

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED BALANCE SHEET (UNAUDITED)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2007 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2006 RM'000
<u>ASSETS</u>		
Investment Properties	570,400	408,250
Deposits placed with licensed banks	570	-
Receivables, deposits and prepayments	10,647	3,318
Cash and cash equivalents	86	62
Tax Recoverable	154	151
TOTAL ASSETS	581,857	411,781
<u>LIABILITIES</u>		
Payables and accruals	21,885	15,685
Revolving credit	175,000	40,000
Bank overdraft	34,816	48,089
Provision for Income Distribution (note 1)	15,504	13,898
	247,205	117,672
NET ASSET VALUE	334,652	294,109
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	234,892	234,892
Undistributed income	99,760	59,217
	334,652	294,109
NUMBER OF UNITS IN CIRCULATION	205,901,000	205,901,000
NET ASSET VALUE PER UNIT (RM)	1.625	1.428

(The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being provision for income distribution for the period 1 July 2007 to 31 December 2007 and balance of undistributed year 2006 income already subject to tax of RM82,360.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED INCOME STATEMENT (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Current Year To date 31.12.2007 RM'000	Preceding Year To date 31.12.2006 RM'000
	TOTAL TRUST REVENUE	13,013	10,813	46,827
Gross rental income	13,013	10,813	46,819	40,931
Less : Assessment	(349)	(319)	(1,296)	(1,147)
Quit Rent	(63)	(49)	(232)	(172)
Other Property operating expenditure	(1,666)	(1,537)	(7,111)	(6,483)
Net rental income	10,935	8,908	38,180	33,129
Interest income	-	-	8	37
TOTAL TRUST INCOME	10,935	8,908	38,188	33,166
<u>EXPENDITURE</u>				
Manager's fees	821	724	3,077	2,420
Trustee's fees	38	36	154	142
Auditors' fees	14	23	60	54
Tax agent's fee	3	6	11	12
Bad debts written off	144	119	144	119
(Reversal of)/Allowance for doubtful debts	(180)	(56)	(125)	167
Administrative Expense	162	247	822	450
Borrowing cost	92	-	600	65
Interest expenses	1,952	1,099	5,454	3,072
TOTAL TRUST EXPENDITURE	3,046	2,198	10,197	6,501
NET TRUST INCOME	7,889	6,710	27,991	26,665
Change in fair value of investment properties - #	10,688	8,095	40,613	16,517
INCOME BEFORE TAXATION	18,577	14,805	68,604	43,182
TAXATION	-	(3)	3	(260)
INCOME AFTER TAXATION	18,577	14,802	68,607	42,922
PROVISION FOR INCOME DISTRIBUTION	(8,063)	(7,421)	(28,064)	(26,664)
RETAINED EARNINGS	10,514	7,381	40,543	16,258
EARNINGS PER UNIT (sen)	9.02	7.19	33.32	20.85
DISTRIBUTION PER UNIT (sen)	3.92	3.60	13.63	12.95

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED INCOME STATEMENT (UNAUDITED) (CONT'D.)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Current Year To date 31.12.2007 RM'000	Preceding Year To date 31.12.2006 RM'000
INCOME BEFORE TAXATION IS MADE UP AS FOLLOWS:				
Realised	7,889	6,710	27,991	26,665
Unrealised - #	10,688	8,095	40,613	16,517
	18,577	14,805	68,604	43,182

(The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements)

- # The net appreciation on fair values of investment properties is the surplus of the appraised values over acquisition costs arising from acquisitions completed in the reporting period/ the last valuation value. This is an unrealised gain and is not available for income distribution.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2006 TO 31 DECEMBER 2006 (AUDITED)

	Unitholders' Capital RM'000	Non- distributable Revaluation Reserve RM'000	Distributable Undistributed Income		Total RM'000
			Realised RM'000	Unrealised RM'000	
Net assets as at 1 January 2006	234,892	42,618	341	-	277,851
Effect of adopting FRS 140	-	(42,618)	-	42,618	
<i>Restated balance</i>	234,892	-	341	42,618	277,851
Operation for the period ended 31 December 2006					
Net income for the period	-	-	26,405	16,517	42,922
<i>Increase in net assets resulting from operations</i>	-	-	26,405	16,517	42,922
Unitholders' transactions					
Distribution to Unitholders - Provision	-	-	(26,664)	-	(26,664)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	-	(26,664)	-	(26,664)
				-	
Net assets as at 31 December 2006	234,892	-	82	59,135	294,109

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2007 TO 31 DECEMBER 2007 (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 2007	234,892	82	59,135	294,109
Operation for the period ended 31 December 2007				
Net income for the period	-	27,994	40,613	68,607
<i>Increase in net assets resulting from operations</i>	-	27,994	40,613	68,607
Unitholders' transactions				
Distribution to Unitholders – Provision #	-	(28,064)	-	(28,064)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(28,064)	-	(28,064)
Net assets as at 31 December 2007	234,892	12	99,748	334,652

Includes the payment of the interim income distribution of 6.1 sen per unit on 30 August 2007 totaling RM12,559,961 in respect of the six-months period ended 30 June 2007.

(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 2006 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED CASH FLOW STATEMENT **FOR THE YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)**

	Current Year To Date 31.12.2007 RM'000	Preceding Year To Date 31.12.2006 RM'000
Operating activities		
Income before taxation	68,604	43,182
Adjustment for :-		
Interest expense	5,454	3,137
Interest income	(8)	(37)
Change in fair value of investment properties	(40,613)	(16,517)
Operating income before working capital changes	33,437	29,765
(Increase)/Decrease in working capital		
Receivables, deposits and prepayments	(7,329)	(519)
Payables and accruals	6,200	3,581
Cash generated by operating activities	32,308	32,827
Tax paid	-	(350)
Net cash generated from operating activities	32,308	32,477
Investing activities		
Interest received	8	37
Payment for enhancement of investment properties	(3,810)	(255)
Purchase of investment property	(117,727)	(59,278)
(Placement)/ uplift of pledged deposits with licensed bank	(570)	450
Cash used in investing activities	(122,099)	(59,046)
Financing activities		
Interest paid	(5,454)	(3,137)
Proceeds from borrowings	135,000	-
Distribution paid to unitholders	(26,458)	(22,443)
Cash generated from/ (used in) financing activities	103,088	(25,580)
Net increase/ (decrease) in cash and cash equivalents	13,297	(52,149)
Cash and cash equivalents at beginning of year	(48,027)	4,122
Cash and cash equivalents at end of year	(34,730)	(48,027)
Cash and cash equivalents		
Cash and bank balances	86	62
Bank Overdraft	(34,816)	(48,089)
	(34,730)	(48,027)

(The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST

Quarterly Unaudited Financial Results for the 4th Quarter ended 31 December 2007

NOTES TO THE QUARTERLY REPORT

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS (“FRS) 134 (FORMERLY KNOWN AS MALAYSIAN ACCOUNTING STANDARDS BOARD (“MASB”) 26)

A1. BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 Part K of the 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 2006.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2006

The audit report of the financial statements for the preceding year, for the year ended 31 December 2006 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

A provision was made to distribute RM8,063,950 as income distribution for the 4th quarter ended 31 December 2007. Out of this amount is a sum of RM82,360 being income already subject to tax out of the retained earnings carried forward from financial year 2006.

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 followings:

- a) proposed placement of 50.0 million new Axis-REIT units which is pending the bookbuilding exercise. However approvals from Securities Commission and unitholders have been obtained on 31 January 2007 and 7 December 2007 respectively;
- b) proposed acquisition of a single storey warehouse and annexed two (2) storey office erected upon a portion of land held under H.S.(D) 303868 for PTD 2423, Mukim Tj. Kupang, Daerah Johor Bahru, Negeri Johor for a total lump sum cash consideration of RM27,000,000;
- c) proposed acquisition of a five (5) storey office cum flatted factory, with mezzanine floor and a two (2) level basement car park erected on land under a 99 years leasehold title No. P.N. 29932 for Lot 84, Seksyen 13 (formerly known as H.S.(D) 97253, P.T.3) Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor for a total lump sum consideration of RM37,000,000.

A11. EFFECT OF CHANGES IN THE COMPOSITION OF AXIS-REIT

There were no change in the composition of Axis-REIT for the current quarter and the Fund size stands at 205,901,000 units.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

**B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.22 OF
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

B1. REVIEW OF PERFORMANCE

Quarter Results

For the quarter ended 31 December 2007, Axis-REIT registered a total revenue of RM13,013,281. Total expenditure for the quarter under review was RM5,123,543 of which RM2,077,504 were attributable to property expenses and RM3,046,039 to non property expenses. For the quarter under review, realised income before taxation and available for distribution amounted to RM7,889,738.

Full Year Results

For the year 2007, Axis-REIT recorded a total revenue of RM46,827,851 including interest income of RM8,484. Total expenditure for the year under review was RM18,836,372, of which RM8,639,272 were attributable to property expenses and RM10,197,100 to non property expenses. For the year under review, realised income before taxation and available for distribution amounted to RM27,991,479.

Axis-REIT has made provision of RM28,064,306 [approximate to 99.97% of the realised income before tax for year 2007 plus balance of undistributed year 2006 income already subject to tax of RM82,360] for income distribution for the year 2007. This translates into a distribution per unit of 13.63 cents for year 2007.

**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 satisfactory performance of Axis-REIT's existing investment portfolio and its growth strategy to actively pursue quality acquisitions it will be able to maintain a strong performance for the coming quarter and the financial year ending 31 December 2008.

B4. VARIANCES

This is not applicable as no profit forecast or profit guarantee was issued for this financial quarter.

B5. TAXATION

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 provision of income distribution for the current quarter and year 2007 of approximately 99.97% of the realized income before tax, Axis-REIT should not incur any tax expense for the financial year.

B6. PROFITS ON SALE OF INVESTMENT IN UNQUOTED SECURITIES/ PROPERTIES

There was no disposal of investment in unquoted securities/ properties during the current quarter and financial period to-date.

B7. PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

(a)

	Current Quarter RM'000	Year-to-date RM'000
Total purchase of quoted securities	N/A	N/A
Total proceeds from disposal of quoted Securities	N/A	N/A
Total profit from disposal of quoted securities	N/A	N/A

(b)

	RM'000
Total investments at cost/carrying value	N/A
Total investments at book value	N/A
Total investments at market value at end of reporting period	N/A

B8. STATUS OF CORPORATE PROPOSAL

(a) On 30 October 2006, Axis-REIT has announced the proposed placement of 50.0 million new Axis-REIT units which is pending the bookbuilding exercise. However approvals from unitholders and Securities Commission have been obtained on 7 December 2007 and 31 January 2007 respectively; and

(b) There were no proceeds raised from any corporate proposal during the current quarter and financial period to-date.

B9. BORROWINGS AND DEBT SECURITIES

	Current Quarter 31 Dec 2007 <u>(RM' 000)</u>	Preceding Financial Year End 31 Dec. 2006 <u>(RM' 000)</u>
Short term borrowings		
- Secured	209,816	88,089

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Axis-REIT has no financial instrument with off balance sheet risks as at the latest practicable date from the date of the issuance of this report that might materially affect the position or business of Axis-REIT.

B11. MATERIAL LITIGATION

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

B12. INCOME DISTRIBUTION AND EARNINGS PER UNIT

Pursuant to the amended Section 109D(2) of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, 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 15% |

Non-resident unitholder

- | | |
|---|------------------------|
| a) Non-resident company: | Withholding tax at 27% |
| a) Non-resident institutional investor: | Withholding tax at 20% |
| a) Non-resident other than company and institutional investors: | Withholding tax at 15% |

B12. INCOME DISTRIBUTION AND EARNINGS PER UNIT (CONT'D.)

A provisional income distribution for the quarter have been provided in this quarter results.

	Quarter Ended 31.12.2007 RM' 000	Year To Date Ended 31.12.2007 RM' 000
Number of units in issue ('000 units)	205,901	205,901
Net income (RM'000)	18,577	68,607
Net income distribution to unitholders (RM'000) *	8,063	28,064
Basic earnings per unit (sen)	9.02	33.32
Diluted earnings per unit (sen)	N/A	N/A
Distribution per unit (DPU) (sen)	3.92*	13.63*

* Provision for income distribution

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
7 January 2008