

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.03.2012 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2011 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	1,392,984	1,276,180
Fixed assets	614	102
<b>Current Assets</b>		
Receivables, deposits and prepayments	11,773	14,621
Tax recoverable	154	154
Shariah-based deposits placed with licensed banks	1,319	3,312
Cash and cash equivalents	4,239	4,062
<b>TOTAL ASSETS</b>	<b>1,411,083</b>	<b>1,298,431</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Tenants' deposits	29,575	27,033
Term financing	149,203	149,103
<b>Current Liabilities</b>		
Payables and accruals	15,703	15,963
Revolving credit/term financing	257,328	162,235
<b>TOTAL LIABILITIES</b>	<b>451,809</b>	<b>354,334</b>
<b>NET ASSET VALUE</b>	<b>959,274</b>	<b>944,097</b>
<b><u>FINANCED BY:</u></b>		
<b><u>UNITHOLDERS' FUND</u></b>		
Unitholders' capital	728,217	728,217
Undistributed distributable income	20,017	6,515
Non-distributable reserve	211,040	209,365
	<b>959,274</b>	<b>944,097</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	<b>453,814,096</b>	<b>453,814,096</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		
- Before income distribution	<b>2.1138</b>	<b>2.0804</b>
- After income distribution (Note 1)	<b>2.0708</b>	<b>2.0664</b>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.)

Note 1 - Being Net Asset Value Per Unit after reflecting realised income to be distributed as 2012 first interim income distribution of 4.30 sen per unit payable on 30 May 2012.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2012 RM'000	Preceding Year Corresponding Quarter 31.03.2011 RM'000	Current Year To date 31.03.2012 RM'000	Preceding Year To date 31.03.2011 RM'000
<b>TOTAL TRUST REVENUE</b>	32,286	27,248	32,286	27,248
Realised rental income	32,236	27,248	32,236	27,248
Unrealised rental income (unbilled lease income receivable) ##	847	-	847	-
Gross rental income	33,083	27,248	33,083	27,248
Less : Assessment	(765)	(662)	(765)	(662)
Quit rent	(204)	(190)	(204)	(190)
Other property operating expenditure	(3,823)	(2,882)	(3,823)	(2,882)
Net rental income	28,291	23,514	28,291	23,514
Profit income	50	-	50	-
Change in fair value of investment properties	300	-	300	-
Unbilled lease income receivable ##	(847)	-	(847)	-
Net gain on financial liabilities measured at amortised cost	806	282	806	282
<b>TOTAL TRUST INCOME</b>	<b>28,600</b>	<b>23,796</b>	<b>28,600</b>	<b>23,796</b>
<b><u>EXPENDITURE</u></b>				
Manager's fees	2,373	1,913	2,373	1,913
Trustee's fees	119	94	119	94
Depreciation	18	-	18	-
Auditors' fees	26	26	26	26
Tax agent's fee	4	4	4	4
Allowance for doubtful/bad debts	90	(107)	90	(107)
Administrative expense	307	262	307	262
Islamic financing cost *	4,702	5,117	4,702	5,117
<b>TOTAL TRUST EXPENDITURE</b>	<b>7,639</b>	<b>7,309</b>	<b>7,639</b>	<b>7,309</b>
<b>NET TRUST INCOME</b>	<b>20,961</b>	<b>16,487</b>	<b>20,961</b>	<b>16,487</b>
<b>PROFIT FOR THE PERIOD</b>	<b>20,961</b>	<b>16,487</b>	<b>20,961</b>	<b>16,487</b>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2012 RM'000	Preceding Year Corresponding Quarter 31.03.2011 RM'000	Current Year To date 31.12.2011 RM'000	Preceding Year To date 31.03.2011 RM'000
<b>OTHER COMPREHENSIVE INCOME NET OF TAX</b>				
Cash flow hedge	569	569	569	569
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>21,530</b>	<b>17,056</b>	<b>21,530</b>	<b>17,056</b>
EARNINGS PER UNIT (sen)	4.62	4.39	4.62	4.39
<b>PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:</b>				
Realised **	19,855	16,205	19,855	16,205
Unrealised rental income ##	847	-	847	-
Unrealised - change in fair value of investment properties	300	-	300	-
Unrealised - unbilled lease income receivable ##	(847)	-	(847)	-
Unrealised - net gain on financial liabilities measured at amortised cost	806	282	806	282
	20,961	16,487	20,961	16,487

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements)

\* Islamic financing cost is the profit charged by the financier on the Islamic financing facilities taken by Axis-REIT.

\*\* The 1<sup>st</sup> interim income distribution of 4.30 sen per unit is payable on 30 May 2012 out of the realised profit before taxation for the 1<sup>st</sup> quarter 2012.

## Recognition of unrealised rental income - unbilled lease income receivable pursuant to requirements of MFRS 117 Leases, to recognize income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the agreement.

**AXIS REAL ESTATE INVESTMENT TRUST**

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

FROM 1 JANUARY 2011 TO 31 MARCH 2011 (UNAUDITED)

	<i>Distributable</i>		<i>Non-Distributable</i>		<b>Total RM'000</b>
	<b>Unitholders' Capital RM'000</b>	<b>Undistributed Realised Income RM'000</b>	<b>Other Unrealised Income RM'000</b>	<b>Hedging Reserve RM'000</b>	
<b>As at 1 January 2011</b>	540,281	19,766	195,841	(658)	755,230
Total comprehensive income for the period	-	16,205	282	569	17,056
<i>Increase in net asset resulting from operations</i>	-	16,205	282	569	17,056
<b>Unitholders' transactions</b>					
Distribution to Unitholders	-	(19,734)	-	-	(19,734)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(19,734)	-	-	(19,734)
<b>Net assets as at 31 March 2011</b>	<b>540,281</b>	<b>16,237</b>	<b>196,123</b>	<b>(89)</b>	<b>752,552</b>

**AXIS REAL ESTATE INVESTMENT TRUST**

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

FROM 1 JANUARY 2012 TO 31 MARCH 2012 (UNAUDITED)

	<i>Distributable</i>		<i>Non-Distributable</i>		<b>Total RM'000</b>
	<b>Unitholders' Capital RM'000</b>	<b>Undistributed Realised Income RM'000</b>	<b>Other Unrealised Income RM'000</b>	<b>Hedging Reserve RM'000</b>	
<b>At 1 January 2012</b>	728,217	6,515	211,017	(1,652)	944,097
Total comprehensive income for the period	-	19,855	1,106	569	21,530
<i>Increase in net asset resulting from operations</i>	-	19,855	1,106	569	21,530
<b>Unitholders' transactions</b>					
Distribution to Unitholders#	-	(6,353)	-	-	(6,353)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(6,353)	-	-	(6,353)
<b>Net assets as at 31 March 2012</b>	<b>728,217</b>	<b>20,017</b>	<b>212,123</b>	<b>(1,083)</b>	<b>959,274</b>

# payment of the final income distribution for financial year 2011 of 1.40 sen per unit which was paid on 29 February 2012

(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 2011 and the accompanying explanatory notes attached to the financial statements.)

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 (UNAUDITED)**

	<b>Current Year To Date 31.03.2012 RM'000</b>	<b>Preceding Year To Date 31.03.2011 RM'000</b>
<b>Operating activities</b>		
Profit before taxation	20,961	16,487
Adjustment for :-		
Islamic financing cost	4,702	5,117
Profit income	(50)	-
Change in fair value of investment properties	(300)	-
Depreciation	18	-
Net gain on financial liabilities measured at amortised cost	(806)	(282)
<b>Operating income before working capital changes</b>	<b>24,525</b>	<b>21,322</b>
<b>Increase in working capital</b>		
Receivables, deposits and prepayments	2,848	1,501
Payables and accruals	309	8
Tenants' deposit	3,348	624
<b>Net cash generated from operating activities</b>	<b>31,030</b>	<b>23,455</b>
<b>Investing activities</b>		
Profit income received	50	-
Payment for enhancement of investment properties	(6,894)	(1,240)
Purchase of investment property	(109,610)	(30,521)
Purchase of fixed assets	(530)	-
<b>Cash used in investing activities</b>	<b>(116,984)</b>	<b>(31,761)</b>
<b>Financing activities</b>		
Islamic financing cost paid	(4,702)	(5,117)
Proceeds from financing	95,193	27,182
Distribution paid to unitholders	(6,353)	(19,734)
<b>Cash generated from financing activities</b>	<b>84,138</b>	<b>2,331</b>
Net decrease in cash and cash equivalents	(1,816)	(5,975)
Cash and cash equivalents at beginning of period	7,074	16,128
Cash and cash equivalents at end of period	5,258	10,153

	<b>Current Year To Date 31.03.2012 RM'000</b>	<b>Preceding Year To Date 31.03.2011 RM'000</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	1,319	9,162
Shariah-based deposits placed with licensed banks	4,239	1,291
	<u>5,558</u>	<u>10,453</u>
Shariah-based deposits placed with licensed banks - pledged	(300)	(300)
	<u>5,258</u>	<u>10,153</u>

(The Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 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 2012

NOTES TO THE QUARTERLY REPORT

**A DISCLOSURE REQUIREMENTS AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”)134**

**A1. BASIS OF PREPARATION**

The quarterly financial report is unaudited and has been prepared in accordance with MFRS 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 2011.

**A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011**

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2011 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 SHARIAH-COMPLIANT EQUITY SECURITIES**

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



#### A7. INCOME DISTRIBUTION

During the quarter under review, Axis-REIT has paid a final income distribution in respect of the financial year ended 31 December 2011 of 1.40 sen per unit on 29 February 2012, totaling RM6,353,397. Axis-REIT has further set aside RM19,514,006, approximately 97.5% of the realised income before tax (unaudited) to be distributed as 1<sup>st</sup> interim income distribution. This translates to 4.30 sen per unit for the quarter under review and includes a non taxable portion of approximately 0.05 sen per unit derived from the utilisation 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 INVESTMENT PROPERTIES

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 and leaseback of Bayan Lepas Distribution Centre, a 3-storey office block and a logistic warehouse complex on industrial land identified as Pajakan Negeri 4021 Lot 12173 in the Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang for a total lump sum cash consideration of RM48.5 million on 17 January 2012
- b) the completion of the acquisition of Seberang Prai Logistic Warehouse 3 built on two (2) parcels of contiguous industrial land identified as PN 3845 for Lot 5641 and HSD 55931 for PT 4118, both in the Mukim 11 District of Seberang Prai Tengah, State of Pulau Pinang for a total lump sum cash consideration of RM59.0 million on 15 February 2012.
- c) the entire share capital of a special purpose vehicle, Axis REIT Sukuk Berhad ("ARSB") (Company No. 953751-W) established on 21 July 2011 was transferred to OSK Trustees Berhad, the trustee of Axis-REIT on 1 March 2012. Following the said transfer and with effect from 1 March 2012, ARSB has become a wholly-owned subsidiary of Axis-REIT. ARSB has been established for certain Islamic financings proposed to be undertaken by Axis-REIT.
- d) proposed acquisition of Emerson Industrial Facility Nilai built on two (2) parcels of contiguous industrial land identified as HSD 103224 for PT13111 and HSD 103225 for PT13112, both in the Mukim of Labu, District of Seremban, State of Negeri Sembilan for a total lump sum cash consideration of RM26.5 million.

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

There was no change in the composition of the fund size of Axis-REIT for the current quarter under review and the fund size stands at 453,814,096 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 2012.

Quarter Results

For the quarter ended 31 March 2012, Axis-REIT registered a total revenue of RM33,083,312. Total expenditure for the quarter under review was RM12,431,104 of which RM4,792,179 were attributable to property expenses and RM7,638,925 to non property expenses. For the quarter under review, realised income before taxation and available for distribution amounted to RM19,854,562

Axis-REIT has set aside RM19,514,006 (approximately 97.5% of realised income before tax in respect of the period from 1 January 2012 to 31 March 2012) as income distribution for the 1st quarter ended 31 March 2012. This leaves an undistributed realised income before taxation of RM340,556.

Maintenance costs & major capital expenditure

A total of RM6,894,886 has been incurred for enhancement of the properties of Axis-REIT during the quarter ended 31 March 2012.

**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 2012.

**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 2011 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT has acquired two properties i.e. Bayan Lepas Distribution Centre and Seberang Prai Logistic Warehouse 3. With the completion of these acquisitions, it brings the total number of properties held by Axis-REIT from 27 to 29 properties.

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

This is not applicable as there was no issuance of new units by Axis-REIT 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 97.5% of the realised 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 as at the latest practicable date from the issuance of this report.

B10. FINANCING

	Current Quarter 31 March 2012 (RM' 000)	Preceding Financial Year End 31 December 2011 (RM' 000)
Short term financing		
- Secured revolving credit/term financing	257,328	162,235

Long term financing		
- Secured term financing	149,203	149,103

B11. DERIVATIVES

As at 31 March 2012, the Trust has the following Islamic Profit Rate Swap (“IPRS”) to hedge against the fluctuation of future movement in profit rate on its 3 and 5 years term financing:

	Fair Value 31 March 2012 <u>RM</u>	<u>Maturity</u>
- 3 years IPRS	94,790	Less than 3 years
- 5 years IPRS	988,394	Less than 3 years
	<u>1,083,184</u>	

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 31.03.2012 RM' 000	Immediate Preceding Quarter Ended 31.12.2011 RM' 000
Number of units in issue (units)	453,814,096	453,814,096
Earnings per unit (EPU) (realised) (sen)	4.38	4.22
EPU (include unrealised income) (sen)	4.62	8.20
Net income available for distribution to unitholders (RM'000)	19,855	16,802
Distribution per unit (DPU) (sen)	4.30	4.20
Net Asset Value (NAV) (RM'000)	959,274	944,097
NAV Per Unit (RM)	2.1138	2.0804
Market Value Per Unit (RM)	2.73	2.62

B15. RESPONSIBILITY STATEMENT

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 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 2012 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of the Manager on 16 April 2012.

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  
16 April 2012