

AXIS REAL ESTATE INVESTMENT TRUST (“AXIS-REIT” OR “FUND”)

- (I) **PROPOSED AUTHORITY TO ALLOT AND ISSUE UP TO 75,180,200 NEW UNITS IN AXIS-REIT (“UNITS”), REPRESENTING UP TO 20% OF THE EXISTING APPROVED FUND SIZE OF AXIS-REIT OF 375,901,000 UNITS; AND**
- (II) **PROPOSED RECURRENT AND OPTIONAL INCOME DISTRIBUTION REINVESTMENT PLAN THAT ALLOWS UNITHOLDERS OF AXIS-REIT TO REINVEST THEIR INCOME DISTRIBUTION IN NEW UNITS**

1. INTRODUCTION

On behalf of the Board of Directors of Axis REIT Managers Berhad (“**Board**”), the management company of Axis-REIT (“**Manager**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that the Manager proposes to undertake the following:

- (i) allot and issue up to 75,180,200 new Units, representing up to 20% of the existing approved fund size of Axis-REIT of 375,901,000 Units (“**Proposed Authority 1**”) pursuant to Clause 14.03 of the Guidelines on Real Estate Investment Trusts issued by the Securities Commission (“**SC**”) (“**REIT Guidelines**”).

In order to accommodate the issuance of up to 75,180,200 new Units pursuant to the Proposed Authority 1, the Manager proposes to increase the existing approved fund size of Axis-REIT from 375,901,000 Units to a maximum of 451,081,200 Units (“**Proposed Increase In Fund Size 1**”); and

- (ii) a recurrent and optional income distribution reinvestment plan that allows unitholders of Axis-REIT (“**Unitholders**”) to reinvest their income distribution in new Units (“**Proposed Income Distribution Reinvestment Plan**”).

In conjunction with the Proposed Income Distribution Reinvestment Plan, the Manager proposes to allot and issue such number of new Units in aggregate up to 20% of the approved fund size of Axis-REIT as enlarged by the implementation of the Proposed Authority 1 and corresponding Proposed Increase In Fund Size 1 or up to 20% of the existing approved fund size of Axis-REIT if the Proposed Authority 1 and corresponding Proposed Increase In Fund Size 1 are not implemented (as the case may be) (“**Proposed Authority 2**”).

In order to accommodate the issuance of new Units under the Proposed Income Distribution Reinvestment Plan, the Manager proposes to increase the approved fund size of Axis-REIT as enlarged by the implementation of the Proposed Authority 1 and corresponding Proposed Increase In Fund Size 1 or the existing approved fund size of Axis-REIT if the Proposed Authority 1 and corresponding Proposed Increase in Fund Size 1 are not implemented (as the case may be) by such number of new Units which the Manager is permitted to allot and issue pursuant to the Proposed Authority 2 (“**Proposed Increase In Fund Size 2**”),

(The Proposed Authority 1, Proposed Increase In Fund Size 1, Proposed Income Distribution Reinvestment Plan, Proposed Authority 2 and Proposed Increase In Fund Size 2 are collectively referred to as “**Proposals**”).

2. DETAILS OF THE PROPOSED AUTHORITY 1 AND PROPOSED INCREASE IN FUND SIZE 1

The Manager proposes to allot and issue up to 75,180,200 new Units, representing up to 20% of the existing approved fund size of Axis-REIT of 375,901,000 Units pursuant to Clause 14.03 of the REIT Guidelines. The Proposed Authority 1 will empower the Board with the flexibility to allot and issue new Units at any time and for purposes as the Board may, in its absolute discretion deem fit, provided that, among others, the aggregate number of Units to be issued pursuant to the Proposed Authority 1 does not exceed 20% of the existing approved fund size of Axis-REIT. Based on Axis-REIT's existing approved fund size of 375,901,000 Units, the Proposed Authority 1 will enable the Manager to issue up to 75,180,200 Units at its absolute discretion and such authority shall be in force from the date of the Unitholders' approval until 31 December 2011. Thereafter, the general mandate to issue new Units of up to 20% of the existing approved fund size of Axis-REIT may be renewed yearly subject to the approval of the Unitholders.

The new Units to be issued pursuant to the Proposed Authority 1 shall, upon allotment and issue, rank equally in all respects with the existing Units except that 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 date of allotment and issue of such new Units.

In order to accommodate the issuance of up to 75,180,200 new Units pursuant to the Proposed Authority 1, the Manager proposes to increase the existing approved fund size of Axis-REIT from 375,901,000 Units to a maximum of 451,081,200 Units.

3. DETAILS OF THE PROPOSED INCOME DISTRIBUTION REINVESTMENT PLAN, PROPOSED AUTHORITY 2 AND PROPOSED INCREASE IN FUND SIZE 2

3.1 Election to receive cash income distribution or to reinvest the cash income distribution in new Units

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

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

- (i) elect to receive the Electable Portion in cash; or
- (ii) elect 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 subsequent to the receipt of all relevant regulatory approvals for the Proposed Income Distribution Reinvestment Plan ("**Price-Fixing Date**"); or
- (iii) elect to receive part of the Electable Portion in cash, and to 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 to be determined by the Board in its absolute discretion as it deems fit.

For the avoidance of doubt, all gross Income Distribution with respect to the Electable Portion and the Remaining Portion will 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.

Unless the Board has determined that the Proposed Income Distribution Reinvestment Plan will apply to a particular Income Distribution, the Income Distribution concerned will be paid in cash to the Unitholders in the usual manner.

For the purpose of computing the number of new Units to be issued under the Proposed Income Distribution Reinvestment Plan, the issue price of such new Units shall not be more than 10% discount to the 5-day volume weighted average market price (“**VWAMP**”) of the Units immediately before the Price-Fixing Date. An announcement on the book closure date (“**Book Closure Date**”) will be made after the Price-Fixing Date.

Subsequently, copies of the notice of election in relation to the Proposed Income Distribution Reinvestment Plan (“**Notice of Election**”) and information memorandum will be despatched to the Unitholders. The last date which will be fixed and announced by the Board for the Unitholders to make the election in relation to the Electable Portion (“**Expiry Date**”) will be stated in the Notice of Election.

Within 8 market days from the Expiry Date or such date as may be prescribed by Bursa Malaysia Securities Berhad (“**Bursa Securities**”), Axis-REIT will allot and issue the new Units (“**Allotment Date**”) and despatch notices of allotment to the Unitholders who elect to participate in the Proposed Income Distribution Reinvestment Plan. Concurrently on the Allotment Date, the Remaining Portion and the Electable Portion (where the Unitholders have elected to receive the entire Electable Portion in cash or part of the Electable Portion 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 the new Units to be issued under to the Proposed Income Reinvestment Plan on the Main Market of Bursa Securities.

As the new Units to be issued under the Proposed Income Distribution Reinvestment Plan are prescribed securities, the new Units will be credited directly into the respective Central Depository System accounts of the Unitholders.

The maximum number of new Units to be issued in respect of any Income Distribution in which the Proposed Income Distribution Reinvestment Plan applies 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 entire Electable Portion (or part thereof) in new Units and the issue price which will be determined by the Board on the Price-Fixing Date.

The new Units to be issued under the Proposed Income Distribution Reinvestment Plan shall, upon allotment and issue, rank equally in all respects with the existing Units except that 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.

Under the Proposed Income Distribution Reinvestment Plan, Unitholders who elect to participate in the Proposed Income Distribution Reinvestment Plan shall be entitled to fractional Units and such fractional entitlements will be paid in cash to the Unitholders in the usual manner.

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

3.2 Availability of the Proposed Income Distribution Reinvestment Plan

Notwithstanding any provision of the Proposed Income Distribution Reinvestment Plan, if at any time after the Board has determined that the Proposed Income Distribution Reinvestment Plan shall apply to any Income Distribution and before the Allotment Date in respect of the Electable Portion, the Board considers 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 Proposed Income Distribution Reinvestment Plan 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 Proposed Income Distribution Reinvestment Plan 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.

3.3 Eligibility

All Unitholders are eligible to participate in the Proposed Income Distribution Reinvestment Plan, 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 Proposed Income Distribution Reinvestment Plan applies, and further, 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 jurisdictions, as the case may be, or prescribed in the deed dated 3 April 2009 constituting Axis-REIT ("**Deed**").

3.4 Odd lots

A Unitholder who elects to reinvest the entire Electable Portion (or part thereof) 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.

3.5 Termination

The Proposed Income Distribution Reinvestment Plan 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.

3.6 Details of the Proposed Authority 2 and Proposed Increase In Fund Size 2

The Manager proposes to allot and issue such number of new Units in aggregate up to 20% of the approved fund size of Axis-REIT as enlarged by the implementation of the Proposed Authority 1 and corresponding Proposed Increase In Fund Size 1 or up to 20% of the existing approved fund size of Axis-REIT if the Proposed Authority 1 and corresponding Proposed Increase in Fund Size 1 are not implemented (as the case may be). The Proposed Authority 2 will empower the Board with the flexibility to allot and issue new Units at any time under the Proposed Income Distribution Reinvestment Plan, provided that, among others, the aggregate number of Units to be issued pursuant to the Proposed Authority 2 does not exceed 20% of the approved fund size of Axis-REIT as enlarged by the implementation of the Proposed Authority 1 and corresponding Proposed Increase In Fund Size 1 or 20% of the existing approved fund size of Axis-REIT if the Proposed Authority 1 and corresponding Proposed Increase in Fund Size 1 are not implemented (as the case may be).

For illustrative purpose, assuming the Manager issues the maximum of 75,180,200 new Units pursuant to the Proposed Authority 1, which would result in the existing approved fund size of Axis-REIT to increase from 375,901,000 Units to 451,081,200 Units, the total number of new Units to be allotted and issued pursuant to the Proposed Authority 2 for the Proposed Income Distribution Reinvestment Plan will be 90,216,240 new Units (“**Scenario**”). The number of new Units which the Manager is permitted to issue pursuant to the Proposed Authority 2 would depend on whether the Proposed Authority 1 is implemented, the total number of new Units issued pursuant to the Proposed Authority 1, and the corresponding increase in the existing approved fund size of Axis-REIT pursuant to the Proposed Authority 1.

Such authority shall be in force from the date of the Unitholders’ approval until all the new Units have been fully issued pursuant to the Proposed Authority 2 for the Proposed Income Distribution Reinvestment Plan. Thereafter, Axis-REIT would have to seek for subsequent approval from the Unitholders for future allotments and issuances of Units under the Proposed Income Distribution Reinvestment Plan.

The new Units to be issued pursuant to the Proposed Authority 2 shall, upon allotment and issue, rank equally in all respects with the existing Units except that 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 date of allotment and issue of such new Units.

In order to accommodate the issuance of such number of new Units pursuant to the Proposed Authority 2, the Manager proposes to increase the approved fund size of Axis-REIT as enlarged by the implementation of the Proposed Authority 1 and corresponding Proposed Increase in Fund Size 1 or the existing approved fund size of Axis-REIT if the Proposed Authority 1 and corresponding Proposed Increase in Fund Size 1 are not implemented (as the case may be) by such number of new Units which the Manager is permitted to allot and issue pursuant to the Proposed Authority 2.

For illustrative purposes, based on the Scenario, the increase in the approved fund size of Axis-REIT as enlarged by the implementation of the Proposed Authority 1 and corresponding Proposed Increase In Fund Size 1 would be from a maximum of 451,081,200 Units to a new maximum of 541,297,440 Units.

3.7 General

It should be noted that the grant of the right to participate in the Proposed Income Distribution Reinvestment Plan, i.e. to elect to reinvest the Electable Portion in new Units, is made to all Unitholders, including the Directors and major shareholders of the Manager, major Unitholders and/or persons connected to them who hold Units, subject to the restrictions referred to in Section 3.3 above.

Axis-REIT will be seeking approval from the Unitholders for the Proposed Income Distribution Reinvestment Plan at the forthcoming Unitholders’ meeting.

In addition, Axis-REIT will also be seeking approval from the Unitholders for the Proposed Authority 2 to enable the Manager to allot and issue such number of new Units under the Proposed Income Distribution Reinvestment Plan, together with the Proposed Increase In Fund Size 2 to accommodate the issuance of such number of new Units for the implementation of the Proposed Income Distribution Reinvestment Plan, at the forthcoming Unitholders’ meeting. As and when all the Units pursuant to the Proposed Authority 2 have been fully issued for the Proposed Income Distribution Reinvestment Plan, Axis-REIT would have to seek for subsequent approval from the Unitholders for future allotments and issuances of Units under the Proposed Income Distribution Reinvestment Plan.

For the avoidance of doubt, the Unitholders' approval to be obtained for the Proposed Authority 2 is in addition to the Proposed Authority 1.

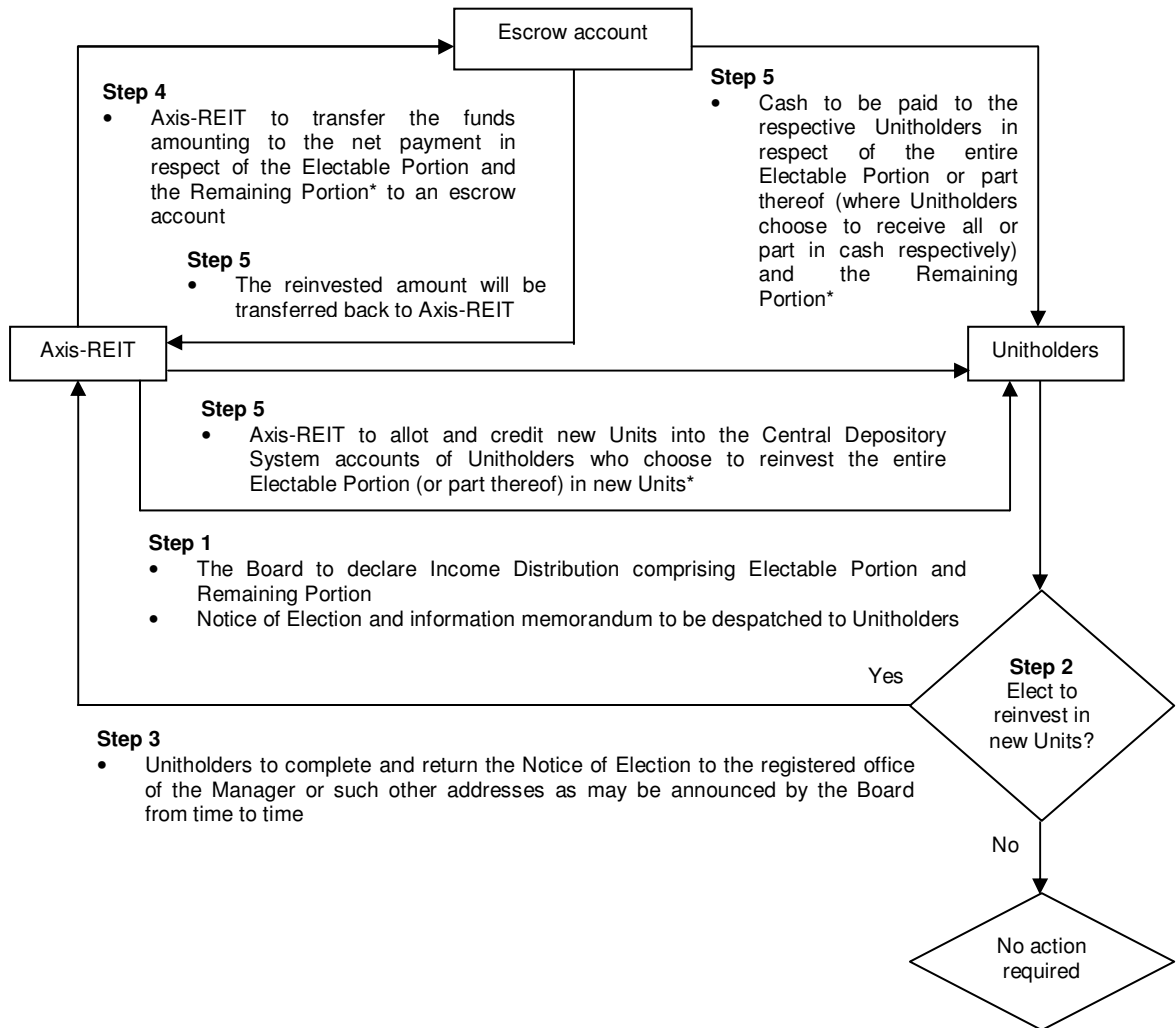
The proceeds from the Proposed Income Distribution Reinvestment Plan cannot be ascertained at this juncture and as such, the timeframe for full utilisation of such proceeds cannot be determined. Nevertheless, the net proceeds from the Proposed Income Distribution Reinvestment Plan (after deducting estimated expenses for the Proposed Income Distribution Reinvestment Plan) will be utilised to refurbish and/or renovate the properties held by OSK Trustees Berhad, the Trustee for Axis-REIT ("**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 the renovation of the properties held by the Trustee is 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 entire Electable Portion (or part thereof) in cash. The extent of such dilution 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 entire Electable Portion (or part thereof) in new Units and the issue price which will be determined by the Board 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 Proposed Income Distribution Reinvestment Plan 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 Board in its sole and absolute discretion from time to time.

Amendments to the Deed are not required under the Proposed Income Distribution Reinvestment Plan as the Deed does not prohibit the implementation of any income distribution reinvestment plan.

The process flow chart in relation to any proposed Income Distribution and the Proposed Income Distribution Reinvestment Plan is set out below:



Note:

* All gross Income Distribution with respect to the Electable Portion and the Remaining Portion will 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).

3.8 Implications of the Malaysian Code on Take-Overs and Mergers 2010

The attention of Unitholders is drawn to Section 9(1) of the Malaysian Code on Take-Overs and Mergers 2010 (“**Code**”) and Section 216 of the Capital Markets & Services Act, 2007. In particular, a Unitholder should note that he may be under an obligation to extend a mandatory take-over offer for the Units not already owned by him and persons acting in concert with him (“**PACs**”), if by electing to reinvest part of the Electable Portion or the entire Electable Portion in new Units:

- (i) he, together with the PACs, acquires, holds or is entitled to exercise or control the exercise of more than 33% of the Units; or

- (ii) he, together with the PACs, holds more than 33% but less than 50% of the Units and he and/or any PAC acquires more than 2% of the Units in any period of 6 months.

If an obligation to undertake a mandatory take-over offer is expected to arise, the relevant person(s) must make the necessary application to the SC for a waiver from the obligation to undertake a mandatory take-over offer pursuant to the Code before electing to reinvest the entire Electable Portion (or part thereof) in new Units to avoid having to undertake a mandatory take-over offer.

4. CONDITIONALITY

The Proposed Authority 1 and the Proposed Increase In Fund Size 1 are inter-conditional. The Proposed Income Distribution Reinvestment Plan, Proposed Authority 2 and Proposed Increase In Fund Size 2 are inter-conditional.

The Proposed Authority 1 and the Proposed Increase In Fund Size 1 are not conditional upon the Proposed Income Distribution Reinvestment Plan, Proposed Authority 2 and Proposed Increase In Fund Size 2, and vice versa.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Authority 1 and Proposed Increase In Fund Size 1

The Proposed Authority 1 will enable Axis-REIT to allot and issue new Units to raise funds to pare down its bank borrowings in the event that the Manager anticipates that the bank borrowings of the Fund will exceed 35% of the total assets of the Fund as a result of future acquisitions of new properties. This will provide Axis-REIT with sufficient headroom to make future cash acquisitions which is in line with its capital management and growth strategy.

In addition, the Proposed Authority 1 is expected to improve the trading liquidity of the Units.

The purpose of the Proposed Increase In Fund Size 1 is to accommodate the issuance of up to 75,180,200 new Units pursuant to the Proposed Authority 1.

5.2 Proposed Income Distribution Reinvestment Plan, Proposed Authority 2 and Proposed Increase In Fund Size 2

The Proposed Income Distribution Reinvestment Plan is an initiative undertaken by the Board to provide an opportunity to all Unitholders (including retail investors) to invest in the new Units at a discount. This enables the Unitholders to enhance and maximise the value of their unitholdings in Axis-REIT through the subscription of the new Units under the Proposed Income Distribution Reinvestment Plan whereby the issue price of the Units shall be at a discount of not more than 10% to the 5-day VWAMP of the Units immediately before the Price-Fixing Date.

Furthermore, the Proposed Income Distribution Reinvestment Plan will provide the Unitholders with greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash and/or reinvesting into Axis-REIT through the subscription of additional new Units without having to incur material transaction or other related costs.

Axis-REIT will also benefit from the participation by the Unitholders in the Proposed Income Distribution Reinvestment Plan to the extent that if the Unitholders elect to reinvest the entire Electable Portion (or part thereof) in new Units, the cash which would otherwise be payable by way of Income Distribution will be retained 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 the renovation of the properties held by the Trustee is expected to enhance the future income to be generated from the said properties moving forward.

The Proposed Authority 2 is required for the allotment and issuance of new Units under the Proposed Income Distribution Reinvestment Plan, and provides the Board with the flexibility to allot and issue new Units at any time under the Proposed Income Distribution Reinvestment Plan.

The purpose of the Proposed Increase In Fund Size 2 is to accommodate the issuance of new Units pursuant to the Proposed Authority 2.

6. EFFECTS OF THE PROPOSALS

6.1 Unitholders' capital

The proforma effects of the Proposed Authority 1 (which will lead to the Proposed Increase In Fund Size 1) based on the maximum number of new Units which may be issued by Axis-REIT, on the Unitholders' capital are set out in **Table 1**.

The Proposed Income Distribution Reinvestment Plan (which will lead to the Proposed Authority 2 and the Proposed Increase In Fund Size 2) will increase the Unitholders' capital. The quantum of the increase 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 entire Electable Portion (or part thereof) in new Units and the issue price which will be determined by the Board on the Price-Fixing Date.

6.2 Distributable income

The Manager has declared and paid an income distribution of 16 sen per Unit for the financial year ended 31 December 2010 (equivalent to 99% of Axis-REIT's earnings before taxation). Barring unforeseen circumstances, the Manager intends to distribute at least 99% of the distributable income of Axis-REIT for the financial year ending 31 December 2011.

The Proposed Authority 1 (which will lead to the Proposed Increase In Fund Size 1) and the Proposed Income Distribution Reinvestment Plan (which will lead to the Proposed Authority 2 and the Proposed Increase In Fund Size 2) are not expected to have any material effect on Axis-REIT's distributable policy as determined by the Board. The decision to declare and pay distributable income in the future would depend on the financial performance and cash flow position of Axis-REIT, and prevailing economic conditions.

6.3 Substantial Unitholders' unitholdings

Any issuance of new Units by Axis-REIT pursuant to the Proposed Authority 1 (which will lead to the Proposed Increase In Fund Size 1) to the Unitholders other than the substantial Unitholders, will dilute the percentage of unitholdings of the substantial Unitholders. Any issuance of new Units by Axis-REIT pursuant to the Proposed Authority 1 to the substantial Unitholders will increase their unitholdings in Axis-REIT accordingly.

Based on the Record of Depositors of Axis-REIT as at 31 January 2011, the proforma effects of the Proposed Authority 1 on Axis-REIT's substantial Unitholders' direct unitholdings in Axis-REIT are set out in **Table 2**.

The Proposed Income Distribution Reinvestment Plan (which will lead to the Proposed Authority 2 and the Proposed Increase In Fund Size 2) will increase the Units held by the substantial Unitholders if the substantial Unitholders elect to reinvest the entire Electable Portion (or part thereof) in new Units. The quantum of such increase will depend on the size of the Electable Portion, the total number of Units held by the substantial Unitholders who elect to reinvest the entire Electable Portion (or part thereof) in new Units and the issue price which will be determined by the Board on the Price-Fixing Date.

6.4 Earnings per Unit

Any issuance of new Units pursuant to the Proposed Authority 1 (which will lead to the Proposed Increase In Fund Size 1) will dilute the earnings per Unit, the quantum of which would depend on the number of new Units to be issued.

The Proposed Income Distribution Reinvestment Plan (which will lead to the Proposed Authority 2 and the Proposed Increase In Fund Size 2) will result in the earnings per Unit being diluted depending on the size of the Electable Portion, the total number of Units held by the Unitholders who elect to reinvest the entire Electable Portion (or part thereof) in new Units and the issue price which will be determined by the Board on the Price-Fixing Date. However, such reinvested amount will be retained to fund the refurbishment and/or renovation of 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 the renovation of the properties held by the Trustee is expected to enhance the future income to be generated from the said properties moving forward.

6.5 Net asset value ("NAV") per Unit and gearing

The proforma effects of the Proposed Authority 1 (which will lead to the Proposed Increase In Fund Size 1) on the NAV per Unit and gearing of the Fund based on the audited financial statements of Axis-REIT as at 31 December 2009 are set out in **Table 3**.

The Proposed Income Distribution Reinvestment Plan (which will lead to the Proposed Authority 2 and the Proposed Increase In Fund Size 2) is expected to improve the NAV per Unit and gearing of the Fund. The quantum of the increase will depend on the size of the Electable Portion, the total number of Units held by the Unitholders who elect to reinvest the entire Electable Portion (or part thereof) in new Units and the issue price which will be determined by the Board on the Price-Fixing Date.

7. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

7.1 Proposed Authority 1 and Proposed Increase In Fund Size 1

- (i) the Trustee, which was obtained on 3 January 2011;
- (ii) SC for the following:
 - (a) the issuance and listing of up to 75,180,200 new Units to be issued pursuant to the Proposed Authority 1; and

- (b) the Proposed Increase In Fund Size 1;
- (iii) Bursa Securities for the listing of and quotation for up to 75,180,200 new Units to be issued pursuant to the Proposed Authority 1, on the Main Market of Bursa Securities;
- (iv) Unitholders at a Unitholders' meeting to be convened; and
- (v) any other relevant authorities and/or parties (if required).

7.2 Proposed Income Distribution Reinvestment Plan, Proposed Authority 2 and Proposed Increase In Fund Size 2

- (i) the Trustee, which was obtained on 3 January 2011;
- (ii) SC for the following:
 - (a) the issuance and listing of such number of new Units to be issued pursuant to the Proposed Authority 2; and
 - (b) the Proposed Increase In Fund Size 2;
- (iii) Bursa Securities for the listing of and quotation for such number of new Units to be issued under the Proposed Authority 2, on the Main Market of Bursa Securities;
- (iv) Unitholders at a Unitholders' meeting to be convened; and
- (v) any other relevant authorities and/or parties (if required).

The applications to the relevant authorities are expected to be submitted within 2 months from the date of this announcement.

8. INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDERS OF THE MANAGER, MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED

8.1 Proposed Authority 1 and Proposed Increase In Fund Size 1

None of the Directors and major shareholders of the Manager, major Unitholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Authority 1 (which will lead to the Proposed Increase In Fund Size 1).

8.2 Proposed Income Distribution Reinvestment Plan, Proposed Authority 2 and Proposed Increase In Fund Size 2

None of the Directors and major shareholders of the Manager, major Unitholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Income Distribution Reinvestment Plan (which will lead to the Proposed Authority 2 and the Proposed Increase In Fund Size 2) beyond their respective entitlements as Unitholders, for which all Unitholders are entitled, subject to Section 3.3 above.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals and after careful deliberation, is of the opinion that the Proposals are in the best interest of the Fund.

10. ADVISER

The Manager has appointed Maybank IB as the adviser for the Proposals.

11. ESTIMATED TIMEFRAME FOR IMPLEMENTATION/COMPLETION

11.1 Proposed Authority 1 and Proposed Increase In Fund Size 1

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Authority 1 (which will lead to the Proposed Increase In Fund Size 1) is expected to be completed by the first half of the calendar year 2011.

11.2 Proposed Income Distribution Reinvestment Plan, Proposed Authority 2 and Proposed Increase In Fund Size 2

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Income Distribution Reinvestment Plan (which will lead to the Proposed Authority 2 and the Proposed Increase In Fund Size 2) is expected to be put in place by the first half of the calendar year 2011.

The indicative timeline for the implementation of the Proposed Income Distribution Reinvestment Plan in respect of any Income Distribution declared is set out below:

Event	Indicative timeline
Declaration of Income Distribution to which the Proposed Income Distribution Reinvestment Plan applies	T - 20 calendar days
Submission of additional listing application ("ALA") to Bursa Securities for its approval (assuming Bursa Securities takes 7 days to approve the ALA)	T - 7 calendar days
Announcement of price-fixing and Book Closure Date	T
Book Closure Date	T + 10 market days
Despatch of information memorandum and Notice of Election	T + 12 market days
Expiry Date	T + 24 market days
Issuance and allotment of new Units as well as payment of cash income distribution to the Unitholders	T + 32 market days
Listing of the new Units	T + 33 market days

This announcement is dated 9 February 2011.

Table 1: Unitholders' capital

	No. of Units
Existing as at 31 January 2011	375,901,000
Issuance of Units pursuant to the Proposed Authority 1 ⁽¹⁾	75,180,200
Enlarged Unitholders' capital	451,081,200

Note:

⁽¹⁾ Assuming the maximum number of Units are issued pursuant to the Proposed Authority 1.

Table 2: Substantial Unitholders' unitholdings

Substantial Unitholders	As at 31 January 2011		After the Proposed -----Authority 1 ⁽¹⁾-----	
	No. of Units held	%	No. of Units held	%
Employees Provident Fund Board	38,933,100	10.36	38,933,100	8.63
Tew Peng Hwee @ Teoh Peng Hwee	27,618,000	7.35	27,618,000	6.12
Alex Lee Lao	23,819,100	6.34	23,819,100	5.28
Kumpulan Wang Persaraan (Diperbadankan)	23,211,900	6.18	23,211,900	5.15

Note:

⁽¹⁾ Assuming none of the substantial Unitholders subscribe for the Units to be issued pursuant to the Proposed Authority 1.

Table 3: NAV per Unit and gearing

	-----Significant events previously announced-----						After the Proposed Authority 1 RM'000
	Audited as at 31 December 2009 RM'000	-----Completed-----		-----Yet to be completed-----		After the proposed disposal ⁽¹⁰⁾ RM'000	
		After the completed acquisition ⁽¹⁾ RM'000	After the placement RM'000	After the completed acquisitions ⁽⁶⁾ RM'000	After the proposed acquisitions ⁽⁸⁾ RM'000		
Unitholders' capital	406,854	406,854	⁽³⁾ 540,281	540,281	540,281	540,281	⁽¹⁵⁾ 717,814
Undistributed distributable income	179	179	179	179	179	⁽¹¹⁾ 943	943
Non-distributable reserve	143,324	⁽²⁾ 145,124	145,124	⁽⁷⁾ 161,531	⁽⁹⁾ 162,231	⁽¹²⁾ 161,188	161,188
NAV	550,357	552,157	685,584	701,991	702,691	702,412	879,945
Number of Units in circulation ('000)	307,081	307,081	⁽⁴⁾ 375,901	375,901	375,901	375,901	⁽¹⁶⁾ 451,081
NAV per Unit (RM)	1.7922	1.7981	1.8238	1.8675	1.8694	1.8686	1.9507
Total borrowings	308,932	⁽²⁾ 333,612	⁽⁵⁾ 200,185	⁽⁷⁾ 412,778	⁽⁹⁾ 495,278	⁽¹³⁾ 481,257	⁽¹⁷⁾ 303,724
Total assets	907,745	⁽²⁾ 934,225	934,225	⁽⁷⁾ 1,163,225	⁽⁹⁾ 1,246,425	⁽¹⁴⁾ 1,232,125	1,232,125
Gearing (%) ⁽¹⁸⁾	34.03	35.71	21.43	35.49	39.74	39.06	24.65

Notes:

Significant events previously announced

Completed

- ⁽¹⁾ After taking into account the acquisitions of 2 Seberang Prai Logistic Warehouses from IDS Logistics Services (M) Sdn Bhd, which was completed on 5 March 2010;
- ⁽²⁾ Incorporated the impact on borrowings and total assets in relation to the total purchase consideration of RM24.68 million (inclusive of expenses of RM0.43 million and fair value adjustment of RM1.80 million).
- ⁽³⁾ After taking into account 68,819,800 new Units issued under the placement at an issue price of RM1.97 per Unit and after netting-off expenses for the placement of RM2.15 million.
- ⁽⁴⁾ After taking into account 68,819,800 new Units issued under the placement, which was completed on 15 September 2010.
- ⁽⁵⁾ The entire net proceeds from the placement was utilised for the repayment of part of Axis-REIT's bank borrowings.

- (6) *After taking into account the following acquisitions:*
- (i) *Tesco Johor Bahru from Bukit Indah (Johor) Sdn Bhd, which was completed on 1 October 2010 (“**Tesco Acquisition**”);*
 - (ii) *Axis PDI Centre from Corporate Landmarks Sdn Bhd, which was completed on 15 October 2010 (“**Axis PDI Centre Acquisition**”); and*
 - (iii) *Axis Technology Centre from Dazzling Township Sdn Bhd, which was completed on 15 November 2010 (“**Axis Technology Centre Acquisition**”).*
- (7) *Incorporates the impact on borrowings and total assets in relation to the following:*
- (i) *total purchase consideration of RM76.75 million for the Tesco Acquisition (inclusive of expenses of RM1.15 million and fair value adjustment of RM8.25 million);*
 - (ii) *total purchase consideration of RM86.15 million for the Axis PDI Centre Acquisition (inclusive of expenses of RM1.15 million and fair value adjustment of RM5.854 million); and*
 - (iii) *total purchase consideration of RM49.70 million for the Axis Technology Centre Acquisition (inclusive of expenses of RM0.70 million and fair value adjustment of RM2.303 million).*

Yet to be completed

- (8) *After taking into account the proposed acquisitions of the following:*
- (i) *a portion of land identified as Plot D8, Distripark A, Pelepas Free Zone, together with a single storey industrial warehouse and 2-storey office building erected thereon, from Zone Capacity Sdn Bhd (“**Proposed Warehouse Acquisition**”), which was announced by the Board on 20 April 2010; and*
 - (ii) *a piece of freehold land located in Mukim of Dengkil, District of Sepang, State of Selangor, together with a 4-storey office building, from FSBM Holdings Berhad (“**Proposed Cyberjaya Property Acquisition**”), which was announced by the Board on 30 December 2010.*
- (9) *Incorporates the impact on borrowings and total assets in relation to the following:*
- (i) *total purchase consideration of RM30.00 million for the Proposed Warehouse Acquisition (inclusive of estimated expenses of RM0.50 million and fair value adjustment of RM0.50 million);*
 - (ii) *total purchase consideration of RM51.25 million for the Proposed Cyberjaya Property Acquisition (inclusive of estimated expenses of RM0.75 million and fair value adjustment of RM0.20 million).*
- (10) *After taking into account the proposed disposal of Axis North Port LC 1, which was announced by the Board on 17 January 2011 (“**Proposed Disposal**”).*
- (11) *After taking into account the estimated net gain on disposal of RM0.764 million (inclusive of estimated expenses of RM0.439 million and real property gains tax of RM0.040 million).*
- (12) *After taking into account the realisation of total revaluation surplus for Axis North Port LC 1 of RM1.043 million.*

- ⁽¹³⁾ Assuming the net proceeds of RM14.021 million (after netting-off estimated expenses for the Proposed Disposal of RM0.439 million and real property gains tax of RM0.040 million) from the Proposed Disposal are utilised for the repayment of part of Axis-REIT's bank borrowings.
- ⁽¹⁴⁾ Incorporates the impact on total assets in relation to the net book value of Axis North Port LC 1 of RM14.30 million.

Proposed Authority 1

- ⁽¹⁵⁾ Assuming a maximum of 75,180,200 new Units representing 20% of the existing approved fund size of Axis-REIT are issued at an issue price of RM2.40 per Unit (based on the 5-day VWAMP of the Units up to 8 February 2011 of RM2.40 per Unit, prior to the date of this announcement) and after netting-off estimated expenses for issuance of the new Units pursuant to the Proposed Authority 1 of about RM2.90 million.
- ⁽¹⁶⁾ After taking into account the maximum of 75,180,200 new Units which may be issued pursuant to the Proposed Authority 1.
- ⁽¹⁷⁾ Assuming the entire net proceeds from the issuance of new Units pursuant to the Proposed Authority 1 are utilised for the repayment of part of Axis-REIT's bank borrowings.
- ⁽¹⁸⁾ Gearing (%) is calculated based on total borrowings divided by total assets.