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

SUMMARY OF MINUTES OF NINTH 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, 28 APRIL 2021 AT 10.00 A.M. (MALAYSIA TIME)

Present:

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

Management Team* (at the broadcast venue):
Nikki Ng Choy Tip *(Chief Financial Officer)*
Rebecca Leong Siew Kwan *(Company Secretary & Head of Compliance)*

Directors* (via video-conferencing):
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)*
Alex Lee Lao *(Alternate Director)*
Maxine Teoh Sui Vern *(Alternate Director)*

Others as per attendance records

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

1. SUMMARY OF AGM AND KEY MATTERS DISCUSSED

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 2020 ("FYE2020") TOGETHER WITH THE REPORTS ATTACHED THEREON

The Audited Financial Statements ("AFS") of Axis-REIT for FYE2020 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 FYE2020 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 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, including such number of new Units to be issued pursuant to the IDRP in conjunction with the final income distribution for the period from 1 October 2020 to 31 December 2020 which was declared on 20 January 2021;*

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."*

<u>QUESTION AND ANSWER SESSION</u>

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

(i) Challenges/concerns faced by Axis-REIT since the start of the Movement Control Order ("MCO").

The MCO that started in mid-March 2020, had posed significant challenges to businesses especially those whose businesses fall under the non-essential category.

Businesses which were in essential services, for example, warehousing/logistics and manufacturing of essential consumer products, basically unaffected but those which were in non-essential services had experienced disruption in their business activities during the MCO in mid–March 2020. At the start of the MCO, 50% of the tenants were operating as they were in essential services. The percentage increased from 50% to 70% in the following 2-3 weeks as some tenants managed to obtain the authority's approval to operate. By the time the Conditional MCO implemented on 4 May 2020, all of Axis-REIT's tenants were already operational.

The greatest challenge to the Manager was balancing between managing the tenants' demands and expectations during the MCO period while at the same time ensuring that the interests of Axis-REIT's Unitholders were protected. The Manager closely collaborated with the tenants to provide the necessary support where possible for instance the waivers of seasonal carpark charges were granted to tenants of office buildings. For those tenants who were in non-essential services, the Fund offered the option to defer April 2020 rental to be payable in May 2020 and June 2020 respectively. Even with the rental deferment being implemented, Axis-REIT had successfully collected close to 100% of the total rentals due in the second quarter of 2020 before the payment of the second interim income distribution of Axis-REIT in August 2020.

The other concern to the Fund as landlord, was to ensure its buildings were in compliance with the standard operating procedures ("SOP") introduced by the authorities so that the safety of all tenants were safeguarded at all times.

(ii) Outlook for 2021.

The COVID-19 has brought upon lots of challenges to the global economy. Due to the strong balance sheet and the solid portfolio of Axis-REIT, the Fund was more resilient as more than 90% of its properties are under industrial sector with long term leases.

The e-commerce related segments were one of the more thriving businesses during this pandemic as more chose to buy online. This pandemic has accelerated the e-commerce growth in the last one year and the Manager believed that this trend would continue to drive the attractiveness of the industrial real estate.

The current market also provides a buying opportunity to Axis-REIT to continue to grow the portfolio with good quality properties. Axis-REIT, had in FYE2020 completed 5 acquisition of properties worth RM258 million and in early this year, Axis-REIT further completed 4 more acquisitions worth RM148 million. The Manager is presently working on a few more acquisition of properties to be added to the portfolio of Axis-REIT.

(iii) There is a tax expense of RM507,000 in the AFS for the FYE2020. What is this tax expense since the REIT is supposed to be tax exempted?

A listed REIT in Malaysia is exempted from paying tax provided that the fund distributes at least 90% of its total income to Unitholders.

The RM507,000 tax expense recorded in the AFS was merely a provision for deferred tax on the Real Property Gains Tax exposure on the fair value gain on the investment properties. This amount was unrealised and the income distribution per unit was not affected as this was non-cash in nature.

(iv) Impact of the COVID-19 pandemic on rental collection.

The impact of the pandemic on the rental collection was minimal. The Manager had collected almost the entire rental amount due for year 2020 and the average collection period remained at a manageable 14 days.

(v) Impact of the COVID-19 pandemic on expenditure.

The additional expenses incurred by Axis-REIT for the purpose of implementing the COVID-19 SOP, did not have significant impact on expenditure as more than 80% of the properties were single tenanted building and building maintenance was taken care by the tenants themselves. As a landlord, the Manager, on behalf of Axis-REIT, will only take care of quit rent, assessment, insurance and building structures.

(vi) Benefits from the current low interest rate environment.

Axis-REIT's current financing ratio is 36%. As of 31 March 2021, 54% of Axis-REIT's total financing was under floating rate and 46% was under fixed rate. The Fund benefits from the lower interest rate for the floating rate portion. The Manager strives to strike a balance between the two types, by taking advantage of the current low interest rate environment and also to ensure that a good capital management is maintained.

(vii) Reason for the increase in secured revolving credit of about RM300 million from 2019 to 2020.

This is because Axis-REIT had completed RM263 million worth of acquisition and spent RM7 million for asset enhancement initiatives in 2020. This total RM270 million was financed by short term financing, i.e. revolving credit. Besides, Axis-REIT had also redeemed RM70 million of the 7 years Sukuk with revolving credit facility.

(viii) Door gift and e-vouchers.

Axis-REIT has not been giving door gift for its AGM and other Unitholders' meetings since year 2016. As Axis-REIT distributes almost 100% of its income, the saving from the door gift will ultimately translates back as income distribution in the hand of Unitholders.

(ix) 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 virtual AGM platform was engaged given the on-going pandemic situation which requires the observance of the SOP of social distancing and limitation of mass gathering. The cost of holding a virtual AGM is still lower than a physical AGM, as such it is cost saving to the Fund. Hybrid meeting involves both the online platform and physical venue which will mean higher cost and there is still limitation on how many Unitholders are allowed to come in person. Virtual AGM has no limitation on how many Unitholders can log in and attend and such Unitholders may do so in the comfort of their location. Based on the real time number of attendance at this AGM (prior to the commencement of the Q&A Session), the total participants having logged in via the RPV facility was close to 200. This was evident that a virtual meeting platform facilitates better participation from Unitholders from various locations.

The Chairman then announced the closure of the Q&A Session and informed that Unitholders' whose questions were not addressed at the Meeting would receive electronic mail response from the Manager soonest as practicable. He also added that the Key Matters Discussed will be uploaded to the corporate website as required by the SC.

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	927,905,399	94.4910	54,098,910	5.5090
Ordinary Resolution No. 2 Proposed Renewal of IDRP Authority	1,090,308,470	99.9917	90,490	0.0083

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

The AGM was closed at 11.07 a.m.

[END]