REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted under the laws of Malaysia)

SUMMARY OF MINUTES OF EIGHTH ANNUAL GENERAL MEETING ("AGM" or "Meeting") OF AXIS REAL ESTATE INVESTMENT TRUST ("Axis-REIT" or "Fund") HELD ON A FULLY VIRTUAL BASIS AT THE BROADCAST VENUE AT BOARDROOM, PENTHOUSE, MENARA AXIS, NO. 2, JALAN 51A/223, 46100 PETALING JAYA, SELANGOR DARUL EHSAN ON WEDNESDAY, 17 JUNE 2020 AT 10.00 A.M.

Present:

<u>Directors* (at the broadcast venue):</u>
Tew Peng Hwee @ Teoh Peng Hwee (Chairman of the Meeting)
(Non-Independent Non-Executive Director)
Leong Kit May *(Chief Executive Officer/ Executive Director)*

<u>Management Team* (at the broadcast venue):</u>
Nikki Ng Choy Tip *(Chief Financial Officer)*
Rebecca Leong Siew Kwan *(Company Secretary)*

<u>Directors* (via video-conferencing):</u>
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin
(Independent Non-Executive Chairman)
Dato' Abas Carl Gunnar Bin Abdullah *(Executive Deputy Chairman)*
Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor
(Independent Non-Executive Director)
Mohd Sharif Bin Haji Yusof *(Senior Independent Non-Executive Director)*
Alvin Dim Lao *(Non-Independent Non-Executive Director)*

Others as per attendance records

** Referring to Directors and Management Team of Axis REIT Managers Berhad, the management company of Axis-REIT*

1. <u>SUMMARY OF AGM AND KEY MATTERS DISCUSSED</u>

The AGM was called to order by the Chairman of the Meeting at 10.00 a.m. upon the confirmation of the presence of a quorum by the Secretary.

The Unitholders and proxies, attending the AGM via the remote participation and voting ("RPV") facility provided by Boardroom Share Registrars Sdn Bhd, were informed that the voting at the Meeting would be by poll in line with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The following is the extract of the Minutes of the AGM on the businesses transacted and resolutions passed at the Meeting, including the key matters discussed (under the question and answer session):

ORDINARY BUSINESS: AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ("FYE2019") TOGETHER WITH THE REPORTS ATTACHED THEREON

The Audited Financial Statements ("AFS") of Axis-REIT for FYE2019 and the Reports attached thereon were tabled and laid before the Meeting.

In view that the first item on the Agenda was only meant for discussion and shall not be put forward for voting, the Chairman declared that the AFS of Axis-REIT for FYE2019 together with the Reports of the Directors and Auditors thereon, be received.

The Chairman then proceeded to the next 2 items on the Agenda under Special Business.

SPECIAL BUSINESS: ORDINARY RESOLUTION NO. 1

PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE NEW UNITS IN AXIS-REIT ("UNITS") OF UP TO 20% OF THE TOTAL NUMBER OF UNITS ISSUED IN AXIS-REIT, TO FACILITATE A PLACEMENT EXERCISE ("PROPOSED RENEWAL OF AUTHORITY")

The Ordinary Resolution No. 1 was as follows:

> *"**THAT** pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and subject to requisite approvals being obtained, approval be hereby given to the Directors of Axis REIT Managers Berhad ("Manager") to allot and issue new Units, to facilitate Axis-REIT in raising funds via a placement exercise ("Proposed Placement"), at any time to any such persons, upon such terms and conditions as they may, in their absolute discretion, deem fit and in the best interest of Axis-REIT, provided that the aggregate number of new Units to be issued pursuant to this resolution, when aggregated with the number of Units issued during the preceding 12 months, does not exceed 20% of the total number of Units issued in Axis-REIT;*
>
> ***THAT** such authority, once renewed, shall continue to be in force until:*
>
> *(i) the conclusion of the next AGM of Axis-REIT following this AGM where the Proposed Renewal of Authority is passed, at which time the authority will lapse, unless by a resolution passed by the Unitholders at that AGM, such authority is renewed; or*
> *(ii) the Proposed Renewal of Authority is revoked or varied by a resolution passed by the Unitholders at a Unitholders' meeting,*
>
> *whichever is the earliest;*
>
> ***THAT** such new Units to be issued under the Proposed Placement ("Placement Units") shall, upon allotment and issue, rank equally in all respects with the Units already in existence except that the Placement Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distribution that may be declared, made or paid before the date of allotment and issue of the Placement Units;*

> ***AND THAT*** *authority be and is hereby given to the Directors of the Manager and RHB Trustees Berhad ("Trustee") (acting for and on behalf of Axis-REIT), to give effect to the Proposed Renewal of Authority including but not limited to the creation of the requisite new Units and with full powers to assent to any condition, modification, variation, arrangement and/or amendment in relation to the Proposed Renewal of Authority as they may deem fit in the best interest of Axis-REIT and/or as may be imposed by the relevant authorities* ***AND FURTHER THAT*** *the Directors of the Manager and the Trustee (acting for and on behalf of Axis-REIT), are to implement, finalise, complete and do all such acts and things (including executing such documents as may be required) in relation to the Proposed Renewal of Authority."*

The Chairman again informed the Meeting that the question and answer session would be conducted upon the tabling of all the motions as set out in the Notice of AGM.

The Chairman then proceeded to the final special business on the Agenda.

<u>SPECIAL BUSINESS: ORDINARY RESOLUTION NO. 2</u>

PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE UP TO 131,344,468 NEW UNITS IN AXIS-REIT FOR THE PURPOSE OF THE INCOME DISTRIBUTION REINVESTMENT PLAN ("IDRP") THAT PROVIDES THE UNITHOLDERS OF AXIS-REIT THE OPTION TO REINVEST THEIR INCOME DISTRIBUTION IN NEW UNITS ("PROPOSED RENEWAL OF IDRP AUTHORITY")

The Ordinary Resolution No. 2 was as follows:

> *"**THAT** pursuant to the approval from the Unitholders obtained on 21 August 2015 for, among others, the renewal of the authority to allot and issue new Units for the purpose of the IDRP, approval be and is hereby given for the renewal of the authority for the Board to allot and issue new Units from time to time pursuant to the IDRP upon such terms and conditions as they may, in their absolute discretion, deem fit and in the best interest of Axis-REIT, provided that the aggregate number of the new Units to be issued pursuant to this resolution does not exceed 131,344,468 new Units;*
>
> ***THAT*** *such authority, once renewed, shall continue to be in force until:*
>
> *(i) the conclusion of the next AGM of Axis-REIT following this AGM where the Proposed Renewal of IDRP Authority is passed, at which time the authority will lapse, unless by a resolution passed by the Unitholders at that AGM, such authority is renewed; or*
> *(ii) the Proposed Renewal of IDRP Authority is revoked or varied by a resolution passed by the Unitholders at a Unitholders' meeting,*
>
> *whichever is the earliest;*
>
> ***THAT*** *such new Units to be issued under the Proposed Renewal of IDRP Authority shall, upon allotment and issue, rank equally in all respects with the Units already in existence except that the Units will not be entitled to any distributable income, right, benefit,*

entitlement and/or any other distribution that may be declared, made or paid before the date of allotment and issue of such Units;

***AND THAT** authority be and is hereby given to the Directors of the Manager and the Trustee (acting for and on behalf of Axis-REIT), to give effect to the Proposed Renewal of IDRP Authority including but not limited to the creation of the requisite new Units and with full powers to assent to any condition, modification, variation, arrangement and/or amendment in relation to the Proposed Renewal of IDRP Authority as they may deem fit in the best interest of Axis-REIT and/or as may be imposed by the relevant authorities **AND FURTHER THAT** the Directors of the Manager and the Trustee (acting for and on behalf of Axis-REIT), are to implement, finalise, complete and do all such acts and things (including executing such documents as may be required) in relation to the Proposed Renewal of IDRP Authority."*

QUESTION AND ANSWER SESSION

The answers and clarifications were provided by the CEO and the CFO accordingly, in response to the following questions received:

(i) Impact of COVID-19 on Axis-REIT and its Distribution per Unit.

While the pandemic impact on operations and financials had been manageable thus far, however if prolonged, this may impact Axis-REIT's performance for the rest of the year. Moreover, Axis-REIT's portfolio of 10 million square feet spread over 51 properties has a weighted average lease expiry of 6 years' secured tenancies and leases which will provide stability to the Fund.

During the MCO period, the Manager closely collaborated with the tenants to provide the necessary support wherever possible including waiver of seasonal carpark charges.

At the same time, the Manager is committed to ensure the sustainability of Axis-REIT's Earnings per Unit and Distribution per Unit payouts to the Unitholders while continuing its long term value creation via organic growth of the portfolio, acquisition of good properties, greenfield built-to-lease development and on-going asset enhancement strategies.

(ii) Will Axis-REIT be undertaking an IDRP to conserve cash during this downturn?

The IDRP has been in force since year 2012 and the Manager has consistently been rolling out the IDRP at least once a year. The rationale for the IDRP is to enable the Unitholders to have an option to invest their cash distribution in new units at an attractive discount rate while allowing Axis-REIT to conserve cash for the capital expenditure purposes. Therefore, Axis-REIT will continue to undertake the IDRP for the current year.

(iii) The impact of COVID-19 on the 5 proposed acquisitions in the pipeline.

The MCO and Conditional MCO periods had caused some delay in the proposed acquisitions. 1 out of the 5 proposed acquisitions which is known as D37c Logistics

Warehouse had been completed on 9 June 2020. The Manager is now actively working on the balance of 4 proposed acquisitions.

(iv) Lease expiry and early termination to date for year 2020.

From the total 1.68 million of space expiring in 2020, the Manager had renewed up to 48% of the space and it is currently working on the balance of 52%.

On the matter of early termination in year 2020, there are 2 tenants that had early terminated their leases which represented less than 0.1% of the total rental income of Axis-REIT. The Manager is pursuing legal action on the unexpired lease period.

(v) Financing rate and any plans to restructure the existing financing arrangement to bring down the effective profit rate.

The profit rate of 4.17% is an average profit rate including long term financing like Sukuk and Term Financing. Out of the total financing of RM935 million, the 7-year Sukuk amounting to RM70 million is maturing in August 2020 and Axis-REIT intends to redeem it with the available short term financing. Given the current low interest rate environment, the redemption of 7-year Sukuk with the revolving credit facilities will result in the interest saving for the Fund and ultimately, the effective profit rate will be further lowered.

(vi) On what basis will the General Mandate be implemented?

The rationale for the general mandate is to raise equity for the Fund to further pare down the short term financing and leveraging up to allow the Fund to purchase more yield-accretive assets going forward. The placement exercise will be implemented whenever the Fund anticipates that the gearing is more than 40% as part of the Manager's capital management strategy.

(vii) What is the lease incentive adjustment in the financial statement, under Note 12 of the Notes to the Financial Statements?

The accounting standards require rental income from the lease agreement to be recognised on a straight line method over the lease term.

The lease incentive adjustment relates to incentives given to the tenants such as rent free. This is consistent with the recognition of rental income and lease incentives are also required to be recognised evenly on a straight-line basis over the lease term. The lease incentive adjustment line shows the difference between the amount of actual rental income billed and the rental income amount that is required to be recognised based on the straight-line method in accordance with the accounting standards.

(viii) Effect arising from the Overnight Policy Rate ("OPR") cut by 25 basis points on the financing cost of Axis-REIT.

With the OPR cut by 25 basis points, there would be interest cost savings to the Fund.

(ix) Impact on the property rental collection of Axis-REIT during the MCO.

The rental collection of Axis-REIT encountered a slight delay in the collection period that had prolonged to 12 days as at 31 March 2020, compared to 7 days as at 31 December 2019.

(x) The benefits of softened property market and reduced interest rates to the Unitholders.

With Bank Negara Malaysia having slashed the OPR by 3 times until May 2020 for a cumulative of 100 basis point, the Fund was able to achieve better cash flow management taking advantage of the OPR cut.

(xi) Door gift and e-vouchers.

There has been no door gift given to the Unitholders for Axis-REIT's AGM and Unitholders' meetings since year 2016. As Axis-REIT distributes almost 100% of its income to the Unitholders, the saving from the door gift will ultimately translates back as an income distribution in the hand of Unitholders.

(xii) The reason for Axis-REIT to conduct fully virtual AGM but not hybrid AGM and whether Axis-REIT will continue to conduct the AGM on a fully virtual basis next year.

The current pandemic situation had necessitated the decision to conduct the AGM on a fully virtual basis where there is a need to observe the standard operating procedures of social distancing and limitation of mass gathering. By going fully virtual for this AGM, the cost was relatively lower by 20% as compared to holding a physical meeting which was practiced in the past. Hybrid meeting involves both the online platform and physical venue which will mean higher cost and there is still limitation on the number of Unitholders allowed to come in person. Virtual AGM has no limitation on the number of Unitholders to log in and attend and the Unitholders may do so in the comfort of their location.

The Management is currently assessing the effectiveness of a virtual meeting especially in the areas of interaction with the Unitholders before deciding the best method for Axis-REIT's future meetings.

The Chairman then announced the closure of the question and answer session and informed that Unitholders' whose questions were not addressed at the Meeting would receive electronic mail response from the Manager soonest as practicable.

2. RESULTS OF THE POLL AND CLOSURE OF MEETING

Boardroom Share Registrars Sdn Bhd was the Poll Administrator who administered the RPV facility and KPMG PLT was the Scrutineers who verified the poll results at the AGM.

The finalised and verified poll results in respect of all the Ordinary Resolutions tabled were as follows:

Resolution	**Vote For**		**Vote Against**	
	No. of Units	**%**	**No. of Units**	**%**
Ordinary Resolution No. 1 Proposed Renewal of Authority	810,915,852	96.7803	26,977,896	3.2197
Ordinary Resolution No. 2 Proposed Renewal of IDRP Authority	980,517,273	99.9992	8,031	0.0008

The Chairman declared that both the Ordinary Resolutions were duly carried.

The AGM was closed at 11.03 a.m.

[END]