

Corporate Governance Statement

Axis REIT Managers Berhad, being the management company (“Manager” or “ARMB”) of Axis Real Estate Investment Trust (“Axis-REIT” or “Fund”), is pleased to present this Corporate Governance Statement, approved by the Board of Directors, which provides insights into the best practices adopted by the Manager in managing Axis-REIT.

The Manager recognises that an effective corporate governance culture is critical to its performance and consequently the success of Axis-REIT. The Manager is committed to high standards of corporate governance and has adopted a comprehensive corporate governance framework that meets best practice principles.

The following sections describe the Manager’s main corporate governance framework, practices and policies:

The Manager of Axis-REIT

ARMB is the appointed Manager of Axis-REIT in accordance with the terms of the trust deed constituting Axis-REIT (“Deed”). The Deed outlines the functions and duties of the Manager, as well as the circumstances under which the Manager can be retired. The Deed was last updated and restated as the Third Principal Deed on 28 November 2013. Pursuant to the Deed, the Manager has the duty to act honestly, with due care and diligence, and in the best interest of the Unitholders of Axis-REIT.

As Axis-REIT is externally managed by the Manager, it has no employees. The Manager, strategically led by the Board of Directors, ensures that it appoints experienced and well-qualified personnel to handle its day-to-day operations. All Directors and employees of the Manager are remunerated by the Manager and not by the Fund.

The Manager has the general power over the assets of the Fund. The Manager’s main responsibility is to manage the assets and liabilities of Axis-REIT for the benefit of the Unitholders of Axis-REIT. The primary role of the Manager is to set the strategic direction of the Fund and make recommendations to the Trustee of Axis-REIT on acquisitions, divestments and enhancements that are in line with the agreed strategy. The Manager is also responsible for business planning, capital management and risk management of the Fund.

The Manager, being licensed under the Capital Markets and Services Act, 2007 (“CMSA”), is also required to observe and meet the minimum standards of conduct in the capital market as regulated by the Securities Commission Malaysia (“SC”).

Board of Directors of the Manager (“Board”)

As at 31 December 2016, the Board comprises seven (7) members, where the Executive Deputy Chairman and the Non-Independent Non-Executive Director each have an alternate director, and three (3) members of the Board are Independent Directors. There are nine (9) Directors in total, including the alternate directors. The Board consists of a mixture of Executive and Non-Executive Directors from diverse professional backgrounds, enabling Management to tap their expertise and broad business experience in deliberating issues presented to the Board. The roles and responsibilities of the Board in discharging its fiduciary leadership functions are elaborated in the Board Charter, which was adopted by the Board in 2012. The Board Charter is subject to an annual review and in October 2016, it was expanded to include a section on Investor Relations and Communication with Stakeholders, where the Board’s role in promoting effective engagement with stakeholders is documented. The latest version of the Board Charter is available on the Manager’s corporate website. The Board Charter has also set out the expectation on time commitment for its members and protocols for accepting new directorships. As the Board meeting dates were fixed in advance, each Director was able to commit their time to attend the Board meetings, and Directors who were travelling were able to participate in the deliberations via teleconference arrangements.

The Board is committed to ethical values through its Code of Conduct. Formalised in 2012, the code is available on the Manager’s corporate website. The Board undertook a review of this code in October 2016 and the code was streamlined and fine-tuned for clarity.

A Whistle-Blowing Policy was also adopted in 2012 to facilitate the management of reports and claims filed in relation to possible improprieties in matters relating to financial reporting, compliance, misconduct and other malpractices. This policy reaffirms the Manager’s commitment to safeguard those who report concerns in good faith against any form of reprisal. The Whistle-Blowing Policy was also reviewed by the Board in October 2016, and the channel of reporting procedures was updated for clarity. This Whistle-Blowing Policy is also available on the Manager’s corporate website.

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Chairman of the Board and Chief Executive Officer (“CEO”)

The positions of Chairman and CEO are held by separate persons in order to maintain an effective segregation of duties. This division of responsibilities is defined in the Board Charter.

The Chairman ensures that members of the Board work together with Management in a constructive manner to address strategies, business operations, financial performance and risk management issues. The Chairman also plays a role in the Manager’s external relationship with stakeholders.

The CEO has full executive responsibilities over the execution of the agreed business policies and directions set by the Board, and over all operational decisions in managing Axis-REIT. The CEO works closely with all the heads of department through weekly cross-departmental meetings in reviewing issues relating to leasing, facilities and engineering. The Manager has embarked on property development activities during the year under review and the CEO has been actively driving the development project at Axis PDI Centre and monitoring its progress with the real estate team and the panel of consultants on a weekly basis.

Strategic Planning and Target Setting

At the beginning of the financial year ended 31 December 2016 (“FYE2016”), the Board reviewed and approved the Budget of Axis-REIT, which provided the financial roadmap and targets for each department in executing the business plans of the Manager and Axis-REIT. In May 2016, the CEO and the key management team participated in a strategy planning and discussion workshop, and Axis-REIT’s 2021 Strategy Plan was formulated and subsequently presented to the Board for approval in August 2016. This 2021 Strategy Plan encompassed the immediate strategy for 2016, as well as long-term five (5)-year initiatives. Details of Axis-REIT’s 2021 Strategy Plan are presented in the Sustainability Report contained in this Annual Report.

Board Meetings and Procedures

The Board met every quarter in FYE2016 to discuss and approve the release of Axis-REIT’s quarterly and annual financial results, to review acquisitions or disposals, corporate plans and the annual budget, capital management proposals, property reports, investor relations reports, the performance of the Manager and Axis-REIT against the previously approved budget, as well as other proposals tabled by Management. The CEO led the business performance reporting at each Board meeting. The Chief Financial Officer, Head of Real Estate, Head of Investments and Investments & Investor Relations Manager, who are heads of departments of the Manager, were also present at the Board meetings to present their reports and to facilitate the review and deliberation of issues and matters tabled and presented to the Directors at such meetings. Via such conduct at Board meetings, the Board is able to oversee, assess and monitor Management’s performance in administering the business of the Manager and Axis-REIT under the leadership of the CEO.

Prior to each Board meeting, the Executive Committee of the Board would meet to review all reports and proposals from Management before a comprehensive executive committee report is compiled and presented to the Directors. Such executive committee reports contain financial and operational updates, proposals and recommendations for the Board’s consideration, deliberation and approval.

All meeting dates are determined and fixed in advance so that all Directors are able to schedule their time effectively. Notices of meetings and their agendas are issued to all Directors no less than seven (7) days in advance by the Company Secretary, and the relevant meeting papers are compiled and distributed to all Directors as soon as practicable after the notices of meetings have been issued. In order to keep the investing public aware of the timing of the release of the quarterly financial results of Axis-REIT, the Manager announces the targeted date for such releases within two (2) weeks prior to each Board meeting.





Access to Information and Advice

All members of the Board have access to all information in relation to the Manager and Axis-REIT at Board meetings, as well as through enquiries made via established channels. Emails are the most commonly used method to disseminate information to the Directors on a timely basis. The Board is also kept up-to-date with monthly financial updates circulated by the Finance team of the Manager, and this enables the Board to monitor and assess the performance and prospects of the Fund. All Directors have access to the rules and regulations governing the Fund and the Manager, as well as other policies approved by the Board via the Company Secretary, who maintains such corporate documents. The Manager also has a panel of financiers and consultants who provide professional advice in the areas of financing, capital markets, legal, property valuation and engineering due diligence, from whom advice can be sought. By having access to expert advice, the Board is able to ensure its decision-making mechanism is effective and result-oriented.

Company Secretary

The Board is supported by a professionally-qualified and competent Company Secretary, who is responsible for ensuring that Board meeting procedures, other policies and procedures, and applicable rules and regulations are adhered to. The Company Secretary attended every Board meeting and Board Committee meeting in FYE2016, and thereafter prepared the minutes of proceedings for approval by the respective Chairmen. The Company Secretary also kept the Board abreast of all relevant regulatory updates to laws and requirements. In FYE2016, the Company Secretary updated the Board on the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in the key areas of disclosure and corporate governance, developments in Audit Committee reporting and the new Auditors' Reporting Standard, updates issued by the Companies Commission of Malaysia, as well as the consultation papers issued by both the SC and Bursa Securities on the proposed amendments to the requirements and framework applicable to real estate investment trusts ("REIT").

Recognising the need to have an effective compliance function, the Manager hired the Company Secretary, who was previously the external Company Secretary, in-house on 1 November 2016. She now oversees the corporate compliance matters of the Manager and Axis-REIT.

Board Remuneration and Remuneration Policy

The remuneration of the Directors is paid by the Manager and not by the Fund. Details of the Remuneration Committee, which is responsible for the determination of the remuneration policy framework of the Manager's Directors, is set out in the Remuneration Committee section below.

The Board, through its Remuneration Committee and in consultation with the Executive Committee, has established transparent remuneration policies and procedures. The remuneration framework reflects the Board's responsibilities, expertise and the complexity of the Manager's operations and activities. It is also aligned to the business strategy and long-term objectives of the Manager.

In line with the Board's remuneration policy, the Remuneration Committee, at its meeting, reviews the annual remuneration proposals presented to it by the Executive Committee. The Chairman of the Remuneration Committee, who is an Independent Non-Executive Director, brings his experience and exposure to facilitate the review of the proposals presented by the Executive Committee. All recommendations relating to fees and remuneration packages of the CEO and Directors shall then be made to the Board. The Board as a whole will consider and make the final decision on the remuneration packages recommended to it by the Remuneration Committee.

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Board Remuneration and Remuneration Policy (continued)

The details of the remuneration of the Directors for FYE2016 are as follows:

| Remuneration of Executive and Non-Executive Directors for FYE2016 | | | | | | |
|---|------------------------------------|---------------------|-----------------------------------|------------------------------------|-----------------------|-------------|
| | Salaries and other Emoluments (RM) | Directors' Fee (RM) | Meeting Attendance Allowance (RM) | Executive Committee Allowance (RM) | Benefits in Kind (RM) | Total (RM) |
| Executive Directors | 1, 177, 441 | 187, 000 | 17, 000 | 60, 000 | 23, 950 | 1, 465, 391 |
| Non-Executive Directors | - | 450, 000 | 55, 000 | 60, 000 | - | 565, 000 |

| Range of Remuneration Per Annum | Executive Directors | Non-Executive Directors |
|---------------------------------|---------------------|-------------------------|
| RM50,000 - RM200,000 | 1 | 5 |
| RM200,001 - RM400,000 | - | - |
| RM400,001 - RM600,000 | - | - |
| RM600,001 and above | 1 | - |

Board Committees and their Roles

The following Board Committees have the delegated functions to assist the Board in discharging its duties:

- Executive Committee
- Audit Committee
- Remuneration Committee
- Nomination Committee

Executive Committee

The primary duty of the Executive Committee is to manage the business of the Manager and Axis-REIT in accordance with the vision and mission established and approved by the Board. This Committee oversees the day-to-day business activities of the Manager and Axis-REIT on behalf of the Board and monitors, among others, the following key areas:

- Acquisition and disposal analysis
- Asset performance and business planning
- Capital and financial management
- Forecasting and budgetary controls
- Market performance of Axis-REIT
- Legal and regulatory compliance framework
- Sustainability initiatives
- Leasing, marketing and tenant services
- Property management and enhancements

The Executive Committee also manages the internal talent and senior leadership/key management team and its succession planning, as well as the Manager's human resource management.

The Executive Committee, in discharging its duties, is guided by a formal Terms of Reference.

There has been no significant change in the duties and functions of the Executive Committee as discharged in FYE2016.

Audit Committee

The Board has an overall responsibility in ensuring that a balanced and understandable assessment of Axis-REIT's financial position and prospects is presented to the investing public. The Audit Committee plays an important role in assisting the Board in discharging this responsibility. The Audit Committee ensures that the financial statements comply with applicable accounting standards and meet financial reporting requirements. It also assists the Board in the area of internal controls, risk management and governance processes of Axis-REIT and the Manager. The Audit Committee Report, which contains the summary of activities carried out by this Committee during FYE2016, is set out as a separate section in this Annual Report.

Audit Committee (continued)

The Audit Committee, in discharging its duties, is guided by a formal Terms of Reference. This set of Terms of Reference is available on the Manager's corporate website.

The assessment of the External Auditors of Axis-REIT for re-engagement is an annual affair for the Manager. The Audit Committee had evaluated the External Auditors of Axis-REIT during FYE2016 in order to determine their suitability for re-appointment and independence. The assessment on suitability and independence was carried out against criteria adopted by the Audit Committee. Upon due assessment, the Audit Committee recommended to the Board the re-engagement of Messrs KPMG as the External Auditors for Axis-REIT in respect of FYE2016. The Board then recommended the re-appointment of Messrs KPMG to the Trustee of Axis-REIT for approval. The re-appointment of External Auditors of Axis-REIT is not subject to the approval of the Unitholders of Axis-REIT.

The Audit Committee also independently met with the External Auditors without the presence of Executive Board members and management representatives twice in 2016. There were no concerns raised by the External Auditors during these private sessions.

The engagement of the Internal Auditors is also reviewed and renewed annually. A private session was held in 2016 between the Audit Committee and the Internal Auditors, and there were no concerns raised during this private session that required the attention of the Audit Committee, in respect of the outsourced internal control function of the Manager.

Remuneration Committee

The Remuneration Committee is responsible for recommending to the Board the policy framework for the remuneration of the Executive and Non-Executive Directors of the Board, as well as key management officers (if any). It is also responsible for reviewing the framework from time to time, so as to ensure that the Manager attracts and retains individuals of the highest calibre. As the Directors of the Manager are remunerated by the Manager and not by the Fund, the Executive Committee of the Manager plays an important role in proposing to the Remuneration Committee the respective remuneration packages, including, but not limited to, bonuses, incentives and benefits-in-kind, taking into consideration, among others, the level of performance against agreed targets. All proposals presented by the Executive Committee are considered carefully by the Remuneration Committee, drawing from outside advice as necessary, in accordance with the Board's remuneration policy.

The Remuneration Committee, in discharging its duties, is guided by a formal Terms of Reference.

During FYE2016, the Remuneration Committee reviewed the remuneration package of the CEO based on the proposal presented by the Executive Committee, and made recommendations to the Board accordingly. Directors' Fees were also reviewed, taking into consideration market factors. The Board ultimately made the final decisions in respect of the remunerations of the Executive and Non-Executive Directors. Each Director had accordingly abstained from deliberation and voting on their own respective remuneration.

Nomination Committee

The key function of the Nomination Committee is to ensure that the Manager recruits, retains and develops the best available executive and non-executive directors. This includes managing succession at Board level effectively. The chair of the Nomination Committee is the Senior Independent Director of the Board. The Nomination Committee, in discharging its duties, is also guided by a formal Terms of Reference, which is available on the Manager's corporate website.

The Nomination Committee had, during FYE2016, carried out the following activities:

- Reviewed the performance evaluation carried out on the Board, Directors and Board Committees. The results of the evaluation have been documented by the Company Secretary of the Manager.
- Reviewed the existing recruitment criteria of the Manager and updated the criteria to incorporate the eligibility requirements prescribed by the relevant authorities, for example, the fit and proper criteria and the independence criteria. There was no new appointment of director considered during FYE2016.
- Considered and made no recommendation to revise the criteria for the annual assessment of Directors (including the assessment of independence and the assessment of a Director whose tenure exceeds nine (9) years).
- Reviewed the existing composition of the Board, effectiveness of the Board and Board Committees.
- Considered the gender diversity of the Manager and was satisfied that the female representation both at board and senior management levels had achieved the 30% target.
- Assessed the training needs of the Directors.
- Reviewed the term of office and performance of the Audit Committee in accordance with Paragraph 15.20 of the Main Market Listing Requirements.

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Nomination Committee (continued)

The Board also undertook an annual assessment of the independence of its three (3) Independent Directors, namely YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor and Encik Mohd Sharif Bin Hj Yusof, based on the independence criteria approved by the Nomination Committee. The three (3) Independent Directors of the Manager had confirmed their independence in writing to the Board. All the three (3) Independent Directors of the Manager were also subject to the evaluation applicable to the tenure of independent directorship exceeding nine (9) years. The Board had accordingly assessed the three (3) Independent Directors and considered them still independent based on their respective written assessments submitted. The Board was of the opinion that their independence would not be materially compromised by the length of their service as Independent Directors of the Board. The Board will be seeking the approval from the sole shareholder of the Manager at the Manager's 2017 annual general meeting for their retention as Independent Directors, in line with best practices under the Malaysian Code on Corporate Governance 2012.

Attendances at Board and Board Committee Meetings

The attendance of the Directors at the Board and Board Committee meetings held during FYE2016 are presented below:

| Board of Directors | Designation | Attendance (No. of meetings held : 4) |
|---|---|--|
| YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin | Independent Non-Executive Chairman | 4/4 |
| Dato' Abas Carl Gunnar Bin Abdullah (Alternate Director: Alex Lee Lao) | Executive Deputy Chairman | 4/4 |
| Stephen Tew Peng Hwee @ Teoh Peng Hwee | Non-Independent Non-Executive Director | 3/4 |
| Leong Kit May | Chief Executive Officer | 4/4 |
| Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor | Independent Non-Executive Director | 4/4 |
| Mohd Sharif Bin Hj Yusof | Senior Independent Non-Executive Director | 4/4 |
| Alvin Dim Lao (Alternate Director: Jancis Anne Que Lao) | Non-Independent Non-Executive Director | 4/4 |

| Executive Committee Members | Designation | Attendance (No. of meetings held : 6) |
|---|-------------|--|
| Dato' Abas Carl Gunnar Bin Abdullah (Alternate Director: Alex Lee Lao) | Chairman | 6/6 |
| Stephen Tew Peng Hwee @ Teoh Peng Hwee | Member | 6/6 |
| Leong Kit May | Member | 6/6 |

| Audit Committee Members | Designation | Attendance (No. of meetings held : 4) |
|--|-------------|--|
| YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin | Chairman | 4/4 |
| Mohd Sharif Bin Hj Yusof | Member | 4/4 |
| Alvin Dim Lao (Alternate Director: Jancis Anne Que Lao) | Member | 4/4 |

| Remuneration Committee Members | Designation | Attendance (No. of meetings held : 1) |
|---|-------------|--|
| Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor | Chairman | 1/1 |
| Dato' Abas Carl Gunnar Bin Abdullah (Alternate Director: Alex Lee Lao) | Member | 1/1 |
| Stephen Tew Peng Hwee @ Teoh Peng Hwee | Member | 1/1 |

| Nomination Committee Members | Designation | Attendance (No. of meetings held : 1) |
|--|-------------|--|
| Mohd Sharif bin Hj Yusof | Chairman | 1/1 |
| YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin | Member | 1/1 |
| Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor | Member | 1/1 |

Directors' Training

The Board ensures its members have access to appropriate continuing education programmes to update their knowledge and enhance their skills in order to sustain their active participation in Board deliberations. At every Board meeting, the Directors had received a list of training programmes available for selection. Details of training programmes attended by Directors were compiled by the Company Secretary for reporting to the Nomination Committee and Board accordingly. In-house training was also organised for all the Directors on 'Proposed Amendments to the SC's Guidelines and Bursa Malaysia's Listing Requirements on REITs' in October 2016.



All the Directors of the Manager have attended training programmes during FYE2016 in compliance with the Main Market Listing Requirements of Bursa Securities. Some of the Directors had been invited to participate as speakers and presented talks at conferences and seminars. The details are as follows:

| Director | Date | Events |
|--|-------------------|---|
| YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin | 26 February 2016 | Improving Board Risk Oversight Effectiveness |
| | 26 April 2016 | ACI Breakfast Roundtable 2016 |
| | 27 September 2016 | AsiaPAC Property Leaders Summit 2016 |
| | 24 October 2016 | Proposed Amendments to the SC's Guidelines and Bursa Malaysia's Listing Requirements on REITs |
| Dato' Abas Carl Gunnar Bin Abdullah | 24 October 2016 | Proposed Amendments to the SC's Guidelines and Bursa Malaysia's Listing Requirements on REITs |
| Tew Peng Hwee @ Teh Peng Hwee | 11&12 March 2016 | Malaysian Annual Real Estate Convention 2016 on Elevate to Differentiate |
| | 24 October 2016 | Proposed Amendments to the SC's Guidelines and Bursa Malaysia's Listing Requirements on REITs |
| Leong Kit May | 28 January 2016 | Equity Crowdfunding 101 |
| | 26 February 2016 | Improving Board Risk Oversight Effectiveness |
| | 29 March 2016 | Daiwa ASEAN REIT Day |
| | 1 April 2016 | The Women Power Network |
| | 6 April 2016 | APEC Programme |
| | 12 April 2016 | The Woman in Business Perspective- Invest Malaysia 2016 |
| | 30 April 2016 | The Edge Investment Forum on Real Estate 2016: Riding out the Storm: Pitfalls to Avoid |
| | 9-10 May 2016 | Strategy Planning 2016 |
| | 16 May 2016 | MIDA: Malaysia-UK Investors Showcase, London |
| | 17 May 2016 | Bursa Malaysia: Invest Malaysia 2016, London |
| | 29 May 2016 | Bursa Malaysia: REITs - A Defensive Investment in Volatile Times |
| | 20 June 2016 | GST and Property Forum |
| | 28 June 2016 | AML: Advantages of Know Your Clients |

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Directors' Training (continued)

| Director | Date | Events |
|--|-------------------------------|--|
| Leong Kit May | 26 July 2016 | CIMB Malaysia REITs Corporate Day |
| | 10-11 August 2016 | Sustainability Reporting |
| | 16 August 2016 | Advocacy Session on Management Discussion & Analysis for CEO and CFO of Listed Issuers |
| | 17 August 2016 | Technical Briefing for Company Secretaries of Listed Issuers |
| | 27 September 2016 | AsiaPAC Property Leaders Summit 2016 |
| | 24 October 2016 | Proposed Amendments to the SC's Guidelines and Bursa Malaysia's Listing Requirements on REITs |
| | 16 November 2016 | CIMB Economic & Market Update |
| Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor | 14 January 2016 | Strata Management Seminar : The Good, The Bad and the Ugly |
| | 27 January 2016 | Engagement Session on Trans-Pacific Partnership Agreement |
| | 9 March 2016 | Rehda 2016 Property Outlook / RoundTable Session |
| | 18 May 2016 | CEO Faculty Program "Best Kept Branding Secrets" |
| | 19 May 2016 | Dean's Lecturer Series |
| | 19 July 2016 | Northgate Capital |
| | 19 July 2016 | Akamai Foster Forward : Grand Challenges Facing The Internet |
| | 3 August 2016 | TA Securities Roundtable Forum- Is There Light at the end of the Tunnel for Consumers |
| | 8 September 2016 | 19th National Housing & Property Summit 2016 – Revitalising The Housing & Property Industry – What Next for the Housing & Property Sector? |
| | 20 October 2016 | CEO Faculty Program "Tea & Experience Sharing Session" |
| | 31 October 2016 | 12 th Khazanah Global Lecture: "Caring for the Earth: Reasons for Hope" |
| | 2 November 2016 | Budget 2017 : Impact on Affordable Homeownership & First Home Buyers |
| | 29 November 2016 | - "The Open source Organisation - New Leadership & Management Imperatives for the Digital Age". - "Global Entertainment and Media Outlook 2016 to 2020: Capturing attention and value in today's global multi-speed media landscape". |
| Mohd Sharif bin Hj Yusof | 24 October 2016 | Proposed Amendments to the SC's Guidelines and Bursa Malaysia's Listing Requirements on REITs |
| | 8 December 2016 | Anti-corruption & Integrity – Foundation of Corporate Sustainability |
| Alvin Dim Lao | 25-26 January 2016 | Philippines 1X1 Conference, Manila |
| | 2-3 March 2016 | Philippines CEO Forum, Manila |
| | 8-10 March 2016 | Asean Access Forum, Bangkok |
| | 16-20 May 2016 | Non-Deal Roadshow, Hong Kong, Singapore, Kuala Lumpur |
| | 12-20 June 2016 | Non-Deal Roadshow, United States |
| | 6-9 July 2016 | Non-Deal Roadshow, Tokyo |
| | 16-18 August 2016 | Philippines Corporate Day, Singapore, Hong Kong |
| | 7 November 2016 | Implementing Rules of the Philippine Competition Law |
| | 17-18, 22-25 November 2016 | Asia Rising Dragons, Tokyo, Singapore, Hong Kong |
| | 24 October 2016 | Proposed Amendments to the SC's Guidelines and Bursa Malaysia's Listing Requirements on REITs |
| Alex Lee Lao | 7 November 2016 | Implementing Rules of the Philippine Competition Law |

Directors' Training (continued)

| Director | Date | Events |
|---------------------|------------------------|---|
| Jancis Anne Que Lao | March 2015 – June 2016 | Postgraduate Diploma in Real Estate Investment Finance (from Oxford Brookes University) |
| | 24 October 2016 | Proposed Amendments to the SC's Guidelines and Bursa Malaysia's Listing Requirements on REITs |

Disclosure and Communication with Unitholders and the Investing Community

The Manager has established a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. The Manager achieves this through timely and full disclosure of all material information relating to Axis-REIT by way of public announcements on Bursa Securities' website and through its own corporate website at www.axis-reit.com.my, as well as through press releases, analyst briefings and retail roadshows. The Manager also has in place a dedicated section for corporate governance on its corporate website, which provides information such as the Board Charter, Code of Conduct, Whistle-blowing Policy and Unitholders' voting rights.

The Board is committed to promoting effective communication and proactive engagements with Unitholders and the investing community, which is represented by the Investor Relations department of the Manager. This department is guided by the Investor Relations and Corporate Disclosure Policy, which was comprehensively revised and adopted by the Board in January 2016. This policy is also accessible on the Manager's corporate website.

Further details on communication with Unitholders, the investing community, analysts and fund managers are covered under the separate report on Investor Relations in this Annual Report.



Annual General Meeting ("AGM") and Unitholders' Meeting

AGMs and Unitholders' meetings are the primary forums where Unitholders are presented with quality information which enable them to have a better appreciation of the goals and objectives of Axis-REIT, the milestones achieved during the year, the challenges faced, as well as the prospects of the Fund. Concurrently, these sessions also serve as a platform for Unitholders to bring their expectations and concerns to the attention of the Manager.

The fourth AGM of Axis-REIT was convened and held on 29 April 2016 in compliance with the requirements under the SC's REIT Guidelines. At the AGM, the Manager presented an update on Axis-REIT's financial performance for the financial year ended 31 December 2015, as well as its activities, progress and prospects. Prior to voting, all Unitholders present in person or by proxy were briefed on their voting rights by the Company Secretary.

Two (2) Ordinary Resolutions were tabled to Unitholders for approval at the fourth AGM. The first was the Proposed Renewal of the Authority to allot and issue new units in Axis-REIT, and the second was the Proposed Renewal of the Income Distribution Reinvestment Plan Authority. Both Ordinary Resolutions were passed by way of show of hands.

The Board recognises the importance of Unitholders' participation at the meetings of Unitholders and encourages such participation. At the fourth AGM, the Board provided opportunities for the Unitholders present at the meeting to raise questions pertaining to the business activities of Axis-REIT. Questions relating to acquisitions and disposals, creation of value and commitment to Unitholders, as well as the financing profile and prospects of Axis-REIT were raised and adequately responded to by the CEO.

Save for the AGM, there was no other Unitholders' Meeting held in FYE2016.

Corporate Governance Statement

Risk Management and Internal Control Systems

Effective risk management is a fundamental part of the Manager's business strategy in order to ensure that there are no adverse disruptions to the Manager's pursuit and accomplishment of Axis-REIT's business goals and objectives, and to mitigate any potential loss that may negatively impact the Unitholders of Axis-REIT so as to preserve their investments. Risk management has been part of the Manager's day-to-day operations and is embedded in the operational functions of the Manager. The barometer for risk management is the Risk Register, which was formulated by the Manager to capture and periodically monitor key risk areas. The Risk Register is reviewed by the Audit Committee on a quarterly basis. Further details on the risk management framework of the Manager are contained in the Statement on Risk Management and Internal Control.

The internal audit function is outsourced to an independent consultancy firm that carries out the audit review based on an approved internal audit plan. The Audit Committee has the delegated function to monitor the performance of the internal audit function and its effectiveness for reporting to the Board on a quarterly basis. Further details on the internal audit activities are also contained in the Statement on Risk Management and Internal Control.

Succession Planning

The Board's succession plan for the CEO's position took place seamlessly on 1 January 2016. The Board believes that talent management and grooming of suitable candidates for upward progression are essential for the sustainability of human capital as it is people who move the business forward. As such, the Manager has put in place career progression opportunities within the organisation for staff to develop their potential abilities for career advancement. During FYE2016, two (2) key senior management officers, Ms Nikki Ng and Ms Jackie Law, were licensed as the Capital Markets Services Representatives by the SC, allowing them to carry out the regulated operations of Axis-REIT in compliance with the CMSA. The Board had duly conducted due diligence reviews on both officers prior to making the relevant submissions to the SC, which reflects the Board's commitment to ensure that the Manager's key management officers are of sufficient calibre to represent the Manager in its fund management activities.

Compliance Statement

The Board is satisfied that the Manager has applied the principles and best practice recommendations prescribed under the Malaysian Code on Corporate Governance 2012 in its management of Axis-REIT during FYE2016. This Statement has been tabled and approved by the Board on 18 January 2017.