

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

|   | (UNAUDITED)<br>AS AT END<br>OF CURRENT<br>QUARTER<br>30.06.2012<br>RM'000 | (AUDITED)<br>AS AT PRECEDING<br>FINANCIAL<br>YEAR ENDED<br>31.12.2011<br>RM'000 |
|---|---|---|
| <b>ASSETS</b>                                     |   |   |
| <b>Non-Current Assets</b>                         |   |   |
| Investment properties                             | 1,396,400   | 1,276,180   |
| Fixed assets                                      | 603   | 102   |
|   |   | .   |
| <b>Current Assets</b>                             |   |   |
| Receivables, deposits and prepayments             | 12,169  | 14,621  |
| Tax recoverable                                   | 154   | 154   |
| Shariah-based deposits placed with licensed banks | 10,328  | 3,312   |
| Cash and cash equivalents                         | 15,170  | 4,062   |
| <b>TOTAL ASSETS</b>                               | <b>1,434,824</b>  | <b>1,298,431</b>  |
| <b>LIABILITIES</b>                                |   |   |
| <b>Non-Current Liabilities</b>                    |   |   |
| Tenants' deposits                                 | 31,398  | 27,033  |
| Term financing                                    | 99,374  | 149,103   |
| <b>Current Liabilities</b>                        |   |   |
| Payables and accruals                             | 14,398  | 15,963  |
| Revolving credit/term financing                   | 330,698   | 162,235   |
| <b>TOTAL LIABILITIES</b>                          | <b>475,868</b>  | <b>354,334</b>  |
| <b>NET ASSET VALUE</b>                            | <b>958,956</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                | 20,315  | 6,515   |
| Non-distributable reserve                         | 210,424   | 209,365   |
|   | <b>958,956</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>2.1131</b>   | <b>2.0804</b>   |
| - After income distribution (Note 1)              | <b>2.0691</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 second interim income distribution of 4.40 sen per unit payable on 11 September 2012.

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

|   | INDIVIDUAL QUARTER                                 |  | CUMULATIVE QUARTER                                 |  |
|---|--|--|--|--|
|   | Current<br>Year<br>Quarter<br>30.06.2012<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30.06.2011<br>RM'000 | Current<br>Year<br>To date<br>30.06.2012<br>RM'000 | Preceding<br>Year<br>To date<br>30.06.2011<br>RM'000 |
| <b>TOTAL TRUST REVENUE</b>                                      | 32,884   | 28,436   | 65,170   | 55,684   |
| Realised rental income  | 32,836   | 28,362   | 65,072   | 55,610   |
| Unrealised rental income (unbilled lease income receivable) *** | 847  | -  | 1,694  | -  |
| Gross rental income   | 33,683   | 28,362   | 66,766   | 55,610   |
| Less : Assessment   | (797)  | (679)  | (1,562)  | (1,341)  |
| Quit rent   | (206)  | (181)  | (410)  | (371)  |
| Other property operating expenditure                            | (3,949)  | (3,564)  | (7,772)  | (6,446)  |
| Net rental income   | 28,731   | 23,938   | 57,022   | 47,452   |
| Profit income   | 48   | 74   | 98   | 74   |
| Net loss on disposal of investment properties #                 | -  | (258)  | -  | (258)  |
| Change in fair value of investment properties                   | (514)  | -  | (214)  | -  |
| Unbilled lease income receivable ***                            | (847)  | -  | (1,694)  | -  |
| Net gain on financial liabilities measured at amortised cost    | 157  | 199  | 963  | 481  |
| <b>TOTAL TRUST INCOME</b>                                       | <b>27,575</b>                                      | <b>23,953</b>  | <b>56,175</b>                                      | <b>47,749</b>  |
| <b><u>EXPENDITURE</u></b>                                       |  |  |  |  |
| Manager's fees  | 2,400  | 1,882  | 4,773  | 3,795  |
| Trustee's fees  | 120  | 94   | 239  | 188  |
| Depreciation  | 18   | -  | 36   | -  |
| Auditors' fees  | 27   | 26   | 53   | 52   |
| Tax agent's fee   | 5  | 3  | 9  | 7  |
| Allowance for doubtful/bad debts                                | 47   | 30   | 137  | (77)   |
| Administrative expense  | 386  | 293  | 693  | 555  |
| Islamic financing cost *  | 5,117  | 5,842  | 9,819  | 10,959   |
| <b>TOTAL TRUST EXPENDITURE</b>                                  | <b>8,120</b>                                       | <b>8,170</b>   | <b>15,759</b>                                      | <b>15,479</b>  |
| <b>NET TRUST INCOME</b>   | <b>19,455</b>                                      | <b>15,783</b>  | <b>40,416</b>                                      | <b>32,270</b>  |
| <b>PROFIT BEFORE TAXATION</b>                                   | <b>19,455</b>                                      | <b>15,783</b>  | <b>40,416</b>                                      | <b>32,270</b>  |
| <b>TAXATION ##</b>  | <b>-</b>   | <b>52</b>  | <b>-</b>   | <b>52</b>  |
| <b>PROFIT FOR THE PERIOD</b>                                    | <b>19,455</b>                                      | <b>15,835</b>  | <b>40,416</b>                                      | <b>32,322</b>  |

|   | INDIVIDUAL QUARTER                 |  | CUMULATIVE QUARTER                 |                                      |
|---|------------------------------------|--|------------------------------------|--------------------------------------|
|   | Current Year Quarter<br>30.06.2012 | Preceding Year Corresponding Quarter<br>30.06.2011 | Current Year To date<br>30.06.2012 | Preceding Year To date<br>30.06.2011 |
|   | RM'000                             | RM'000   | RM'000                             | RM'000                               |
| <b>OTHER COMPREHENSIVE INCOME NET OF TAX</b>                              |                                    |  |                                    |                                      |
| Cash flow hedge   | (259)                              | (92)   | 310                                | 477                                  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                          | <b>19,196</b>                      | <b>15,743</b>                                      | <b>40,726</b>                      | <b>32,799</b>                        |
| EARNINGS PER UNIT (sen)   | 4.29                               | 4.21   | 8.91                               | 8.60                                 |
| <b>PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:</b>                       |                                    |  |                                    |                                      |
| Realised **   | 19,812                             | 15,584   | 39,667                             | 31,789                               |
| Unrealised rental income ***  | 847                                | -  | 1,694                              | -                                    |
| Unrealised - change in fair value of investment properties                | (514)                              | -  | (214)                              | -                                    |
| Unrealised - unbilled lease income receivable ***                         | (847)                              | -  | (1,694)                            | -                                    |
| Unrealised - net gain on financial liabilities measured at amortised cost | 157                                | 199  | 963                                | 481                                  |
| Unrealised – reversal of deferred tax liabilities ##                      | -                                  | 52   | -                                  | 52                                   |
|   | 19,455                             | 15,835   | 40,416                             | 32,322                               |

(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 2<sup>nd</sup> interim income distribution of 4.40 sen per unit is payable on 11 September 2012 out of the realised profit before taxation for the 2<sup>nd</sup> quarter 2012.

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

# The disposal of Axis Northport LC 1 is a loss of RM258,488 before the realisation of revaluation of the fair value gain of RM1,043,301. With the realisation of unrealised income of RM1,043,301, the disposal has resulted in a net increase of realised income of RM784,813 which has been distributed to the unitholders as part of the 2<sup>nd</sup> interim 2011 income distribution.

## Being reversal of provision for deferred tax liability on the disposal of Axis Northport LC 1.

**AXIS REAL ESTATE INVESTMENT TRUST**

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

FROM 1 JANUARY 2011 TO 30 JUNE 2011 (UNAUDITED)

|  |                                   | <i>Distributable</i>         | <i>Non-Distributable</i>                |                              |                 |
|--|-----------------------------------|------------------------------|---|------------------------------|-----------------|
|  |                                   | Undistributed                | <----->                                 |                              |                 |
|  | Unitholders'<br>Capital<br>RM'000 | Realised<br>Income<br>RM'000 | Other<br>Unrealised<br>Income<br>RM'000 | Hedging<br>Reserve<br>RM'000 | Total<br>RM'000 |
| <b>As at 1 January 2011</b>  | 540,281                           | 19,766                       | 195,841                                 | (658)                        | 755,230         |
| Total comprehensive income for the period                              | -                                 | 31,789                       | 533                                     | 477                          | 32,799          |
| Realisation of unrealised income                                       | -                                 | 1,043                        | (1,043)                                 | -                            | -               |
| <i>Increase /(Decrease) in net asset resulting from operations</i>     | -                                 | 32,832                       | (510)                                   | 477                          | 32,799          |
| <b>Unitholders' transactions</b>                                       |                                   |                              |   |                              |                 |
| Distribution to Unitholders  | -                                 | (35,522)                     | -                                       | -                            | (35,522)        |
| <i>Decrease in net assets resulting from Unitholders' transactions</i> | -                                 | (35,522)                     | -                                       | -                            | (35,522)        |
| <b>Net assets as at 30 June 2011</b>                                   | <b>540,281</b>                    | <b>17,076</b>                | <b>195,331</b>                          | <b>(181)</b>                 | <b>752,507</b>  |

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

FROM 1 JANUARY 2012 TO 30 JUNE 2012 (UNAUDITED)

|  | <i>Distributable</i>                       |   | <i>Non-Distributable</i>                          |                                       | <b>Total<br/>RM'000</b> |
|--|--|---|---|---------------------------------------|-------------------------|
|  | <b>Unitholders'<br/>Capital<br/>RM'000</b> | <b>Undistributed<br/>Realised<br/>Income<br/>RM'000</b> | <b>Other<br/>Unrealised<br/>Income<br/>RM'000</b> | <b>Hedging<br/>Reserve<br/>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                                      | -  | 39,667  | 749   | 310                                   | 40,726                  |
| <i>Increase in net asset<br/>resulting from operations</i>                     | -  | 39,667  | 749   | 310                                   | 40,726                  |
| <b>Unitholders' transactions</b>   |  |   |   |                                       |                         |
| Distribution to Unitholders#   | -  | (25,867)  | -   | -                                     | (25,867)                |
| <i>Decrease in net assets<br/>resulting from Unitholders'<br/>transactions</i> | -  | (25,867)  | -   | -                                     | (25,867)                |
| <b>Net assets as at 30 June 2012</b>   | <b>728,217</b>                             | <b>20,315</b>   | <b>211,766</b>                                    | <b>(1,342)</b>                        | <b>958,956</b>          |

# payment of the final income distribution for financial year 2011 of 1.40 sen per unit which was paid on 29 February 2012 and payment of first interim income distribution for financial year 2012 of 4.30 sen per unit which was paid on 30 May 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 30 JUNE 2012 (UNAUDITED)**

|  | <b>Current Year<br/>To Date<br/>30.06.2012<br/>RM'000</b> | <b>Preceding Year<br/>To Date<br/>30.06.2011<br/>RM'000</b> |
|--|---|---|
| <b>Operating activities</b>                                  |   |   |
| Profit before taxation                                       | 40,416  | 32,270  |
| Adjustment for :-  |   |   |
| Islamic financing cost                                       | 9,819   | 10,959  |
| Profit income  | (98)  | (74)  |
| Change in fair value of investment properties                | 214   | -   |
| Depreciation   | 36  | -   |
| Net loss on disposal of investment properties                | -   | 258   |
| Net gain on financial liabilities measured at amortised cost | (963)   | (481)   |
| Operating income before working capital changes              | <u>49,424</u>   | <u>42,932</u>   |
| <b>Increase in working capital</b>                           |   |   |
| Receivables, deposits and prepayments                        | 2,452   | 6,013   |
| Payables and accruals  | (292)   | (71)  |
| Tenants' deposit   | 4,365   | 3,250   |
| <b>Net cash generated from operating activities</b>          | <u>55,949</u>   | <u>52,124</u>   |
| <b>Investing activities</b>                                  |   |   |
| Profit income received                                       | 98  | 74  |
| Payment for enhancement of investment properties             | (10,824)  | (3,089)   |
| Purchase of investment property                              | (109,610)   | (82,571)  |
| Proceeds from disposal of investment property                | -   | 14,500  |
| Disposal Expenses  | -   | (458)   |
| Purchase of fixed assets                                     | (537)   | -   |
| <b>Cash used in investing activities</b>                     | <u>(120,873)</u>  | <u>(71,544)</u>   |
| <b>Financing activities</b>                                  |   |   |
| Islamic financing cost paid                                  | (9,819)   | (10,959)  |
| Proceeds from financing                                      | 118,734   | 58,865  |
| Distribution paid to unitholders                             | (25,867)  | (35,522)  |
| <b>Cash generated from financing activities</b>              | <u>83,048</u>   | <u>12,384</u>   |
| Net increase/(decrease) in cash and cash equivalents         | 18,124  | (7,036)   |
| Cash and cash equivalents at beginning of period             | 7,074   | 16,128  |
| Cash and cash equivalents at end of period                   | <u>25,198</u>   | <u>9,092</u>  |

|   | <b>Current Year<br/>To Date<br/>30.06.2012<br/>RM'000</b> | <b>Preceding Year<br/>To Date<br/>30.06.2011<br/>RM'000</b> |
|---|---|---|
| <b>Cash and cash equivalents</b>                            |   |   |
| Cash and bank balances                                      | 15,170  | 7,298   |
| Shariah-based deposits placed with licensed banks           | 10,328  | 2,094   |
|   | <hr/> 25,498  | <hr/> 9,392   |
| Shariah-based deposits placed with licensed banks - pledged | (300)   | (300)   |
|   | <hr/> <hr/> 25,198  | <hr/> <hr/> 9,092   |

(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 2<sup>nd</sup> Quarter Ended 30 June 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 the first interim 2012 income distribution of 4.30 sen per unit on 30 May 2012, totaling RM19,514,006. Axis-REIT has further set aside RM19,967,820, approximately 98.3% of the earnings available for distribution (unaudited) for the period 1 April 2012 to 30 June 2012 to be distributed as second(2<sup>nd</sup>) interim income distribution. This translates to 4.40 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) Proposed acquisition of a strata parcel in Wisma Academy held under PN3945/M1/B2/1 in Lot 29 Seksyen 36, Town of Petaling Jaya, District of Petaling, State of Selangor together with accessory parcels, representing 91.02% of the share unit in "Wisma Academy" ("Wisma Academy Parcel"), a building which comprise a stratified 6-storey office/warehouse building with a 2-storey basement car park erected thereon excluding those areas held under PN3945/M1/6/2 together with accessory parcels known as A4, for a cash consideration of RM73,000,000
- b) Proposed acquisition of the Annex built on a parcel of leasehold land held under PN3946, Lot No. 30, Seksyen 36, Town of Petaling Jaya, District of Petaling, State of Selangor together with the buildings erected thereon, for a cash consideration of RM12,000,000.
- c) Proposed authority to allot and issue up to 90,762,819 new units in Axis-REIT ("Units"), representing up to 20% of the existing fund size of Axis-REIT of 453,814,096 units
- d) 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
- e) Proposed renewal of authority to allot and issue up to 87,483,344 new units for the purpose of the income distribution reinvestment plan that provides the unitholders of Axis-REIT the option to reinvest their income distribution in new units
- f) The successful issuance of RM110.0 million in nominal value, 10-year Islamic Medium Term Notes ("Sukuk") pursuant to a Sukuk Programme
- g) Proposed disposal of a leasehold land held under H.S.(D) 22390 for PT 61, Seksyen 15, Bandar Shah Alam, Daerah Petaling, Negeri Selangor together with a 3-storey building erected thereon comprising office, warehouse and showroom space known as Kayangan Depot for a total consideration of RM23.6 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 2<sup>nd</sup> quarter ended 30 June 2012.

Quarter Results

For the quarter ended 30 June 2012, Axis-REIT registered a total revenue of RM32,883,530. Total expenditure for the quarter under review was RM13,071,094 of which RM4,952,124 were attributable to property expenses and RM8,118,970 to non property expenses. For the quarter under review, realised income before taxation and available for distribution amounted to RM19,812,445

Half Year Results

For the six months period ended 30 June 2012, Axis-REIT recorded a total revenue of RM65,169,205. Total expenditure for the period under review was RM25,502,198, of which RM9,744,303 were attributable to property expenses and RM15,757,895 to non-property expenses. For the period under review, realized income before taxation and available for distribution amounted to RM39,667,007.

A total of RM19,514,006 was paid out for the first three months ended 31 March 2012 as the 1st interim income distribution which translates to 4.30 sen per unit. Axis-REIT has set aside RM19,967,820 (approximately 98.3% of earnings available for distribution in respect of the period from 1 April 2012 to 30 June 2012) as income distribution for the 2nd quarter ended 30 June 2012 which translates to 4.40 sen per unit to be paid on 11 September 2012. This leaves an undistributed realised income before taxation of RM346,631.

Maintenance costs & major capital expenditure

A total of RM10,824,839 has been incurred for enhancement of the properties of Axis-REIT during the six months to-date.

**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

There was no change to the total number of properties held by Axis-REIT (29 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 current quarter of 98.3% 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 except for the following:-

- a) On 14 June 2012, Axis-REIT has announced the following:-

- i. Proposed acquisition of a strata parcel in Wisma Academy held under PN3945/M1/B2/1 in Lot 29 Seksyen 36, Town of Petaling Jaya, District of Petaling, State of Selangor

together with accessory parcels, representing 91.02% of the share unit in “Wisma Academy” (“Wisma Academy Parcel”), a building which comprise a stratified 6-storey office/warehouse building with a 2-storey basement car park erected thereon excluding those areas held under PN3945/M1/6/2 together with accessory parcels known as A4, for a cash consideration of RM73,000,000

- ii. Proposed acquisition of the Annex built on a parcel of leasehold land held under PN3946, Lot No. 30, Seksyen 36, Town of Petaling Jaya, District of Petaling, State of Selangor together with the buildings erected thereon, for a cash consideration of RM12,000,000.
- iii. Proposed authority to allot and issue up to 90,762,819 new units in Axis-REIT (“Units”), representing up to 20% of the existing fund size of Axis-REIT of 453,814,096 units
- iv. 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; collectively referred to as the “Proposals”.

The Proposals will be tabled to the unitholders of Axis-REIT for approval at a unitholders meeting to be convened on a later date.

- b) On 23 July 2012, Axis-REIT announced the proposed disposal of a leasehold land held under H.S.(D) 22390 for PT 61, Seksyen 15, Bandar Shah Alam, Daerah Petaling, Negeri Selangor together with a 3-storey building erected thereon comprising office, warehouse and showroom space known as Kayangan Depot for a total consideration of RM23.6 million which will be tabled to the unitholders of Axis-REIT for approval at a unitholders meeting to be convened on a later date.

#### B10. FINANCING

|   | Current Quarter<br>30 June 2012<br>(RM' 000) | Preceding Financial<br>Year End 31 December 2011<br>(RM' 000) |
|---|--|---|
| Short term financing                      |  |   |
| - Secured revolving credit/term financing | 330,698                                      | 162,235   |
| Long term financing                       |  |   |
| - Secured term financing                  | 99,374                                       | 149,103   |

#### B11. DERIVATIVES

As at 31 June 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<br>30 June 2012<br><u>RM</u> | <u>Maturity</u>   |
|----------------|---|-------------------|
| - 3 years IPRS | 137,597                                 | Less than 3 years |
| - 5 years IPRS | 1,204,780                               | Less than 3 years |
|                | <u>1,342,377</u><br>=====               |                   |

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<br>30.06.2012<br>RM' 000 | Immediate Preceding<br>Quarter Ended<br>31.03.2012<br>RM' 000 |
|---|--|---|
| Number of units in issue (units)                              | 453,814,096                            | 453,814,096   |
| Earnings per unit (EPU) (realised) (sen)                      | 4.37                                   | 4.38  |
| EPU (include unrealised income) (sen)                         | 4.29                                   | 4.62  |
| Net income available for distribution to unitholders (RM'000) | 19,812                                 | 19,855  |
| Distribution per unit (DPU) (sen)                             | 4.40                                   | 4.30  |
| Net Asset Value (NAV) (RM'000)                                | 958,956                                | 959,274   |
| NAV Per Unit (RM)   | 2.1131                                 | 2.1138  |
| Market Value Per Unit (RM)                                    | 2.80                                   | 2.73  |

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 30 June 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 23 July 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  
23 July 2012