

## Manager's Discussion and Analysis

### Details of the 2016 IDRП

Axis-REIT has a recurrent and optional income distribution reinvestment plan (IDRP) that allows Axis-REIT Unitholders to reinvest their income distribution in new Units. Following the renewal of the authority to allot and issue new Units for the purpose of the IDRP obtained at the Unitholders' Meeting held on 21 August 2015 and the completion of the Unit Split in Axis-REIT on 9 September 2015, Axis-REIT may allot and issue up to 155,194,684 new Units pursuant to the IDRP.

In 2016, Axis-REIT had applied the IDRP to the first interim income distribution, for the period from 1 January 2016 to 31 March 2016, that was declared on 25 April 2016, in which the gross electable portion of 1.00 sen per unit (which is taxable in the hands of Unitholders) out of the first interim income distribution of 2.05 sen per Unit ("electable portion") could be elected to be reinvested in new Units and the remaining portion of 1.05 sen per Unit (of which 1.00 sen per Unit is taxable and 0.05 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 RM1.50 per Unit as determined on 25 April 2016 ("price-fixing date"). The issue price of RM1.50 per Unit was based on the five-day VWAMP of the Units up to and including 22 April 2016, being the last trading day immediately prior to the price-fixing date of RM1.6366 per Unit, after adjusting for a discount of RM0.1366 per Unit, which was approximately 8.35% discount to the five-day VWAMP of RM1.6366 per Unit.

Pursuant to the IDRP, Axis-REIT allotted 5,380,523 new Units on 16 June 2016 and these Units were listed on the Main Market of Bursa Securities on 17 June 2016. The 5,380,523 new Units represented a successful take-up rate of approximately 79% of the 6,801,969 total number of new Units that would have been issued pursuant to the IDRP, had all entitled Axis-REIT Unitholders elected to reinvest their respective electable portion in new Units.

Axis-REIT's fund size has increased from 1,099,793,068 Units to 1,105,173,591 Units as a result of the issuance and listing of the 5,380,523 new Units under the IDRP.

The net proceeds from the IDRP of RM8,048,000 (after deducting expenses for the IDRP) were utilised to refurbish and/or renovate Axis-REIT's properties. The refurbishment and/or 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 its attractiveness, the IDRP has provided an exemption of RM10 stamp revenue (setem hasil) payable upon execution of each notice of election of the IDRP for securities account holders that hold less than 16,000 Units in Axis-REIT (after the Unit Split).

Please refer to Axis-REIT's website at [www.axis-reit.com.my](http://www.axis-reit.com.my) for the frequently asked questions pertaining to the IDRP.