

UNITHOLDERS' STATISTICS

ANALYSIS OF UNITHOLDINGS AS AT 31 DECEMBER 2009

Size of Holdings	Number of Unitholders	%	Number of Units Held	%
1 - 99	6	0.28	241	0.00
100 – 1,000	432	20.77	307,509	0.10
1,001 – 10,000	1,077	51.78	5,439,500	1.77
10,001 – 100,000	407	19.57	13,627,050	4.44
100,001 – 15,354,059 #	156	7.50	223,062,600	72.64
15,354,060 ## and above	2	0.10	64,644,300	21.05
Total	2,080	100.00	307,081,200	100.00

less than 5% of total issued units
5% and above of total issued unit

TOP 30 UNITHOLDERS AS AT 31 DECEMBER 2009 AS LISTED IN THE REGISTER OF UNITHOLDERS

Ranking	Unitholder	No. of Units	% of Total Issued Units
1	Baiduri Kemas Sdn Bhd	33,790,000	11.00
2	Employees Provident Fund Board	30,854,300	10.05
3	Kumpulan Wang Persaraan (Diperbadankan)	14,476,900	4.71
4	Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for American International Assurance Berhad	13,466,000	4.39
5	Alex Lee Lao	12,693,600	4.13
6	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	11,416,300	3.72
7	Valuecap Sdn Bhd	10,769,300	3.51
8	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	9,594,600	3.12
9	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	8,740,400	2.85
10	Tew Peng Hwee @ Teoh Peng Hwee	8,634,000	2.81
11	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Malaysia for Employees Provident Fund	7,091,100	2.31
12	AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Tew Peng Hwee @ Teoh Peng Hwee	6,700,000	2.18
13	HSBC Nominees (Asing) Sdn Bhd Exempt an for The Bank of New York Mellon (BNYM as E&A)	5,900,400	1.92
14	Amsec nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Abas Carl Gunnar Bin Abdullah	5,600,000	1.82
15	Lim Kian Thiam	5,314,200	1.73

UNITHOLDERS' STATISTICS

TOP 30 UNITHOLDERS AS AT 31 DECEMBER 2009
AS LISTED IN THE REGISTER OF UNITHOLDERS (CONTINUED)

Ranking	Unitholder	No. of Units	% of Total Issued Units
16	Permodalan Nasional Berhad	5,253,500	1.71
17	Uni.Asia General Insurance Berhad	5,100,000	1.66
18	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	4,830,500	1.57
19	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kian Thiam	3,900,000	1.27
20	Abas Carl Gunnar Bin Abdullah	3,809,900	1.24
21	AmanahRaya Trustees Berhad Public Far-East Property & Resorts Fund	3,535,000	1.15
22	AmanahRaya Trustees Berhad Public Smallcap Fund	3,431,000	1.12
23	TM Asia Life Malaysia Bhd as beneficial owner (PF)	2,666,000	0.87
24	Amanah Raya Nominees (Tempatan) Sdn Bhd as 1 Malaysia	2,500,000	0.81
25	Amanah Raya Nominees (Tempatan) Sdn Bhd Skin Amanah Saham Bumiputera	2,500,000	0.81
26	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	2,000,000	0.65
27	Jerneh Insurance Bhd	1,900,000	0.62
28	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	1,895,000	0.62
29	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	1,859,000	0.61
30	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LPF)	1,545,000	0.50

FREQUENTLY ASKED QUESTIONS (FAQ'S)

1. HOW OFTEN DOES AXIS-REIT MAKES AN INCOME DISTRIBUTION?

Since 1 January 2009, Axis-REIT has changed its current income distribution policy from semi annual payment to quarterly payment payable within 2 months from the close of the quarter ie income distribution for the 1st quarter will be payable no later than 31 May. However, in certain circumstances such as the issuance of New Units by Axis-REIT during the year, it may be necessary to make a special income distribution at different periods in order to attribute income distribution to existing Unitholders to avoid any income dilution from the enlarged Unitholders' capital.

2. HOW IS THIS INCOME DISTRIBUTION PAID?

Payments are made via cheques to each Unit holder with an attached Distribution Tax Voucher detailing entitlement and gross/net amount payable.

3. ARE THERE DIFFERENT TYPES OF INCOME DISTRIBUTION?

Yes. At the Fund level, the source from which income is distributed could be derived from:

- Current year's realized income before taxation;
- Current year's tax exempt income, if any;
- Portion of 'Accumulated Retained Earnings' that have been taxed;
- Portion of 'Accumulated Retained Earnings' that consist of tax exempt income.

4. WHAT IS THE TAX TREATMENT OF UNITHOLDERS?

Pursuant to the amended Section 109D (2) of the Income Tax Act, 1967 under the Finance Act 2009 which was gazetted on 8 January 2009, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Axis-REIT's level:

* Withholding tax will be deducted for distributions made to the following categories of unitholders:

Type of Unitholder	Withholding tax rate		
	2010	2009	2008
Resident corporate	Nil [^]	Nil [^]	Nil [^]
Resident non-corporate	10%	10%	15%
Non-resident individual	10%	10%	15%
Non-resident corporate	25%	25%	26%
Non-resident institutional	10%	20%	20%

[^] Resident corporate unitholder will enjoy tax transparency but will be subject to the prevailing corporate tax rate.

5. HOW DO I CALCULATE MY DISTRIBUTION?

For the financial year ended 31 December 2009, the total distribution was 15.80 sen per unit of which 0.045 sen derived from utilization of capital allowances and tax exempt profit income will not be subject to tax.

Type of Unitholder	Assumption: 10,000 Axis-REIT units	
	Gross distribution	Net distribution to unitholders after deduction of withholding tax
Resident corporate	1,580.00	1,580.00 *
Resident individual/ institutional	1,580.00	1,422.45
Foreign corporate	1,580.00	1,186.13
Foreign institution	1,580.00	1,422.45
Foreign individual	1,580.00	1,422.45

* Resident corporate unitholder will enjoy tax transparency but will be subject to the prevailing corporate tax rate.

6. WHAT IS MY NET DISTRIBUTION YIELD FOR 2009?

For the financial year ended 31 December 2009, the total distribution was 15.80 sen per unit.

Type of Unitholder	Net Distribution based on IPO price of RM1.25	Net distribution based on closing price of RM1.93 on 31 December 2009
	Resident corporate	12.64%
Resident individual/ institutional	11.38%	7.37%
Foreign corporate	9.49%	6.15%
Foreign institution	11.38%	7.37%
Foreign individual	11.38%	7.37%

7. WHERE CAN I VIEW THE TRUST DEED OF AXIS-REIT?

The Deed is available for inspection at the principal place of business of the Manager and at the principal place of business of the Trustee, OSK Trustee Berhad.

FREQUENTLY ASKED QUESTIONS (FAQ'S)

8. WHAT ARE THE TOTAL NUMBERS OF AXIS-REIT UNITS CURRENTLY IN ISSUE?

A total of 307,081,200 Units are in circulation.

9. HOW CAN NEW UNITS BE ISSUED?

The Manager may from time to time recommend an increase in the number of Units by way of a rights or bonus issue to existing Unitholders in proportion to their holding of Units, or by way of placement to any person, as consideration issue for subscription or such other methods as may be governed by the SC's Guidelines on REITs. The issue of Units are to finance acquisitions for Axis-REIT or to balance the debt-equity matrix of the Fund.

The prior approval of the SC and the Trustee are required for any increase in the size of the REIT through the creation of further Units. The prior approval of the Unitholders will also be required for the creation of further Units where stipulated in the Deed or under the applicable laws and requirements.

10. WHAT ARE MY RIGHTS AS A UNITHOLDER?

The key rights of Unitholders include rights to receive income and other distributions attributable to the Units held; received the fund reports of Axis-REIT; and participate in the termination of Axis-REIT by receiving a share of all net cash proceeds derived from the realization of the assets of Axis-REIT less any liabilities, in accordance with their proportionate interests in Axis-REIT.

11. HOW CAN THE TRUST DEED BE AMENDED?

Save where an amendment to the Deed has been approved by a resolution of not less than 2/3 of the Unitholders at a meeting of Unitholders duly convened and held in accordance with the Deed, no amendment may be made to the provisions of the Deed unless the Trustee and the Manager certify, in its opinion, that such amendment does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders.

12. UNDER WHAT CIRCUMSTANCES CAN A MEETING OF UNITHOLDERS BE CALLED?

Under the applicable law and requirements and the provisions of the Deed, Axis-REIT will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or 1/10th in number of Unitholders (whichever is lesser) request a meeting to be convened.

Any decision to be made by resolution of Unitholder shall be made by ordinary resolution, unless a special resolution is required by the applicable laws and requirements and/or the Deed. At least 14 days' notice of every meeting (other than a meeting convened to pass a special resolution, which requires at least 21 days' notice) shall be given to the Unitholders in the manner provided in the Deed. The quorum at a meeting shall be as follows:

- (a) where an ordinary resolution only is to be proposed, at least five persons holding or representing by proxy at least 10% of all the Units and carrying the right to vote at the meeting; and
- (b) where a special resolution is to be proposed, at least five persons holding or representing by proxy at least 15% of all the Units and carrying the right to vote at the meeting.

Voting at a meeting shall be by a show of hands provided that a poll shall be taken in any case where:

- (a) it is required by the Deed or by law that the question be decided by a majority which is to be measured by a percentage of the votes of those present; or
- (b) it is demanded either before or immediately after any question is put to a show of hands by Unitholders present, holding (or representing by proxy) between them not less than 5% of the Units issued.

13. CAN THE MANAGER VOTE AT UNITHOLDERS' MEETINGS?

No. However related parties (as defined in the Deed) to the Manager may vote provided that they have no interest in the outcome of the voting.

14. WHY WAS AXIS-REIT RECLASSIFIED INTO AN ISLAMIC REIT?

- a) To widen its investor base to include local Shariah-based Funds and also to develop investors interest from Shariah-based foreign funds.
- b) To expedite its asset growth with new strategic partners.
- c) To become the 1st Office Industrial REIT globally to comply with Islamic REIT Guidelines.

15. WHAT ARE THE SECURITIES COMMISSION'S GUIDELINES FOR ISLAMIC REITS

The salient compliance requirements are:-

- i. Non-Permissible rental activities must not exceed the 20% benchmark based on the total turnover or area occupied;
- ii. Not permitted to own real estate in which all the tenants operate non-permissible even if the percentage based on turnover/floor area is less than the 20% benchmark;
- iii. All forms of investments, deposits and financing must comply with the Shariah principles;
- iv. Must use the Takaful schemes to insure its real estate.
- v. Not to accept a new tenant(s) whose activities are fully non-permissible.

16. IS AN ISLAMIC REIT PERMITTED TO OWN (PURCHASE) REAL ESTATE IN WHICH THE TENANT(S) OPERATES MIXED ACTIVITIES THAT ARE PERMISSIBLE AND NON-PERMISSIBLE ACCORDING TO THE SYARIAH?

An Islamic REIT is permitted to own (purchase) real estate in which its tenant(s) operates mixed activities that are permissible and non-permissible, according to the Shariah.

However, the Islamic REIT fund manager must perform some additional compliance assessments before acquiring real estate that has a tenant(s) who operates mixed activities.

17. WHAT ARE THE ADDITIONAL COMPLIANCE ASSESSMENTS?

An Islamic REIT must obtain the total rental from non-permissible activities from the property that it wants to acquire, and subsequently compare the total rental from non-permissible activities to the total turnover of the Islamic REIT (latest financial year). This is to obtain the percentage of rental from non-permissible activities. The percentage amount will be referred to the 20% benchmark as determined by the Shariah Advisory Council (SAC) of the Securities Commission for the criteria on rental from non-permissible activities. In the event that the percentage exceeds the benchmark, the Shariah Adviser shall advise the Islamic REIT fund manager not to invest in the said real estate.

For example, if the total rental from non-permissible activities is RM210,000 and the total turnover of the Islamic REIT for that financial year is RM1,000,000, then the percentage of rental from non-permissible activities is 21%, which exceeds the 20% benchmark that has been determined by the SAC. In this situation, the Shariah Adviser shall advise the Islamic REIT fund manager not to invest in the said real estate.

18. WHAT ARE NON-PERMISSIBLE ACTIVITIES??

Rental activities that are classified as non-permissible as decided by the SAC are:

- (a) financial services based on *riba* (interest);
- (b) gambling/gaming;
- (c) manufacture or sale of non-halal products or related products;
- (d) conventional insurance;
- (e) entertainment activities that are non-permissible according to the Shariah;
- (f) manufacture or sale of tobacco-based products or related products;
- (g) stockbroking or share trading in Shariah non-compliant securities; and
- (h) hotels and resorts.

Apart from the activities listed above, the Shariah Adviser can apply *ijtihad** for other activities that may be deemed non-permissible to be included as a criterion in assessing the rental income for the Islamic REIT.

* *ijtihad* is the process of reasoning by Islamic jurists to obtain legal rulings from sources of Shariah.

19. CAN AN ISLAMIC REIT OWN REAL ESTATE IN WHICH ALL THE TENANTS OPERATE NON-PERMISSIBLE ACTIVITIES?

No. An Islamic REIT is not permitted to own real estate, in which all the tenants operate non-permissible activities, for example a casino building in which all the tenants are operating non-permissible activities, even if the percentage of rental from that building to the total turnover of the Islamic REIT is still below the benchmark (20%).

20. WHAT IF AN ISLAMIC REIT OWNS REAL ESTATE THAT IS VACANT AND PLANS TO RENT IT OUT TO A NEW TENANT(S)? IS IT BOUND BY THE APPLICATION OF THE 20% BENCHMARK AS MENTIONED IN THE ANSWER FOR QUESTION 2 ABOVE?

For a new tenant(s) that plans to rent the real estate of the Islamic REIT, the decision made by the Shariah Adviser does not need to be based on the 20% benchmark because the rental contribution from non-permissible activities is still unknown. Therefore, in this case the Shariah Adviser shall advise the Islamic REIT fund manager not to accept a new tenant(s) that operates activities that are fully non-permissible like a gambling operator.

21. WHAT IS THE METHOD OF CALCULATING THE PORTION OF RENTAL OF NON-PERMISSIBLE ACTIVITIES FROM THE TOTAL RENTAL PAYMENT PAID BY A TENANT(S) OPERATING MIXED ACTIVITIES. FOR EXAMPLE, SAY THE ISLAMIC REIT RECEIVES A RENTAL OF RM3,000 A MONTH FROM A SUPERMARKET. THE SUPERMARKET SELLS HALAL GOODS AND ALCOHOLIC BEVERAGES. THE QUESTION IS, HOW DO YOU DETERMINE THE RENTAL THAT IS CONSIDERED AS NON-PERMISSIBLE FROM THE TOTAL RENTAL THAT IS PAID BY THE SUPERMARKET (RM3,000)?

The calculation for the rental of non-permissible activities from a tenant(s) operating mixed activities can be based on the ratio of area occupied for non-permissible activities to the total area occupied. The percentage will be used as the basis for determining the ratio of rental of non-permissible activities to total rental paid by the tenant(s).

For example, in a supermarket, if the total area rented out is 1,000 square feet and the area allocated for the sale of alcoholic beverages is 100 square feet, then the ratio of area used for the sale of alcoholic beverages is 10%. Therefore, the rental from non-permissible activities (sale of alcoholic beverages) is 10% of the total rental paid by the supermarket, that is RM300 a month (10% x RM3,000).

In addition, for activities that do not involve the usage of space, such as service-based activities, the calculation method will be based on the *ijtihad* of the Shariah Adviser of the Islamic REIT. An example of a service-based activity is packaging that involves packaging of goods that are non-permissible.

FREQUENTLY ASKED QUESTIONS (FAQ'S)

22. IS AN ISLAMIC REIT REQUIRED TO USE INSTRUMENTS THAT COMPLY WITH THE SHARIAH PRINCIPLES FOR PURPOSE OF INVESTMENT, DEPOSIT AND FINANCING?

Yes. An Islamic REIT must ensure that all forms of investment, deposit and financing instruments comply with the Shariah principles.

23. IS AN ISLAMIC REIT REQUIRED TO USE INSURANCE SCHEMES THAT COMPLY WITH THE SHARIAH PRINCIPLES?

Yes. An Islamic REIT must use Takaful schemes to insure its real estate. If Takaful schemes are unable to provide the insurance coverage, then the Islamic REIT is permitted to use conventional insurance schemes.

24. IS AN ISLAMIC REIT PERMITTED TO PARTICIPATE IN THE FORWARD SALES OR PURCHASES OF CURRENCY FOR RISK MANAGEMENT?

Yes. An Islamic REIT is permitted to participate in forward sales or purchases of currency, and is encouraged to deal with Islamic financial institutions. If the Islamic REIT deals with Islamic financial institutions, then it will be bound by the concept of *wa'ad*** (only one party is obligated to fulfil his promise/responsibility). The party that is bound is the party that initiates the promise. However, if the Islamic REIT deals with conventional financial institutions, it is permitted to participate in the conventional forward sales or purchases of currency.

** *wa'ad* means promise

25. WOULD THE ISLAMIC REIT GUIDELINES SUPERCEDE THE GUIDELINES ON REAL ESTATE INVESTMENT TRUSTS ISSUED IN JANUARY 2005?

No. The Guidelines on Islamic REIT essentially provide Syariah guidance on the investment and business activities of Islamic REIT and complement the SC's Guidelines on Real Estate Investment Trusts. The issuance of Islamic REIT must therefore comply with both guidelines.