

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED BALANCE SHEET (UNAUDITED)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.09.2009 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2008 RM'000
<u>ASSETS</u>		
Investment Properties	728,785	723,100
Shariah-based deposits placed with licensed banks	32,470	300
Receivables, deposits and prepayments / payments	5,251	2,752
Cash and cash equivalents	10,988	65
Tax Recoverable	154	154
TOTAL ASSETS	777,648	726,371
<u>LIABILITIES</u>		
Payables and accruals	28,743	27,930
Revolving credit	143,000	200,000
Term Loan	69,022	-
Bank overdraft	-	30,456
Provision for Income Distribution (note 1)	3,808	20,139
	244,573	278,525
NET ASSET VALUE	533,075	447,846
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	406,854	323,338
Undistributed income	126,221	124,508
	533,075	447,846
NUMBER OF UNITS IN CIRCULATION	307,081,200	255,901,000
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.7483	1.8288
- After income distribution	1.7359	1.7501

(The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 31 December 2008 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being provision for income distribution for the period from 29 August 2009 to 30 September 2009.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENT (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2009 RM'000	Preceding Year Corresponding Quarter 30.9.2008 RM'000	Current Year To date 30.9.2009 RM'000	Preceding Year To date 30.9.2008 RM'000
TOTAL TRUST REVENUE	17,671	16,367	52,362	46,504
Gross rental income	17,520	16,367	52,211	46,469
Less : Assessment	(453)	(424)	(1,349)	(1,230)
Quit Rent	(99)	(89)	(297)	(264)
Other Property operating expenditure	(2,445)	(2,046)	(6,784)	(5,744)
Net rental income	14,523	13,808	43,781	39,231
Profit / interest income	151	-	151	35
TOTAL TRUST INCOME	14,674	13,808	43,932	39,266
EXPENDITURE				
Manager's fees	1,198	1,058	3,453	3,174
Trustee's fees	56	53	170	159
Auditors' fees	24	20	72	64
Tax agent's fee	3	3	9	8
Allowance for doubtful debts	124	338	63	443
Administrative Expense	182	298	652	723
Financing / borrowing cost	269	1	574	227
Conventional interest expenses *	46	2,181	784	5,992
Islamic financing cost **	2,523	-	6,902	-
TOTAL TRUST EXPENDITURE	4,425	3,952	12,679	10,790
NET TRUST INCOME	10,249	9,856	31,253	28,476
Change in fair value of investment properties - #	-	-	1,957	-
INCOME BEFORE TAXATION	10,249	9,856	33,210	28,476
TAXATION	-	-	-	-
INCOME AFTER TAXATION	10,249	9,856	33,210	28,476
PROVISION FOR INCOME DISTRIBUTION	(11,025)	(9,757)	(31,497)	(28,319)
RETAINED EARNINGS	(776)	99	1,713	157
EARNINGS PER UNIT (sen) ##	3.83	3.85	12.80	11.36
DISTRIBUTION PER UNIT (sen)	4.06	3.81	12.06	11.21
INCOME BEFORE TAXATION IS MADE UP AS FOLLOWS:				
Realised	10,249	9,856	31,253	28,476
Unrealised - #	-	-	1,957	-
	10,249	9,856	33,210	28,476

(The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2008 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 the last valuation value. This is an unrealised gain and is not available for income distribution.
- ## Based on the weighted average number of units in issue (Refer to Note B13).

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2009 TO 30 SEPTEMBER 2009 (UNAUDITED)

	<i>Distributable</i> ← <i>Undistributed Income</i> →			Total RM'000
	Unitholders' Capital RM'000	Realised RM'000	Unrealised RM'000	
Net assets as at 1 January 2009	323,338	282	124,226	447,846
Operation for the period ended 30 September 2009				
Net income for the period	-	31,253	1,957	33,210
<i>Increase in net assets resulting from operations</i>	-	31,253	1,957	33,210
Unitholders' transactions				
Placement of units	84,959			84,959
Distribution to Unitholders – Provision #	-	(31,497)	-	(31,497)
Listing expenses	(1,443)			(1,443)
<i>Increase / (Decrease) in net assets resulting from Unitholders' transactions</i>	83,516	(31,497)	-	52,019
Net assets as at 30 September 2009	406,854	38	126,183	533,075

Includes the payments of the interim income distribution on 29 May 2009, 28 August 2009 and 30 September 2009 totaling RM27,688,488 (10.82 sen per unit) in respect of the period from 1 January 2009 to 28 August 2009 and the retained earnings brought forward from financial year 2008.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (CONT'D.)

FROM 1 JANUARY 2008 TO 30 SEPTEMBER 2008 (UNAUDITED)

	<i>Distributable/ Undistributed Income</i>			Total RM'000
	Unitholders' Capital RM'000	Realised RM'000	Unrealised RM'000	
Net assets as at 1 January 2008	234,892	12	99,748	334,652
Operation for the period ended 30 September 2008				
Net income for the period	-	28,476	-	28,476
<i>Increase in net assets resulting from operations</i>	-	28,476	-	28,476
Unitholders' transactions				
Placement of units	90,000	-	-	90,000
Distribution to Unitholders – Provision	-	(28,319)	-	(28,319)
Listing expenses	(1,554)	-	-	(1,554)
<i>Increase/ (Decrease) in net assets resulting from Unitholders' transactions</i>	88,446	(28,319)	-	60,127
Net assets as at 30 September 2008	323,338	169	99,748	423,255

(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 2008 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED CASH FLOW STATEMENT
FOR THE SIX-MONTHS PERIOD ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Current Year To Date 30.09.2009 RM'000	Preceding Year To Date 30.09.2008 RM'000
Operating activities		
Income before taxation	33,210	28,476
Adjustment for :-		
Conventional interest expense	784	5,992
Islamic financing cost	6,902	-
Profit / interest income *	(151)	(35)
Change in fair value of investment properties	(1,957)	-
Operating income before working capital changes	<u>38,788</u>	<u>34,433</u>
(Increase)/Decrease in working capital		
Receivables, deposits and prepayments / payments	(2,499)	427
Payables and accruals	813	6,609
Net cash generated from operating activities	<u>37,102</u>	<u>41,469</u>
Investing activities		
Profit / interest income received *	151	35
Payment for enhancement of investment properties	(3,728)	(2,884)
Purchase of investment property	-	(92,481)
Cash used in investing activities	<u>(3,577)</u>	<u>(95,330)</u>
Financing activities		
Conventional interest expense paid	(784)	(5,992)
Islamic financing cost paid	(6,902)	-
Proceeds from financing	12,022	25,000
Distribution paid to unitholders	(47,828)	(34,066)
(Placement) / Uplift of deposit with licensed bank	(32,170)	270
Proceeds from issue of Units	84,959	90,000
Listing expenses	(1,443)	(1,554)
Cash generated from financing activities	<u>7,854</u>	<u>73,658</u>
Net increase in cash and cash equivalents	41,379	19,797
Cash and cash equivalents at beginning of period	<u>(30,391)</u>	<u>(34,730)</u>
Cash and cash equivalents at end of period	<u>10,988</u>	<u>(14,933)</u>
Cash and cash equivalents		
Cash and bank balances	10,988	59
Bank Overdraft	-	(14,992)
	<u>10,988</u>	<u>(14,933)</u>

(The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2008 and the accompanying explanatory notes attached to the financial statements.)

* Interest income / received refers to interest obtained prior to the reclassification of Axis-REIT to an Islamic REIT effective from 11 December 2008.

AXIS REAL ESTATE INVESTMENT TRUST

Quarterly Unaudited Financial Results for the 3rd Quarter ended 30 September 2009

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”) for year ended 31 December 2008.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2008

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2008 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 current quarter, Axis-REIT has made a provision for the 3rd interim income distribution of 2.82 sen per unit amounting to RM7,216,408 in respect of the realized income of the period from 1 July 2009 to 28 August 2009 and the brought forward undistributed retained earnings as at 1 July 2009 to existing unitholders prior to the issuance of the 51,180,200 new Axis-REIT units. The 3rd interim income distribution was paid on 30 September 2009.

The Trust has further made a provision of income distribution of 99% of the realized income before tax for period from 29 August 2009 to 30 September 2009 amounting to RM3,808,495. This payment will be deferred and paid together with the final 2009 income distribution before end of February 2010 for cost effectiveness purposes.

A8. SEGMENTAL REPORTING

No segment information is prepared as Axis-REIT's activities are predominantly in one industry segment and occur predominantly 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 proposed acquisition of Axis Steel Centre, described as a parcel of land held under H.S. (D) 77831, Plot 19, Town of Sultan Sulaiman, District of Klang, State of Selangor together with all the buildings erected thereon for a total lump sum consideration of RM65.0 million ("Proposed Acquisition") where unitholders' approval was obtained on 20 August 2009. The Proposed Acquisition has been completed on 20 October 2009.

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

The Axis REIT's fund size had increased from 255,901,000 units to 307,081,200 units with the successful issuance and listing of the 51,180,200 Placement Units on 10 September 2009.

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 for the 3rd quarter and the nine-month ended 30 September 2009.

Quarter Results

For the quarter ended 30 September 2009, Axis-REIT registered total revenue of RM17,671,104. Total expenditure for the quarter under review was RM7,421,711, of which RM2,996,783 were attributable to property expenses and RM4,424,928 to non property expenses. For the quarter under review, realized income before taxation and available for distribution amounted to RM10,249,393.

Nine-month Results

For the nine months period ended 30 September 2009, Axis-REIT recorded a total revenue of RM52,362,391. Total expenditure for the period under review was RM21,109,740, of which RM8,430,359 were attributable to property expenses and RM12,679,381 to non-property expenses. For the period under review, realized income before taxation and available for distribution amounted to RM31,252,651.

During the nine-months period, Axis-REIT had paid a total of RM27,688,488 as the 1st, 2nd and 3rd interim distributions which approximated to 100% of the realized income available for distribution up to 28 August 2009 to the existing unitholders prior to the issuance of the 51,180,200 new Axis-REIT units. A further provision of income distribution of 99% of the realized income before tax was made for period from 29 August 2009 to 30 September 2009 amounting to RM3,808,495. This payment will be deferred and paid together with the final 2009 income distribution before end of February 2010 for cost effectiveness purposes.

Maintenance costs & major capital expenditure

There were no major maintenance and capital expenditure costs incurred during the quarter ended 30 September 2009.

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 2009.

In Axis-REIT's 2008 Annual Report, the Manager had reported that Nestle Products Sdn Bhd will be moving out of Nestle House at the end of November 2009. It was also reported that it would be undertaking a complete enhancement in order to bring Nestle House to the best in class and efforts are currently in progress. The Manager is also currently in discussions with prospective tenants to lease out the 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 fund 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 2008 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

There was no change to the total number of properties held by Axis-REIT (19 properties) during the current quarter ended 30 September 2009.

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

During the current financial quarter, an amount of RM84,959,132 was raised as gross proceeds from the placement of 51,180,200 new Axis-REIT units. This amount will be used to pare down the borrowing of Axis-REIT maturing in September 2009 and November 2009.

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.

- (b) Axis-REIT had on 20 August 2009 obtained the approval from unitholders at the Unitholders’s Meeting on the proposed acquisition of Axis Steel Centre, described as a parcel of land held under H.S. (D) 77831, Plot 19, Town of Sultan Sulaiman, District of Klang, State of Selangor together with all the buildings erected thereon for a total lump sum consideration of RM65.0 million (“Proposed Acquisition”). The Proposed Acquisition has been completed on 20 October 2009.

B10. FINANCING / BORROWINGS AND DEBT SECURITIES

	Current Quarter 30 Sept. 2009 (RM’ 000)	Preceding Financial Year End 31 Dec. 2008 (RM’ 000)
Short term financing / borrowings		
- Secured revolving credit / overdraft	143,000	230,456
Long term financing / borrowings		
- Secured term loan	69,022	-

B11. MATERIAL LITIGATION

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

B12. SOFT COMMISSION RECEIVED

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

B13. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Quarter Ended 30.09.2009 RM’ 000	Immediate Preceding Quarter Ended 30.06.2009 RM’ 000
Number of units in issue (units)	307,081,200	255,901,000
EPU (realized)(sen)	3.83#	4.14
EPU (include unrealized income)(sen)	3.83#	4.90

Net income distribution to unitholders (RM'000)	11,025	10,492
Distribution per unit (DPU) (sen)	4.06*	4.10
Net Asset Value (RM'000)	533,075	450,335
Net Asset Value Per Unit (RM)	1.7359	1.7598
Market Value Per Unit (RM)	1.78	1.50

* Includes the 3rd interim income distribution of 2.82 sen per unit based on the number of units in issue of 255,901,000 paid on 30 September 2009.

Based on weighted average of the number of units in issue of 267,583,437 (30/6/2009: 255,901,000). The total number of units issued had increased from 255,901,000 to 307,081,200 arising from the issuance of 51,180,200 additional new units on 10 September 2009.

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 30 September 2009 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 October 2009.

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 October 2009