

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.3.2010 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2009 RM'000
ASSETS		
Non-Current Assets		
Investment Properties	915,687	884,962
Current Assets		
Shariah-based deposits placed with licensed banks	470	8,994
Receivables, deposits and prepayments	5,679	6,822
Cash and cash equivalents	4,788	6,813
Tax Recoverable	154	154
TOTAL ASSETS	926,778	907,745
LIABILITIES		
Non-Current Liabilities		
Tenant's deposits	16,370	18,383
Term Loan / Financing	168,358	163,932
Current Liabilities		
Payables and accruals	14,360	14,780
Revolving credit	160,000	145,000
Provision for Income Distribution (note 1)	11,362	15,293
TOTAL LIABILITIES	370,450	357,388
NET ASSET VALUE	556,328	550,357
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	406,854	406,854
Undistributed distributable income	530	179
Non-Distributable reserve	148,944	143,324
	556,328	550,357
NUMBER OF UNITS IN CIRCULATION	307,081,200	307,081,200
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.8487	1.8420
- After income distribution	1.8117	1.7922

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being provision for income distribution for the period from 1 January 2010 to 31 March 2010.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2010 RM'000	Preceding Year Corresponding Quarter 31.3.2009 RM'000	Current Year To date 31.3.2010 RM'000	Preceding Year To date 31.3.2009 RM'000
TOTAL TRUST REVENUE	19,848	17,329	19,848	17,329
Gross rental income	19,797	17,329	19,797	17,329
Less : Assessment	(481)	(448)	(481)	(448)
Quit rent	(122)	(99)	(122)	(99)
Other property operating expenditure	(2,472)	(2,158)	(2,472)	(2,158)
Net rental income	16,722	14,624	16,722	14,624
Profit income	51	-	51	-
Change in fair value of investment properties - #	1,759	-	1,759	-
Net gain on financial liabilities measured at amortised cost	796	-	796	-
TOTAL TRUST INCOME	19,328	14,624	19,328	14,624
<u>EXPENDITURE</u>				
Manager's fees	1,383	1,135	1,383	1,135
Trustee's fees	69	57	69	57
Auditors' fees	26	20	26	20
Tax agent's fee	3	3	3	3
(Reversal of) / Allowance for doubtful/bad debts	(116)	241	(116)	241
Administrative expense	215	227	215	227
Conventional interest expenses *	-	367	-	367
Islamic financing cost **	3,480	2,150	3,480	2,150
TOTAL TRUST EXPENDITURE	5,060	4,200	5,060	4,200
NET TRUST INCOME	14,268	10,424	14,268	10,424
PROFIT BEFORE TAXATION	14,268	10,424	14,268	10,424
TAXATION	-	-	-	-
PROFIT FOR THE PERIOD	14,268	10,424	14,268	10,424
OTHER COMPREHENSIVE INCOME NET OF TAX				
Cash flow hedge	25	-	25	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,293	10,424	14,293	10,424
PROVISION FOR INCOME DISTRIBUTION	(11,362)	(9,980)	(11,362)	(9,980)

RETAINED EARNINGS	2,931	444	2,931	444
EARNINGS PER UNIT (sen)	4.65	4.07	4.65	4.07
DISTRIBUTION PER UNIT (sen)	3.70	3.90	3.70	3.90
PROFIT BEFORE TAXATION IS MADE UP AS FOLLOWS:				
Realised	11,713	10,424	11,713	10,424
Unrealised - change in fair value of investment properties #	1,759	-	1,759	-
Unrealised – Net gain on financial liabilities measured at amortised cost	796	-	796	-
	14,268	10,424	14,268	10,424

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements)

- * Conventional interest expenses refer to interest on conventional loan obtained prior to the reclassification of Axis-REIT to an Islamic REIT effective from 11 December 2008. After the settlement of conventional revolving credit facility of RM32.0 million on 15 July 2009, all financing activities of Axis-REIT comply with Shariah requirements.
- ** Islamic financing cost is the profit charged by the financier on the Islamic financing facility(s) taken by Axis-REIT.
- # The net appreciation on fair values of investment properties is the surplus of the appraised values over acquisition costs arising from acquisitions completed in the reporting period. This is an unrealised gain and is not available for income distribution.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2009 TO 31 MARCH 2009 (UNAUDITED)

	Unitholders' Capital RM'000	<i>Distributable</i> ← <i>Undistributed Income</i> →		Total RM'000
		Realised RM'000	Unrealised RM'000	
Net assets as at 1 January 2009	323,338	282	124,226	447,846
Total comprehensive income for the period	-	10,424	-	10,424
<i>Increase in net assets resulting from operations</i>	-	10,424	-	10,424
Unitholders' transactions				
Distribution to Unitholders – Provision	-	(9,980)	-	(9,980)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(9,980)	-	(9,980)
Net assets as at 31 March 2009	323,338	726	124,226	448,290

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2010 TO 31 MARCH 2010 (UNAUDITED)

	<i>Distributable</i>		<i>Non-Distributable</i>		Total RM'000
	Unitholders' Capital RM'000	Undistributed Realised Income RM'000	Other Unrealised Income RM'000	Hedging Reserve RM'000	
As at 1 January 2010					
- as previously stated	406,854	179	143,324	-	550,357
- effect of adopting FRS 139	-	-	3,766	(726)	3,040
As at 1 January 2010, restated	406,854	179	147,090	(726)	553,397
Total comprehensive income for the period	-	11,713	2,555	25	14,293
<i>Increase in net assets resulting from operations</i>	-	11,713	2,555	25	14,293
Unitholders' transactions					
Distribution to Unitholders – Provision	-	(11,362)	-	-	(11,362)
<i>Increase / (Decrease) in net assets resulting from Unitholders' transactions</i>	-	(11,362)	-	-	(11,362)
Net assets as at 31 March 2010	406,854	530	149,645	(701)	556,328

(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 2009 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOW
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2010 (UNAUDITED)

	Current Year To Date 31.3.2010 RM'000	Preceding Year To Date 31.3.2009 RM'000
Operating activities		
Profit before taxation	14,268	10,424
Adjustment for :-		
Conventional interest expense	-	367
Islamic financing cost	3,480	2,150
Profit income	(51)	-
Change in fair value of investment properties	(1,759)	-
Net gain on financial liabilities measured at amortised cost	(796)	-
Operating income before working capital changes	14,983	12,941
(Increase)/Decrease in working capital		
Receivables, deposits and prepayments	1,143	(933)
Payables and accruals	(1,121)	2,014
Tenants' deposit	2,549	288
Net cash generated from operating activities	17,554	14,310
Investing activities		
Profit income received	51	-
Payment for enhancement of investment properties	(4,245)	(1,541)
Purchase of investment property	(24,721)	-
Cash used in investing activities	(28,915)	(1,541)
Financing activities		
Conventional interest expense paid	-	(367)
Islamic financing cost paid	(3,480)	(2,150)
Proceeds from financing	19,426	20,000
Distribution paid to unitholders	(15,293)	(20,139)
Cash generated from/(used in) financing activities	812	(2,656)
Net (decrease)/increase in cash and cash equivalents	(10,549)	10,113
Cash and cash equivalents at beginning of period	15,507	(30,391)
Cash and cash equivalents at end of period	4,958	(20,278)

Cash and cash equivalents

Cash and bank balances	4,788	49
Bank Overdraft	-	(20,327)
Shariah-based deposits placed with licensed banks	470	300
	<hr/>	<hr/>
	5,258	(19,978)
Shariah-based deposits placed with licensed banks - pledged	(300)	(300)
	<hr/>	<hr/>
	4,958	(20,278)
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(The Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Report for the year ended 31 December 2009 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 2010

NOTES TO THE QUARTERLY REPORT

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARD (“FRS”) 134

A1. BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market 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” or “Trust”) for year ended 31 December 2009.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2009

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2009 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 2009 of 4.98 sen per unit on 26 February 2010, totaling RM15,292,644. A provision was made to distribute approximately 95.5% of the realised income before tax (unaudited) amounting to RM11,362,004 for the quarter ended 31 March 2010. This translates into 3.70 sen per unit for the quarter under review and includes a non taxable portion of approximately 0.05 sen per unit derived from utilization of capital allowances.

A8. SEGMENTAL REPORTING

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

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The investment properties are valued based on valuations performed by independent registered valuers.

A10. MATERIAL EVENTS

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

- a) The completion of the acquisition of two (2) logistic warehouses on 5 March 2010, built on two (2) parcels of industrial leasehold land identified as HSD 37861 for PT 486 and HSD 37862 for PT 485 both in the Mukim 06, District of Seberang Perai Tengah, State of Pulau Pinang for a total lump sum consideration of RM24.25 million.

A11. EFFECT OF CHANGES IN THE FUND SIZE OF AXIS-REIT

There were no change in the composition of the fund size of Axis-REIT for the current quarter and the fund size stands at 307,081,200 units.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Axis-REIT Managers Berhad, the management company of Axis-REIT ("Manager") is pleased to report to unitholders the results of 1st quarter ended 31 March 2010.

Quarter Results

For the quarter ended 31 March 2010, Axis-REIT registered a total revenue of RM19,848,224. Total expenditure for the quarter under review was RM8,135,108, of which RM3,075,217 were attributable to property expenses and RM5,059,891 to non property expenses. For the quarter under review, realized income before taxation and available for distribution amounted to RM11,713,116.

Axis-REIT has made provision of RM11,362,004 (approximately to 95.5% of the realized income before tax in respect of the period from 1 January 2010 to 31 March 2010 and the brought forward undistributed retained earnings as at 1 January 2010) for income distribution for the 1st quarter ended 31 March 2010. This leaves an undistributed realised income before taxation of RM530,045.

Maintenance costs & major capital expenditure

Capital expenditure has been incurred for the refurbishment of Quattro West (formerly known as Nestle House) during the quarter ended 31 March 2010. The total budgeted cost which had been allocated for the said refurbishment was RM7.0 million.

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 current satisfactory performance of Axis-REIT's existing investment portfolio and its growth strategy to actively pursue quality acquisitions, it will be able to maintain its current performance for the coming quarter and the rest of the financial year ending 31 December 2010.

Further to the last quarterly report announcement, the Manager is pleased to report that the refurbishment of the Quattro West (formerly known as Nestle House) which commenced since early this year, has been completed. As of todate, approximately 84% of the total lettable space of Quattro West has been successfully leased out and the Manager is still in discussion with other prospective tenants to lease out the remaining space.

B4. INVESTMENT OBJECTIVES

The Manager is pleased to report that since the listing of Axis-REIT, the Trust has been successful in achieving the investment objectives where the Trust has set out to provide the unitholders with a stable income distribution and to achieve growth in net asset value per unit of the Trust by acquiring high quality accretive properties with strong recurring rental income. There was no change in the investment objectives of Axis-REIT as at the date of this report.

B5. STRATEGIES AND POLICIES

There was no change in the strategies and policies employed since the last 2009 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the 1st quarter under review, Axis-REIT has acquired additional two properties ie Seberang Prai Logistic Warehouse 1 and Seberang Prai Logistic Warehouse 2. With the completion of the acquisitions, it brings the total number of properties held by Axis-REIT from 21 to 23 properties.

B7. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

This is not applicable as there were no proceeds raised from any issuance of new units during the current financial quarter.

B8. TAXATION

Trust Level

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 exempted from tax.

Thus, based on the income distribution for the current quarter of 99% of the realized income before tax, Axis-REIT should not incur any tax expense for the financial year.

Unitholders' Level

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:

Resident unitholder:

- | | |
|--|---|
| a) Resident company: | Tax flow through; thus no withholding tax |
| b) Unitholder other than a resident company: | Withholding tax at 10% |

Non-resident unitholder

- | | |
|---|------------------------|
| a) Non-resident company: | Withholding tax at 25% |
| a) Non-resident institutional investor: | Withholding tax at 10% |
| a) Non-resident other than company and institutional investors: | Withholding tax at 10% |

B9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed at the latest practicable date from the issuance of this report save for the following:-

(a) Corporate proposal announced on 4 August 2008:

- (i) the proposed placement of up to 120.0 million new Axis-REIT units ("Proposed Placement"); and
- (ii) the proposed increase in fund size of Axis-REIT from 255,901,000 up to a maximum of 375,901,000 units.

(collectively referred to as "Proposals")

Securities Commission ("SC") had vide its letter dated 21 August 2009 approved an extension of time till 31 December 2010 to implement the Proposals for the issuance up to 120,000,000 new units of Axis-REIT and the listing for the new units of Axis-REIT on the Main Market of Bursa Malaysia Securities Berhad.

With the General Mandate being procured from the unitholders of Axis-REIT to issue and allot new units of Axis-REIT, Axis-REIT has completed the issuance and successful listing of 51,180,200 new units on 10 September 2009 (representing up to 20% of the then existing fund size of 255,901,000) being the first tranche of the Proposed Placement.

The remaining units of the Proposed Placement will have to be issued by 31 December 2010 and the Manager intends to seek another approval from the unitholders of Axis-REIT in order to implement the second tranche of the Proposed Placement.

B10. FINANCING / BORROWINGS

	Current Quarter 31 March 2010 (RM' 000)	Preceding Financial Year End 31 Dec. 2009 (RM' 000)
Short term financing / borrowings		
- Secured revolving credit / overdraft	160,000	145,000
Long term financing / borrowings		
- Secured term loan / financing	168,358	163,932

B11. DERIVATIVES

As at 31 March 2010, the Trust has the following Islamic Profit Rate Swap (“IPRS”) to hedge against the fluctuation of future movement profit rate on its 3 and 5 years term financing.

	Fair Value 31 March 2010 (RM' 000)	Maturity
- 3 years IPRS	35,337	1 year to 3 years
- 5 years IPRS	49,162	More than 3 years

B12. MATERIAL LITIGATION

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

B13. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager or its delegates during the quarter under review.

B14. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Quarter Ended 31.3.2010 RM' 000	Immediate Preceding Quater Ended 31.12.2009 RM' 000
Number of units in issue (units)	307,081,200	307,081,200
Earnings per unit (EPU) (realized)(sen)	3.81	3.79
EPU (include unrealized income)(sen)	4.65	9.37
Net income distribution to unitholders (RM'000)	11,362	11,625
Distribution per unit (DPU) (sen)	3.70	3.74
Net Asset Value (NAV) (RM'000)	556,328	550,357
NAV Per Unit (RM)	1.8117	1.7922
Market Value Per Unit (RM)	2.00	1.93

B14. RESPONSIBILITY STATEMENT

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Axis-REIT as at 31 March 2010 and of its financial performance and cash flows for the quarter/ period ended on that date and duly authorized for release by the Board of the Manager on 20 April 2010.

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

20th April 2010