

# Details Of The Income Distribution Reinvestment Plan

Axis-REIT has recurrent and optional reinvestment plan that allows Unitholders of Axis-REIT to reinvest their income distribution in new Units through an Income Distribution Reinvestment Plan (IDRP).

During the year, Axis-REIT has applied the IDRP to the 1st interim income distribution for the period from 1 January 2014 to 31 March 2014 that was declared on 21 April 2014, in which the gross electable portion of 2.20 sen per Unit (which is taxable in the hands of Unitholders) out of the 1st interim income distribution of 5.30 sen per Unit ("Electable Portion") could be elected to be reinvested in new Units and the remaining portion 3.10 sen per Unit (of which 2.22 sen per Unit is taxable and 0.88 sen per Unit is non-taxable in the hands of Unitholders) would be paid in cash.

The new Units were issued at the issue price of RM3.20 per Unit as determined on 21 April 2014 ("Price Fixing Date"). The issue price of RM3.20 per Unit was based on the 5-day volume weighted average market price ("VWAMP") of the Units up to and including 18 April 2014, being the last trading day prior to the Price-Fixing Date of RM3.4005 per Unit, after adjusting for a discount of RM0.2005 per Unit which is approximately a 5.9% discount to the 5-day VWAMP of RM3.4005 per Unit.

Pursuant to the IDRP, Axis-REIT allotted 2,461,009 new Units on 13 June 2014 and these Units were listed on the Main Market of Bursa Securities on 16 June 2014. The new Units of 2,461,009 represented a successful take up rate of approximately 84% of the 2,928,846 total number of new Units that would have been issued pursuant to the IDRP, had all entitled Unitholders of Axis-REIT elected to re-invest their respective Electable Portion in new Units.

Axis-REIT's fund size has increased from 461,239,089 Units to 463,700,098 Units as a result of the issuance and listing of total 2,461,009 new Units under the IDRP.

The net proceeds from the IDRP of RM7,844,229 (after deducting expenses for the IDRP) was utilised to refurbish and/or renovate Axis-REIT's properties. The refurbishment and/or the renovation of the properties is expected to enhance the future income to be generated from the said properties moving forward.

In an effort to further enhance the attractiveness of IDRP has provided an exemption of RM10 revenue stamp (setem hasil) payable upon execution of each notice of election of the IDRP for securities account holders that hold less than 8,000 units in Axis-REIT. This exemption was first applied to the IDRP in conjunction with the aforesaid 1st interim income distribution declared on 21 April 2014.

Here are some of the frequently asked questions of the IDRP:

## 1. How does it work?

Whenever a cash income distribution (either an interim or final income distribution) is announced, the Board may, in its absolute discretion, determine that the IDRP will apply to the whole or a portion of the income distribution (called the Electable Portion) and where applicable, any remaining portion of the income distribution will be paid in cash (called the Remaining Portion).

Each Unitholder has the following options in respect of the Electable Portion:

- (i) Choose to receive the Electable Portion in cash; or
- (ii) Choose to reinvest the entire Electable Portion in new Units credited as fully paid-up at an issue price to be determined on a Price-Fixing Date; or
- (iii) Choose to receive part of the Electable Portion in cash, and reinvest the remaining part of the Electable Portion in new Units credited as fully paid-up at an issue price to be determined on the Price-Fixing Date in the proportion determined by the Board in its absolute discretion.

## 2. Will I still have withholding tax deducted?

All gross income distribution with respect to the Electable Portion and the Remaining Portion will still be subject to the usual withholding tax. The net income distribution (net of withholding tax) will either be paid in cash and/or reinvested in new Units at its equivalent amount (as the case may be).

There is no tax advantage to be gained by Unitholders in any of the abovementioned options elected.

## 3. Will the units I receive be at a discount?

Unitholders will be able to receive new Units at an issue price with an implied discount.

For the purpose of computing the number of new Units to be issued under the IDRP, the issue price of such new Units shall not be more than 10% discounted to the 5-day volume weighted average market price (VWAMP) of the Units immediately before the Price-Fixing Date.

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## 4. When will I get my Units?

An announcement on the book closure date will be made after the Price-Fixing Date.

Subsequently, copies of the notice of election in relation to the IDRPs and information memorandum (not applicable to subsequent IDRPs) will be despatched to Unitholders. The Expiry Date will be stated in the Notice of Election.

Within 8 market days from Expiry Date or on such date as may be prescribed by Bursa Securities, Axis-REIT will allot and issue the new Units on the Allotment Date. The Remaining Portion and the Electable Portion (where the Unitholders choose to receive the income distribution in cash), as the case may be, will be paid to the respective Unitholders in the usual manner. An announcement will also be made on the listing of and quotation for the new Units to be issued under the IDRPs on the Main Market of Bursa Securities.

As the new Units to be issued under the IDRPs are prescribed securities, the new Units will be credited directly into the respective Central Depository System accounts of the Unitholders and shall, upon allotment and issue, rank equally in all respects with the existing Units. However the new Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared before the Allotment Date.

The following is a timeline from the announcement date until the listing of new Units under the IDRPs:

Description	Timeline
Announcement of Book Closure Date ("BCD") for income distribution for period end (at least 10 market days from the BCD)	T
BCD	T + 10
Despatch of withholding tax confirmation letter	T + 11
Dateline for withholding tax confirmation	T + 16
Despatch of Notice of Election	T + 18
Expiry Date	T + 28
Allotment and Payment	T + 36
Listing of new Units	T + 37

## 5. The Board's authority

The Board has full authority to determine if the IDRPs will apply to a particular income distribution. If the Board has decided not to apply the IDRPs to a particular income distribution then the income distribution declared in that quarter concerned will be paid in cash to the Unitholders in the usual manner.

The maximum number of new Units to be issued under the IDRPs will depend on the Board's decision on the size of the Electable Portion, the total number of Units held by the Unitholders who elect to reinvest the Electable Portion in new Units and the issue price which will be determined by the Manager on the Price-Fixing Date.

## 6. What happens if I elect not to participate?

If Unitholders do not expressly elect in writing to participate in the IDRPs according to the terms and conditions, they will receive their Electable Portion in cash. As such, Unitholders need not take any action if they wish to receive their Electable Portion entirely in cash.

## 7. The Board's authority to cancel the availability of the IDRPs.

Notwithstanding any provision of the IDRPs, if at any time after the Board has determined that the IDRPs shall apply to any income distribution and before the Allotment Date in respect of the Electable Portion, the Board shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement the IDRPs in respect of the Electable Portion, the Board may, in its absolute discretion and as it deems fit in the interest of the Fund and without assigning any reason thereof, cancel the application of the IDRPs in relation to the Electable Portion. In such an event, the Electable Portion shall be paid entirely in cash to Unitholders in the usual manner.

## 8. Who is eligible to participate?

All Unitholders are eligible to participate in the IDRPs, subject to the restrictions on the Unitholders with registered addresses outside Malaysia as at the relevant book closure date for the income distribution to which the IDRPs applies.

This is also subject to the requirement that such participation by the Unitholder will not result in a breach of any other restriction on such Unitholder's unitholding in Axis-REIT which may be imposed by any statute, law or regulation in force in Malaysia or any other relevant jurisdiction, as the case may be, or prescribed in the Third Principal Deed dated 28 November 2013 constituting Axis-REIT.

## 9. What about odd lots?

A Unitholder who elects to reinvest the Electable Portion in new Units to which his Notice of Election relates, may receive such new Units in odd lots. Unitholders who receive odd lots of new Units and who wish to trade such odd lots on Bursa Securities should do so on the Odd Lot Market, which allows trading of odd lots with a minimum of 1 Unit.

**10. Can the IDRP be terminated?**

The IDRP may be modified, suspended (in whole or in part) or terminated at any time by the Board as the Board deems fit or expedient by giving notice in writing to all Unitholders.

**11. Other issues relating to the proposed IDRP.**

It should be noted that the grant of the right to participate in the IDRP, i.e. to elect to reinvest the Electable Portion in new Units, is made to all Unitholders, including the directors and major shareholder of the Manager, major Unitholders and persons connected to them who hold Units.

The net proceeds from the IDRP (after deducting estimated expenses for the IDRP) will be utilised to refurbish and/or renovate the properties held by the Trustee, and/or for any other purpose that the Manager and the Trustee deem fit and in the best interest of the Unitholders. The refurbishment and/or renovation of the properties held by the Trustee are expected to enhance the future income to be generated from the said properties moving forward.

A Unitholder's unitholding in Axis-REIT will be diluted if he/she chooses to receive the Electable Portion in cash. The extent of such dilution will depend on the size of the Electable Portion, the total number of Units held by the Unitholders who elect to reinvest the Electable Portion in new Units and the issue price which will be determined by the Manager on the Price-Fixing Date.

The total amount of income distribution to be declared, the size of the Electable Portion and consequently, the maximum number of new Units to be issued under the IDRP would depend on the financial performance and cash flow position of Axis-REIT, and prevailing economic conditions. The size of the Electable Portion will be determined by the Manager in its sole and absolute discretion from time to time.

The process flow chart in relation to any proposed income distribution and the IDRP is set out below:

