



**AXIS REIT MANAGERS BERHAD**  
(Company Number 649450-W)  
(Incorporated in Malaysia under the Companies Act, 1965)

**As Management Company of  
Axis Real Estate Investment Trust**

## **BOARD CHARTER**

**APPROVED BY THE BOARD OF DIRECTORS ON 16 JANUARY 2012  
UPDATED ON 19 JANUARY 2015**

## **1.1 BOARD OF DIRECTORS**

### **1.1.1 Board of Directors**

The primary role of the Board of Directors of the Company as the management company (“Manager”) of Axis Real Estate Investment Trust (“Axis-REIT”) is to oversee the management and corporate governance of the Manager, in managing Axis-REIT, including the establishment of Key Performance Indicators (“KPI’s”) for the management and the monitoring achievement of the same. All Board members are responsible for all matters relating to strategic planning, corporate governance, business operations, asset management, risk management, financial performance and business development.

In the discharge of its fiduciary duties, the Board must at all times, act in good faith, avoiding all potential or actual conflicts of interests and in the best interest of the Manager and Axis-REIT and at the same time endeavour to maximize returns to shareholders of the Manager and unitholders of Axis-REIT. The Board should also in the formulation of policies and strategies consider sustainability through environmentally responsible practices, sound social policies and good governance cultures in order to reap long term economic benefits.

The Board meetings are held at least once a quarter for Directors to discuss and approve the release of the quarterly, half yearly and annual results, review acquisitions and disposals, the annual budget, capital expenditure requirements, performance of the Manager and Axis-REIT against the previously approved budget as well as corporate proposals and capital and asset management strategies. When necessary, the Board may meet to review and approve acquisitions or disposals for recommendation to the Trustee of Axis-REIT or any other issues or proposals requiring Board’s approval or decision.

Notices of meetings setting out the agenda and accompanied by relevant meeting papers will be provided to all Directors in a timely manner in order to enable the Directors to have a comprehensive understanding on matters to be deliberated. All Directors are expected to be present at all meetings as dates for the Board meeting will be set in advance by the Manager.

All members of the Board should have access to information in relation to the Manager and Axis-REIT as well as the advice and services of the Company Secretary. The Manager should establish a panel of financiers and consultants to provide professional advices to the management and Board in the areas of financing, capital market, legal advisory, property valuation and engineering due diligence and such list of panel should be periodically reviewed by the Manager.

All Directors are expected to devote sufficient time in his/her discharge of duties as a director of the Manager. Prior to accepting new directorship, the director should inform the Chief Executive Officer (“CEO”) of the Manager at least one (1) week before his/her acceptance of the new appointment.

### **1.1.2 Board Composition**

The Board composition should be guided by the following principles:

- The Chairman of the Board should be an independent Non-Executive Director.
- The Board should comprise of directors with a broad range of commercial experience including expertise in fund management and the property market.
- At least 1/3 of its members should be independent directors.

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 skill, 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 on the Board 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.

### **1.1.3 Chairman and Chief Executive Officer / Executive Director**

The position of Chairman and CEO / Executive Director should be held by separate persons in order to maintain an effective segregation of duties.

#### Roles of the Chairman

The Chairman is primarily responsible for:

- i. Monitoring the workings of the Board, especially the conduct of Board meetings
- ii. Encouraging all directors to play an active role in Board deliberations and activities

- iii. facilitating the communication and understanding between the Board and Management
- iv. Providing leadership to the Board for all aspects of the Board's roles and responsibilities
- v. Playing a role in the Manager's external relationship with stakeholders

#### Roles of the CEO

The CEO is primarily responsible:

- i. To provide leadership to Management in executing the policies and decisions of the Board
- ii. To develop strategic vision for the Manager and to set guidelines for Management
- iii. To provide high-level business judgment and wisdom
- iv. To meet performance targets set by the Board without neglecting long-term growth opportunities of the Manager
- v. To ensure the Manager's goals and objectives are achieved
- vi. To ensure all relevant issues for the effective running of the business are on the agenda
- vii. To ensure that quality information to facilitate decision-making is delivered to the Board members on a timely basis
- viii. To prudently manage resources within approved budgets

#### **1.1.4 Director's Training**

All the Directors will have to comply with such training requirement as maybe prescribed by the relevant authorities from time to time.

#### **1.1.5 Directors' Remuneration**

The Remuneration Committee shall have the delegated responsibility of recommending to the Board, the remuneration framework of all Directors and Executive Directors including formulating the Manager's remuneration policy.

Save that the fees of the Directors shall from time to time be determined by an ordinary resolution of the Manager at general meetings and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, the determination of other remuneration packages of the Directors, will be the matter of the Board as a whole. Individual Directors must not participate in decision regarding their own remuneration package.

#### **1.1.6 Financial Reporting**

The Board has a duty to independently verify and safeguard the integrity of the financial reporting of Axis-REIT.

The Board must ensure that the annual financial statements and quarterly financial results including any other price-sensitive reports are prepared based on applicable accounting policies, supported by reasonable and prudent judgments and estimates in order to present a balance and understandable assessment of the position and prospects of Axis-REIT.

The Board must also ensure that accounting records are accurate, within margins of reasonableness, which discloses the financial position of Axis-REIT in a true and fair manner.

Such duties in relation to effective financial reporting should be delegated to the Audit Committee whose primary role is to review and monitor the financial reporting procedures and standards of the Manager.

### **1.1.7 Board Committees**

The Board may establish the following committees to assist in discharging its duties:

- The Executive Committee
- The Audit Committee
- The Remuneration Committee
- The Nomination Committee.

All the above committees should be governed by a specific terms of reference and final reporting on all proposals and recommendations must be conveyed and referred to the Board for ultimate decision-making.

The Board must embrace a culture that emphasize on integrity and therefore, has an oversight duty to monitor and manage risks facing the Manager and Axis-REIT. The Board should or through the delegated function of the Audit Committee, ensure the following:

- i) Embed a holistic risk management framework in all aspects of the business of the Manager in managing Axis-REIT
- ii) Evaluate risks and determine the acceptable level of risks and to communicate approved risks to all levels within the organization
- iii) Establish an internal audit function to carry out risk management and assessment activities

### **1.1.8 Succession Planning**

The Board should periodically review succession plans and establish programs and practices which cover recruitment, selection and promotion, career development and performance appraisals and succession management. The Board may delegate the review of such plans to the Nomination Committee.