



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 23 OCTOBER 2017**

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 set the Manager’s strategic aims, values and standards, oversee the management and corporate governance structure of the Manager, in managing Axis-REIT, provide the overall direction, strategy and leadership for the Manager including the establishment of key performance indicators for the Management and the monitoring achievement of the same.

All Board members are responsible for all matters relating to:

- i. Strategic planning which supports long-term value creation and underpinning sustainability within the entire organization;
- ii. Corporate governance which reinforces ethical, prudent and professional behaviour;
- iii. Supervision and oversight, where management performance is monitored and assessed to ensure that the established objectives and mission are met;
- iv. business plans and implementation, ensuring proposals are reviewed and challenged and Management’s implementation is monitored;
- v. Asset management in terms of overseeing the management of the entire property portfolio of Axis-REIT;
- vi. Risk management and internal controls, including identifying, evaluating, managing and monitoring the significant financial and non-financial risks facing the business, setting the risk appetite and tolerance in the decision making process and ensuring sound risk management framework and effective internal controls are in place;
- vii. Financial and non-financial reporting, providing information which is accurate, balance, reliable, complete and in compliance with applicable regulatory requirements and ensuring that the integrity of the information is not compromised;
- viii. Business development which identifies opportunities for growth towards sustainability for the organization and its stakeholders;
- ix. Succession planning, a process that ensures necessary skills, competencies and expertise are secured at both board and senior management levels; and
- x. Stakeholders communication and engagement, providing a channel which is transparent, informative and of quality.

In the discharge of its fiduciary duties, the Board must at all times, act in good faith and in the best interest of the Manager as well as Axis-REIT and at the same time endeavour to maximize returns to shareholder(s) 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. This culture should be shared among all employees within the organization in order to ensure collective support and effectiveness.

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, financial performance of Axis-REIT and/or the Manager against the previously approved budget, performance of the property portfolio of Axis-REIT 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 immediate attention, approval or decision.

Where required, the Chief Executive Officer (“CEO”) or any Director of the Board may request the Company Secretary to prepare and circulate Board’s resolutions containing proposals with sufficient information provided for Board’s consideration and approval. The Board is also guided by established authority limits for decision-making purposes.

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 Company Secretary is responsible:

- i. To assist the Board in the logistics of the board and board committee meetings, including meetings of the shareholder(s) of the Manager and/or unitholders of Axis-REIT, attendance thereat, facilitating board communication and recording the minutes of the proceedings;
- ii. To advise the Board on its roles and responsibilities, corporate disclosure requirements, relevant regulatory requirements, corporate governance and its application as well as to facilitate the compliance by the Board and Board Committees with their respective terms of reference;
- iii. To assist the Chairman and/or CEO in orientation of new director(s) and in director’s continuous training and development;
- iv. To serve as a focal point for stakeholders’ engagement on corporate governance issues.

The Company Secretary should undertake continuous professional development, not only to be up-to-date with current developments but also to ensure that she is competent, possesses the required knowledge and experience in the discharge of her functions.

All minutes of meetings will be prepared by the Secretary for onward review and approval by the chairman of the meeting prior to circulation to all the Directors. All minutes of each board committee meeting must ultimately be tabled to the whole Board for notation. The Directors should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including all declaration of interest and abstention from voting.

The Manager should establish a panel of financiers, experts and consultants to provide professional advices to the senior management and Board in the areas of financing, capital market, legal advisory, property valuation and property/technical/engineering due diligence and such list of panel should be periodically reviewed by the Manager. Where required, the approval from the Trustee of Axis-REIT will be obtained prior to any appointment or engagement in accordance with the trust deed constituting Axis-REIT.

Each Director is 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 CEO of the Manager at least one (1) week before his/her acceptance of the new appointment.

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 two or 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 skills, experience, competencies and qualities of the Board members and their individual contribution should be undertaken by the Nomination Committee in accordance with assessment criteria established.

In recognizing diversity, which includes experience, skills, competencies, 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. The Board also recognizes the contributions from female senior management personnel, of whom in the discharge of their management duties, assist the Board to make informed decisions.

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.

Where a Senior Independent Director is appointed, such Director should be one who is free from any connections that may lead to conflict of interest and should act as:

- a sounding board for the Chairman, providing support to the Chairman's roles;
- an intermediary for other directors, when necessary, with an aim to foster relationship and board balance; and
- the point of contact for shareholders and other stakeholders, to whom concerns and issues may be conveyed.

3. Chairman and Chief Executive Officer

The position of Chairman and CEO 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. Providing leadership to the Board in relation to all aspects of the Board's roles and responsibilities and the discharge of the Board's duties
- ii. Monitoring the workings of the Board, especially the arrangement, agenda setting and conduct of Board meetings, leading the Board's proceedings and ensuring that the Directors receive complete and accurate information on a timely manner from the Management

- iii. Encouraging all Directors to play an active role in Board deliberations and activities and allowing dissenting views to be freely expressed
- iv. Facilitating the communication and understanding between the Board and Management and managing interface between the Board and Management (if any)
- v. Playing a role in the Manager's external relationship and communication with stakeholders and ensuring appropriate steps are taken for effective feedback of stakeholders' views to the Board as a whole
- vi. Leading the Board in establishing and monitoring good corporate governance practices within the organization both at Board level and Management level
- vii. Setting a positive tone at Board level by upholding high standards for Board conduct and addressing issues relating to confidentiality, conflict of interest and other pertinent board policies

Roles of the CEO

The CEO is primarily responsible:

- i. To develop strategic vision for the Manager and to set guidelines for Management, taking into account the best interest of the Manager in managing Axis-REIT
- ii. To provide leadership to Management in implementing the strategies, executing the policies and decisions of the Board
- iii. To provide high-level business judgment and wisdom in the management of the business on a day-to-day basis
- iv. To meet performance targets set by the Board without neglecting long-term growth opportunities of the Manager
- v. To ensure that the Manager's goals and objectives are achieved
- vi. To ensure that all relevant issues for the effective running of the business are on the agenda for Board's review and deliberation
- vii. To ensure that quality information necessary to facilitate decision-making is delivered to the Board members on a timely basis
- viii. To oversee the effective management of risks, internal controls, conduct of staff and deployment of human capital resources
- ix. To prudently manage resources within approved budgets
- x. To be the primary spokesperson in all external communication with stakeholders

4. Board Committees

The Board may establish the following committees to assist in the discharge of its duties and functions:

- The Executive Committee ("EXCO")
- The Audit Committee ("AC")
- The Remuneration Committee ("RC")
- The Nomination Committee ("NC")

All the above committees should be governed by specific terms of reference that stipulate their respective duties and responsibilities. Final reporting on all proposals and recommendations must be conveyed and referred to the Board for ultimate decision-making.

Their respective delegated functions are:

- i. EXCO
A board committee that assists the Board in managing the business of the Manager and the operations of Axis-REIT
- ii. AC
A board committee primarily tasked with the delegated responsibilities to assist the Board in overseeing the financial reporting, risk management and internal control systems, external and internal audit functions, conflict of interest situations and related party transactions
- iii. RC
A board committee primarily tasked with the delegated responsibilities to assist the Board in the remuneration matters of the Directors in line with good corporate governance principles and practices
- iv. NC
A board committee primarily tasked with the delegated responsibilities to assist the Board in the selection, recruitment, development, retention, assessment and succession of the Board in line with good corporate governance principles and practices

5. Directors' Remuneration and Remuneration Policy

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.

The remuneration of the Directors is paid by the Manager and not by the Fund. The Board, through the RC and in consultation with the EXCO, shall establish transparent remuneration policies and procedures. The remuneration framework should reflect the Board's responsibilities, expertise and the complexity of the Manager's operations and activities and aligned to the business strategy and long-term objectives of the Manager.

As a policy in determining the Directors' remuneration, the RC, in its expertise, shall review the annual remuneration proposals presented to it by the EXCO, drawing external advice if so required. 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 RC.

All remuneration matters at senior management level shall be reviewed and determined by the EXCO and where required, based on case to case, the Board's guidance and/or approval shall be sought.

6. Financial Reporting

The Board has a duty to independently verify and safeguard the integrity of the financial reporting system 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 clear, balanced and understandable assessment of the financial position and prospects of Axis-REIT. The Board must also ensure that accounting records are accurate, within margins of reasonableness, which disclose the financial position of Axis-REIT in a true and fair manner.

Such duties in relation to effective financial reporting are delegated to the AC whose primary role is to review and monitor the financial reporting procedures of the Manager and ensure that the financial statements of Axis-REIT comply with applicable regulatory financial reporting requirements and accounting standards.

7. Succession Planning

The Board should periodically review succession plans and establish programmes and practices which cover recruitment, selection, promotion, career development, performance appraisals and succession at Board and/or senior management levels. The Board may delegate the review of such plans to the NC, where appropriate.

8. Risk Management and Internal Control

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 AC, ensure the following:

- i) Embed a holistic risk management culture in all aspects of the business of the Manager in managing Axis-REIT and establish an effective risk management and internal control frameworks
- ii) Identify key risk areas, evaluate risks and determine the acceptable level of risks and ensure approved risks are communicated to all levels within the organization
- iii) Establish an internal audit function to carry out risk management and assessment activities with effective follow-up and monitoring system
- iv) Ensure that the risk management framework and internal control systems are reviewed on a regular basis, in terms of their adequacy and effectiveness

The Board should, where appropriate, seek assurance that the risk management framework and internal control systems are functioning effectively from the CEO and the Chief Financial Officer.

9. Directors' Training

Every Director is required to keep abreast of his roles and responsibilities as a director and stay current with the Manager's business strategies and activities as well as emerging issues and trends in the market. All the Directors are encouraged to attend training programmes which are relevant to the Manager's operations and business and where applicable, all Directors will have to comply with such training requirement as maybe prescribed by the relevant authorities from time to time.

10. Investor Relations and Stakeholders' Engagements

The Board shall promote effective engagement and ensure timely dissemination of balanced and understandable information about the business and financial performance of Axis-REIT to the unitholders, investors, stakeholders and the general public. The Board shall ensure that the Manager establish appropriate corporate disclosure policies and procedures that will promote the effective communication and dissemination of comprehensive, timely and accurate disclosures to the unitholders and other stakeholders.

An investor relations function will be able to assist the Board in achieving such objectives by acting as a liaison between the investors, unitholders and the general public and the Manager and Management, organizing investor relations activities and programmes including managing the corporate website with timely updates of financial and non-financial information of Axis-REIT.

Unitholders' meetings are the primary forum for unitholders of Axis-REIT to effectively engage the Board of the Manager. The Directors should be present at such meetings to address enquiries and concerns. These meetings for unitholders should be properly convened in accordance with the trust deed constituting Axis-REIT, providing sufficient notice period and explanatory information in order to enable unitholders to make informed decisions through their voting rights. Voting processes should also be well organized to facilitate smooth and orderly voting by the unitholders and where possible, to subscribe to electronic balloting system.

11. Review of Board Charter

This Board Charter should be reviewed annually or as and when the need arises. It should also be reviewed and/or updated if there are any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.