

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

PROPOSED ISSUANCE OF 242,000 NEW UNITS IN AXIS-REIT (“UNITS”) FOR THE PAYMENT OF MANAGEMENT FEE TO AXIS REIT MANAGERS BERHAD, BEING THE MANAGEMENT COMPANY OF AXIS-REIT (“MANAGER”) (“PROPOSED ISSUANCE”)

1. INTRODUCTION

On 30 April 2013, the unitholders of Axis-REIT (“**Unitholders**”) approved the following:

- (i) authority to allot and issue up to 2,000,000 new Units for the payment of management fee to the Manager in the form of new Units after taking into consideration the estimated amount of management fees to be paid to the Manager in the form of new Units within a period of two (2) to five (5) years (“**Authority**”); and
- (ii) the corresponding increase in the issued fund size of Axis-REIT by a maximum of 2,000,000 Units (“**Increase In Fund Size**”),

at the Unitholders’ meeting held on the same day.

Pursuant to Clauses 19.1(a) and (b) of the Third Principal Deed dated 28 November 2013 executed between the Manager and RHB Trustees Berhad, being the trustee for Axis REIT, constituting Axis-REIT, the Manager is entitled to receive a fee of up to a maximum of 1.00% per annum of the net asset value (“**NAV**”) of Axis-REIT, calculated on a monthly accrual basis and payable monthly in arrears.

The Authority empowers the Board of Directors of the Manager (“**Board**”) with the flexibility to allot and issue new Units at any time to the Manager for the payment of management fee, provided that, among others, the aggregate number of Units to be issued pursuant to the Authority does not exceed 2,000,000 new Units.

Further details of the Authority can be found in the Circular to the Unitholders dated 8 April 2013.

In exercising the Authority, the Board wishes to announce that Axis-REIT proposes to issue 242,000 new Units for the payment of management fee to the Manager for the month of September 2014 (“**New Units**”) at an issue price of RM3.60 per Unit.

With the Proposed Issuance, the issued fund size of Axis-REIT will increase from 463,700,098 to 463,942,098 Units and the balance of maximum number of Units that may be issued under the Authority has been reduced to 1,758,000 Units.

2. REGULATORY APPROVALS OBTAINED

The following regulatory approvals have been obtained for the Proposed Issuance:

- (i) the approval of the Securities Commission Malaysia (“**SC**”) for the issuance and listing of up to 2,000,000 new Units to be issued pursuant to the Authority, and Increase In Fund Size, which was obtained on 14 December 2012, subject to the following conditions:

<u>Conditions imposed</u>	<u>Status of compliance</u>
The Manager is required to notify the SC on the following:	To be complied
(a) the actual number of new Units to be issued and listed as part payment of management fees that are payable in Units; and	
(b) the basis of arriving at such number of new Units.	

- (ii) Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for up to 2,000,000 new Units to be issued under the Authority on the Main Market of Bursa Securities, which was obtained on 4 April 2013. Subsequently, Bursa Securities had granted an extension of time of up to 3 April 2014 to complete, among others, the authority to allot and issue up to 2,000,000 new Units, and a further extension of time of up to 3 October 2014 to complete the same, as well as another further extension of time of up to 3 April 2015 to complete the same.

3. ISSUE PRICE OF THE NEW UNITS

The Board has, on 20 October 2014 fixed the issue price of the New Units at RM3.60 per Unit. The issue price of the New Units of RM3.60 per Unit is equivalent to the ten (10)-day volume weighted average market price of the Units up to and including 30 September 2014.

4. RANKING OF THE NEW UNITS

The New Units 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, made or paid before the date of allotment and issue of the New Units.

5. INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDER OF THE MANAGER, MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the following persons:

- (i) Dato’ Abas Carl Gunnar bin Abdullah, Tew Peng Hwee @ Teoh Peng Hwee and Alex Lee Lao (who are Directors and the ultimate major shareholders of the Manager); and
- (ii) Alvin Dim Lao, Datin Ka Ya-Shih (*also known as Datin Kuyas Emiloglu*), Dean Lee Lao, John Lee Lao, Tan Siew Geok, Lao, Yin Yong Lee, Leon Lee Lao, Amanda Tan Myhre and Jancis Anne Que Lao (who are persons connected to those named in (i) above),

none of the directors and major shareholder of the Manager, and major Unitholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Issuance.

This announcement is dated 20 October 2014.