

# **AXIS REAL ESTATE INVESTMENT TRUST**

## **CONDENSED BALANCE SHEET (UNAUDITED)**

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2008 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2007 RM'000
<b><u>ASSETS</u></b>		
Investment Properties	723,100	570,400
Deposits placed with licensed banks	300	570
Receivables, deposits and prepayments	2,752	10,647
Cash and cash equivalents	65	86
Tax Recoverable	154	154
<b>TOTAL ASSETS</b>	<b>726,371</b>	<b>581,857</b>
<b><u>LIABILITIES</u></b>		
Payables and accruals	27,930	21,885
Revolving credit	200,000	175,000
Bank overdraft	30,456	34,816
Provision for Income Distribution (note 1)	20,139	15,504
	<b>278,525</b>	<b>247,205</b>
<b>NET ASSET VALUE</b>	<b>447,846</b>	<b>334,652</b>
<b><u>FINANCED BY:</u></b>		
<b><u>UNITHOLDERS' FUND</u></b>		
Unitholders' capital	323,338	234,892
Undistributed income	124,508	99,760
	<b>447,846</b>	<b>334,652</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	<b>255,901,000</b>	<b>205,901,000</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>	<b>1.750</b>	<b>1.625</b>

(The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being provision for income distribution for the period 1 July 2008 to 31 December 2008.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2008	Preceding Year Corresponding Quarter 31.12.2007	Current Year To date 31.12.2008	Preceding Year To date 31.12.2007
	RM'000	RM'000	RM'000	RM'000
<b>TOTAL TRUST REVENUE</b>	16,938	13,013	63,442	46,827
Gross rental income	16,862	13,013	63,331	46,819
Less : Assessment	(436)	(349)	(1,666)	(1,296)
Quit Rent	(90)	(63)	(354)	(232)
Other Property operating expenditure	(2,112)	(1,666)	(7,856)	(7,111)
Net rental income	14,224	10,935	53,455	38,180
Interest income	76	-	111	8
<b>TOTAL TRUST INCOME</b>	<b>14,300</b>	<b>10,935</b>	<b>53,566</b>	<b>38,188</b>
<b>EXPENDITURE</b>				
Manager's fees	1,068	821	4,242	3,077
Trustee's fees	53	38	212	154
Auditors' fees	20	14	84	60
Tax agent's fee	3	3	11	11
Bad debts written off	-	144	-	144
(Reversal of) / Allowance for doubtful debts	(285)	(180)	158	(125)
Administrative Expense	545	162	1,268	822
Borrowing cost	-	92	227	600
Interest expenses	2,401	1,952	8,393	5,454
<b>TOTAL TRUST EXPENDITURE</b>	<b>3,805</b>	<b>3,046</b>	<b>14,595</b>	<b>10,197</b>
<b>NET TRUST INCOME</b>	<b>10,495</b>	<b>7,889</b>	<b>38,971</b>	<b>27,991</b>
Change in fair value of investment properties - #	24,478	10,688	24,478	40,613
<b>INCOME BEFORE TAXATION</b>	<b>34,973</b>	<b>18,577</b>	<b>63,449</b>	<b>68,604</b>
TAXATION	-	-	-	3
<b>INCOME AFTER TAXATION</b>	<b>34,973</b>	<b>18,577</b>	<b>63,449</b>	<b>68,607</b>
PROVISION FOR INCOME DISTRIBUTION	(10,382)	(8,063)	(38,701)	(28,064))
<b>RETAINED EARNINGS</b>	<b>24,591</b>	<b>10,514</b>	<b>24,748</b>	<b>40,543</b>
EARNINGS PER UNIT (sen) ##	13.67	9.02	25.03	33.32
DISTRIBUTION PER UNIT (sen)	4.06	3.92	15.27	13.63
<b>INCOME BEFORE TAXATION IS MADE UP AS FOLLOWS:</b>				
Realised	10,495	7,889	38,971	27,991
Unrealised - #	24,478	10,688	24,478	40,613
	34,973	18,577	63,449	68,604

(The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007 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.

## Based on the weighted average number of units in issue(Refer to Note B12).

## AXIS REAL ESTATE INVESTMENT TRUST

### CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2008 TO 31 DECEMBER 2008 (UNAUDITED)

	<b>Unitholders' Capital RM'000</b>	<b>Distributable ← Undistributed Income →</b>		<b>Total RM'000</b>
		<b>Realised RM'000</b>	<b>Unrealised RM'000</b>	
<b>Net assets as at 1 January 2008</b>	234,892	12	99,748	334,652
<b>Operation for the period ended 31 December 2008</b>				
Net income for the period	-	38,971	24,478	63,449
<i>Increase in net assets resulting from operations</i>	-	38,971	24,478	63,449
<b>Unitholders' transactions</b>				
Placement of units	90,000	-	-	90,000
Distribution to Unitholders – Provision #	-	(38,701)	-	(38,701)
Listing expenses	(1,554)	-	-	(1,554)
<i>Increase/ (Decrease) in net assets resulting from Unitholders' transactions</i>	88,446	(38,701)	-	49,745
<b>Net assets as at 31 December 2008</b>	<b>323,338</b>	<b>282</b>	<b>124,226</b>	<b>447,846</b>

# Includes the payments of the interim income distribution of 7.4 sen per unit on 20 February 2008 and 30 August 2008 totaling to RM18,561,674 in respect of the six-month period ended 30 June 2008.

(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 2007 and the accompanying explanatory notes attached to the financial statements.)

## AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2007 TO 31 DECEMBER 2007 (AUDITED)

	Unitholders' Capital RM'000	<i>Distributable</i> ← <i>Undistributed Income</i> →		Total RM'000
		Realised RM'000	Unrealised RM'000	
<b>Net assets as at 1 January 2007</b>	234,892	82	59,135	294,109
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<b>Operation for the period ended 31 December 2007</b>				
Net income for the period	-	27,994	40,613	68,607
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<i>Increase in net assets resulting from operations</i>	-	27,994	40,613	68,607
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<b>Unitholders' transactions</b>				
Distribution to Unitholders – Provision	-	(28,064)	-	(28,064)
<hr/>				
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(28,064)	-	(28,064)
<hr/>				
<b>Net assets as at 31 December 2007</b>	<b>234,892</b>	<b>12</b>	<b>99,748</b>	<b>334,652</b>

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CASH FLOW STATEMENT**  
**FOR THE NINE-MONTHS PERIOD ENDED 31 DECEMBER 2008 (UNAUDITED)**

	<b>Current Year To Date 31.12.2008 RM'000</b>	<b>Preceding Year To Date 31.12.2007 RM'000</b>
<b>Operating activities</b>		
Income before taxation	63,449	68,604
Adjustment for :-		
Interest expense	8,393	5,454
Interest income	(111)	(8)
Change in fair value of investment properties	(24,478)	(40,613)
Operating income before working capital charges	<u>47,253</u>	<u>33,437</u>
<b>(Increase)/Decrease in working capital</b>		
Receivables, deposits and prepayments	7,895	(7,329)
Payables and accruals	6,045	6,200
<b>Net cash generated from operating activities</b>	<u>61,193</u>	<u>32,308</u>
<b>Investing activities</b>		
Interest received	111	8
Payment for enhancement of investment properties	(3,167)	(3,810)
Purchase of investment property	(125,055)	(117,727)
<b>Cash used in investing activities</b>	<u>(128,111)</u>	<u>(121,529)</u>
<b>Financing activities</b>		
Interest paid	(8,393)	(5,454)
(Repayment of)/ Proceeds from borrowings	25,000	135,000
Distribution paid to unitholders	(34,066)	(26,458)
Uplift of deposit with licensed bank	270	(570)
Proceeds from issue of Units	90,000	-
Listing expenses	(1,554)	-
<b>Cash generated from financing activities</b>	<u>71,257</u>	<u>102,518</u>
Net (decrease)/ increase in cash and cash equivalents	4,339	13,297
Cash and cash equivalents at beginning of year	(34,730)	(48,027)
Cash and cash equivalents at end of year	<u>(30,391)</u>	<u>(34,730)</u>
<b>Cash and cash equivalents</b>		
Cash and bank balances	65	86
Bank Overdraft	(30,456)	(34,816)
	<u>(30,391)</u>	<u>(34,730)</u>

(The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007 and the accompanying explanatory notes attached to the financial statements.)

## **AXIS REAL ESTATE INVESTMENT TRUST**

Quarterly Unaudited Financial Results for the 4<sup>th</sup> Quarter ended 31 December 2008

### 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 2007.

##### **A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2007**

The audit report of the financial statements for the preceding year, for the year ended 31 December 2007 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 4<sup>th</sup> quarter under review, a provision was made to distribute approximately 99% of the realised income before tax (unaudited) amounting to RM10,382,266 for the quarter ended 31 December 2008.

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) completion of the acquisition of a single storey detached warehouse annexed with a double storey office/showroom erected on land held under H.S.(D) 159847 for PT 11 in the Mukim of Petaling Jaya, Daerah Petaling, State of Selangor from Bizlot (M) Sdn Bhd for a total lump sum cash consideration of RM32.0 million;
- b) expiry of the 2008 general mandate from unitholders to issue and allot of up to 51,180,200 new Axis-REIT units and also the proposed increased in fund size from 255,901,000 units up to the maximum of 307,081,200 units on 31 December 2008 and the Board had announced that Axis-REIT will be seeking a new general mandate from the unitholders of Axis-REIT to allot and issue the Placement Units in the financial year ending 31 December 2009;
- c) completion of the reclassification of Axis-REIT from a conventional real estate investment trust ("REIT") to an Islamic REIT following the successful registration and lodgment of the second supplemental deed of Axis-REIT with Securities Commission on 11 December 2008.

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

Axis-REIT's fund size had increased from 205,901,000 units to 255,901,000 units with the successful issuance and listing of the 50.0 million units on 30 January 2008.



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 2008, Axis-REIT recorded a total revenue of RM16,938,018. Total expenditure for the quarter under review was RM6,442,130 of which RM2,638,886 were attributable to property expenses and RM3,803,244 to non property expenses. For the quarter under review, realised income before taxation and available for distribution amounted to RM10,495,888.

Full Year Results

For the year of 2008, Axis-REIT recorded a total revenue of RM63,442,351 including interest income of RM110,972. Total expenditure for the period under review was RM24,471,493, of which RM9,876,169 were attributable to property expenses and RM14,595,324 to non-property expenses. For the period under review, realised income before taxation and available for distribution amounted to RM38,970,858.

Axis-REIT has made provision of RM38,701,083 [approximate to 99.31% of the realised income before tax for year 2008] for income distribution for the year of 2008. This translates into a distribution per unit of 15.27 cents for year 2008.

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 2009.

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 of approximately 99% 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

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) on 4 August 2008, Axis-REIT announced the following proposals:

- (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").

Approvals for the Proposals were obtained from Securities Commission on 2 September 2008. Further thereto on 24 September 2008, Axis-REIT obtained a general mandate from unitholders to issue up to 51,180,200 new units being part of the Proposed Placement by 31 December 2008 which also entails the proposed increase in fund size of Axis-REIT from 255,901,000 up to a maximum of 307,081,200 units. However the genetal mandate has since lapsed on 31 December 2008, however the Board had announced that Axis-REIT will be seeking a fresh general mandate for 2009. The Proposals are currently pending implementation;

(b) on 11 December 2008, Axis-REIT also announced the completion of the Proposed Reclassification from a conventional REIT to an Islamic REIT and the Proposed Amendments to Axis-REIT's Deed.

(c) the RM90.0 million raised as gross proceeds from the earlier placement of 50.0 million Axis-REIT units in January 2008 was used to pare down the borrowings of Axis-REIT for the financial year to-date.

#### B9. BORROWINGS AND DEBT SECURITIES

	Current Quarter 31 Dec 2008 <u>(RM' 000)</u>	Preceding Financial Year End 31 Dec. 2007 <u>(RM' 000)</u>
Short term borrowings		
- Secured	230,456	209,816

#### 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 26%  
a) Non-resident institutional investor: Withholding tax at 20%  
a) Non-resident other than company and institutional investors: Withholding tax at 15%

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

	Quarter Ended 31.12.2008 RM' 000	Year To Date Ended 31.12.2008 RM' 000
Number of units in issue ('000 units)	255,901	255,901
Net income (RM'000)	34,973	63,449
Net income distribution to unitholders (RM'000)	10,382	38,701
Basic earnings per unit (sen)	13.67	25.03#
Diluted earnings per unit (sen)	N/A	N/A
Distribution per unit (DPU) (sen)	4.06	15.27*

# Based on weighted average of the number of units in issue. The total number of units issued had increased from 205,901,000 to 255,901,000 arising from the issuance of 50,000,000 additional new units on 30 January 2008.

\* Includes the 1<sup>st</sup> interim income distribution of 0.75 sen per unit paid on 20 February 2008 and 2<sup>nd</sup> interim income distribution of 6.65 sen per unit paid on 30 August 2008 for the first six-month ended 30 June 2008.

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  
22<sup>nd</sup> January 2009