

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

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.06.2013 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2012 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	1,533,261	1,519,519
Fixed assets	917	521
<b>Current Assets</b>		
Receivables, deposits and prepayments	4,866	26,598
Tax recoverable	-	154
Islamic deposits placed with licensed banks	6,204	38,244
Cash and cash equivalents	10,001	4,372
<b>TOTAL ASSETS</b>	<b>1,555,249</b>	<b>1,589,408</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Tenant's deposits	26,613	26,700
Financing	208,792	208,424
<b>Current Liabilities</b>		
Payables and accruals	23,835	23,718
Financing	298,685	340,861
<b>TOTAL LIABILITIES</b>	<b>557,925</b>	<b>599,703</b>
<b>NET ASSET VALUE</b>	<b>997,324</b>	<b>989,705</b>
<b><u>FINANCED BY:</u></b>		
<b><u>UNITHOLDERS' FUND</u></b>		
Unitholders' capital	743,636	735,429
Undistributed distributable income	21,265	25,617
Non-distributable reserve	232,423	228,659
	<b>997,324</b>	<b>989,705</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	<b>458,940,983</b>	<b>456,517,221</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		
- Before income distribution	<b>2.1731</b>	2.1679
- After income distribution (Note 1)	<b>2.1271</b>	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 second interim income distribution of 4.60 sen per unit payable on 30 August 2013.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To date 30.06.2013 RM'000	Preceding Year To date 30.06.2012 RM'000
<b>TOTAL TRUST REVENUE</b>	35,475	32,884	70,480	65,170
Realised rental income	35,223	32,836	70,115	65,072
Unrealised rental income (unbilled lease income receivable) **	519	847	1,143	1,694
Gross rental income	35,742	33,683	71,258	66,766
Less : Assessment	(836)	(797)	(1,676)	(1,562)
Quit rent	(213)	(206)	(426)	(410)
Other property operating expenditure	(4,198)	(3,949)	(8,250)	(7,772)
Net rental income	30,495	28,731	60,906	57,022
Profit income	252	48	365	98
Change in fair value of investment properties	2,700	(514)	2,700	(214)
Unbilled lease income receivable **	(519)	(847)	(1,143)	(1,694)
Net gain on financial liabilities measured at amortised cost	466	157	793	963
<b>TOTAL TRUST INCOME</b>	<b>33,394</b>	<b>27,575</b>	<b>63,621</b>	<b>56,175</b>
<b><u>EXPENDITURE</u></b>				
Manager's fees	2,498	2,400	4,983	4,773
Trustee's fees	132	120	263	239
Depreciation	25	18	38	36
Auditors' fees	27	27	53	53
Tax agent's fee	4	5	9	9
Allowance for doubtful/bad debts	2	47	(13)	137
Administrative expense	439	386	937	693
Islamic financing cost *	5,892	5,117	12,104	9,819
<b>TOTAL TRUST EXPENDITURE</b>	<b>9,019</b>	<b>8,120</b>	<b>18,374</b>	<b>15,759</b>
<b>NET TRUST INCOME</b>	<b>24,375</b>	<b>19,455</b>	<b>45,247</b>	<b>40,416</b>
<b>PROFIT FOR THE PERIOD</b>	<b>24,375</b>	<b>19,455</b>	<b>45,247</b>	<b>40,416</b>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To date 30.06.2013 RM'000	Preceding Year To date 30.06.2012 RM'000
<b>OTHER COMPREHENSIVE INCOME NET OF TAX</b>				
Cash flow hedge	122	(259)	271	310
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>24,497</b>	<b>19,196</b>	<b>45,518</b>	<b>40,726</b>
EARNINGS PER UNIT (sen)	5.33	4.29	9.90	8.91
<b>PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:</b>				
Realised	21,209	19,812	41,754	39,667
Unrealised rental income **	519	847	1,143	1,694
Unrealised - change in fair value of investment properties	2,700	(514)	2,700	(214)
Unrealised - unbilled lease income receivable **	(519)	(847)	(1,143)	(1,694)
Unrealised - Net gain on financial liabilities measured at amortised cost	466	157	793	963
	24,375	19,455	45,247	40,416

(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 30 JUNE 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>As 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 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 resulting from Unitholders' 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>

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

FROM 1 JANUARY 2013 TO 30 JUNE 2013 (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 2013</b>	735,429	25,617	229,565	(906)	989,705
Total comprehensive income for the period	-	41,754	3,493	-	45,247
Cash flow hedge	-	-	-	271	271
<i>Increase in net asset resulting from operations</i>	-	41,754	3,493	271	45,518
<b>Unitholders' transactions</b>					
Issuance of Units Under Income					
Distribution Reinvestment Plan	8,240		-	-	8,240
Distribution to Unitholders#	-	(46,106)	-	-	(46,106)
Issuing expenses	(33)	-	-	-	(33)
<i>Increase/(Decrease) in net assets resulting from Unitholders' transactions</i>	8,207	(46,106)	-	-	(37,899)
<b>Net assets as at 30 June 2013</b>	<b>743,636</b>	<b>21,265</b>	<b>233,058</b>	<b>(635)</b>	<b>997,324</b>

(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 and the first interim income distribution of 4.50 sen per unit for the financial year 2013 which were paid on 28 February 2013 and 13 June 2013 respectively.

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2013 (UNAUDITED)**

	<b>Current Year To Date 30.06.2013 RM'000</b>	<b>Preceding Year To Date 30.06.2012 RM'000</b>
<b>Operating activities</b>		
Profit before taxation	45,247	40,416
Adjustment for :-		
Islamic financing cost	12,104	9,819
Profit income	(365)	(98)
Change in fair value of investment properties	(2,700)	214
Depreciation	38	36
Net gain on financial liabilities measured at amortised cost	(793)	(963)
Operating income before working capital changes	53,531	49,424
<b>Changes in working capital</b>		
Receivables, deposits and prepayments	21,732	2,452
Payables and accruals	1,181	(292)
Tenants' deposit	(87)	4,365
<b>Cash generated from operating activities</b>	76,357	55,949
Tax refunded	154	-
<b>Net cash flows from operating activities</b>	76,511	55,949
<b>Investing activities</b>		
Profit income received	365	98
Payment for enhancement of investment properties	(11,042)	(10,824)
Purchase of investment property	-	(109,610)
Purchase of fixed assets	(434)	(537)
<b>Cash used in investing activities</b>	(11,111)	(120,873)
<b>Financing activities</b>		
Islamic financing cost paid	(12,104)	(9,819)
(Repayment of)/Proceeds from financing	(41,808)	118,734
Distribution paid to unitholders	(46,106)	(25,867)
Proceed from issue of units	8,240	-
Issuance expenses	(33)	-
<b>Cash (used in)/generated from financing activities</b>	(91,811)	83,048
Net (decrease)/increase in cash and cash equivalents	(26,411)	18,124
Cash and cash equivalents at beginning of period	42,316	7,074
Cash and cash equivalents at end of period	15,905	25,198

	<b>Current Year To Date 30.06.2013 RM'000</b>	<b>Preceding Year To Date 30.06.2012 RM'000</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	6,204	15,170
Islamic deposits placed with licensed banks	10,001	10,328
	<hr/> 16,205	<hr/> 25,498
Islamic deposits placed with licensed banks - pledged	(300)	(300)
	<hr/> 15,905	<hr/> 25,198

(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 2<sup>nd</sup> Quarter ended 30 June 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, Axis-REIT has paid the first interim 2013 income distribution of 4.50 sen per unit on 13 June 2013, totaling RM20,543,275.

Axis-REIT has further set aside approximately RM21,111,285, approximately 98% of the earning available for distribution (unaudited) for the period between 1 April 2013 to 30 June 2013 to be distributed as the second (2<sup>nd</sup>) interim income distribution for financial year 2013. This translates to 4.60 sen per unit for the quarter under review and includes a non-taxable portion of approximately 0.15 sen per unit derived from utilization of capital allowances and tax exempt profit income.

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

Axis-REIT's fund size was increased from 456,517,221 units to 458,940,983 units with the successful issuance and listing on 14 June 2013 of 2,423,762 new units issued pursuant to the Income Distribution Reinvestment Plan applicable to the first interim 2013 income distribution.

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 of 2013.

#### Quarter Results

For the quarter ended 30 June 2013, Axis-REIT registered a total revenue of RM35,475,000. Total expenditure for the quarter under review was RM14,266,000 of which RM5,247,000 were attributable to property expenses and RM9,019,000 to non-property expenses. For the quarter under review, realised income before taxation amounted to RM21,209,000.

#### Half Year Results

For the six months period ended 30 June 2013, Axis-REIT recorded a total revenue of RM70,480,000. Total expenditure for the period under review was RM28,726,000, of which RM10,352,000 were attributable to property expenses and RM18,374,000 to non-property expenses. For the period under review, realised income before taxation and available for distribution amounted to RM41,754,000.

A total of RM20,543,275 was paid out for the first three months ended 31 March 2013 as the first interim income distribution which translates to 4.50 sen per unit. Axis-REIT has further set aside RM21,111,285 (approximately 98% of total income available for distribution in respect of the period from 1 April 2013 to 30 June 2013) as the second interim income distribution which translates to 4.60 sen per unit to be paid on 30 August 2013.

#### Maintenance costs & major capital expenditure

A total of RM11,041,884 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 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

The RM8,240,000 raised as gross proceeds from the 2,423,762 units pursuant to the Income Distribution Reinvestment Plan will be used to finance enhancement of properties.

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

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 30 June 2013 (RM' 000)	Preceding Financial Year End 31 December 2012 (RM' 000)
Short term financing		
- Secured revolving credit/term financing	298,685	340,861
Long term financing		
- Secured term financing/Islamic Medium Term Note	208,792	208,424

B11. DERIVATIVES

As at 30 June 2013, the Trust has the following Islamic Profit Rate Swap (“IPRS”) to hedge against the fluctuation of future movement in profit rate on its 5 years term financing:

	Fair Value 30 June 2013 <u>RM</u>	<u>Maturity</u>
5 years IPRS	606,632 =====	Less 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 30.06.2013 RM' 000	Immediate Preceding Quarter Ended 31.03.2013 RM' 000
Number of units in issue (units)	458,940,983	456,517,221
Earnings per unit (EPU) (realised) (sen)	4.64	4.50
EPU (include unrealised income) (sen)	5.33	4.57
Net realised income for the period(RM'000)	21,209	20,548
Distribution per unit (DPU) (sen)	4.60	4.50
Net Asset Value (NAV) (RM'000)	997,324	985,163
NAV Per Unit (RM)	2.1731	2.1580
Market Value Per Unit (RM)	3.67	3.40

**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 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 25 July 2013.

**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  
25 July 2013