ask questions, express reservations and voice dissent.
<b><i>Financial Literacy</i></b>	An ability to read and understand balance sheets, income and cash flow statements. Understand financial ratios and other indices for evaluating Company performance.
<b><i>Mature Confidence</i></b>	Assertive, responsible and supportive in dealing with others. Respect for others, openness to others' opinions and the willingness to listen.
<b><i>High Standards</i></b>	History of achievements that reflect high standards for himself or herself and others.

#### 2. CORE COMPETENCIES

The Board as a whole needs the core competencies represented by at least several directors

<b><i>Accounting and Finance</i></b>	Experience in financial accounting and corporate finance, especially with respect to trends in debt and equity markets. Familiarity with internal financial controls.
<b><i>Business Judgment</i></b>	Record of making good business decisions and evidence that duties as a Director will be discharged in good faith and in a manner that is in the best interests of the Company.
<b><i>Management</i></b>	Experience in corporate management. Understand management trends in general and in the areas in which the Company conducts its business.
<b><i>Crisis Response</i></b>	Ability and time to perform during periods of both short-term and prolonged crisis.

<b>Industry/Technology</b>	Unique experience and skills in an area in which the Company conducts its business, including technologies relevant to the Company.
<b>International Markets</b>	Experience in global markets, international issues and foreign business practices.
<b>Leadership</b>	Understand and possess skills and have a history of motivating high-performing, talented managers.
<b>Strategy and Vision</b>	Skills and capacity to provide strategic insight and direction by encouraging innovations, conceptualizing key trends, evaluating strategic decisions, and challenging the Company to sharpen its vision.

### 3. COMMITMENT TO THE COMPANY

<b>Time and Effort</b>	<p>Willing to commit the time and energy necessary to satisfy the requirements of Board and Board Committee membership.</p> <p>Expected to attend and participate in all Board meetings and Board Committee meetings in which they are a member. Encouraged to attend all annual meetings of shareowners. A willingness to rigorously prepare prior to each meeting and actively participate in the meeting. Willingness to make himself or herself available to management upon request to provide advice and counsel.</p>
<b>Awareness and Ongoing Education</b>	Possess, or be willing to develop, a broad knowledge of both critical issues affecting the Company (including technology- and market-specific information), and director's roles and responsibilities (including the general legal principles that guide board members).
<b>Other Commitments</b>	In light of other existing commitments, ability to perform adequately as a Director, including preparation for and attendance at Board meetings and annual meetings of the shareowners, and a willingness to do so.

### 4. TEAM AND COMPANY CONSIDERATIONS

<b>Balancing the Board</b>	Contributes talent, skills and experience that the Board needs as a team to supplement existing resources and provide talent for future needs.
<b>Diversity</b>	Contributes to the Board in a way that can enhance perspective and judgment through diversity in gender, age, ethnic background, geographic origin, and professional experience (public, private, and non-profit sectors). Nomination of a candidate should not be based solely on these factors.

## ATTACHMENT C

### EXECUTIVE COMMITTEE

#### Terms of Reference

##### **1. PURPOSE**

The purpose of the EXCO (the “Committee”) is to assist the Board in overseeing the Company’s day-to-day activities and Alpha REIT’s on behalf of the Board.

##### **2. MEMBERSHIP**

The Committee shall comprise exclusively of Directors of the Board who are shareholder(s) of the Company.

##### **3. FUNCTIONS**

The Committee shall:

- 3.1 make recommendations to the Board on new investments, acquisitions and write-offs of investments;
- 3.2 make recommendations to the Board on any financings offers, capital management proposals and additional banking facilities;
- 3.3 make recommendations to the Board on specific budgets for capital expenditure involving development projects, acquisitions and enhancements/upgrading of properties; reviewing management reports and operating budgets;
- 3.4 report and recommend to the Board any corporate exercise including issuance of new units in Alpha REIT;
- 3.5 make recommendation to the Board on the development projects/assets enhancement initiatives for the properties of Alpha REIT;
- 3.6 review and recommend to the Board on the adequacy and completeness of the overall risk management framework of Alpha REIT;
- 3.7 evaluate and make recommendations for the Board’s approval of the risk guidelines and limits for Alpha REIT;
- 3.8 review Alpha REIT’s risk portfolio mix and risk levels as and when required;
- 3.9 report to the Board on decisions made by the EXCO including summary reports on activities undertaken by the Company and minutes of EXCO meetings to all Audit Committee and / or Directors, where applicable; and
- 3.10 perform such other functions as delegated by the Board.

##### **4. MEETINGS**

- 4.1 The Committee shall meet at least once every three (3) months. However, additional meetings may be called at any time at the request of any member of the EXCO or at the discretion of the Committee’s Chairman.

- 4.2 The quorum for the meeting shall be two (2) members.
- 4.3 The Committee's meeting shall be presided by the Committee's Chairman, failing him, the remaining members shall appoint from amongst themselves to chair the Committee's meeting.
- 4.4 A member of the Committee shall declare and abstain from participating in the discussions and decisions of the Committee on matters that gives rise to a conflict of interest involving that member.
- 4.5 The secretary for the meetings shall be appointed by the Committee who shall be responsible, with the concurrence of the Chairman, in drawing up and circulating the notice of meeting setting out the agendas supported by the relevant documents to members prior to such meeting and be entrusted to minute the proceedings and decisions/recommendations at all meetings of the Committee.
- 4.6 The minutes of the Committee's meetings shall be signed by the chair to signify the true and correct record of the Committee's meetings.

5. **DEADLOCK**

If the EXCO is unable to reach agreement on any material issue within the scope of the EXCO's responsibilities, the issue may be referred to the Board for decision.

*[The remainder of this page is intentionally left blank]*

## ATTACHMENT D

### AUDIT COMMITTEE

#### Terms of Reference

##### 1. PURPOSES

The Audit Committee (the “**Committee**”) shall:

- 1.1 assist and support the Board of Directors’ responsibility to oversee the transparency, integrity and accountability in the activities of the Company and Alpha Real Estate Investment Trust (“**Alpha REIT**”) to safeguard the rights and interests of the Unitholder(s) of Alpha REIT and the Company’s shareholders;
- 1.2 assist and support the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices and corporate governance responsibilities through oversight of the financial reporting process and financial statement, the management of risk and internal control systems, the governance and audit processes as well as the processes in monitoring the compliance with laws and regulatory requirements; and
- 1.3 assist and to maintain open lines of communication between the Board and the External Auditors.

##### 2. MEMBERSHIP

- 2.1 The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members.
- 2.2 All members of the Committee must be non-executive Directors, with a majority comprising Independent Directors (as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).
- 2.3 The members of the Committee should be financially literate and shall include at least one (1) member:
  - 2.3.1 who must be a member of the Malaysian Institute of Accountants; or
  - 2.3.2 he/she is not a member of the Malaysian Institute of Accountants, he/she must have three (3) years working experience and:
    - (a) he/she must have passed the examinations specified in Part I of the First Schedule in the Accountants Act 1967; or
    - (b) he/she must be a member of the associations of accountants specified in Part II of the First Schedule in the Accountants Act 1967; or
    - (c) fulfills such requirements as specified in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- 2.4 No Alternate Director shall be appointed as a member of the Committee.

- 2.5 The members of the Committee shall elect a Chairman from amongst their number, who shall be an Independent Director.
- 2.6 The terms of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors no less than once every three (3) years. However, the appointment terminates when the member ceases to be a Director.
- 2.7 If a member of the Committee resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraphs 2.1, 2.2 or 2.3 above, the Board of Directors must fill the vacancy within three (3) months.

**3. RIGHTS AND AUTHORITY**

For the Committee to discharge its functions and duties, the Committee is authorized to do the following:

- 3.1 investigate any matter within its terms of reference.
- 3.2 request for adequate resources to assist the Committee.
- 3.3 have full and unrestricted access to information, records and documents that are relevant and necessary, and the authority to request/seek other information from the members of the Company's management and third party service providers.
- 3.4 have direct communications channels with the External Auditors, Internal Auditors, the persons who are responsible for risk management function and/or internal control system for the Company, members of the Company's management (including the Chief Executive Officer) and such other persons whom the Committee deems appropriate.
- 3.5 engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as the Committee considers necessary.
- 3.6 convene meetings with the External Auditors, Internal Auditors or third party service providers or all of them, excluding the attendance of other Directors and members of the Company's management, whenever deemed necessary.

**4. FUNCTIONS AND DUTIES**

The Committee shall, among others, perform the following functions and duties:

- 4.1 review the quarterly and annual financial statements prior to the approval by the Board of Directors, focusing particularly on:
  - 4.1.1 new updates or changes and implementation of major accounting policies and practices;
  - 4.1.2 significant and unusual issues;
  - 4.1.3 the going concern assumptions; and
  - 4.1.4 compliance with accounting standards, regulatory and other legal requirements.
- 4.2 review the propriety of any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity, transparency and professionalism.
- 4.3 monitor the risk management practices and procedures and review the adequacy and integrity of internal control systems, including enterprise risk management, management information system of the Company and the evaluation thereof by the Internal Auditors and External Auditors.
- 4.4 review and ensure that the procedures are in place for the Company and Alpha REIT to comply with the trust deed of Alpha REIT and the relevant laws, regulations, guidelines, rules, requirements, practice notes (whether having the force of law), etc. applicable to real estate investment trust from time to time including the Capital Markets and Services

Act 2012, the Securities Commission's Guidelines on Real Estate Investment Trusts, Guidelines on Islamic Real Estate Investment Trusts and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

4.5 Considering and recommending the distribution amounts to Unitholder(s) for the Board's approval.

4.6 review with the External Auditors on:

- 4.6.1 the audit plan, the audit report and the appropriate and prompt action taken by the Company's management and/or the service to address, remedy or rectify the identified major deficiencies and procedures;
- 4.6.2 their evaluation of the effectiveness of the internal controls system;
- 4.6.3 the audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as External Auditors;
- 4.6.4 the management letter and management's responses;
- 4.6.5 issues and reservations arising from audits; and
- 4.6.6 the extent of assistance rendered by employees of the Company and/or its service providers to the External Auditors.

4.7 review with the Internal Auditors on:

- 4.7.1 the adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
- 4.7.2 the effectiveness of the internal control system, risk management functions and governance processes including compliance with the operational handbook/manuals, the trust deed of Alpha REIT, the Securities Commission's Guidelines on Real Estate Investment Trusts and Islamic Real Estate Investment Trusts, the Listing Requirements of Bursa Malaysia Securities Berhad and other relevant laws and regulation;
- 4.7.3 the internal audit programmes, audit plans, the results of the internal audit programmes, processes or investigation undertaken and the appropriate action taken on the findings and recommendations of the Internal Auditors;
- 4.7.4 the appraisal or assessment of the performance of the internal audit functions including that of the staff and any matter concerning their appointment and termination; and
- 4.7.5 the extent of cooperation and assistance rendered by members of the Company's management and/or its service providers.

4.8 to recommend to the Board the nomination of a person or persons as External Auditors and/or the outsourced Internal Auditors.

4.9 direct and where appropriate supervise or monitor any specific transactions which are not within the normal course of business of the Company and Alpha REIT or the investigations on any major issues (including cheating and fraud) as directed by the Board and to review the reports thereof.

4.10 prepare the annual Audit Committee Report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held and attended by the members, a summary of its activities for the financial year and the existence of an internal audit function and summary of the activities of that function for inclusion in the annual report.

4.11 review the following for publication in the Alpha REIT's annual report:

- 4.10.1 the statement on the Board of Directors' responsibility for the preparation of the annual audited financial statements.

- 4.10.2 the disclosure statements on the state of the internal controls system of the Company.
- 4.10.3 other disclosures forming the contents of the annual report including statements on the application and compliance of the laws, regulations, guidelines and regulatory requirements including the Malaysian Code of Corporate Governance, Securities Commission's Guidelines on Real Estate Investment Trusts and Guidelines on Islamic Real Estate Investment Trusts.
- 4.11 carry out any other functions that may be mutually agreed upon by the Committee and the Board of Directors which would be beneficial to the Company and Alpha REIT and to ensure the effective discharge of the Committee's duties and responsibilities (including reporting to the Company's shareholders and/or Unitholder(s) of Alpha REIT, where required).
- 4.12 review the procedures for detecting fraud and whistle-blowing and ensuring that arrangements are in place whereby concerns or any possible improprieties in the matter of financial reporting, financial control or any other matters may be raised and independently investigated, and for appropriate follow-up action to be taken.
- 4.13 to report a summary of significant matters raised and discussed at the Committee's meetings and the decisions/recommendations/resolutions of the Committee to the Board, followed by the presentation of the detailed minutes to the Board.

## 5. **MEETINGS**

- 5.1 The Committee shall meet at least four (4) times a year. However, additional meetings may be called at any time at the request of any member of the Committee, non-member Directors, the Internal Auditors, the External Auditors or at the discretion of the Committee's Chairman.
- 5.2 The quorum for a Committee Meeting shall be at least two (2) members, who must be Independent Directors.
- 5.3 The Committee's meeting shall be presided by the Committee's Chairman, failing him, the remaining members shall appoint from amongst themselves to chair the Committee's meeting.
- 5.4 The Internal Auditors shall be in attendance in all meetings to present and discuss the audit reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.
- 5.5 The Committee shall meet with the External Auditors at least twice a year without the presence of the executive Board member and shall appear before the Committee at other times when required to do so.
- 5.6 The External Auditors have the right to appear and be heard at any meeting of the Committee.
- 5.7 If required and at the Committee's invitation, the non-member Director and employees of the Company shall attend the Committee's meetings to assist in its deliberations and resolutions of matters raised.
- 5.8 A member of the Committee shall declare and abstain from participating in the discussions and decisions of the Committee on matters that gives rise to a conflict of interest involving that member.
- 5.9 The Company Secretary shall act as the Secretary of the Committee. The Secretary shall be responsible, with the concurrence of the Chairman, in drawing up and circulating the notice of meeting setting out the agendas supported by the relevant documents to members prior to such meeting and be entrusted to minute the proceedings and decisions/recommendations at all meetings of the Committee.
- 5.10 The minutes of the Committee's meetings shall be signed by the chair to signify the true and correct record of the Committee's meetings.

## ATTACHMENT E

### REMUNERATION COMMITTEE

#### Terms of Reference

##### **1. PURPOSE**

The Remuneration Committee (the “**Committee**”) shall meet annually and carry out the following activities:

- 3.1 review the performance evaluation of the Board and Board Committees and ensure that the results of the evaluation are properly documented by our appointed Company Secretary;
- 3.2 consider and recommend for such revision as may be necessary to the existing recruitment criteria of and for annual assessment of the Directors (including assessment of independence and assessment of a Director whose tenure exceeds 9 years);
- 3.3 ensure that the Company’s Executive Directors, Chief Executive Officer and Key Officers (comprising the functions heads) are fairly rewarded for their individual contributions to the Company’s overall performance and the levels of remuneration should be sufficient to attract and retain the Executive Directors and Key Officers to run the Company successfully; and
- 3.4 demonstrate to all stakeholders in the business that the remuneration of the Executive Directors and the key management personnel of the Company are set by a Committee of the Board of Directors who has no personal interest in the outcome of their decisions and who will give due regards to the interests of the stakeholders and to the financial and commercial health of the Company.

##### **4 MEMBERSHIP**

- 4.1 The Committee shall be appointed by the Board of Directors from among their number and shall comprise not fewer than three (3) in number.
- 4.2 The Committee shall consist of:
  - 4.2.1 Exclusively Non-Executive Directors of the Company; or
  - 4.2.2 in majority, the Non-Executive Directors of the Company.
- 2.3 The members of the Committee shall elect a Chairman from among their number who is not an Executive Director of the Company.
- 2.4 In the event of any vacancy in the Committee resulting in the number of members being reduced to below three (3), the Board of Directors shall, within three (3) months fill the vacancy.

**5 FUNCTIONS**

- 5.1 to recommend to the Board the remuneration policy framework of the Executive Directors, Chief Executive Officer and Key Officers and to review the framework from time to time to attract and retain individuals of the highest calibre.
- 5.2 Assume responsibility for all elements of Executive Directors, Chief Executive Officer, Key Officers and other levels of management is maintained.
- 5.3 conduct continued assessment of individual Executive Directors, Chief Executive Officer and Key Officers to ensure that their base salary element is competitive but fair and their remuneration is directly related to corporate and individual performance.
- 5.4 obtain the advice and information from external source, if necessary, to compare the base salary and remuneration currently earned by the Executive Directors, Chief Executive Officer and key management personnel and those paid to the Executive Directors, Chief Executive Officer and key management personnel of other companies of similar size in a comparable industry sector.
- 5.5 to advise on and monitor, a suitable performance related formula, i.e. whether the formula is based on individual performance, company profit performance, etc.
- 5.6 to provide an objective and independent assessment of the benefits granted to the Executive Directors, Chief Executive Officer and key management personnel.
- 5.7 to evaluate all Independent Directors accordingly, taking in consideration the best practice as recommended under the Malaysian Code of Corporate Governance, for recommendation to the shareholder(s) of the Company or the Unitholder(s) at the annual general meeting for reappointment/appointment as Independent Directors.
- 5.8 to review annually the Directors' fees taking into consideration the Company profit performance and market factors.
- 5.9 to introduce any policy or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities (including making charitable contribution).
- 5.10 to report a summary of significant matters raised and discussed at the Committee's meetings and the decisions/recommendations/ resolutions of the Committee to the Board, followed by the presentation of the detailed minutes to the Board.

**6. MEETINGS**

- 6.1 The Committee shall meet at least once a year. However, additional meetings may be called at any time at the request of any member of the Board or at the discretion of the Committee's Chairman.
- 6.2 The quorum for the meeting shall be two (2) members.
- 6.3 The Committee's meeting shall be presided by the Committee's Chairman, failing him, the remaining members shall appoint from amongst themselves to chair the Committee's meeting.
- 6.4 A member of the Committee shall declare and abstain from participating in the discussions and decisions of the Committee on matters that gives rise to a conflict of interest involving that member.
- 6.5 The Company Secretary or such person as shall be appointed by the members shall act as the Secretary of the Committee. The Secretary shall be responsible, with the concurrence of the Chairman, in drawing up and circulating the notice of meeting setting out the agendas supported by the relevant documents to members prior to such meeting and be entrusted to minute the proceedings and decisions/recommendations at all meetings of the Committee.
- 6.6 The minutes of the Committee's meetings shall be signed by the chair to signify the true and correct record of the Committee's meetings.

## ATTACHMENT F

### NOMINATION COMMITTEE

#### Terms of Reference

##### **1. PURPOSE**

The purpose of the Nomination Committee (the “**Committee**”) is to assist the Board in identifying suitable Directors for the Company to further the interests of the Unitholder(s) of Alpha Real Estate Investment Trust, the Company’s shareholders and the achievement of the Company’s goals, as well as to ensure a proper balance of Executive Directors and Independent Non-Executive Directors taking into account, among others, the best practices as set out in the Malaysian Code of Corporate Governance and such other relevant laws and regulations;

##### **2. MEMBERSHIP**

The Committee shall comprise exclusively of Non-Executive Directors, a majority of whom must be independent.

##### **3. FUNCTIONS**

The Committee shall:

- 3.1 facilitate the conduct and review of the assessment/performance evaluation of:
  - 3.1.1 the Board (including the assessment/performance evaluation of the Independent Directors for purposes of their appointment/re-appointment and the assessment of a Director whose tenure exceeds the years as provided in and in accordance with, among others, the statutory and legal requirements as well as the best practices as recommended in the Malaysian Code of Corporate Governance);
  - 3.1.2 the Board’s committees,and shall ensure that the results of the assessment/performance evaluation are properly documented by the Company.
- 3.2 regularly review the structure, size and composition of the Board (including skills, knowledge, expertise, experience, age, cultural background and gender) and recommend to the Board any changes thereto as the Committee may deem appropriate.
- 3.3 develop and recommend recruitment criteria and where necessary, the revisions to the existing recruitment criteria of Directors and identify and nominate new Directors with the appropriate skills, knowledge, expertise, experience, age, cultural background and gender for the Board in accordance with the recruitment criteria.
- 3.4 identify and recommend members for the committees of the Board.
- 3.5 review an effective succession planning at Board level (including the future Chairman and Chief Executive Officer) and maintain a balance of skills, knowledge, expertise, experience, etc. necessary for the Company’s business.

- 3.6 review and recommend suitable training programmes for the Directors of the Company including Board induction and training for new Directors.
- 3.7 introduce any policy or guidelines which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.
- 3.8 to report a summary of significant matters raised and discussed at the Committee's meetings and the decisions/recommendations/resolutions Committee to the Board, followed by the presentation of the detailed minutes to the Board.

#### **4. MEETINGS**

- 4.1 The Committee shall meet at least once a year. However, additional meetings may be called at any time at the request of any member of the Board or at the discretion of the Committee's Chairman.
- 4.2 The quorum for the meeting shall be two (2) members.
- 4.3 The Committee's meeting shall be presided by the Committee's Chairman who is an Independent Director, failing him, the remaining members shall appoint from amongst themselves to chair the Committee's meeting.
- 4.4 A member of the Committee shall declare and abstain from participating in the discussions and decisions of the Committee on matters that gives rise to a conflict of interest involving that member.
- 4.5 The Company Secretary or such other person as shall be appointed by the Committee shall act as the Secretary of the Committee. The Secretary shall be responsible, with the concurrence of the Chairman, in drawing up and circulating the notice of meeting setting out the agendas supported by the relevant documents to members prior to such meeting and be entrusted to minute the proceedings and decisions/recommendations at all meetings of the Committee.
- 4.6 The minutes of the Committee's meetings shall be signed by the chair to signify the true and correct record of the Committee's meetings.

[End]