

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

- **PROPOSED AUTHORITY TO ALLOT AND ISSUE UP TO 90,762,819 NEW UNITS IN AXIS-REIT (“UNITS”), REPRESENTING UP TO 19.88% OF THE EXISTING ISSUED FUND SIZE OF AXIS-REIT OF 456,517,221 UNITS (“PROPOSED AUTHORITY 1”)**
 - **PROPOSED AUTHORITY TO ALLOT AND ISSUE UP TO 2,000,000 NEW UNITS FOR THE PURPOSE OF THE PAYMENT OF MANAGEMENT FEE TO AXIS REIT MANAGERS BERHAD IN THE FORM OF NEW UNITS (“PROPOSED AUTHORITY 2”)**
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(Unless otherwise stated, definitions used in this announcement shall carry the same meanings as defined in the announcement dated 14 June 2012).

- 1.1 We refer to the announcements dated 14 June 2012 and 13 September 2012 in relation to, among others, the Proposed Authority 1 and Proposed Authority 2.

On 14 June 2012, on behalf of the Board, Maybank IB announced that the Manager proposes to undertake, among others, the following:

- (i) allot and issue up to 90,762,819 new Units, representing up to 20% of the then existing issued fund size of Axis-REIT of 453,814,096 Units pursuant to Clause 14.03 of the REIT Guidelines, to facilitate AXIS-REIT in raising funds via a placement exercise.

In order to accommodate the issuance of up to 90,762,819 new Units pursuant to the Proposed Authority 1 to facilitate the Proposed Placement, the Manager proposes to increase the then existing issued fund size of Axis-REIT from 453,814,096 Units to a maximum of 544,576,915 Units; and

- (ii) allot and issue up to 2,000,000 new Units for the purpose of the payment of management fee to the Manager in the form of new Units, whereby the approval of the Unitholders in relation to the amendments to the relevant clauses in the Deed, for the payment of management fee to the Manager in the form of new Units, was obtained on 26 July 2011.

In order to accommodate the issuance of up to 2,000,000 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 the corresponding Proposed Increase In Fund Size 1, or the existing issued fund size of Axis-REIT if the Proposed Authority 1 and the corresponding Proposed Increase In Fund Size 1 are not implemented (as the case may be) by a maximum of 2,000,000 Units.

- 1.2 On 11 September 2012, 2,703,125 new Units (“**New Units**”) were allotted and issued pursuant to the IDRP which was applied to the 2012 second interim income distribution in respect of the period from 1 April 2012 to 30 June 2012 of 4.40 sen per Unit. The New Units were listed and quoted on the Main Market of Bursa Securities on 12 September 2012.

With listing of the New Units, the enlarged fund size of Axis-REIT is 456,517,221 Units

On behalf of the Board, Maybank IB wishes to announce that with the above, the number of new Units that are proposed to be issued pursuant to the Proposed Authority 1 would represent up to 19.88% of the existing issued fund size of Axis-REIT of 456,517,221 Units. In order to accommodate the issuance of up to 90,762,819 new Units pursuant to the Proposed Authority 1 to facilitate the Proposed Placement, the Manager proposes to increase the existing issued fund size of Axis-REIT from 456,517,221 Units to a maximum of 547,280,040 Units.

- 1.3 On behalf of the Manager, Maybank IB had submitted an application to the SC in relation to the Proposed Authority 1 and Proposed Authority 2 today.
- 1.4 In addition, on 14 June 2012, on behalf of the Board, Maybank IB had announced that the net proceeds from the Proposed Placement will be used to repay Axis-REIT's existing bank financing (including finance cost payable) which was taken up to finance the acquisitions of Bayan Lepas Property and Seberang Perai Property, which were completed on 17 January 2012 and 15 February 2012 respectively.

The details on the properties are set out in the table below:

<u>Details of properties</u>	<u>Vendor</u>	<u>Purchase consideration</u> RM	<u>Market value</u> RM	<u>Status</u>
<u>Bayan Lepas Property</u> 3-storey office block and a logistics warehouse complex on a parcel of industrial land identified as Pajakan Negeri 4021 Lot 12173 in Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang measuring approximately 3.083 hectares	DHL Properties (Malaysia) Sdn Bhd	48,500,000	⁽¹⁾ 49,500,000	Completed on 17 January 2012
<u>Seberang Perai Property</u> 2 parcels of contiguous industrial land identified as PN 3845 for Lot 5641 measuring approximately 54,775 square metres, and HSD 55931 for PT 4118 measuring approximately 0.0823 hectare, both in Mukim 11 District of Seberang Perai Tengah, State of Pulau Pinang built upon with industrial buildings and ancillary buildings	Apex Properties Sdn Bhd	59,000,000	⁽²⁾ 63,000,000	Completed on 15 February 2012

Notes:

⁽¹⁾ Based on the updated valuation report dated 18 July 2012 by CB Richard Ellis (Penang) Sdn Bhd ("CBRE") using the investment and comparison methods of valuation.

⁽²⁾ Based on the updated valuation report dated 19 July 2012 by CBRE using the investment and comparison methods of valuation.

- 1.5 Clause 10.12(b) of the REIT Guidelines stipulates that where a real estate (including those held by single-purpose companies) is the subject of an acquisition financed, or refinanced within 1 year, through the issuance of new units, the value of the real estate requires SC's approval.

In view of the above, on behalf of the Manager, Maybank IB had submitted an application to the SC for the approval of the value on Bayan Lepas Property and Seberang Perai Property today.

This announcement is dated 19 September 2012.