

**AXIS REAL ESTATE INVESTMENT TRUST**

**CONDENSED BALANCE SHEET (UNAUDITED)**

	AS AT END OF CURRENT QUARTER 30.09.2005 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30.09.2004 * RM'000
<b><u>NON CURRENT ASSETS</u></b>		
Investment Properties	296,000	N/A
	<b>296,000</b>	N/A
<b><u>CURRENT ASSETS</u></b>		
Trade and other receivables	1,049	N/A
Cash and cash equivalents	24,375	N/A
	25,424	N/A
<b>TOTAL ASSETS</b>	<b>321,424</b>	N/A
<b><u>CURRENT LIABILITIES</u></b>		
Trade and other payables	12,442	N/A
Borrowings	34,848	N/A
Provision for taxation	8	N/A
Provision for Income Distribution	3,451	N/A
	<b>50,749</b>	N/A
	<b>270,675</b>	N/A
<b><u>FINANCED BY:</u></b>		
<b><u>UNITHOLDERS' FUND</u></b>		
Unitholders' capital	241,083	N/A
Listing Expenses	(6,191)	N/A
Asset Revaluation Reserve	35,610	N/A
Retained Earnings	173	N/A
	<b>270,675</b>	N/A
<b>NET ASSET VALUE PER UNIT (RM)</b>	<b>1.315</b>	N/A

\* No comparative figures are available as it is the first quarterly report prepared by the Trust to Bursa Malaysia Securities Berhad in compliance with the listing requirement.

**AXIS REAL ESTATE INVESTMENT TRUST**

**CONDENSED INCOME STATEMENT (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2005	Preceding Year Corresponding Quarter 30.09.2004 *	Current Year To date 30.09.2005	Preceding Year To date 30.09.2004 *
	RM'000	RM'000	RM'000	RM'000
<b>TOTAL TRUST REVENUE</b>	5,306	N/A	5,306	N/A
Gross rental income	5,112	N/A	5,112	N/A
Less : Assessment	(131)	N/A	(131)	N/A
Quit Rent	(15)	N/A	(15)	N/A
Other Property operating expenditure	(780)	N/A	(780)	N/A
Net rental income	4,186	N/A	4,186	N/A
Interest income	194	N/A	194	N/A
<b>TOTAL TRUST INCOME</b>	<b>4,380</b>	<b>N/A</b>	<b>4,380</b>	<b>N/A</b>
<b><u>EXPENDITURE</u></b>				
Management fee	316	N/A	316	N/A
Trustee's fee	23	N/A	23	N/A
Auditors' remuneration	16	N/A	16	N/A
Tax agent's fee	4	N/A	4	N/A
Interest Expense	331	N/A	331	N/A
Administrative expenses	58	N/A	58	N/A
<b>TOTAL TRUST EXPENDITURE</b>	<b>748</b>	<b>N/A</b>	<b>748</b>	<b>N/A</b>
<b>INCOME BEFORE TAXATION</b>	<b>3,632</b>	<b>N/A</b>	<b>3,632</b>	<b>N/A</b>
TAXATION	(8)	N/A	(8)	N/A
<b>INCOME AFTER TAXATION</b>	<b>3,624</b>	<b>N/A</b>	<b>3,642</b>	<b>N/A</b>
PROVISION FOR INCOME DISTRIBUTION **	(3,451)	N/A	(3,451)	N/A
<b>RETAINED EARNINGS</b>	<b>173</b>	<b>N/A</b>	<b>173</b>	<b>N/A</b>
EARNINGS PER UNIT	1.76	N/A	1.76	N/A
DISTRIBUTION PER UNIT (sen) **	1.68	N/A	1.68	N/A

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\*\* Provision for Income Distribution

**AXIS REAL ESTATE INVESTMENT TRUST**

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE  
FROM 3 AUGUST 2005 TO 30 SEPTEMBER 2005 (UNAUDITED)**

	Unitholders' Capital (RM)	Asset Revaluation Reserve (RM)	Accumulated Net Investment Income (RM)	Total (RM)
<b>Net assets as at 3 August 2005</b>	-	-	-	-
<b>Operation for the period ended 30 September 2005</b>				
Net investment income	-	-	3,624,185	3,624,185
Changes in revenue/general reserves	-	-	-	-
Changes in revaluation reserves	-	35,610,000	-	35,610,000
<i>Increase in net assets resulting from Operations</i>	-	35,610,000	3,624,185	39,234,185
<b>Unitholders' transactions</b>				
Creation of units :-				
Equity raising	241,083,000	-	-	241,083,000
Fund manager's fees paid in Units	-	-	-	-
Distribution to Unitholders	-	-	(3,450,650)	(3,450,650)
Listing expenses	(6,191,355)	-	-	(6,191,355)
<i>Increase in net assets resulting from Unitholders' transactions</i>	234,891,645	-	(3,450,650)	231,440,995
<b>Net assets as at 30 September 2005</b>	<b>234,891,645</b>	<b>35,610,000</b>	<b>173,535</b>	<b>270,675,180</b>

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**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2005 (UNAUDITED)**

	<b>30.09.2005</b>	<b>30.9.2004 *</b>
	<b>(RM)</b>	<b>(RM)</b>
<b>Operating activities</b>		
Net income before taxation	3,632,263	N/A
Adjustment for :-		
Interest paid	331,274	N/A
Interest income	(194,155)	N/A
Operating income before working capital charges	<u>3,769,382</u>	N/A
<b>(Increase)/Decrease in working capital</b>		
Trade and other receivables	(1,048,881)	N/A
Trade and other payables	12,442,222	N/A
Net cash used in operating activities	<u>15,162,723</u>	N/A
<b>Investing activities</b>		
Interest income	194,155	N/A
Increased in pledged deposits placed with licensed banks	(450,000)	N/A
Purchase of investment property	(152,890,000)	N/A
Cash generated from investing activities	<u>(153,145,845)</u>	N/A
<b>Financing activities</b>		
Interest paid	(331,274)	N/A
Listing expenses	(6,191,355)	N/A
Proceeds from issue of units	133,583,000	N/A
Proceeds from borrowings	34,847,948	N/A
<b>Cash generated from financing activities</b>	<u>161,908,319</u>	N/A
Net increase/(decrease) in cash and bank balances	23,925,197	N/A
Cash and bank balances at beginning of year	-	N/A
Cash and bank balances at end of year	<u>23,925,197</u>	N/A
<b>Cash and bank balances</b>		
Cash and bank balances	2,202,478	N/A
Fixed deposits (excluding pledged fixed deposit)	21,722,719	N/A
	<u>23,925,197</u>	N/A

\* No comparative figures are available as it is the first quarterly report prepared by the Trust to Bursa Malaysia Securities Berhad in compliance with the listing requirement.

## **AXIS REAL ESTATE INVESTMENT TRUST**

Quarterly Unaudited Financial Results for the 1<sup>st</sup> Quarter ended 30 September 2005

### 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 pro-forma financial information presented in the prospectus of Axis-REIT dated 30 June 2005.

##### **A2. QUALIFIED AUDIT REPORT**

As Axis-REIT was established on June 15, 2005 there was no preceding year annual report.

##### **A3. COMMENTS ON SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Trust 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**

No income distribution was paid during the quarter under review but provision was made to distribute 95% of the income before tax (unaudited) for the quarter ended 30 September 2005 to be distributed before end February 2006.

A8. SEGMENTAL REPORTING

Not applicable.

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The value of the investment properties have not been revalued for the current quarter under review.

A10. MATERIAL EVENTS

There was no material event as at the latest practicable date from the date of this report.

A11. EFFECT OF CHANGES IN THE COMPOSITION OF THE TRUST

On 3 August 2005

Units in circulation	1,000
Units issued pursuant to acquisitions	107,500,000
Units issued pursuant to the Public Offering	98,400,000
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Total Units – Fund Size	205,901,000
	=====

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

For the quarter ended 30 September, 2005, the Trust recorded total revenue of RM5,305,961 including interest income of RM 194,156.

Total expenditure for the quarter under review was RM 1.673,698, of which RM925,658 was attributable to property expenses and RM748,000 to non-property expenses.

For the quarter under review, income before taxation and available for distribution amounted to RM3,632,262. Pursuant to the Trust Distribution Policy as disclosed in the Trust's Prospectus dated 30 June 2005, an amount of RM3,450,650 (equivalent to 95% of the earnings before tax) have been set aside. For the quarter ended 30 September, 2005, undistributed income before taxation was RM181,612 and the tax provision amounted to RM8,077 with the resultant retained income after tax of RM173,000 credited to Unitholders' Fund.

B2. MATERIAL CHANGES IN INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

This is the first quarterly announcement made by the Trust and, as such, there was no comparison with the immediate preceding quarter's results.

B3. PROSPECTS

All of the real estate in the portfolio of the Trust which is located in Petaling Jaya and Shah Alam are expected to continue enjoying high levels of occupancy and thus generate stable rental income and potential rent revision in the next quarter and the forthcoming year.

B4. VARIANCES

This is not applicable as no profit forecast or profit guarantee was issued for the financial period.

B5. TAXATION

The breakdown of the tax components is as follows:-

	Current Quarter RM'000	Year-to-date RM'000
Taxation on current period's profit	8	8
Deferred tax relating to originating and reversal of temporary differences	0	0
Taxation expense for the period	8	8

A reconciliation of income tax expense applicable to income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Trust is as follows:-

	Current Quarter RM'000	Year-to-date RM'000
Income before taxation	3,632	3,632
Taxation at Malaysia statutory tax rate of 28%	1,017	1,017
Effect of income not subject to tax	(966)	(966)
Effect of expenses not deductible for tax Purposes	(43)	(43)
Effect of income distribution exempted from Tax at the trust level	0	0
Tax expense for the period	8	8

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

There was no disposal of investment in unquoted securities during the current quarter and financial year 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	-	-
Total proceeds from disposal of quoted Securities	-	-
Total profit from disposal of quoted securities	-	-

(b)

	RM'000
Total investments at cost/carrying value	0
Total investments at book value	0
Total investments at market value at end of reporting period	0

B8. STATUS OF CORPORATE PROPOSAL

- (a) There were no corporate proposals announced but not completed at the latest practicable date from the date of the issuance of this report.
- (b) There were no proceeds raised from any corporate proposal during the current quarter and financial year to-date.

B9. BORROWINGS AND DEBT SECURITIES

	Current Quarter	Preceding Quarter
	<u>RM' 000</u>	<u>RM' 000</u>
Short term borrowings (Revolving Credit)		
– Secured	34,848	34,848

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Trust 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 the Trust.

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

In line with the new tax transparency regime introduced by the Government through the Finance Act 2004, income distributed to the unitholders by the trust is exempted from tax at the trust level. However, unitholders will be taxed at their respective tax rates on the income distributed. Income distributed to non-resident unitholders will be subject to withholding tax of 28%.

- (a) (i) A provisional income distribution for the quarter has been provided in this quarter's results.
- (ii) Provision :-  
Distribution per unit (DPU) - 1.68 sen (Tax exempt at trust level)
- (iii) Previous corresponding period - Nil

B13. DISTRIBUTION PER UNIT - PROVISION

	Current Quarter Ended 30.9.2005 RM' 000	Year to-date Ended 30.9.2005 RM' 000
Net income attributable to unitholders (RM'000)	3,451	3,451
Number of units in issue ('000 units)	205,901	205,901
Basic Earnings per unit (sen)	1.76	1.76
Distribution per unit (DPU) (sen)	1.68	1.68
Diluted earnings per unit (sen)	N/A	N/A

BY ORDER OF THE BOARD

YEOH CHONG KEAT  
Company Secretary  
AXIS REIT MANAGERS BERHAD (649450-W)  
(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur  
24 November 2005