

AXIS REAL ESTATE INVESTMENT TRUST

GENERAL ANNOUNCEMENT:

PROPOSED ACQUISITION AND LEASEBACK BY AXIS REAL ESTATE INVESTMENT TRUST (“Axis-REIT” OR THE “FUND”) OF AN INDUSTRIAL FACILITY ERECTED ON SEVEN (7) PARCELS OF LEASEHOLD LAND ALL LOCATED AT JALAN PELABUHAN UTARA, BANDAR SULTAN SULEIMAN, 42000 PELABUHAN KLANG, SELANGOR (“THE PROPERTY”) FROM HAI SAN & SONS SDN BHD (“HSS”) AND HAI SAN HOLDINGS SDN BHD (“HSH”), BOTH WHOLLY-OWNED SUBSIDIARIES OF HAISAN RESOURCES BERHAD (“HRB”) FOR A TOTAL LUMP SUM CASH CONSIDERATION OF RM46 MILLION (“PROPOSED ACQUISITION AND LEASEBACK OF THE PROPERTY”)

1. INTRODUCTION

The Board of Directors (“Board”) of Axis REIT Managers Berhad (“ARMB” or “the Manager”), the management company of Axis-REIT, wishes to announce that the Manager, for and on behalf of RHB Trustees Berhad (“RHB” or “Trustee”), the trustee for Axis-REIT, has offered to acquire and HRB, has on behalf of HSS and HSH, accepted the Letter of Offer in relation to the Proposed Acquisition and Leaseback of the Property, details of which are as follows:

1.1 Proposed Acquisition and Leaseback of the Property

Axis-REIT proposes to acquire the Property for a total lump sum cash consideration of RM46 million from HSS and HSH.

The purchase of the Property is conditional upon obtaining a valuation from an independent valuer registered with the Securities Commission Malaysia supporting the valuation as indicated above.

The Property is to be acquired free from encumbrances but subject to the terms and conditions to be negotiated and finalized in the sale and purchase agreement to be entered into between RHB, HSS and HSH. (“SPA”).

1.2 Information on the Property

The Property is located on the southern side of Jalan Pelabuhan Utara, within Port Klang, Selangor Darul Ehsan. The Property is accessible from various parts of Klang Valley via Jalan Pelabuhan Utara, Shahpadu Highway and the North Klang Straits Bypass which will lead to the New Klang Valley Expressway.

Land Title Details and Particulars: PN 4390 (LOT NO 15728)
PT 506/HSD 23023 (LOT NO 18491)
PT 507/HSD 5848 (LOT NO 15730)
PT 9998/HSM 11745
PT 73156/HSM 32120 (LOT NO 101)
PT 73157/HSM 32121 (LOT NO 102)
PT 73158/HSM 32122 (LOT NO 103)
Mukim Klang, District of Klang, State of Selangor

Postal Address: Lot 506, Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor Darul Ehsan

Tenure: Leasehold

Category of Land use: "Perusahaan/Perindustrian"

2. DETAILS OF THE PROPOSED ACQUISITION AND LEASEBACK OF THE PROPERTY

2.1 Salient terms and conditions of the Proposed Acquisition and Leaseback of the Property

The total lump sum cash consideration for the Property of RM46 million ("Purchase Price") is payable in the following manner:-

- (i) A total sum of RM920,000 being the equivalent of 2% of the Purchase Price being the refundable earnest deposit to be paid by RHB to RHB's solicitors as stakeholders upon acceptance of the letter of offer.

Upon payment of the earnest deposit HSS and HSH will not enter into any negotiation to sell the Property to any third parties for the said Period (as defined herein).

Notwithstanding the acceptance of the Letter of Offer, the stakeholders shall refund the earnest deposit within seven (7) days from a written notification from RHB in the event of any of the following :

- a. the approval by the Board of ARMB and/or the Trustee of Axis-REIT and/or Bursa Malaysia Securities Berhad ("Bursa Securities") and/or the Securities Commission Malaysia and/or any other relevant authorities, as the case may be, cannot be obtained within three (3) months from the date the complete set of the due diligence documents are forwarded to us ("**said Period**"); or
 - b. the terms and conditions of the SPA cannot be mutually agreed between the parties within the said Period, or
 - c. the outcome of the financial, valuation, building and legal due diligence of the Property and the existing tenancies and/or leases of the Property (if applicable), to be completed within the said Period, is not acceptable to the Board of ARMB and/or Trustee of Axis-REIT, as the case may be, for any reason whatsoever.
- (ii) A total sum of RM3,680,000 being the equivalent of 8% of the Purchase Price shall be paid by RHB to RHB's solicitors as stakeholders on the date of signing of the SPA;
 - (iii) A total sum of RM41,400,000 being the balance of the purchase price shall be paid within thirty (30) days upon all the conditions precedent stated in the SPA being met.

2.2 Conditions of the Proposed Acquisition and Leaseback of the Property

The Letter of Offer and the SPA will be subject to the following:

- (i) The successful execution of a lease agreement with HRB :

- Initial period of lease of 15 years with an option to renew for 15 more years making a total of 30 year lease;
- HRB will pay an initial rent of RM336,670.50 per month for the first 3-year term of the Initial Period;
- For the rent revision for the second, third, fourth and fifth 3-year terms (years 4-6, 7-9 10-12 and 13-15) of the Initial Period, HRB will agree to an 8% increase in rent for the second term and a 10% increase in rent for each of the 3-year terms thereafter.

For the avoidance of doubt, the monthly rental for the following years of the Initial Period :

Years 4-6	:	RM363,604.10
Years 7-9	:	RM399,964.55
Years 10-12	:	RM439,961.00
Years 13-15	:	RM483,957.10

- In the event RHB intends to sell the Property during the Initial Period or any renewal period thereof, HRB will be given a first right of refusal to purchase the Property upon terms to be mutually agreed upon within fourteen (14) days of written notification by RHB.
 - A 6-month rental deposit equivalent to RM2,020,023.00 and one month rent in advance of RM336,670.50 is to be paid to RHB prior to the commencement of the lease, another 6-month rental deposit equivalent to RM2,020,023.00 to be paid to RHB within 3 months of signing of the SPA. This rental deposit to be reduced to a 6-month rental deposit equivalent to RM2,181,624.80 on the 6th year onwards subject to HRB having complied with all its obligations under the lease agreement, especially the prompt payment of the monthly rental on or before the 7th day of each calendar month, for the first 5 years of the lease period provided therein .
 - HRB will be permitted to sub-let/sub-lease part of the Property to its existing tenants at the commencement of the lease period.
 - Axis-REIT to be responsible for insurance coverage for the Property (for fire or other risks deemed expedient by the lessor) only.
 - HRB will be responsible for the entire upkeep, maintenance, repairs, replacement (whether arising from routine maintenance and/or normal wear and tear) of the Property without any recourse nor contribution from the lessor for the whole duration of lease. For avoidance of doubt, the obligations of HRB shall extend to the upkeep, maintenance and repairs of all structural repairs, procuring all required licenses and Bomba certificates, Quit Rent and Assessment and all other outgoings attributable to the Property.
- (ii) The approval and extension of the current leasehold term of the Property to a minimum of 60 years unexpired lease from year 2015 or approval of the extension, whichever date is the later, for Lot No 15728, PT506 (Lot No 18491) and PT507 (Lot No 15730). HRB will be responsible for all premiums, levy and all other costs to be incurred for the purposes of extending the tenure of the leasehold period as aforesaid.
- (iii) HRB is responsible to ensure that there are approved plans for all buildings and structures comprising the Property (including approvals for all non-

permissible buildings or structures having been obtained) and the same being issued with the relevant Certificate of Fitness/Certificate of Completion and Compliance

- (iv) There shall be no existing surviving contract or agreement affecting the Property and all current and existing contracts in respect of any sale agreement, leases, tenancies and/or other forms of legally binding contract being terminated without any claims, rights or interests against neither HRB nor the Property subject to the right of HRB to sub-lease or sub-let as provided in sub-para (i) above.
- (v) The consent from the relevant state authority being obtained for the transfer of the Property to Axis-REIT.
- (vi) Such other conditions precedent that may be advised by RHB's appointed solicitors from time to time after the completion of the due diligence exercise but prior to the execution of the SPA.

2.3 SPA

Parties shall immediately from the acceptance of the Letter of Offer proceed to negotiate and mutually agree on all the terms and conditions of the SPA.

3. INFORMATION ON THE VENDOR

HRB was incorporated in Malaysia under the Companies Act, 1965 on 27 December 1999 under the name of HS Capital Sdn Bhd. It was converted into a public limited company on 21 February 2000 under the name of HS Capital Bhd. It assumed its present name on 25 September 2000 and was listed on 16 January 2001 on the Second Board of Kuala Lumpur Stock Exchange (*currently known as the Main Market of Bursa Malaysia Securities Berhad*).

The authorised share capital of HRB is RM250,000,000 comprising 5,000,000,000 ordinary shares of RM0.05 each and the issued and paid-up capital of HRB is RM6,027,045 comprising 120,540,900 ordinary shares of RM0.05 each.

HRB is principally engaged in investment holding and provision of management services to its subsidiaries. Its subsidiaries are principally engaged in three (3) main business segments, i.e. Temperature-Controlled Logistics, Engineering and Ice Manufacturing.

The board of directors of HRB as at the date of this announcement is as follows:

- (i) Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin
- (ii) Tengku Makram Bin Tengku Ariff
- (iii) Ong Chin Yet
- (iv) Ong Chin Cheong
- (v) Ir. Kamarudin Bin Md Derom
- (vi) Chua Boon Leong
- (vii) Dato' Seri Tengku Baharuddin Ibni Almarhum Sultan Mahmud Al Muktafi Billah Shah
- (viii) Azman Bin Che Onn
- (ix) Maj (R) Mahmood Kamsani Bin Mustapha

4. ESTIMATED TIMEFRAME FOR SPA TO BE EXECUTED

Subject to all terms being mutually agreed between the parties, and the other conditions stipulated in Section 2.1(i) above having been fulfilled within the said Period, the parties shall proceed with the execution of the SPA within fourteen (14) days thereafter.

Further details will be announced when the SPA is executed.

5. DOCUMENTS FOR INSPECTION

The Letter of Offer will be available for inspection at the registered office of ARMB at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur or the place of business of RHB at 6th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur during normal office hours from Monday to Friday (except on public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 22 June 2015.