

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

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2012 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2011 RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,519,519	1,276,180
Fixed assets	521	102
Current Assets		
Receivables, deposits and prepayments	26,598	14,621
Tax recoverable	154	154
Shariah-based deposits placed with licensed banks	38,244	3,312
Cash and cash equivalents	4,372	4,062
TOTAL ASSETS	1,589,408	1,298,431
LIABILITIES		
Non-Current Liabilities		
Tenant's deposits	26,701	27,033
Term financing	208,333	149,103
Current Liabilities		
Payables and accruals	24,082	15,963
Revolving credit/term financing	340,587	162,235
TOTAL LIABILITIES	599,703	354,334
NET ASSET VALUE	989,705	944,097
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	735,429	728,217
Undistributed distributable income	25,617	6,515
Non-distributable reserve	228,659	209,365
	989,705	944,097
NUMBER OF UNITS IN CIRCULATION	456,517,221	453,814,096
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	2.1679	2.0804
- After income distribution (Note 1)	2.1119	2.0664

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 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 2012 final income distribution of 5.60 sen per unit payable on 28 February 2013.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year To date 31.12.2012 RM'000	Preceding Year To date 31.12.2011 RM'000
TOTAL TRUST REVENUE	34,999	29,805	132,966	114,732
Realised rental income	34,906	29,526	132,673	114,311
Unrealised rental income (unbilled lease income receivable) ***	1,025	3,415	3,568	3,415
Gross rental income	35,931	32,941	136,241	117,726
Less : Assessment	(873)	(678)	(3,258)	(2,696)
Quit rent	(221)	(182)	(837)	(735)
Other property operating expenditure	(4,299)	(3,737)	(16,030)	(13,928)
Net rental income	30,538	28,344	116,116	100,367
Profit income	93	279	293	421
Net gain/(loss) on disposal of investment properties *	1,012	-	1,012	(258)
Change in fair value of investment properties	24,278	16,013	24,064	16,013
Unbilled lease income receivable ***	(1,025)	(3,415)	(3,568)	(3,415)
Net (loss)/gain on financial liabilities measured at amortised cost	(1,663)	(839)	(598)	154
TOTAL TRUST INCOME	53,233	40,382	137,319	113,282
<u>EXPENDITURE</u>				
Manager's fees	2,404	2,032	9,606	7,707
Trustee's fees	135	95	495	377
Depreciation	1	2	55	2
Auditors' fees	31	26	111	104
Tax agent's fee	7	4	21	15
Allowance for doubtful/bad debts	37	80	91	72
Administrative expense	435	284	1,570	1,116
Islamic financing cost **	6,793	5,883	22,254	22,890
TOTAL TRUST EXPENDITURE	9,843	8,406	34,203	32,283
NET TRUST INCOME	43,390	31,976	103,116	80,999
PROFIT BEFORE TAXATION	43,390	31,976	103,116	80,999
TAXATION	-	-	-	52
PROFIT FOR THE PERIOD	43,390	31,976	103,116	81,051

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year To date 31.12.2012 RM'000	Preceding Year To date 31.12.2011 RM'000
	OTHER COMPREHENSIVE INCOME NET OF TAX			
Cash flow hedge	216	(334)	746	(994)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	43,606	31,642	103,862	80,057
EARNINGS PER UNIT (sen) #	9.52	8.20	22.68	21.26
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:				
Realised	20,775	16,802	79,650	64,832
Unrealised rental income ***	1,025	3,415	3,568	3,415
Unrealised - change in fair value of investment properties	24,278	16,013	24,064	16,013
Unrealised - unbilled lease income receivable ***	(1,025)	(3,415)	(3,568)	(3,415)
Unrealised - Net (loss)/gain on financial liabilities measured at amortised cost	(1,663)	(839)	(598)	154
Unrealised - reversal of deferred tax liabilities	-	-	-	52
	43,390	31,976	103,116	81,051

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements)

* The disposal Kayangan Depot resulted in a gain on disposal of RM1,012,000 and the realisation of fair value gain from revaluation of RM4,918,000. The disposal has resulted in a net increase in income available for distribution of RM5,930,000 which is available to be distributed to the Unitholders. This will translate to a distribution per Unit of approximately 1.30 sen.

** 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, to recognize income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the agreement.

Based on the weighted average number of units in issue (Note B14)

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2011 TO 31 DECEMBER 2011 (AUDITED)

	Unitholders' Capital RM'000	<i>Distributable</i>	<i>Non-Distributable</i>		Total RM'000
		Undistributed Realised Income RM'000	<-----> Other Unrealised Income RM'000		
As at 1 January 2011	540,281	19,766	195,841	(658)	755,230
Net income for the year	-	64,832	16,219	-	81,051
Cash flow hedge	-	-	-	(994)	(994)
Realisation of unrealised income	-	1,043	(1,043)	-	-
<i>Total comprehensive income/ (loss) for the year</i>	-	65,875	15,176	(994)	80,057
Unitholders' transactions					
Placement of units	190,477	-	-	-	190,477
Issuing expenses	(2,541)	-	-	-	(79,126)
Distribution to unitholders	-	(79,126)	-	-	(2,541)
<i>Total comprehensive income/ (loss) for the year</i>	187,936	(79,126)	-	-	108,810
Net assets as at 31 December 2011	728,217	6,515	211,017	(1,652)	944,097

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2012 TO 31 DECEMBER 2012 (UNAUDITED)

	Unitholders' Capital RM'000	<i>Distributable</i>	<i>Non-Distributable</i>		Total RM'000
		Undistributed Realised Income RM'000	Other Unrealised Income RM'000	Hedging Reserve RM'000	
As at 1 January 2012	728,217	6,515	211,017	(1,652)	944,097
Total comprehensive income for the period	-	79,650	23,466	746	103,862
Realisation of unrealised income	-	4,918	(4,918)	-	-
<i>Increase/(Decrease) in net asset resulting from operations</i>	-	84,568	18,548	746	103,862
Unitholders' transactions					
Issuance of Units under Income Distribution Reinvestment Plan	7,244	-	-	-	7,244
Distribution to Unitholders#	-	(65,466)	-	-	(65,466)
Issuing expenses	(32)	-	-	-	(32)
<i>Increase/(Decrease) in net assets resulting from Unitholders' transactions</i>	7,212	(65,466)	-	-	(58,254)
Net assets as at 31 December 2011	735,429	25,617	229,565	(906)	989,705

(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 2011 and the accompanying explanatory notes attached to the financial statements.)

Includes the payment of the final income distribution for financial year 2011 of 1.40 sen per unit which was paid on 29 February 2012 and the payment of first, second and third interim income distribution for financial year 2012 amounting to 13.00 sen per unit which was paid on 30 May 2012, 11 September 2012 and 29 November 2012 respectively

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOW
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2012 (UNAUDITED)

	Current Year To Date 31.12.2012 RM'000	Preceding Year To Date 31.12.2011 RM'000
Operating activities		
Profit before taxation	103,116	80,999
Adjustment for :-		
Islamic financing cost	22,254	22,890
Profit income	(293)	(421)
Change in fair value of investment properties	(24,064)	(16,013)
Net (gain)/loss on disposal of investment properties	(1,012)	258
Depreciation	55	2
Net loss/(gain) on financial liabilities measured at amortised cost	598	(154)
Fixed asset written off	91	-
Operating income before working capital changes	100,745	87,561
Increase in working capital		
Receivables, deposits and prepayments	(11,977)	(988)
Payables and accruals	8,855	(2,264)
Tenants' deposit	(332)	7,414
Net cash generated from operating activities	97,291	91,723
Investing activities		
Profit income received	293	421
Payment for enhancement of investment properties	(18,123)	(13,214)
Purchase of investment property	(223,740)	(82,571)
Purchase of fixed assets	(565)	(104)
Proceeds from disposal of investment property	23,600	14,500
Disposal expenses	(588)	(458)
Cash used in investing activities	(219,123)	(81,426)
Financing activities		
Islamic financing cost paid	(22,254)	(22,890)
Proceeds/(Repayment of) from financing	237,582	(105,271)
Distribution paid to unitholders	(65,466)	(72,840)
Proceeds from issue of Units	7,244	184,191
Issuing expenses	(32)	(2,541)
Cash generated/(used in) from financing activities	157,074	(19,351)
Net increase/(decrease) in cash and cash equivalents	35,242	(9,054)
Cash and cash equivalents at beginning of period	7,074	16,128
Cash and cash equivalents at end of period	42,316	7,074

	Current Year To Date 31.12.2012 RM'000	Preceding Year To Date 31.12.2011 RM'000
Cash and cash equivalents		
Cash and bank balances	4,372	4,062
Shariah-based deposits placed with licensed banks	38,244	3,312
	42,616	7,374
Shariah-based deposits placed with licensed banks - pledged	(300)	(300)
	42,316	7,074

(The Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Report for the year ended 31 December 2011 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 2012

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 2011.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2011

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2011 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 4th quarter under review, the 3rd interim 2012 income distribution of 4.30 sen per unit, totaling to RM19,630,241 in respect of the period from 1 July 2012 to 30 September 2012 was paid on 29 November 2012.

Axis-REIT has further set aside approximately 100% of undistributed realised income for the period between 1 October 2012 to 31 December 2012 to be distributed as the final income distribution for financial year 2012 amounting to RM25,564,964 which translates to 5.60 sen per unit includes a non-taxable portion of approximately 1.50 sen per unit derived from utilization of capital allowances and the distribution on net gain on disposal of Kayangan Depot is not subject to tax.

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 except for the following:

- a) the completion of the acquisition of a strata parcel in Wisma Academy held under PN3945/M1/B2/1 in Lot 29 Seksyen 36, Town of Petaling Jaya, District of Petaling, State of Selangor together with accessory parcels, representing 91.02% of the share unit in "Wisma Academy" ("Wisma Academy Parcel"), a building which comprise a stratified 6-storey office/warehouse building with a 2-storey basement car park erected thereon excluding those areas held under PN3945/M1/6/2 together with accessory parcels known as A4, for a cash consideration of RM73,000,000 on 1 October 2012
- b) the completion of the acquisition of a parcel of industrial leasehold land held under PN3946, Lot No. 30, Seksyen 36, Town of Petaling Jaya, District of Petaling, State of Selangor together with the buildings erected thereon ("Annex"), for a cash consideration of RM12,000,000 on 1 October 2012
- c) the completion of the disposal of a leasehold land held under H.S.(D) 22390 for PT 61, Seksyen 15, Bandar Shah Alam, Daerah Petaling, Negeri Selangor together with a 3-storey building erected thereon comprising office, warehouse and showroom space known as 'Kayangan Depot' for a total consideration of RM23.6 million on 31 December 2012

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

There was no change in the composition of the fund size of Axis-REIT for the current quarter under review and the fund size stands at 456,517,221 units.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 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 2012.

Quarter Results

For the quarter ended 31 December 2012, Axis-REIT registered a total revenue of RM34,999,000. Total expenditure for the quarter under review was RM15,236,000 of which RM5,393,000 were attributable to property expenses and RM9,843,000 to non-property expenses. For the quarter under review, total realised income available for distribution amounted to RM25,693,000 after adding the gain on disposal of Kayangan Depot of RM1,012,000 and the the realisation of fair value gain from revaluation of RM4,918,000.

Full-Year Results

For the financial year ended 31 December 2012, Axis-REIT recorded a total revenue of RM132,966,000. Total expenditure for the year under review was RM54,328,000 of which RM20,125,000 were attributable to property expenses and RM34,203,000 to non-property expenses. For the financial year under review, total realised income available for distribution amounted to RM84,568,000 after adding the gain on disposal of Kayangan Depot of RM1,012,000 and the realisation of fair value gain from revaluation of RM4,918,000.

A total of RM59,112,067 was paid out for the full financial year ended 31 December 2012 as the first, second and third interim income distribution totaling to 13.00 sen per unit. Axis-REIT has set aside RM25,564,964 (approximately 100% of earnings available for distribution in respect of the period from 1 October 2012 to 31 December 2012) as the final income distribution which translates to 5.60 sen per unit to be paid on 28 February 2013.

Maintenance costs & major capital expenditure

A total of RM18,123,000 has been incurred for enhancement of the properties of Axis-REIT during the financial year ended 2012.

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 2011 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT has acquired two properties i.e. Wisma Academy Parcel and Annex and disposed of one property i.e. Kayangan Depot. The portfolio size of Axis-REIT comprised of a total 31 properties as at 31 December 2012.

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

This is not applicable as there was no issuance of new units by Axis-REIT during the current financial quarter.

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% |
| 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

- a) Pursuant to Axis-REIT's initial announcement on 14 June 2012, Axis-REIT has obtained the approval from Securities Commission on 14 December 2012 for the following:-
- i. Proposed authority to allot and issue up to 90,762,819 new units in Axis-REIT ("Units"), representing up to 19.88% of the existing fund size of Axis-REIT of 456,517,221 Units ("Proposed Authority 1") to facilitate the proposed placement of new Units (including the placement of new Units to Directors and persons connected to them); and
 - ii. Proposed authority to allot and issue up to 2,000,000 new Units for the purpose of the payment of management fee to Axis REIT Managers Berhad in the form of new Units ("Proposed Authority 2").

The Proposed Authority 1 and Proposed Authority 2 are currently pending the approval from Unitholders of Axis-REIT at a unitholders' meeting to be convened.

B10. FINANCING

	Current Quarter 31 December 2012 (RM' 000)	Preceding Financial Year End 31 December 2011 (RM' 000)
Short term financing		
- Secured revolving credit/term financing	340,587	162,235
Long term financing		
- Secured term financing	208,333	149,103

B11. DERIVATIVES

As at 31 December 2012, the Trust has the following Islamic Profit Rate Swap ("IPRS") to hedge against the fluctuation of future movement in profit rate on its 3 and 5 years term financing:

	Fair Value 31 December 2012 <u>RM</u>	<u>Maturity</u>
- 3 years IPRS	57,875	Within 1 year
- 5 years IPRS	848,507	Less than 3 years
	<u>906,382</u>	

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 31.12.2012 RM' 000	Immediate Preceding Quarter Ended 30.09.2012 RM' 000
Number of units in issue (units)	456,517,221	456,517,221
Earnings per unit (EPU) (realised) (sen)#	4.55	4.22
EPU (include unrealised income) (sen)#	9.52	4.25
Net income available for distribution to unitholders (RM'000)	25,727	19,208
Distribution per unit (DPU) (sen)*	5.60*	4.30
Net Asset Value (NAV) (RM'000)	989,705	965,729
NAV Per Unit (RM)	2.1679	2.1154
Market Value Per Unit (RM)	3.13	3.00

Based on weighted average of the number of units in issue of 454,633,896 (2011: 381,200,076). The total number of units issued has increased from 453,814,096 to 456,517,221 arising from the issuance and listing of 2,703,125 on 12 September 2012 units pursuant to the Income Distribution Reinvestment Plan applied to the 2nd interim income distribution.

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 31 December 2012 and of its financial performance and cash flows for the quarter/year ended on that date and duly authorized for release by the Board of the Manager on 21 January 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

21 January 2013