

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED BALANCE SHEET (UNAUDITED)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2009 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2008 RM'000
<u>ASSETS</u>		
Investment Properties	884,962	723,100
Shariah-based deposits placed with licensed banks	8,994	300
Receivables, deposits and prepayments / payments	6,822	2,752
Cash and cash equivalents	6,813	65
Tax Recoverable	154	154
TOTAL ASSETS	907,745	726,371
<u>LIABILITIES</u>		
Payables and accruals	33,163	27,930
Revolving credit	145,000	200,000
Term Loan	163,932	-
Bank overdraft	-	30,456
Provision for Income Distribution (note 1)	15,293	20,139
	357,388	278,525
NET ASSET VALUE	550,357	447,846
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	406,854	323,338
Undistributed income	143,503	124,508
	550,357	447,846
NUMBER OF UNITS IN CIRCULATION	307,081,200	255,901,000
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.8420	1.8288
- After income distribution	1.7922	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 31 December 2009.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENT (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2009 RM'000	Preceding Year Corresponding Quarter 31.12.2008 RM'000	Current Year To date 31.12.2009 RM'000	Preceding Year To date 31.12.2008 RM'000
TOTAL TRUST REVENUE	19,508	16,938	71,870	63,442
Gross rental income	19,387	16,862	71,598	63,331
Less : Assessment	(475)	(436)	(1,824)	(1,666)
Quit rent	(119)	(90)	(416)	(354)
Other property operating expenditure	(2,637)	(2,112)	(9,421)	(7,856)
Net rental income	16,156	14,224	59,937	53,455
Profit / interest income	121	76	272	111
TOTAL TRUST INCOME	16,277	14,300	60,209	53,566
<u>EXPENDITURE</u>				
Manager's fees	1,355	1,068	4,808	4,242
Trustee's fees	66	53	236	212
Auditors' fees	25	20	97	84
Tax agent's fee	3	3	12	11
(Reversal of) / Allowance for doubtful debts	(9)	(285)	54	158
Administrative expense	256	545	908	1,268
Financing / borrowing cost	165	-	739	227
Conventional interest expenses *	-	2,401	784	8,393
Islamic financing cost **	2,791	-	9,693	-
TOTAL TRUST EXPENDITURE	4,652	3,805	17,331	14,595
NET TRUST INCOME	11,625	10,495	42,878	38,971
Change in fair value of investment properties - #	17,141	24,478	19,098	24,478
INCOME BEFORE TAXATION	28,766	34,973	61,976	63,449
TAXATION	-	-	-	-
INCOME AFTER TAXATION	28,766	34,973	61,976	63,449
PROVISION FOR INCOME DISTRIBUTION	(11,484)	(10,382)	(42,981)	(38,701)
RETAINED EARNINGS	17,282	24,591	18,995	24,748
EARNINGS PER UNIT (sen) ##	9.37	13.67	22.17	25.03
DISTRIBUTION PER UNIT (sen)	3.74	4.06	15.80	15.27
INCOME BEFORE TAXATION IS MADE UP AS FOLLOWS:				
Realised	11,625	10,495	42,878	38,971
Unrealised - #	17,141	24,478	19,098	24,478
	28,766	34,973	61,976	63,449

(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 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 B13).

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2009 TO 31 DECEMBER 2009 (UNAUDITED)

	<i>Distributable</i>			Total
	Unitholders' Capital	← Undistributed Income →		
	RM'000	Realised	Unrealised	RM'000
Net assets as at 1 January 2009	323,338	282	124,226	447,846
Operation for the period ended 31 December 2009				
Net income for the period	-	42,878	19,098	61,976
<i>Increase in net assets resulting from operations</i>	-	42,878	19,098	61,976
Unitholders' transactions				
Placement of units	84,959			84,959
Distribution to Unitholders – Provision #	-	(42,981)	-	(42,981)
Listing expenses	(1,443)			(1,443)
<i>Increase / (Decrease) in net assets resulting from Unitholders' transactions</i>	83,516	(42,981)	-	40,535
Net assets as at 31 December 2009	406,854	179	143,324	550,357

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 31 DECEMBER 2008 (AUDITED)

	<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 31 December 2008				
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
Unitholders' transactions				
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
Net assets as at 31 December 2008	323,338	282	124,226	447,846

(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 TWELVE-MONTHS PERIOD ENDED 31 DECEMBER 2009 (UNAUDITED)

	Current Year To Date 31.12.2009 RM'000	Preceding Year To Date 31.12.2008 RM'000
Operating activities		
Income before taxation	61,976	63,449
Adjustment for :-		
Conventional interest expense	784	8,393
Islamic financing cost	9,693	-
Profit / interest income *	(272)	(111)
Change in fair value of investment properties	(19,098)	(24,478)
Operating income before working capital changes	<u>53,083</u>	<u>47,253</u>
(Increase)/Decrease in working capital		
Receivables, deposits and prepayments / payments	(4,070)	7,895
Payables and accruals	5,233	6,045
Net cash generated from operating activities	<u>54,246</u>	<u>61,193</u>
Investing activities		
Profit / interest income received *	272	111
Payment for enhancement of investment properties	(4,246)	(3,167)
Purchase of investment property	(138,518)	(125,055)
Cash used in investing activities	<u>(142,492)</u>	<u>(128,111)</u>
Financing activities		
Conventional interest expense paid	(784)	(8,393)
Islamic financing cost paid	(9,693)	-
Proceeds from financing	108,932	25,000
Distribution paid to unitholders	(47,827)	(34,066)
(Placement) / Uplift of deposit with licensed bank	(8,694)	270
Proceeds from issue of Units	84,959	90,000
Listing expenses	(1,443)	(1,554)
Cash generated from financing activities	<u>125,450</u>	<u>71,257</u>
Net increase in cash and cash equivalents	37,204	4,339
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>6,813</u>	<u>(30,391)</u>
Cash and cash equivalents		
Cash and bank balances	6,813	65
Bank Overdraft	-	(30,456)
	<u>6,813</u>	<u>(30,391)</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 / 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 4th Quarter ended 31 December 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 4th quarter under review, Axis-REIT has set aside approximately 99% of realized income to be distributed as income distribution amounting to RM11,484,837 which translates to 3.74 sen per unit. Together with the provision of income distribution for the period from 29 August 2009 to 30 September 2009 of 1.24 sen per unit which was deferred and to be payable together with the income distribution for the current 4th quarter, the Trust will be paying a final income distribution of 4.98 sen per unit on 25 February 2010.

A8. SEGMENTAL REPORTING

No segment information is prepared as Axis-REIT's activities are in one industry segment 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 completion of the acquisition of Axis Steel Centre on 20 October 2009, 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;
- b) The proposed acquisition of Bukit Raja Distribution Centre described as two (2) parcels of contiguous industrial freehold land identified as GRN 59001 for Lot 26028 and HSD 99548 for Lot PT 48025 both in the Mukim Kapar, District of Klang, State of Selangor from IDS Logistics Services (M) Sdn Bhd for a total lump sum consideration of RM71.75 million. This proposed acquisition has been completed on 14 December 2009; and
- c) The proposed acquisition of two (2) logistic warehouses built on two (2) parcels of industrial leasehold land identified as HSD 37861 for PT 486 and HSD 37862 for PT 485 both in the Mukim 06, District of Seberang Perai Tengah, State of Pulau Pinang from IDS Logistics Services (M) Sdn Bhd for a total lump sum consideration of RM24.25 million.

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 of 4th quarter and the full year of 2009.

Quarter Results

For the quarter ended 31 December 2009, Axis-REIT registered total revenue of RM19,506,995 including interest income of RM120,198. Total expenditure for the quarter under review was RM7,882,382, of which RM3,230,446 were attributable to property expenses and RM4,651,936 to non property expenses. For the quarter under review, realized income before taxation and available for distribution amounted to RM11,624,613.

Full Year Results

For the year of 2009, Axis-REIT recorded a total revenue of RM71,869,386 including interest income of RM271,590. Total expenditure for the year under review was RM28,992,123, of which RM11,660,805 were attributable to property expenses and RM17,331,318 to non-property expenses. For the year under review, realized income before taxation and available for distribution amounted to RM42,877,263.

Axis-REIT has made provision of RM42,981,132 (approximate to 99% of the realized income before tax for year 2009) for income distribution for the year of 2009. This translates into a distribution per unit of 15.80 cents for year 2009.

Maintenance costs & major capital expenditure

There were no major maintenance and capital expenditure costs incurred during the quarter ended 31 December 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 financial year ending 31 December 2010.

Further to the last quarterly report announcement, Nestle Products Sdn Bhd had moved out from Nestle House at the end of November 2009. The enhancement to the property is currently in progress and it is targeted to be completed by end of April 2010. The Manager is pleased to report that an anchor tenant had signed up for 50% of the total lettable space at Nestle House commencing 1 July 2010. The Manager is also currently in discussion with other prospective tenants to lease out the remaining 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

During the 4th quarter under review, Axis-REIT has acquired additional two properties ie Axis Steel Centre and Bukit Raja Distribution Centre. With the completion of the acquisitions, it brings the total number of properties held by Axis-REIT from 19 to 21 properties.

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

The RM84,959,132 raised as gross proceeds from the earlier placement of 51,180,200 Axis-REIT units in September 2009 was used to pare down the borrowings of Axis-REIT.

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.

B10. FINANCING / BORROWINGS AND DEBT SECURITIES

	Current Quarter 31 Dec 2009 (RM' 000)	Preceding Financial Year End 31 Dec. 2008 (RM' 000)
Short term financing / borrowings		
- Secured revolving credit / overdraft	145,000	230,456
Long term financing / borrowings		
- Secured term loan	163,932	-

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 31.12.2009 RM' 000	Immediate Preceding Quarter Ended 30.09.2009 RM' 000
Number of units in issue (units)	307,081,200	307,081,200
EPU (realized)(sen)	3.79	3.83#
EPU (include unrealized income)(sen)	9.37	3.83#
Net income distribution to unitholders (RM'000)	11,625	11,025
Distribution per unit (DPU) (sen)	3,74	4.06
Net Asset Value (RM'000)	550,357	533,075

Net Asset Value Per Unit (RM)	1.7922	1.7359
Market Value Per Unit (RM)	1.93	1.78

Based on weighted average of the number of units in issue. 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 31 December 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 January 2010.

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 January 2010