

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

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REAL ESTATE INVESTMENT TRUST

(A real estate investment trust constituted under the laws of Malaysia)

**CIRCULAR TO UNITHOLDERS IN RELATION TO THE PROPOSED ALLOTMENT TO EMPLOYEES PROVIDENT FUND BOARD AND/OR KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (BEING MAJOR UNITHOLDERS OF AXIS REAL ESTATE INVESTMENT TRUST (“AXIS-REIT”)) AND/OR PERSONS CONNECTED WITH THEM PURSUANT TO THE PROPOSED PLACEMENT OF UP TO 100,000,000 NEW UNITS IN AXIS-REIT, REPRESENTING UP TO APPROXIMATELY 6.09% OF THE TOTAL NUMBER OF UNITS ISSUED**

**AND**

**NOTICE OF UNITHOLDERS’ MEETING**

*Principal Adviser*



**Investment Bank**

Company No. 197301002412

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Meeting of the Unitholders (“**Unitholders’ Meeting**”) and Instrument of Proxy are set out in this Circular and are available on Axis-REIT’s corporate website at [www.axis-reit.com.my/investor/meeting.php](http://www.axis-reit.com.my/investor/meeting.php). The details of the Unitholders’ Meeting, which will be convened on a virtual basis through live streaming and online remote voting from the broadcast venue, are as follows:

Date and time of the Unitholders’ Meeting : Thursday, 15 December 2022 at 10.00 a.m. (Malaysia time)  
Broadcast venue of the Unitholders’ Meeting : Boardroom, Penthouse, Menara Axis, No. 2, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia  
Last date and time for lodging the Instrument of Proxy : Tuesday, 13 December 2022 at 10.00 a.m. (Malaysia time)

Further information on how to attend the Unitholders’ Meeting is set out in the Administrative Guide for Unitholders which can be viewed and downloaded from the corporate website of Axis-REIT at [www.axis-reit.com.my/investor/meeting.php](http://www.axis-reit.com.my/investor/meeting.php).

You are entitled to attend, speak (in the form of real-time submission of typed-texts) and vote remotely at the Unitholders’ Meeting via the Remote Participation and Electronic Voting (“**RPEV**”) facilities. Please refer to the Administrative Guide for Unitholders for the procedures to register, attend and vote remotely using the RPEV facilities at the Unitholders’ Meeting. If you are unable to attend the Unitholders’ Meeting, you shall be entitled to appoint a proxy or proxies to attend and vote on your behalf. Please refer to the notes to the Instrument of Proxy for the details.

This Circular is dated 30 November 2022

## DEFINITIONS

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Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

1Q	:	First quarter
AGM	:	Annual general meeting
Authority	:	Authority granted to the Directors of the Manager to allot and issue new Units of up to 20% of the total number of Units issued to facilitate Axis-REIT in raising funds via a placement exercise, the approval of which was obtained from the Unitholders at the 10 <sup>th</sup> AGM of Axis-REIT convened and held on 28 April 2022
Axis-REIT or Fund	:	Axis Real Estate Investment Trust
Axis REIT Managers or Manager	:	Axis REIT Managers Berhad, being the management company of Axis-REIT
Board	:	Board of Directors of the Manager
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Circular	:	This circular to Unitholders dated 30 November 2022
CMSA	:	Capital Markets and Services Act, 2007
Deed	:	The Fourth Principal Deed dated 17 January 2020 executed between the Manager and the Trustee, constituting Axis-REIT
Director(s)	:	Has the same meaning given in Section 2(1) of the CMSA and includes a director of a management company
EPF	:	Employees Provident Fund Board
FYE	:	Financial year ended
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	3 November 2022, being the latest practicable date prior to the date of this Circular
LTH	:	Lembaga Tabung Haji
Major Unitholder(s)	:	Being a person who/which has a direct and/or indirect interest in Axis-REIT of more than 10.0% of the total number of Units issued or more than 5.0% of the total number of Units issued if such person is the largest Unitholder
Maybank IB or Principal Adviser	:	Maybank Investment Bank Berhad
NAV	:	Net asset value
Net Proceeds	:	Entire proceeds after deducting the estimated expenses relating to the Proposed Placement

## **DEFINITIONS** *(Cont'd)*

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Placement Agent(s)	:	Placement agent(s) to be appointed
Placement Units	:	New Units to be issued pursuant to the Proposed Placement
Price-Fixing Date	:	The date on which the issue price of the Placement Units will be fixed and announced by the Board
Proposed Allotment to EPF and/or KWAP	:	Proposed Allotment to EPF and/or Proposed Allotment to KWAP
Proposed Allotment to EPF	:	Proposed allotment of up to 100,000,000 Placement Units, being up to approximately 6.09% of the total number of Units issued as at the LPD, to EPF and/or persons connected with EPF pursuant to the Proposed Placement
Proposed Allotment to KWAP	:	Proposed allotment of up to 100,000,000 Placement Units, being up to approximately 6.09% of the total number of Units issued as at the LPD, to KWAP and/or persons connected with KWAP pursuant to the Proposed Placement
Proposed Placement	:	Proposed placement of up to 100,000,000 Placement Units, representing up to approximately 6.09% of the total number of Units issued as at the LPD (including the Proposed Allotment to EPF and/or KWAP)
Record of Depositors	:	A record of securities holders established and maintained by Bursa Depository under the Rules of Bursa Depository
RPEV	:	Remote Participation and Electronic Voting
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the Securities Industry (Central Depositories) Act, 1991
SPA	:	Sale and purchase agreement
Sq. ft.	:	Square feet
Trustee	:	RHB Trustees Berhad, being the trustee for Axis-REIT
Unit(s)	:	Undivided interest(s) in Axis-REIT as constituted by the Deed
Unitholder(s)	:	Holder(s) of the Units
Unitholders' Meeting	:	Meeting of the Unitholders
VWAMP	:	Volume weighted average market price
<b>CURRENCY</b>		
RM and sen	:	Ringgit Malaysia and sen

## **DEFINITIONS** *(Cont'd)*

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All references to “**you**” and “**your**” in this Circular are to the Unitholders, unless the context otherwise requires.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference to any enactment, rules or guidelines in this Circular are references to those enactment, rules or guidelines as for the time being amended or re-enacted.

Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals are due to rounding differences.

Any reference to a time of day and date in this Circular is a reference to Malaysia time and date respectively, unless otherwise stated.

Any reference in this Circular to any provision of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits) be construed as a reference to provision of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

This Circular includes forward-looking statements. All statements other than statements of historical facts included in this Circular including, without limitation, those regarding the Fund’s financial position, business strategies, prospects, plans and objectives of the Fund for future operations, are forward-looking statements. There can be no assurance that such forward-looking statements will materialise, be fulfilled or be achieved.

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## EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED PLACEMENT (INCLUDING THE PROPOSED ALLOTMENT TO EPF AND/OR KWAP). YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED ALLOTMENT TO EPF AND PROPOSED ALLOTMENT TO KWAP RESPECTIVELY TO BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING.

<u>Key Information</u>	<u>Summary</u>	<u>Reference to Circular</u>
<b>Details of the Proposed Placement</b>	<ul style="list-style-type: none"><li>• The Proposed Placement involves an issuance of up to 100,000,000 Placement Units, representing up to approximately 6.09% of the total number of Units issued as at the LPD of 1,641,054,038 Units.</li><li>• The Proposed Allotment to EPF and/or KWAP will involve the allotment of the Placement Units in the following manner:<ul style="list-style-type: none"><li>(i) up to 100,000,000 Placement Units, being up to approximately 6.09% of the total number of Units issued as at the LPD, to EPF and/or persons connected with EPF; and/or</li><li>(ii) up to 100,000,000 Placement Units, being up to approximately 6.09% of the total number of Units issued as at the LPD, to KWAP and/or persons connected with KWAP.</li></ul></li><li>• The actual number of Placement Units as well as the actual number of Placement Units to be allotted to EPF and/or KWAP and persons connected with them will be determined at a later stage by the Manager in consultation with the Placement Agent(s) through the bookbuilding process.</li><li>• For illustrative purposes only, assuming the maximum number of Placement Units are issued at an issue price of RM1.78 per Unit, the gross proceeds to be raised from the Proposed Placement is approximately RM178.00 million to be utilised by Axis-REIT in the following manner:</li></ul>	Section 2

<u>Description</u>	<u>Estimated timeframe for use of proceeds from the date of listing of the Placement Units</u>	<u>Amount RM million</u>
Repayment of bank financing	Within 12 months	175.86
Defray estimated expenses relating to the Proposed Placement	Within 1 month	2.14
<b>Total</b>		<b>178.00</b>

## EXECUTIVE SUMMARY (Cont'd)

<b>Key Information</b>	<b>Summary</b>	<b>Reference to Circular</b>
<b>Rationale and justification for the Proposed Placement</b>	<ul style="list-style-type: none"><li>• The Proposed Placement will enable Axis-REIT to raise funds expeditiously to be used to partly repay its existing bank financing (including finance cost payable), which were taken up to finance the acquisition of properties and carry out development projects. The Proposed Placement is in line with the Board's strategy to reduce Axis-REIT's financing ratio as part of prudent capital management. This will provide Axis-REIT with sufficient financial headroom to make future acquisition of new properties and carry out development projects via bank financing which is in line with its capital management and growth strategy.</li><li>• The Proposed Placement will involve the issuance of new Units, which will increase the number of Units in circulation and will improve the trading liquidity of the Units.</li><li>• EPF and KWAP are key investors in Axis-REIT and the real estate investment sector, who have supported Axis-REIT in previous placement exercises. As such, the Board wishes to provide EPF and KWAP with the opportunity to participate in the Proposed Placement through the Proposed Allotment to EPF and/or KWAP.</li></ul>	Section 3
<b>Parties involved and conflict of interests</b>	<ul style="list-style-type: none"><li>• EPF and KWAP are Major Unitholders with 15.93% and 10.94% direct and indirect interest in Axis-REIT respectively as at the LPD. As such, EPF and KWAP are deemed interested in the Proposed Allotment to EPF and Proposed Allotment to KWAP respectively. Accordingly, EPF and KWAP and/or persons connected with them will abstain from voting on the ordinary resolution pertaining to the Proposed Allotment to EPF and Proposed Allotment to KWAP respectively in respect of their direct and/or indirect unitholding (if any) in Axis-REIT at the forthcoming Unitholders' Meeting.</li><li>• Save for EPF and KWAP, none of the Directors and major shareholder of the Manager, Major Unitholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Placement.</li><li>• All advisers involved in the Proposed Placement are independent parties who have no conflict of interest arising from their role as advisers for the Proposed Placement.</li></ul>	Section 10 and Appendix I
<b>Directors' recommendation</b>	<ul style="list-style-type: none"><li>• The Board recommends that you vote <b>in favour of</b> the ordinary resolutions relating to the Proposed Allotment to EPF and Proposed Allotment to KWAP respectively to be tabled at the forthcoming Unitholders' Meeting.</li></ul>	Section 12



REAL ESTATE INVESTMENT TRUST

## AXIS REIT MANAGERS BERHAD

(Registration No. 200401010947 (649450-W))

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

### Registered Office

802, 8<sup>th</sup> Floor  
Block C, Kelana Square  
17, Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

30 November 2022

### Board of Directors of the Manager

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin (*Independent Non-Executive Chairman*)

Dato' Abas Carl Gunnar Bin Abdullah (*Executive Deputy Chairman*)

Tew Peng Hwee @ Teoh Peng Hwee (*Non-Independent Non-Executive Director*)

Leong Kit May (*Chief Executive Officer/Executive Director*)

Datuk Seri Fateh Iskandar Bin Tan Sri Dato' Mohamed Mansor (*Independent Non-Executive Director*)

Mohd Sharif Bin Hj Yusof (*Senior Independent Non-Executive Director*)

Alvin Dim Lao (*Non-Independent Non-Executive Director*)

Lim Keng Hwee (*Independent Non-Executive Director*)

Devika A/P K Sothinathan (*Independent Non-Executive Director*)

Alex Lee Lao (*Alternate Director to Dato' Abas Carl Gunnar Bin Abdullah*)

Jancis Anne Que Lao (*Alternate Director to Alvin Dim Lao*)

Maxine Teoh Sui Vern (*Alternate Director to Tew Peng Hwee @ Teoh Peng Hwee*)

### To: The Unitholders

Dear Sir/Madam,

### PROPOSED ALLOTMENT TO EPF AND/OR KWAP

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#### 1. INTRODUCTION

On 14 November 2022, on behalf of the Board, Maybank IB announced that the Manager intends to undertake a placement of up to 100,000,000 Placement Units, representing up to approximately 6.09% of the total number of Units issued of 1,641,054,038 as at the LPD ("**Announcement**").

The Proposed Placement will be undertaken in accordance with the authority granted to the Directors of the Manager to allot and issue new Units of up to 20% of the total number of Units issued to facilitate Axis-REIT in raising funds via a placement exercise, the approval of which was obtained from the Unitholders at the 10<sup>th</sup> AGM of Axis-REIT convened and held on 28 April 2022 which will continue to be in force until:

- (i) the conclusion of the next AGM of Axis-REIT following the 10<sup>th</sup> AGM ("**11<sup>th</sup> AGM**"), at which time the Authority will lapse, unless by a resolution passed by the Unitholders at the 11<sup>th</sup> AGM, such Authority is renewed; or



- (ii) the renewal of the Authority is revoked or varied by a resolution passed by the Unitholders at a Unitholders' meeting,

whichever is earlier.

Assuming that EPF and/or KWAP and/or persons connected with them participate in the bookbuilding process, the Placement Units may be placed out to Major Unitholder(s) and/or persons connected with them, subject to compliance with Paragraph 6.06(1) of the Listing Requirements where the Manager is required to seek the approval of the non-interested Unitholders at a Unitholders' Meeting to be convened for the Proposed Allotment to EPF and/or KWAP.

On 23 November 2022, on behalf of the Board, Maybank IB announced that Bursa Securities had, vide its letter dated 23 November 2022, approved the listing and quotation of the Placement Units subject to the conditions as set out in Section 7 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED ALLOTMENT TO EPF AND/OR KWAP AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED ALLOTMENT TO EPF AND PROPOSED ALLOTMENT TO KWAP RESPECTIVELY TO BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING. THE NOTICE OF UNITHOLDERS' MEETING AND INSTRUMENT OF PROXY ARE ENCLOSED IN THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED ALLOTMENT TO EPF AND/OR PROPOSED ALLOTMENT TO KWAP RESPECTIVELY TO BE TABLED AT THE FORTHCOMING UNITHOLDERS' MEETING.**

## **2. DETAILS OF THE PROPOSED PLACEMENT**

### **2.1 Placement Size and Placement Arrangement**

The Proposed Placement involves the issuance of up to 100,000,000 Placement Units.

The Placement Units are intended to be placed out through a bookbuilding process to investors to be identified later, where such investors shall fall under Schedules 6 and 7 of the CMSA.

The Proposed Allotment to EPF and/or KWAP will involve the allotment of the Placement Units in the following manner:

- (i) up to 100,000,000 Placement Units, being up to approximately 6.09% of the total number of Units issued as at the LPD, to EPF and/or persons connected with EPF; and/or
- (ii) up to 100,000,000 Placement Units, being up to approximately 6.09% of the total number of Units issued as at the LPD, to KWAP and/or persons connected with KWAP.

The actual number of Placement Units as well as the actual number of Placement Units to be allotted to EPF and/or KWAP and persons connected with them will be determined at a later stage by the Manager in consultation with the Placement Agent(s) through the bookbuilding process.

The Proposed Placement may be implemented in multiple tranches, depending on prevailing market conditions, within 6 months from the date of approval of Bursa Securities for the listing and quotation of the Placement Units on the Main Market of Bursa Securities or any extended period as may be approved by Bursa Securities, or until the conclusion of the 11th AGM to be convened in 2023 unless the Authority is renewed by the Unitholders at that AGM of Axis-REIT. This would provide Axis-REIT with the flexibility to procure interested investors to subscribe for the Placement Units expediently within the period as approved by Bursa Securities. For the avoidance of doubt, there could potentially be several price-fixing dates depending on the number of tranches for the implementation of the Proposed Placement.

## 2.2 Basis and justification for the issue price of the Placement Units

The issue price of the Placement Units will be determined by the Manager in consultation with the Placement Agent(s) through the bookbuilding process on the Price-Fixing Date and will be based on a discount of not more than 10% to the VWAMP of the Units for the 5 market days immediately prior to the Price-Fixing Date.

## 2.3 Use of proceeds

The exact amount of proceeds to be raised from the Proposed Placement is dependent upon the issue price and actual number of the Placement Units.

For illustrative purposes only, assuming the maximum number of Placement Units are issued at an issue price of RM1.78 per Unit, representing a discount of approximately 3.42% to the VWAMP of the Units for the 5 market days up to and including the LPD of RM1.8430, the gross proceeds to be raised from the Proposed Placement is approximately RM178.00 million to be utilised by Axis-REIT in the following manner:

<u>Description</u>	<u>Estimated timeframe for use of proceeds from the date of listing of the Placement Units</u>	<u>Amount</u> RM million
Repayment of bank financing <sup>(1)(2)</sup>	Within 12 months	175.86
Defray estimated expenses relating to the Proposed Placement <sup>(3)</sup>	Within 1 month	2.14
<b>Total</b>		<u><sup>(2)</sup>178.00</u>

### Notes:

(1) *The total bank financing of Axis-REIT as at 30 September 2022 stood at approximately RM1.49 billion. The Manager expects to use the Net Proceeds to partly repay Axis-REIT's existing bank financing (including finance cost payable) which were taken up to finance the acquisition of properties and carry out development projects.*

*At this juncture, the Manager has not determined the specific financing facilities to be repaid. Nevertheless, the determination of the financing facilities to be repaid will be based on, among others, the maturity and cost of financing of each facility. Based on the average effective profit rate of 3.86% per annum for Axis-REIT's existing bank financing as at 30 September 2022, the partial repayment of the bank financing is expected to result in gross financing cost saving of approximately RM6.79 million per annum.*

(2) *If the actual Net Proceeds differ from the amount illustrated above, the proceeds allocated for the partial repayment of bank financing will be adjusted accordingly.*

(3) *The estimated expenses relating to the Proposed Placement comprise the following:*

	<b><u>RM million</u></b>
<i>Placement agent fees<sup>(4)</sup></i>	1.70
<i>Professional fees<sup>(5)</sup></i>	0.27
<i>Fees payable to relevant authorities</i>	0.02
<i>Cost to convene the forthcoming Unitholders' Meeting and other ancillary expenses</i>	0.15
<b><i>Total</i></b>	<b><u>2.14</u></b>

(4) *The placement agent fees are charged based on a fixed percentage of the total value of the Placement Units successfully placed out to identified placees by the Placement Agent(s).*

(5) *The professional fees include fees payable to the Principal Adviser and the solicitors.*

Pending the use of the Net Proceeds, such proceeds will be placed in Shariah-compliant bank deposits and/or money market instruments.

## **2.4 Ranking of the Placement Units**

The Placement Units shall, upon allotment and issuance, rank equally in all respects with the existing Units, save and except that the Placement Units will not be entitled to the Advance Distribution (as defined in Section 2.6 of this Circular) and any distributable income, rights, benefits, entitlements and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the Placement Units.

## **2.5 Listing and quotation of the Placement Units**

The Placement Units will be listed and quoted on the Main Market of Bursa Securities.

Bursa Securities had, vide its letter dated 23 November 2022, approved the listing and quotation of the Placement Units on the Main Market of Bursa Securities.

## **2.6 Advance distribution**

Pursuant to the terms of the Deed, the Manager shall, with the approval of the Trustee, distribute the distributable income of Axis-REIT at the quantum and intervals to be determined in its absolute discretion. The Board intends to declare an advance distribution of Axis-REIT's distributable income ("**Advance Distribution**") for the period commencing on the day immediately after the relevant distribution up to such date to be determined by the Board which is before the date on which the Placement Units are allotted to identified investors ("**Advance Distribution Period**"). The Placement Units will not be entitled to the Advance Distribution and hence, the entitlement date for the Advance Distribution will be prior to the date of allotment of the Placement Units.

The Advance Distribution is meant to ensure fairness to the existing Unitholders and is intended to be implemented to ensure that the distributable income accrued during the Advance Distribution Period is only distributed to the existing Unitholders.

### 3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED PLACEMENT

After due consideration of the various funding options available, the Board is of the view that the Proposed Placement is currently the most appropriate avenue of fund raising for the following reasons:

- (i) the Proposed Placement will enable Axis-REIT to raise funds expeditiously to be used to partly repay its existing bank financing (including finance cost payable), which were taken up to finance the acquisition of properties and carry out development projects as permitted under the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia. The Proposed Placement is in line with the Board's strategy to reduce Axis-REIT's financing ratio as part of prudent capital management. This will provide Axis-REIT with sufficient financial headroom to make future acquisition of new properties and carry out development projects via bank financing which is in line with its capital management and growth strategy.

The size of the Proposed Placement of up to approximately 6.09% of the total Units issued as at the LPD was determined after taking into consideration the sufficiency of Axis-REIT's financial headroom after the Proposed Placement to fund new acquisitions and development projects. As at 30 September 2022, the financing ratio of Axis-REIT stood at 35.77%; and

- (ii) the Proposed Placement will involve the issuance of new Units, which will increase the number of Units in circulation and will improve the trading liquidity of the Units.

The Board is also of the view that EPF and KWAP are key investors in Axis-REIT and the real estate investment trust sector, who have supported Axis-REIT in previous placement exercises. As such, the Board wishes to provide EPF and KWAP with the opportunity to participate in the Proposed Placement through the Proposed Allotment to EPF and/or KWAP.

### 4. EQUITY FUND RAISING EXERCISES UNDERTAKEN IN THE PAST 12 MONTHS

Save for the following, Axis-REIT has not undertaken any equity fund-raising exercises in the past 12 months prior to the Announcement.

On 20 December 2021, Axis-REIT completed the placement of 188,042,597 new Units ("**2021 Placement**"), raising gross proceeds of RM334.72 million which has been fully utilised in the following manner:

Description	Proposed allocation <sup>(1)</sup> RM million	Actual use of proceeds <sup>(2)</sup> RM million
Repayment of bank financing	349.63	331.10
Expenses relating to the 2021 Placement	3.89	3.62 <sup>(3)</sup>
<b>Total</b>	<b>353.52</b>	<b>334.72</b>

**Notes:**

(1) Based on the estimated proceeds to be raised as set out in Axis-REIT's announcement dated 21 October 2021 in relation to the 2021 Placement.

(2) Based on the actual proceeds raised from the 2021 Placement.

(3) The actual use of proceeds for expenses relating to the 2021 Placement comprise the following:

	<u>RM million</u>
Placement agent fees	3.19
Professional fees	0.28
Fees payable to relevant authorities	0.02
Cost to convene the Unitholders' Meeting and other ancillary expenses	0.13
<b>Total</b>	<u><b>3.62</b></u>

53,848,300 new Units were allotted to EPF pursuant to the 2021 Placement.

## 5. INDUSTRY OVERVIEW AND PROSPECTS

### 5.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While the Gross Domestic Product (GDP) was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust. Domestic demand continued to strengthen, underpinned by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for electrical and electronics products. By sector, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

During the second quarter of 2022, headline and core inflation increased to 2.8% and 2.5%, respectively (1Q 2022: 2.2% and 1.7%, respectively). The higher core inflation reflected an improvement in demand conditions amid the high-cost environment, with price increases mainly driven by food away from home and other food items.

The ringgit depreciated by 4.6% against the United States ("US") dollar in the second quarter of 2022 (year to date ("YTD") until 10 August 2022: -6.3%), broadly in line with the movement of regional currencies (2Q 2022: -4.7%; YTD: -5.8%). This largely reflected the continued strengthening of the US dollar following aggressive US monetary policy tightening, increased investors' risk aversion due to the weaker global growth outlook and the military conflict in Ukraine. Nonetheless, elevated commodity prices and Malaysia's economic recovery helped to cushion the downward impact from the external developments on the ringgit during the quarter. Going forward, while domestic financial markets will continue to be subjected to episodes of heightened volatility, spillovers to domestic financial intermediation are expected to remain broadly contained, supported by Malaysia's healthy external position and strong banking system.

Net financing to the private sector grew by 4.9% (1Q 2022: 4.5%) amid higher growth in outstanding loans (5.4%; 1Q 2022: 4.4%). Outstanding corporate bond growth moderated (3.4%; 1Q 2022: 4.6%) as growth in bond redemptions continued to outpace that of issuances. Outstanding business loan grew by 5.5% (1Q 2022: 4.3%), following strong expansion in loan disbursements for both working capital and investments. For households, outstanding loan growth increased further (5.7%; 1Q 2022: 4.8%), with higher growth recorded across all loan purposes. Loan disbursements remained robust amid strong loan demand, particularly for the purchase of cars and houses. Overall, loan repayments for both the business and household segments have been encouraging upon the lapse of repayment assistance programs and the reopening of the economy.

With growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further for the remainder of the year. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

Headline inflation is projected to trend higher in some months during the remainder of the year, due partly to the base effect from the discount on electricity prices implemented in 3Q 2021. Core inflation is expected to average higher in 2022, as demand continues to improve amid the high-cost environment. The extent of upside pressures on inflation is expected to remain partly contained by the existing price control measures, fuel subsidies and the continued spare capacity in the economy. Nevertheless, the inflation outlook continues to be contingent on upside risks stemming from the strength of domestic demand, global price developments, and domestic policy measures.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2022, Bank Negara Malaysia)*

## **5.2 Overview and prospects of property sector in Malaysia**

The property market performance recorded an increase in the first half of 2022 compared to the same period last year. A total of 188,002 transactions worth RM84.4 billion were recorded, showing an increase of 34.5% in volume and 36.1% in value compared to the same period last year. Of the total transactions, 34.3% (64,479) and 62.6% (117,655) were transfers dated in 2021 and 2022 respectively while the remaining percentage share was for prior years' transfers.

Volume of transactions across the sub-sectors showed upward movements. Residential, commercial, industrial, agriculture and development land sub-sectors recorded year-on-year growths of 26.3%, 45.4%, 49.5%, 57.4% and 35.0% respectively.

The industrial sub-sector recorded 3,830 transactions worth RM10.8 billion in the first half of 2022. Compared to the same period last year, the market activity increased by 49.5% in volume and 66.0% in value. Selangor continued to dominate the market, with 31.8% (1,219 transactions) of the nation's volume, followed by Johor and Perak, each with 13.8% and 9.0% market share. Terraced factory formed 31.4% of the total industrial transactions, followed by vacant plots (29.5%), and semi-detached factory (23.2%).

The industrial overhang remained minimal at 1,071 units worth RM1.39 billion, indicating a marginal decline of 5.2% and 12.2% in volume and value, respectively (second half 2021: 1,130 overhang units worth RM1.58 billion). On a similar note, the unsold under construction category declined by 22.9% with 504 units compared to second half 2021 at 654 units. The unsold not constructed recorded 43 units, more than 22 units recorded in second half 2021.

*(Source: Property Market Report First Half 2022, Valuation and Property Services Department, Ministry of Finance Malaysia)*

## **5.3 Prospects of Axis-REIT**

During the period from 1 January 2022 to 30 September 2022, the property portfolio size of Axis-REIT increased by 3 to a total of 61 properties, of which 48 properties are fully occupied. As at 30 September 2022, the investment properties of Axis-REIT are valued at RM4.08 billion with a cumulative net lettable area of more than 12.5 million sq. ft.. Occupancy rate of Axis-REIT's property portfolio is approximately 95% with a weighted average lease expiry of approximately 5.4 years as at 30 September 2022.

Axis-REIT's focus remains very much in the industrial property segment. Axis-REIT's recent acquisitions included additions to its presence in the rapidly-growing key industrial hubs of Penang, Johor and Selangor. This geographical diversification is aimed at capturing the rapid growth of these burgeoning regional industrial hubs.

The Manager continuously reviews Axis-REIT's property portfolio, leveraging on its industry insights to re-assess and re-evaluate the portfolio, to ensure it remains well-positioned to meet the future needs of tenants and the broader market. The Manager believes that industrial properties will continue to generate stable and sustainable returns for the Unitholders.

The Manager also continues to work closely with existing and new tenants to deliver real estate solutions to match their growing needs, as demonstrated in the improved occupancy rates in 2022.

The reduced financing ratio of Axis-REIT as a result of the partial repayment of its bank financing through the use of the Net Proceeds will provide Axis-REIT with sufficient financial headroom to pursue acquisitions of new property and development project opportunities which is in line with Axis-REIT's investment objectives of providing the Unitholders with a stable income distribution and to achieve growth in net asset value ("**NAV**") per Unit by acquiring high quality accretive properties with strong recurring rental income.

## 6. EFFECTS OF THE PROPOSED PLACEMENT

### 6.1 Unitholders' capital

The pro forma effect of the Proposed Placement on the Unitholders' capital of Axis-REIT is as follows:

	<u>No. of Units</u>	<u>RM</u>
	<u>'000</u>	<u>'000</u>
As at the LPD	1,641,054	1,945,655
To be issued pursuant to the Proposed Placement	100,000	(1)175,855
<b>Enlarged Unitholders' capital</b>	<b><u>1,741,054</u></b>	<b><u>2,121,510</u></b>

**Note:**

(1) Assuming a maximum of 100,000,000 Placement Units, representing up to approximately 6.09% of the total number of Units issued as at the LPD, are issued at an issue price of RM1.78 per Unit (representing a discount of approximately 3.42% to the VWAMP of the Units for the 5 market days up to and including the LPD of RM1.8430) and after netting off the estimated expenses relating to the Proposed Placement of about RM2.14 million.

### 6.2 Distributable income

The Proposed Placement is not expected to have any material effect on Axis-REIT's distributable income policy as determined by the Board. The decision to declare and pay distributable income in the future would depend on the financial performance and cash flow position of Axis-REIT and prevailing economic conditions.

### 6.3 Substantial Unitholders' unitholding

The effect of the Proposed Placement on the substantial Unitholders' unitholding cannot be determined at this juncture as it will depend on the participation of the substantial Unitholders in the Proposed Placement which may increase if they are successful in the bookbuilding process.

Assuming the substantial Unitholders do not participate in the Proposed Placement, the pro forma effect of the Proposed Placement on the unitholding of the substantial Unitholders is as follows:

Name	As at the LPD				After the Proposed Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Units	%	No. of Units	%	No. of Units	%	No. of Units	%
EPF	261,450,490	15.93	-	-	261,450,490	15.02	-	-
KWAP	147,162,403	8.97	(1)32,251,114	1.97	147,162,403	8.45	(1)32,251,114	1.85
LTH	86,966,589	5.30	-	-	86,966,589	5.00	-	-

**Notes:**

- (1) Held by fund managers of KWAP.
- (2) For illustrative purposes only, assuming either EPF or KWAP (but not both) subscribes for the entire 100,000,000 Placement Units, being approximately 6.09% of the total number of Units issued separately without the other party participating in the Proposed Placement ("Proposed Maximum Placement Allotment"), their respective unitholding in Axis-REIT after the Proposed Placement will be as follows:

Name	After the Proposed Maximum Placement Allotment			
	Direct		Indirect	
	No. of Units	%	No. of Units	%
EPF	361,450,490	20.76	-	-
KWAP	247,162,403	14.20	32,251,114	1.85

### 6.4 Earnings per Unit

Any issuance of the Placement Units will dilute the earnings per Unit, the quantum of which would depend on the number of Placement Units to be issued.

Moving forward, the effect of the Proposed Placement on the earnings of Axis-REIT will depend on the contribution from Axis-REIT's existing real estate properties, properties to be acquired in the future and the finance cost saving arising from the partial repayment of Axis-REIT's existing bank financing pursuant to the proposed use of the Net Proceeds as detailed in Section 2.3 of this Circular.



## 6.5 NAV per Unit and financing ratio

For illustrative purposes only, based on the audited statement of financial position of Axis-REIT as at 31 December 2021 and on the assumption that the Proposed Placement had been effected on that date, the pro forma effect of the Proposed Placement on the NAV per Unit and financing ratio of Axis-REIT are as follows:

	Audited as at 31 December 2021	(1)After subsequent events	After the Proposed Placement
	RM'000	RM'000	RM'000
Unitholders' capital	1,934,322	1,945,655	(5)2,121,510
Undistributed distributable income	32,841	32,841	32,841
Non-distributable reserve	560,158	(2)557,428	557,428
<b>NAV</b>	<b>2,527,321</b>	<b>2,535,924</b>	<b>2,711,779</b>
Number of Units in circulation ('000)	1,634,524	1,641,054	(6)1,741,054
NAV per Unit (RM)	1.55	1.55	1.56
Total financing	1,184,593	(3)1,659,990	(7)1,484,135
Total assets	3,838,760	(4)4,322,760	4,322,760
Financing ratio (%) <sup>(8)</sup>	30.86	38.40	34.33

### Notes:

(1) Being adjustments arising from the following subsequent events from 1 January 2022 up to and including the LPD:

- (i) Issuance of 6,529,923 new Units pursuant to the income distribution reinvestment plan in conjunction with Axis-REIT's 2022 first interim income distribution completed on 16 June 2022 ("**2022 Income Distribution Reinvestment Plan**");
- (ii) Acquisition of a warehouse built upon a leasehold land together with all buildings erected thereon bearing postal address PLO 78, Jalan Keluli, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor completed on 7 March 2022 pursuant to the SPA dated 25 October 2021 ("**Pasir Gudang Logistics Warehouse 2**");
- (iii) Acquisition of a freehold land together with all buildings erected thereon bearing postal address No. 89A, Jalan i-Park 1/6, Kawasan Perindustrian i-Park, Bandar Indahpura, 81000 Kulai, Johor completed on 8 March 2022 pursuant to the SPA dated 22 February 2022 ("**Indahpura Facility 4**");
- (iv) Acquisition of a logistics warehouse facility built upon a portion of leasehold land with all buildings erected thereon bearing postal address Plots DW1 and DW2, Jalan Tanjung A/2, Distripark A, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor completed on 25 April 2022 pursuant to the SPA dated 11 April 2022 ("**DW1 Logistics Warehouse**"); and
- (v) On 23 September 2022, the Trustee had, on behalf of Axis-REIT, entered into a SPA for the proposed acquisition of a manufacturing facility located in Klang, Selangor from Jemaramas Jaya Sdn. Bhd. ("**Manufacturing Facility @ Klang**").

(2) After taking into account the following:

- (i) Unrealised net fair value gain arising from the acquisition of Pasir Gudang Logistics Warehouse 2 of RM2.32 million, which was calculated based on the market value of Pasir Gudang Logistics Warehouse 2 of RM35.0 million less purchase consideration of RM32.0 million and transaction costs of approximately RM0.68 million;

- (ii) *Unrealised net fair value gain arising from the acquisition of Indahpura Facility 4 of RM1.31 million, which was calculated based on the market value of Indahpura Facility 4 of RM18.0 million less purchase consideration of RM16.3 million and transaction costs of approximately RM0.39 million;*
  - (iii) *Unrealised net fair value loss arising from the acquisition of the DW1 Logistics Warehouse of RM5.64 million, which was calculated based on the market value of DW1 Logistics Warehouse of RM390.0 million less purchase consideration of RM390.0 million and transaction costs of approximately RM5.64 million; and*
  - (iv) *Estimated unrealised net fair value loss arising from the acquisition of the Manufacturing Facility @ Klang of RM0.72 million, which was calculated based on the market value of Manufacturing Facility @ Klang of RM41.0 million less purchase consideration of RM41.0 million and estimated transaction costs of approximately RM0.72 million.*
- (3) *After incorporating the following:*
- (i) *Repayment of RM11.33 million of bank financing through the utilisation of cash retained from the reinvestment of income distribution into 6,529,923 new Units at RM1.76 per Unit pursuant to the 2022 Income Distribution Reinvestment Plan net of listing expenses; and*
  - (ii) *Bank financing of RM486.73 million used to satisfy the purchase consideration and transaction costs for the acquisitions of Pasir Gudang Logistics Warehouse 2, Indahpura Facility 4, DW1 Logistics Warehouse and Manufacturing Facility @ Klang.*
- (4) *After incorporating the impact on the total assets based on the market values of Pasir Gudang Logistics Warehouse 2, Indahpura Facility 4, DW1 Logistics Warehouse and Manufacturing Facility @ Klang as set out in Note (2) above.*
- (5) *Assuming the maximum 100,000,000 Placement Units are issued at an issue price of RM1.78 per Unit, and after netting off the estimated expenses relating to the Proposed Placement of about RM2.14 million.*
- (6) *Assuming the maximum 100,000,000 Placement Units are issued.*
- (7) *Assuming the entire Net Proceeds are used for the partial repayment of Axis-REIT's existing bank financing (including finance cost payable) which were taken up to finance the acquisition of properties and carry out development projects.*
- (8) *Financing ratio is calculated based on total financing divided by total assets multiplied by 100%.*

## **6.6 Convertible securities**

As at the LPD, Axis-REIT does not have any convertible securities in issue.

## **7. APPROVALS REQUIRED**

The Proposed Placement is subject to the following approvals being obtained:

- (i) the Trustee, which was obtained on 11 November 2022;
- (ii) Bursa Securities for the listing and quotation of up to 100,000,000 Placement Units on the Main Market of Bursa Securities, which was obtained vide its letter dated 23 November 2022, subject to the following conditions:

<b>No.</b>	<b>Condition</b>	<b>Status of compliance</b>
1.	Axis-REIT and Maybank IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Placement.	To be complied.
2.	Maybank IB to inform Bursa Securities upon completion of the Proposed Placement.	To be complied.

<b>No.</b>	<b>Condition</b>	<b>Status of compliance</b>
3.	Maybank IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed.	To be complied.
4.	Maybank IB to furnish Bursa Securities with the following: <ul style="list-style-type: none"> <li>(a) a certified true copy of the resolutions passed by the non-interested Unitholders at the forthcoming Unitholders' Meeting for the Proposed Allotment to EPF and/or KWAP; and</li> <li>(b) a certified true copy of the resolution passed by the Unitholders pursuant to Paragraph 6.59 of the Listing Requirements at a Unitholders' Meeting, in the event the Authority has expired prior to the full implementation of the Proposed Placement.</li> </ul>	To be complied.
(iii)	the non-interested Unitholders at the forthcoming Unitholders' Meeting for the Proposed Allotment to EPF and/or KWAP.	

In the event that the approval of the non-interested Unitholders at the forthcoming Unitholders' Meeting for the Proposed Allotment to EPF and/or KWAP are not obtained, the Manager intends to proceed with the Proposed Placement to investors other than EPF and/or KWAP and persons connected with them in accordance with the Authority; and

(iv) any other relevant authorities and/or parties, if required.

In the event the Proposed Placement (including the Proposed Allotment to EPF and/or KWAP) is not completed before the Authority lapses, the Proposed Placement (including the Proposed Allotment to EPF and/or KWAP) will be conditional upon the Authority being renewed by a resolution passed by the Unitholders at the 11<sup>th</sup> AGM.

The Proposed Placement is not conditional upon any other corporate exercise or scheme of Axis-REIT.

The Proposed Allotment to EPF is not conditional upon the Proposed Allotment to KWAP, and vice versa. The Proposed Allotment to EPF and/or KWAP is not conditional upon any other corporate exercise or scheme of Axis-REIT.

## **8. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed Placement and the corporate exercise/scheme disclosed below, there are no other corporate exercise/scheme which have been announced but pending completion as at the LPD:

(i) On 23 September 2022, the Trustee had, on behalf of Axis-REIT, entered into a SPA for the proposed acquisition of the Manufacturing Facility @ Klang for a purchase consideration of RM41,000,000. The proposed acquisition is expected to be completed by the fourth quarter of 2022.

## 9. HISTORICAL UNIT PRICES

The monthly high and low market prices of the Units as traded on the Main Market of Bursa Securities for the past twelve (12) months preceding the date of this Circular are as follows:

	<u>Low</u>	<u>High</u>
	RM	RM
<b>2021</b>		
November	1.83	1.97
December	1.83	1.94
<b>2022</b>		
January	1.79	1.94
February	1.82	1.91
March	1.81	1.89
April	1.83	1.92
May	1.87	2.00
June	1.89	1.98
July	1.87	1.98
August	1.88	1.96
September	1.81	1.89
October	1.82	1.89
Last transacted market price of the Units on 11 November 2022, being the last full trading day prior to the announcement of the Proposed Placement		1.84
Last transacted market price of the Units as at the LPD		1.83

*(Source: Bloomberg)*

## 10. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDER OF THE MANAGER, MAJOR UNITHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the following, none of the Directors and major shareholder of the Manager, Major Unitholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Placement:

EPF is a Major Unitholder with 15.93% direct interest in Axis-REIT as at the LPD. As such, EPF is deemed interested in the Proposed Allotment to EPF. Accordingly, EPF will abstain from voting on the ordinary resolution pertaining to the Proposed Allotment to EPF in respect of its direct and/or indirect unitholding (if any) in Axis-REIT at the forthcoming Unitholders' Meeting. In addition, EPF will also ensure that persons connected with it will abstain from voting on the ordinary resolution pertaining to the Proposed Allotment to EPF at the forthcoming Unitholders' Meeting.

KWAP is a Major Unitholder with 10.94% direct and indirect interest in Axis-REIT as at the LPD. As such, KWAP is deemed interested in the Proposed Allotment to KWAP. Accordingly, KWAP will abstain from voting on the ordinary resolution pertaining to the Proposed Allotment to KWAP in respect of its direct and/or indirect unitholding in Axis-REIT at the forthcoming Unitholders' Meeting. In addition, KWAP will also ensure that persons connected with it will abstain from voting on the ordinary resolution pertaining to the Proposed Allotment to KWAP at the forthcoming Unitholders' Meeting.

As at the LPD, EPF and KWAP do not have any nominee directors on the Board. For further details on EPF and KWAP's directors and corporate information, please refer to [www.kwsp.gov.my](http://www.kwsp.gov.my) and [www.kwap.gov.my](http://www.kwap.gov.my) respectively.

## **11. ESTIMATED TIMEFRAME FOR THE COMPLETION**

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Placement is expected to be completed by the second quarter of 2023.

## **12. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Allotment to EPF and/or KWAP (including the rationale and effects of the Proposed Allotment to EPF and/or KWAP) is of the opinion that the Proposed Allotment to EPF and/or KWAP is in the best interest of Axis-REIT.

Accordingly, the Board recommends that you vote in favour of the ordinary resolutions relating to the Proposed Allotment to EPF and Proposed Allotment to KWAP respectively to be tabled at the forthcoming Unitholders' Meeting.

## **13. UNITHOLDERS' MEETING**

The Unitholders' Meeting, the Notice of which is enclosed with this Circular, will be convened on a virtual basis through live streaming and online remote voting from the broadcast venue at Boardroom, Penthouse, Menara Axis, No. 2, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 15 December 2022 at 10.00 a.m. (Malaysia time) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions to give effect to the Proposed Allotment to EPF and Proposed Allotment to KWAP. The Notice of Unitholders' Meeting together with the Instrument of Proxy are enclosed in this Circular.

You are entitled to attend, speak (in the form of real-time submission of typed-texts) and vote remotely at the Unitholders' Meeting via the RPEV facilities. Please refer to the Administrative Guide for Unitholders for the procedures to register, attend and vote remotely using the RPEV facilities at the Unitholders' Meeting. If you are unable to attend the Unitholders' Meeting, you shall be entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, you should complete, sign and deposit the original Instrument of Proxy at the office of the Registrars at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the date and time fixed for the Unitholders' Meeting (facsimile or soft copy of the Instrument of Proxy would be disregarded). The lodging of the original Instrument of Proxy shall not preclude you from participating in the Unitholders' Meeting should you subsequently wish to do so.

## **14. FURTHER INFORMATION**

You are requested to refer to the attached appendix for further information.

Yours faithfully,  
For and on behalf of the Board of  
**AXIS REIT MANAGERS BERHAD**

**LEONG KIT MAY**  
Chief Executive Officer/Executive Director

**FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board who individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statements in this Circular misleading.

**2. CONSENT**

Maybank IB, being the Principal Adviser for the Proposed Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

**3. CONFLICT OF INTEREST**

Maybank IB and its related and associated companies (“**Maybank Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for the Fund and/or the Manager, in addition to the role set out in this Circular. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of the Manager, or any other entity or transactions for its own account or the account of its customers in debt or equity securities or senior loans. This is a result of the business of the Maybank Group generally acting independent of each other and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, the Trustee (on behalf of the Fund) and the Manager have credit facilities with the Maybank Group. The said credit facilities have been extended by the Maybank Group in its ordinary course of business. Notwithstanding this, Maybank IB is of the opinion that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as Principal Adviser for the Proposed Placement as:

- (i) the extension of credit facilities arose in the ordinary course of business of the Maybank Group;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and the Maybank Group’s own internal controls and checks; and
- (iii) the total outstanding amount owed by the Trustee (on behalf of the Fund) and the Manager is not material when compared to the audited net assets of the Maybank Group as at 31 December 2021 of RM85.8 billion.

Maybank IB confirms that as at the LPD, it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as Principal Adviser for the Proposed Placement.

**FURTHER INFORMATION (Cont'd)****4. MATERIAL LITIGATION**

As at 23 November 2022, Axis-REIT is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of Axis-REIT and the Board has no knowledge of any proceedings pending or threatened against Axis-REIT, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of Axis-REIT.

**5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****(i) Material commitments**

Save as disclosed below, as at 23 November 2022, the Board is not aware of any other material commitments incurred or known to be incurred by Axis-REIT, which may have a material impact on the income or NAV of Axis-REIT:

	<u>RM'000</u>
Contracted but not provided for:	
- Development of properties	221,103
- Proposed acquisition of the Manufacturing Facility @ Klang	36,900
- Enhancement of properties	6,636
<b>Total</b>	<b><u>264,639</u></b>

**(ii) Contingent liabilities**

As at 23 November 2022, there are no contingent liabilities incurred or known to be incurred by Axis-REIT which, upon becoming enforceable, may affect the ability of Axis-REIT to meet its obligations as and when they fall due.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Manager at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal business hours between Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming Unitholders' Meeting:

- (i) the Deed;
- (ii) audited financial statements of Axis-REIT for the past two (2) FYEs 31 December 2020 and 31 December 2021 and the latest unaudited results of Axis-REIT for the nine (9)-month period ended 30 September 2022;
- (iii) approval letter from the Trustee dated 11 November 2022; and
- (iv) letter of consent referred to in Section 2 above.



REAL ESTATE INVESTMENT TRUST

(A real estate investment trust constituted under the laws of Malaysia)

## NOTICE OF UNITHOLDERS' MEETING

**NOTICE IS HEREBY GIVEN THAT** a meeting of the unitholders of Axis Real Estate Investment Trust (“**Axis-REIT**” or “**Fund**”) (“**Unitholders**”) which will be convened on a virtual basis through live streaming and online remote voting from the broadcast venue at Boardroom, Penthouse, Menara Axis, No. 2, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 15 December 2022 at 10.00 a.m. (Malaysia time) for the purpose of considering and if thought fit, passing with or without modifications the following ordinary resolutions:

### ORDINARY RESOLUTION 1

**PROPOSED ALLOTMENT OF UP TO 100,000,000 NEW UNITS IN AXIS-REIT (“PLACEMENT UNITS”) TO BE ISSUED, BEING UP TO APPROXIMATELY 6.09% OF THE TOTAL NUMBER OF UNITS ISSUED, PURSUANT TO THE PROPOSED PLACEMENT OF UP TO 100,000,000 NEW UNITS REPRESENTING UP TO APPROXIMATELY 6.09% OF THE TOTAL NUMBER OF UNITS ISSUED AS AT 3 NOVEMBER 2022 (“PROPOSED PLACEMENT”) TO EMPLOYEES PROVIDENT FUND BOARD (“EPF”) AND/OR PERSONS CONNECTED WITH EPF (“PROPOSED ALLOTMENT TO EPF”)**

“**THAT** subject to the approvals of all relevant authorities and/or parties (if required) being obtained for the Proposed Allotment to EPF:

- (a) approval be and is hereby given to Axis REIT Managers Berhad (“**Manager**”) to place, and pursuant thereto for the board of directors of the Manager (“**Board**”) to allot and issue up to 100,000,000 Placement Units, representing up to approximately 6.09% of the total number of Units issued of 1,641,054,038 as at 3 November 2022, to EPF and/or persons connected with EPF at an issue price to be determined and fixed by the Board. The actual allotment of the Placement Units pursuant to the Proposed Allotment to EPF shall be at the Manager’s absolute discretion provided that the aggregate number of Units to be issued pursuant to the Proposed Placement shall not exceed 100,000,000 Units (including the Proposed Allotment to EPF);
- (b) the Placement Units shall, upon allotment and issue, rank equally in all respects with the existing Units except that the Placement Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared, made or paid on the existing Units before the date of allotment and issue of such Placement Units; and
- (c) approval and authority be and are hereby given to the Board and RHB Trustees Berhad (“**Trustee**”) (acting for and on behalf of Axis-REIT) to do all such acts and things as they may consider necessary or expedient in the best interests of the Fund with full power to assent to any condition, modification, variation and/or amendment that may be required, or that may be imposed by any regulatory authority, and to issue and execute all declarations, confirmations, agreements, instruments and such other documents and arrangements as may be necessary or expedient to give full effect to, implement and complete the Proposed Allotment to EPF.”



## ORDINARY RESOLUTION 2

**PROPOSED ALLOTMENT OF UP TO 100,000,000 NEW UNITS IN AXIS-REIT (“PLACEMENT UNITS”) TO BE ISSUED, BEING UP TO APPROXIMATELY 6.09% OF THE TOTAL NUMBER OF UNITS ISSUED, PURSUANT TO THE PROPOSED PLACEMENT OF UP TO 100,000,000 NEW UNITS REPRESENTING UP TO APPROXIMATELY 6.09% OF THE TOTAL NUMBER OF UNITS ISSUED AS AT 3 NOVEMBER 2022 (“PROPOSED PLACEMENT”) TO KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (“KWAP”) AND/OR PERSONS CONNECTED WITH KWAP (“PROPOSED ALLOTMENT TO KWAP”)**

“**THAT** subject to the approvals of all relevant authorities and/or parties (if required) being obtained for the Proposed Allotment to KWAP:

- (a) approval be and is hereby given to the Manager to place, and pursuant thereto for the Board to allot and issue up to 100,000,000 Placement Units, representing up to approximately 6.09% of the total number of Units issued of 1,641,054,038 as at 3 November 2022, to KWAP and/or persons connected with KWAP at an issue price to be determined and fixed by the Board. The actual allotment of the Placement Units pursuant to the Proposed Allotment to KWAP shall be at the Manager’s absolute discretion provided that the aggregate number of Units to be issued pursuant to the Proposed Placement shall not exceed 100,000,000 Units (including the Proposed Allotment to KWAP);
- (b) the Placement Units shall, upon allotment and issue, rank equally in all respects with the existing Units except that the Placement Units will not be entitled to any distributable income, right, benefit, entitlement and/or any other distributions that may be declared, made or paid on the existing Units before the date of allotment and issue of such Placement Units; and
- (c) approval and authority be and are hereby given to the Board and the Trustee (acting for and on behalf of Axis-REIT) to do all such acts and things as they may consider necessary or expedient in the best interests of the Fund with full power to assent to any condition, modification, variation and/or amendment that may be required, or that may be imposed by any regulatory authority, and to issue and execute all declarations, confirmations, agreements, instruments and such other documents and arrangements as may be necessary or expedient to give full effect to, implement and complete the Proposed Allotment to KWAP.”

By Order of the Board of  
**AXIS REIT MANAGERS BERHAD (200401010947 (649450-W))**  
Management company of Axis Real Estate Investment Trust

**Rebecca Leong Siew Kwan**  
Chartered Secretary  
(SSM PC No. 202008000587) (MAICSA 7045547)

Petaling Jaya  
30 November 2022

### **Notes:**

1. *A Unitholder shall be entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at the Unitholders’ Meeting and shall be entitled to appoint up to 2 persons, whether a Unitholder or not, as its proxy to attend and vote. As the Unitholders’ Meeting will be conducted on a virtual basis, an individual Unitholder who is unable to attend and vote via the Remote Participation and Electronic Voting facilities, at the Unitholders’ Meeting, can appoint the Chairman of the meeting as his/her proxy.*
2. *Where a Unitholder is a corporation, its duly authorised representative shall be entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at the Unitholders’ Meeting and shall be entitled to appoint up to 2 persons (whether a Unitholder or not) as its proxy to attend and vote.*
3. *If the Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“**Authorised Nominee**”), it may appoint at least 1 proxy (but no more than 2) in respect of each securities account it holds with units of Axis-REIT (“**Units**”) standing to the credit of the said securities account.*

4. *If the Unitholder is an exempt Authorised Nominee which holds Units for multiple beneficial owners in 1 securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
5. *The proxy(ies) so appointed by a corporate Unitholder, an Authorised Nominee or an exempt Authorised Nominee need not be the Chairman of the meeting.*
6. *But where 2 proxies are appointed, the appointment shall be invalid unless the proportions of holdings to be represented by each proxy are specified in the Instrument of Proxy.*
7. *Only a depositor whose name appears in the Record of Depositors of Axis-REIT as at 8 December 2022 shall be regarded as a Unitholder and entitled to attend, speak (in the form of real-time submission of typed-texts) and vote at this Unitholders’ Meeting or appoint proxy(ies) in the manner as indicated above.*
8. *The Instrument of Proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Instrument of Proxy must be executed under the corporation’s seal or under the hand of an officer or attorney duly authorised.*
9. *To be valid, the original Instrument of Proxy duly completed and signed must be deposited at the office of the Registrars at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting (facsimile or soft copy of Instrument of Proxy would be disregarded).*

**Additional Information:**

1. *Please refer to the Administrative Guide for Unitholders which is available on the corporate website of Axis-REIT at <https://www.axis-reit.com.my/investor/meeting.php> for more details of the virtual Unitholders’ Meeting. The Instrument of Proxy is also available for download from the same link.*



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

**INSTRUMENT OF PROXY**

Central Depository System Account No.	No. of Units held in Axis-REIT

\*I/We (full name of individual/corporation).....

\*MyKad/Passport No./Registration No. .... Contact No. ....

Email address.....

of (address).....

being a Unitholder of **Axis Real Estate Investment Trust ("Axis-REIT")** hereby appoint the following:

<b>Full Name (In block letters):</b>	<b>MyKad/Passport No.:</b>	<b>Proportion of unitholdings</b>	
		<b>No. of Units</b>	<b>Percentage (%)</b>
<b>Address:</b>			
<b>Email address:</b>	<b>Contact No.:</b>		

\*OR failing him/her / AND,

<b>Full Name (In block letters):</b>	<b>MyKad/Passport No.:</b>	<b>Proportion of unitholdings</b>	
		<b>No. of Units</b>	<b>Percentage (%)</b>
<b>Address:</b>			
<b>Email address:</b>	<b>Contact No.:</b>		

or failing him/her, **\*the Chairman of the meeting** as my/our proxy/proxies to attend, speak (in the form of real-time submission of typed-texts) and vote for me/us on my/our behalf at the Unitholders' Meeting of Axis-REIT to be convened on a virtual basis through live streaming and online remote voting at the broadcast venue at Boardroom, Penthouse, Menara Axis, No. 2, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Thursday, 15 December 2022, at 10.00 a.m. (Malaysia time)**, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following ordinary resolutions:

**VOTING INSTRUCTIONS**

NO.	RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	Proposed Allotment to EPF		
Ordinary Resolution 2	Proposed Allotment to KWAP		

Please indicate with an "X" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he/she thinks fit.

Dated this..... day of .....2022

.....  
Signature of Unitholder OR Common Seal

\* Strike out whichever is not desired



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4. If the Unitholder is an exempt Authorised Nominee which holds Units for multiple beneficial owners in 1 securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
5. The proxy(ies) so appointed by a corporate Unitholder, an Authorised Nominee or an exempt Authorised Nominee need not be the Chairman of the meeting.

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AFFIX  
STAMP

Management Company of Axis Real Estate Investment Trust  
**Axis REIT Managers Berhad**  
c/o Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5 Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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6. But where 2 proxies are appointed, the appointment shall be invalid unless the proportions of holdings to be represented by each proxy are specified in the Instrument of Proxy.
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8. The Instrument of Proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation, the Instrument of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
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Fold This Flap For Sealing