

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

- (I) PROPOSED LEASE OF APPROXIMATELY 7.02 ACRES OF VACANT LAND IN SUBANG FORMING PART OF A FREEHOLD LAND (“MASTER LAND”) BY RHB TRUSTEES BERHAD FROM MALAYSIA AIRPORTS HOLDINGS BERHAD (“PROJECT LAND”); AND
  - (II) PROPOSED DEVELOPMENT OF A SINGLE-STOREY MANUFACTURING PLANT CUM OFFICE BUILDING WITH A GROSS BUILT-UP AREA OF APPROXIMATELY 178,978.60 SQUARE FEET INCLUSIVE OF ANCILLARY BUILDINGS AND EXTERNAL ELEMENTS, TO BE CONSTRUCTED ON THE PROJECT LAND
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*(Capitalised terms used in this announcement shall have the same meanings as those used in the announcement dated 1 November 2017, unless otherwise stated)*

### 1. INTRODUCTION

We refer to the announcement dated 1 November 2017 in relation to the Proposals (“**First Announcement**”).

On behalf of the Board of Directors of the Manager, Maybank Investment Bank Berhad wishes to announce that on 10 November 2017, the Trustee has, on behalf of Axis-REIT, entered into the Agreement to Build & Lease with Upeca.

The Trustee has, on behalf of Axis-REIT, also on even date executed in escrow the Upeca Sub-Lease Agreement and deposited the same with the Trustee’s solicitors to be held as stakeholders. The Trustee’s solicitors are duly authorised by the parties to put into effect the Upeca Sub-Lease Agreement by inserting the commencement date for the Upeca Sub-Lease Agreement as the Final Handover Date (as defined in Section 2(ii)(b) below).

### 2. SALIENT TERMS OF THE AGREEMENT TO BUILD & LEASE

The Agreement to Build & Lease contains the salient terms in the Letter of Offer and Supplemental Letter of Offer as disclosed in the First Announcement and further incorporates the following:

#### (i) Key Milestones and Delay and Extension of Time:

In addition to the events previously agreed in the Letter of Offer, the major milestones and timeline shall be subject to variation in the event of any of the following:

- (a) any delay in the fulfilment of the conditions precedent under the MAHB Land Lease Agreement beyond 31 December 2017 for any reasons whatsoever provided that such delay is not due to the default, negligence and/or wilful omissions on the part of the Trustee;
- (b) any delay by MAHB in delivering a list of infrastructure set out in the “*Kebenaran Merancang Di Bawah Peruntukan Seksyen 22, Akta Perancangan Bandar dan Desa 1976 (Akta 172)*” issued by the Majlis Bandaraya Shah Alam 6 April 2017 (“**KM**”) in accordance with the terms of the MAHB Land Lease Agreement exceeding the end of July 2018 deadline for any reasons whatsoever; and

- (c) any delay by MAHB in complying with its obligations in the MAHB Land Lease Agreement that is confirmed in writing by the architect appointed by the Trustee for the construction of the Facility, will have a direct and/or indirect impact in delaying the progress of the commencement, construction and completion of the Demised Premises, including but not limited to delay in execution of the applications for KM for the development of the Facility, the submissions of layout and building plans to the appropriate authorities and/or the applications of the approvals for the commencement and/or completion of the development of the Facility.

(ii) **Handover:**

The Handover (as set out in the Letter of Offer) is further clarified as the date for handing over vacant possession of the Facility by the Trustee to Upeca, which may be effected in 2 phases as follows:

- (a) First Phase – upon the issuance of the Certificate of Practical Completion by the consultant (“**First Handover Date**”);
- (b) Second Phase – upon issuance of the CCC for the Facility by the consultant (“**Final Handover Date**”),

provided that Upeca shall have prior executed the Upeca Sub-Lease Agreement and paid all the security deposit, utilities deposit and advance rental in accordance with the terms of the Upeca Sub-Lease Agreement.

In this regard, the parties target the Final Handover Date to be on or before 15 December 2018 or such extended date as may be mutually agreed by the parties or as otherwise provided, as the case may be (“**Cut-Off Date**”).

(iii) **Variations:**

- (a) Upeca may from time to time after the submission of the application for building plan approval by the Trustee, request the Trustee to vary or modify the Upeca’s Specifications and/or the building plans (each a “**Variation**”) by issuing a written notice to the Trustee describing in detail the Variation requested for and in the form more particularly set out the Agreement to Build & Lease. Notwithstanding any other provisions in the Agreement to Build & Lease, the right of Upeca to request for such Variation shall be subject to the following conditions:
  - (a) if the Variation results in or is likely to result in additional costs of the construction then, the Trustee shall be entitled to vary the rates of the rent taking into account the costs of such Variation; and
  - (b) if the Trustee is of the opinion that the issuance of the CCC and/or the First Handover Date and Final Handover Date and/or the vacant possession date and/or the key milestones, as the case may be, shall be or is likely to be delayed by any of the Variations requested by Upeca, the Trustee shall inform Upeca accordingly in writing and if notwithstanding having been informed in writing by the Trustee of foreseeable delay Upeca still elects to effect the desired Variation, the provision of Clause 7.5 of the Agreement to Build & Lease will apply.

Clause 7.5 of the Agreement to Build & Lease provides that in the event of an amendment, variation or modification to Upeca's Specifications pursuant to the Agreement to Build & Lease, the relevant key milestones and/or the Cut-Off Date shall be extended for the amount of time as may be mutually agreed between the parties upon advice of the parties' respective consultants and having regards to the nature and extent of such variation of Upeca's Specifications provided always that where the amendments, variations or modifications to Upeca's Specifications are required by the appropriate authorities, the Trustee shall, within 2 days from the Trustee's receipt of any notice from the appropriate authorities requiring the Trustee to incorporate the amendment, variation or modification to Upeca's Specifications, inform Upeca in writing of such notice and the extension of time shall be the period duly certified by the consultants having regard to the nature and extent of such variation of Upeca's Specifications required by the appropriate authorities.

- (iv) **Force Majeure:** If during the construction period and prior to the Final Handover Date any force majeure events shall occur which shall hamper, prevent or obstruct a party from completing its obligations under the Agreement to Build & Lease, the time for delivery or completion of a particular obligation shall be extended for such number of days of delay caused by the force majeure event(s) to enable the party to attend to and complete the outstanding obligation that was disrupted as a result of the force majeure event(s). The party who is unable to comply with its obligations under the Agreement to Build & Lease (or any part thereof) as a direct result of such force majeure events shall inform the other party of such occurrence in writing and provide them with relevant supporting information or documentation accordingly.

Where the Force Majeure Event(s):

- (a) continues for a continuous period of 6 months from the first occurrence of the Force Majeure Event(s); and/or
- (b) results in the Final Handover Date being delayed for more than 6 months from the Cut-Off Date,

either of the parties shall be entitled to terminate the Agreement to Build & Lease with no charges and/or penalty by giving written notice to the other party whereupon such termination, the Trustee shall refund and/or return to Upeca, free of interest, the security deposit and utilities deposit together with any other payments due to Upeca, in exchange for Upeca's compliance with Clauses 13.2(b)(ii) and (iii) of the Agreement to Build & Lease, which provides for Upeca to:

- to redeliver vacant possession of the Demised Premises to the Trustee in accordance with its covenants in the Agreement to Build & Lease and under the Upeca Sub-Lease Agreement in the state and condition in which it was in when delivered to Upeca, fair wear and tear accepted (if vacant possession has been delivered prior to the occurrence of such Force Majeure Event); and
- withdraw any encumbrances (including any private caveat and/or registered sub-lease and/or endorsement of notice on title) that may have been created by the Trustee on the Project Land and/or the Demised Premises, as the case may be.

Thereafter, neither party shall have any further claims against the other party arising under the Agreement to Build & Lease save for earlier breaches.

**3. PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposals pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is approximately 5.32% based on the aggregate value of the consideration given in relation to the Proposals compared with the net assets of Axis-REIT as at 31 December 2016.

**4. DOCUMENT AVAILABLE FOR INSPECTION**

The Agreement to Build & Lease, including the form of the Lease Agreement as annexed to the Agreement to Build & Lease, is available for inspection at the registered office of the Manager at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business hours from Mondays to Fridays (except for public holidays) for a period of 3 months from the date of this announcement.

**This announcement is dated 10 November 2017.**