

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

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.03.2013 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,524,892	1,519,519
Fixed assets	508	521
Current Assets		
Receivables, deposits and prepayments	6,543	26,598
Tax recoverable	154	154
Islamic deposits placed with licensed banks	22,203	38,244
Cash and cash equivalents	11,202	4,372
TOTAL ASSETS	1,565,502	1,589,408
LIABILITIES		
Non-Current Liabilities		
Tenant's deposits	26,877	26,700
Financing	208,706	208,424
Current Liabilities		
Payables and accruals	22,071	23,718
Financing	322,685	340,861
TOTAL LIABILITIES	580,339	599,703
NET ASSET VALUE	985,163	989,705
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	735,429	735,429
Undistributed distributable income	20,600	25,617
Non-distributable reserve	229,134	228,659
	985,163	989,705
NUMBER OF UNITS IN CIRCULATION	456,517,221	456,517,221
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	2.1580	2.1679
- After income distribution (Note 1)	2.1130	2.1119

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 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 first interim income distribution of 4.50 sen per unit payable on 13 June 2013

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2013 RM'000	Preceding Year Corresponding Quarter 31.03.2012 RM'000	Current Year To date 31.03.2013 RM'000	Preceding Year To date 31.03.2012 RM'000
TOTAL TRUST REVENUE	35,007	32,286	35,007	32,286
Realised rental income	34,893	32,236	34,893	32,236
Unrealised rental income (unbilled lease income receivable) **	568	847	568	847
Gross rental income	35,461	33,083	35,461	33,083
Less : Assessment	(839)	(765)	(839)	(765)
Quit rent	(212)	(204)	(212)	(204)
Other property operating expenditure	(4,054)	(3,823)	(4,054)	(3,823)
Net rental income	30,356	28,291	30,356	28,291
Profit income	114	50	114	50
Change in fair value of investment properties	-	300	-	300
Unbilled lease income receivable **	(568)	(847)	(568)	(847)
Net (loss)/gain on financial liabilities measured at amortised cost	327	806	327	806
TOTAL TRUST INCOME	30,229	28,600	30,229	28,600
<u>EXPENDITURE</u>				
Manager's fees	2,485	2,373	2,485	2,373
Trustee's fees	131	119	131	119
Depreciation	13	18	13	18
Auditors' fees	26	26	26	26
Tax agent's fee	4	4	4	4
Allowance for doubtful/bad debts	(15)	90	(15)	90
Administrative expense	498	307	498	307
Islamic financing cost *	6,212	4,702	6,212	4,702
TOTAL TRUST EXPENDITURE	9,354	7,639	9,354	7,639
NET TRUST INCOME	20,875	20,961	20,875	20,961
PROFIT FOR THE PERIOD	20,875	20,961	20,875	20,961

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2013 RM'000	Preceding Year Corresponding Quarter 31.03.2012 RM'000	Current Year To date 31.03.2013 RM'000	Preceding Year To date 31.03.2012 RM'000
	OTHER COMPREHENSIVE INCOME NET OF TAX			
Cash flow hedge	148	569	148	569
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	21,023	21,530	21,023	21,530
 EARNINGS PER UNIT (sen)	 4.57	 4.62	 4.57	 4.62
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:				
Realised	20,548	19,855	20,548	19,855
Unrealised rental income **	568	847	568	847
Unrealised - change in fair value of investment properties	-	300	-	300
Unrealised - unbilled lease income receivable **	(568)	(847)	(568)	(847)
Unrealised - Net (loss)/gain on financial liabilities measured at amortised cost	327	806	327	806
	20,875	20,961	20,875	20,961

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 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.

** 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 2012 TO 31 MARCH 2012 (UNAUDITED)

		<i>Distributable</i>	<i>Non-Distributable</i>		
	Unitholders' Capital RM'000	Undistributed Realised Income RM'000	Other Unrealised Income RM'000	Hedging Reserve RM'000	Total RM'000
As at 1 January 2012	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
Unitholders' transactions					
Distribution to Unitholders#	-	(6,353)	-	-	(6,353)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(6,353)	-	-	(6,53)
Net assets as at 31 March 2012	728,217	20,017	212,123	(1,083)	959,274

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2013 TO 31 MARCH 2013 (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 2013	735,429	25,617	229,565	(906)	989,705
Total comprehensive income for the period	-	20,548	327	148	21,023
Realisation of unrealised income	-	-	-	-	-
<i>Increase/(Decrease) in net asset resulting from operations</i>	-	20,548	327	148	21,023
Unitholders' transactions					
Distribution to Unitholders#	-	(25,565)	-	-	(25,565)
<i>Increase/(Decrease) in net assets resulting from Unitholders' transactions</i>	-	(25,565)	-	-	(25,565)
Net assets as at 31 December 2012	735,429	20,600	229,892	(758)	985,163

(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 2012 and the accompanying explanatory notes attached to the financial statements.)

Includes the payment of the final income distribution for financial year 2012 of 5.60 sen per unit which was paid on 28 February 2013

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOW
FOR THE TWELVE-MONTH PERIOD ENDED 31 MARCH 2013 (UNAUDITED)

	Current Year To Date 31.03.2013 RM'000	Preceding Year To Date 31.03.2012 RM'000
Operating activities		
Profit before taxation	20,875	20,961
Adjustment for :-		
Islamic financing cost	6,212	4,702
Profit income	(114)	(50)
Change in fair value of investment properties	-	(300)
Depreciation	13	18
Net gain on financial liabilities measured at amortised cost	(327)	(806)
Operating income before working capital changes	26,659	24,525
Increase in working capital		
Receivables, deposits and prepayments	20,055	2,848
Payables and accruals	(1,172)	309
Tenants' deposit	177	3,348
Net cash generated from operating activities	45,719	31,030
Investing activities		
Profit income received	114	50
Payment for enhancement of investment properties	(5,373)	(6,894)
Purchase of investment property	-	(109,610)
Purchase of fixed assets	-	(530)
Cash used in investing activities	(5,259)	(116,984)
Financing activities		
Islamic financing cost paid	(6,212)	(4,702)
(Repayment of)/Proceeds from financing	(17,894)	95,193
Distribution paid to unitholders	(25,565)	(6,353)
Cash generated/(used in) from financing activities	(49,671)	84,138
Net decrease in cash and cash equivalents	(9,211)	(1,816)
Cash and cash equivalents at beginning of period	42,316	7,074
Cash and cash equivalents at end of period	33,105	5,258

	Current Year To Date 31.03.2013 RM'000	Preceding Year To Date 31.03.2012 RM'000
Cash and cash equivalents		
Cash and bank balances	11,202	1,319
Shariah-based deposits placed with licensed banks	22,203	4,239
	<hr/> 33,405	<hr/> 5,558
Shariah-based deposits placed with licensed banks - pledged	(300)	(300)
	<hr/> <hr/> 33,105	<hr/> <hr/> 5,258

(The Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Report for the year ended 31 December 2012 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 2013

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 2012.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2012

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2012 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 payment of debt and Shariah-compliant equity securities for the current quarter and year-to-date.

A7. INCOME DISTRIBUTION

During the quarter under review, the final income distribution for financial year 2012 of 5.60 sen per unit, totaling to RM25,564,964 in respect of the period from 1 October 2012 to 31 December 2012 was paid on 28 February 2013.

Axis-REIT has further set aside approximately 98.57% of the total income available for distribution for the period between 1 January 2013 to 31 March 2013 to be distributed as the first interim distribution for financial year 2013 amounting to RM20,543,275 which translates to 4.50 sen per unit includes a non taxable portion of approximately 0.05 sen per unit derived from utilization of capital allowances which is not subject to tax.

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.

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 456,517,221 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 of 2013.

Quarter Results

For the quarter ended 31 March 2013, Axis-REIT registered a total revenue of RM35,007,000. Total expenditure for the quarter under review was RM14,459,000 of which RM5,105,000 were attributable to property expenses and RM9,354,000 to non property expenses. For the quarter under review, realised income before taxation amounted to RM20,548,000. Axis-REIT has set aside RM20,543,275 (approximately 98.57% of total income available for distribution in respect of the period from 1 January 2013 to 31 March 2013) as the first interim income distribution which translates to 4.50 sen per unit to be paid on 13 June 2013.

Maintenance costs & major capital expenditure

A total of RM5,373,143 has been incurred for enhancement of the properties of Axis-REIT during the first quarter of financial year 2013.

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 2013.

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 2012 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

There was no change to the total number of properties held by Axis-REIT (31 properties) since the last reporting period.

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 twelve months period to date of 100% 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% |
| b) Non-resident institutional investor: | Withholding tax at 10% |
| c) Non-resident other than company and institutional investors: | Withholding tax at 10% |

B9. STATUS OF CORPORATE PROPOSAL

- a) Pursuant to Axis-REIT's initial announcement on 14 June 2012 and approval from Securities Commission obtained on 14 December 2012, Axis-REIT will be tabling to the Unitholders the following proposals for approval at the Unitholders' Meeting to be held on 30 April 2013:-
- i. Proposed authority to allot and issue up to 90,762,819 new units in Axis-REIT ("Units"), representing up to 19.88% of the existing fund size of Axis-REIT of 456,517,221 Units ("Proposed Authority 1") to facilitate the proposed placement of new Units (including the placement of new Units to Directors and persons connected to them); and
 - ii. Proposed authority to allot and issue up to 2,000,000 new Units for the purpose of the payment of management fee to Axis REIT Managers Berhad in the form of new Units ("Proposed Authority 2").

B10. FINANCING

	Current Quarter 31 March 2013 (RM' 000)	Preceding Financial Year End 31 December 2012 (RM' 000)
Short term financing		
- Secured revolving credit/term financing	322,685	340,851
Long term financing		
- Secured term financing/Islamic Medium Term Note	208,706	208,424

B11. DERIVATIVES

As at 31 December 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 2013 <u>RM</u>	<u>Maturity</u>
- 3 years IPRS	29,148	Within 1 year
- 5 years IPRS	728,979	Less than 3 years
	<u>758,127</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 31.03.2013 RM' 000	Immediate Preceding Quarter Ended 31.12.2012 RM' 000
Number of units in issue (units)	456,517,221	456,517,221
Earnings per unit (EPU) (realised) (sen)	4.50	4.55
EPU (include unrealised income) (sen)	4.57	9.52
Net realised income for the period(RM'000)	20,548	25,727
Distribution per unit (DPU) (sen)	4.50	5.60
Net Asset Value (NAV) (RM'000)	985,163	989,705
NAV Per Unit (RM)	2.1580	2.1679
Market Value Per Unit (RM)	3.40	3.13

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 2013 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 22 April 2013.

BY ORDER OF THE BOARD

YE OH 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
22 April 2013