

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED BALANCE SHEET (UNAUDITED)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.03.2007 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2006 RM'000
<u>INVESTMENTS</u>		
Investment Properties	408,513	408,250
Deposits placed with licensed banks	-	-
	408,513	408,250
<u>OTHER ASSETS</u>		
Trade and other receivables	4,084	3,318
Cash and cash equivalents	43	62
Tax Recoverable	151	151
	4,278	3,531
TOTAL ASSETS	412,791	411,781
<u>LIABILITIES</u>		
Trade and other payables	15,301	15,685
Revolving credit	44,500	40,000
Bank overdraft	52,634	48,089
Provision for Income Distribution	6,185	13,898
	118,620	117,672
NET ASSET VALUE	294,171	294,109
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	234,892	234,892
Undistributed income	59,279	59,217
	294,171	294,109
NUMBER OF UNITS IN CIRCULATION	205,901,000	205,901,000
NET ASSET VALUE PER UNIT (RM)	1.429	1.428

(The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED INCOME STATEMENT (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2007	Preceding Year Corresponding Quarter 31.03.2006	Current Year To date 31.03.2007	Preceding Year To date 31.03.2006
	RM'000	RM'000	RM'000	RM'000
TOTAL TRUST REVENUE	10,811	9,434	10,811	9,434
Gross rental income	10,811	9,408	10,811	9,408
Less : Assessment	(326)	(248)	(326)	(248)
Quit Rent	(57)	(32)	(57)	(32)
Other Property operating expenditure	(1,642)	(1,346)	(1,642)	(1,346)
Net rental income	8,786	7,782	8,786	7,782
Interest income	-	26	-	26
TOTAL TRUST INCOME	8,786	7,808	8,786	7,808
<u>EXPENDITURE</u>				
Management fee	735	487	735	487
Trustee's fee	37	35	37	35
Auditors' remuneration	16	10	16	10
Tax agent's fee	3	3	3	3
Provision for doubtful debts	13	-	13	-
Administrative Expense	413	83	413	83
Borrowing cost	244	-	244	-
Interest expenses	1,078	435	1,078	435
TOTAL TRUST EXPENDITURE	2,539	1,053	2,539	1,053
NET TRUST INCOME	6,247	6,755	6,247	6,755
TAXATION	-	(100)	-	(100)
INCOME AFTER TAXATION	6,247	6,655	6,247	6,655
PROVISION FOR INCOME DISTRIBUTION	(6,185)	(6,417)	(6,185)	(6,417)
RETAINED EARNINGS	62	238	62	238
EARNINGS PER UNIT (sen)	3.03	3.23	3.03	3.23
DISTRIBUTION PER UNIT (sen)	3.00	3.12	3.00	3.12
INCOME BEFORE TAXATION IS MADE UP AS FOLLOWS:				
Realised	6,247	6,755	6,247	6,755
Unrealised	-	-	-	-
	6,247	6,755	6,247	6,755

(The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements)

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2006 TO 31 MARCH 2006 (UNAUDITED)

	Unitholders' Capital RM'000	<i>Non- distributable</i> Revaluation Reserve RM'000	<i>Distributable Undistributed Income</i>		Total RM'000
			Realised RM'000	Unrealised RM'000	
Net assets as at 1 January 2006	234,892	42,618	341	-	277,851
Prior period adjustment					
- FRS 140	-	(42,618)	-	42,618	-
<i>Restated balance</i>	234,892	-	341	42,618	277,851
Operation for the period ended 31 March 2006					
Net income for the period	-	-	6,655	-	6,655
<i>Increase in net assets resulting from operations</i>	-	-	6,655	-	6,655
Unitholders' transactions					
Distribution to Unitholders – Provision	-	-	(6,417)	-	(6,417)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	-	(6,417)	-	(6,417)
				-	
Net assets as at 31 March 2006	234,892	-	579	42,618	278,089

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (CONT'D.)

FROM 1 JANUARY 2007 TO 31 MARCH 2007 (UNAUDITED)

	<i>Distributable Undistributed Income</i>			Total RM'000
	Unitholders' Capital RM'000	Realised RM'000	Unrealised RM'000	
Net assets as at 1 January 2007	234,892	82	59,135	294,109
Operation for the period ended 31 March 2007				
Net income for the period	-	6,247	-	6,247
<i>Increase in net assets resulting from operations</i>	-	6,247	-	6,247
Unitholders' transactions				
Distribution to Unitholders – Provision	-	(6,185)	-	(6,185)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(6,185)	-	(6,185)
Net assets as at 31 March 2007	234,892	144	59,135	294,171

(The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED CASH FLOW STATEMENT **FOR THE YEAR ENDED 31 MARCH 2007 (UNAUDITED)**

	Current Year To Date 31.03.2007 RM'000	Preceding Year To Date 31.03.2006 RM'000
Operating activities		
Income before taxation	6,247	6,755
Adjustment for :-		
Interest expense	1,078	435
Interest income	-	(26)
Net appreciation on fair values of investment properties	-	-
Operating income before working capital charges	7,325	7,164
(Increase)/Decrease in working capital		
Trade and other receivables	(766)	(2,041)
Trade and other payables	(384)	235
Cash generated by operating activities	6,175	5,358
Tax paid	-	(23)
Net cash generated from operating activities	6,175	5,335
Investing activities		
Interest received	-	26
Payment for enhancement of investment properties	(263)	-
Cash (used in)/ generated from investing activities	(263)	26
Financing activities		
Interest paid	(1,078)	(435)
Proceeds from borrowings	4,500	-
Distribution paid to unitholders	(13,898)	(9,677)
Cash used in financing activities	(10,476)	(10,112)
Net decrease in cash and cash equivalents	(4,564)	(4,751)
Cash and cash equivalents at beginning of year	(48,027)	4,122
Cash and cash equivalents at end of year	(52,591)	(629)
Cash and cash equivalents		
Cash and bank balances	43	29
Bank Overdraft	(52,634)	(658)
	(52,591)	(629)

(The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST

Quarterly Unaudited Financial Results for the 1st Quarter ended 31 March 2007

NOTES TO THE QUARTERLY REPORT

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS (“FRS) 134 (FORMERLY KNOWN AS MALAYSIAN ACCOUNTING STANDARDS BOARD (“MASB”) 26)

A1. BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial information of Axis Real Estate Investment Trust (“Axis-REIT”) for year ended 31 December 2006.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2006

The audit report of the financial statements for the preceding year, for the year ended 31 December 2006 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of Axis-REIT are not affected by material seasonal or cyclical factors.

A4. UNUSUAL ITEMS

There were no unusual items to be disclosed for the quarter under review.

A5. CHANGES IN ESTIMATES

This is not applicable as no estimates were previously reported.

A6. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and year-to-date.

A7. INCOME DISTRIBUTION

During the quarter under review, Axis-REIT paid a final income distribution in respect of the financial year ended 31 December 2006 of 6.75 sen on 28 February 2007, totaling RM13,898,318. A provision was made to distribute 99% of the income before tax (unaudited) for the quarter ended 31 March 2007 amounting to RM6,184,866.

A8. SEGMENTAL REPORTING

No segment information is prepared as Axis-REIT's activities are predominantly in one industry segment and occur predominantly in Malaysia.

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

For the quarter under review, there were no changes in the value of the investment properties held other than the RM262,867 capital expenditures incurred for the enhancement of investment properties.

A10. MATERIAL EVENTS

There was no material event as at the latest practicable date from the date of this report except for the followings:

- a) proposed placement of up to 50.0million new Axis-REIT units which is pending approvals from relevant authorities except for the approval from Securities Commission which was obtained on 31 January 2007; and
- b) proposed acquisition of a single storey factory/warehouse with a double storey office annexe and other ancillary buildings erected on lot nos. 2-22, 2-24, 2-26 and 2-28, Jalan SU6A, Taman Perindustrian Subang (Lion Industrial Park) Section 22, 40300 Shah Alam, Selangor as disclosed in Item B8(a) Status of Corporate Proposal.

A11. EFFECT OF CHANGES IN THE COMPOSITION OF AXIS-REIT

There were no change in the composition of Axis-REIT for the current quarter and the Fund size stands at 205,901,000 units.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

**B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.22 OF
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

B1. REVIEW OF PERFORMANCE

The Manager is pleased to report to unitholders the results for the 1st quarter ended 31 March 2007.

For the quarter ended 31 March 2007, Axis-REIT registered a total revenue of RM10,810,713. Total expenditure for the quarter under review was RM4,563,373, of which RM2,024,236 were attributable to property expenses and RM2,539,137 to non property expenses. Included in the non property expenses is an amount of RM217,154 attributed to aborted acquisition cost. For the quarter under review, income before taxation (realised) and available for distribution amounted to RM6,247,340.

Axis-REIT has set aside RM6,184,866 [equivalent to 99% of the income before tax (realised)] as provision for income distribution. This leaves an undistributed income before taxation (realised) of RM62,474.

**B2. MATERIAL CHANGES IN INCOME BEFORE TAXATION FOR THE
QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING
QUARTER**

There were no material changes in the income before taxation for the quarter under review.

B3. PROSPECTS

The Manager is optimistic that in view of the satisfactory performance of Axis-REIT's existing investment portfolio and its growth strategy to actively pursue quality acquisitions it will be able to maintain a strong performance for the remaining period of the financial year ending 2007.

Barring any unforeseen circumstances, the Manager is of the opinion that these factors will help Axis-REIT to achieve its forecast profit for the financial year ending 2007 as disclosed in the Prospectus dated 30 June 2005.

B4. VARIANCES

This is not applicable as no profit forecast or profit guarantee was issued for this financial quarter.

B5. TAXATION

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment 90% or more of the total income of the trust is distributed to unitholder, the total income of the trust for that year of assessment shall be exempt from tax.

Thus, based on a 99% income distribution for the current quarter, Axis-REIT should not incur any tax expense for the period.

B6. PROFITS ON SALE OF INVESTMENT IN UNQUOTED SECURITIES/ PROPERTIES

There was no disposal of investment in unquoted securities/ properties during the current quarter and financial period to-date.

B7. PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

(a)

	Current Quarter RM'000	Year-to-date RM'000
Total purchase of quoted securities	N/A	N/A
Total proceeds from disposal of quoted securities	N/A	N/A
Total profit from disposal of quoted securities	N/A	N/A

(b)

	RM'000
Total investments at cost/carrying value	N/A
Total investments at book value	N/A
Total investments at market value at end of reporting period	N/A

B8. STATUS OF CORPORATE PROPOSAL

(a) (i) On 30 October 2006, Axis-REIT has announced the proposed placement of 50.0 million new Axis-REIT units which is pending approvals from relevant authorities except for the approval from Securities Commission which was obtained on 31 January 2007; and

(ii) On 20 April 2007, Axis-REIT has entered into an agreement to purchase a single storey factory/ warehouse with a double storey office annexe and other ancillary buildings erected on lot no: 2-22, 2-24, 2-26 and 2-28, Jalan SU6A, Taman Perindustrian Subang (Lion Industrial Park) Section 22, 40300 Shah Alam, Selangor Darul Ehsan for a consideration of RM18,500,000 which is pending completion.

(b) There were no proceeds raised from any corporate proposal during the current quarter and financial period to-date.

B9. BORROWINGS AND DEBT SECURITIES

	Current Quarter 31 Mar. 2007 (RM' 000)	Preceding Financial Year End 31 Dec. 2006 (RM' 000)
Short term borrowings		
- Secured	97,134	88,089

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Axis-REIT has no financial instrument with off balance sheet risks as at the latest practicable date from the date of the issuance of this report that might materially affect the position or business of Axis-REIT.

B11. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

B12. INCOME DISTRIBUTION AND EARNINGS PER UNIT

Pursuant to the amended Section 109D(2) of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Axis-REIT's level:

Resident unitholder:

- | | |
|--|---|
| a) Resident company: | Tax flow through; thus no withholding tax |
| b) Unitholder other than a resident company: | Withholding tax at 15% |

Non-resident unitholder

- | | |
|---|------------------------|
| a) Non-resident company: | Withholding tax at 27% |
| a) Non-resident institutional investor: | Withholding tax at 20% |
| a) Non-resident other than company and institutional investors: | Withholding tax at 15% |

B12. INCOME DISTRIBUTION AND EARNINGS PER UNIT (CONT.D')

A provisional income distribution for the quarter have been provided in this quarter results.

	Quarter Ended 31.03.2007 RM' 000	Year To Date Ended 31.03.2007 RM' 000
Number of units in issue ('000 units)	205,901	205,901
Net income (RM'000)	6,247	6,247
Net income distribution to unitholders (RM'000) *	6,185	6,185
Basic earnings per unit (sen)	3.03	3.03
Diluted earnings per unit (sen)	N/A	N/A
Distribution per unit (DPU) (sen)	3.00*	3.00*

* Provision for income distribution

BY ORDER OF THE BOARD

YEOH CHONG KEAT
REBECCA LEONG SIEW KWAN
Company Secretaries
AXIS REIT MANAGERS BERHAD (649450-W)
(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur
28 May 2007