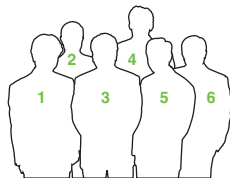


Board of Directors



1. *Lim Kian Thiam*
2. *George Stewart LaBrooy*
3. *Dato' Abdul Azim Mohd Zabidi*
4. *Dato' Abas Carl Gunnar bin Abdullah*
5. *Dato' Mohamed Salleh Bajuri*
6. *Stephen Tew Peng Hwee*

Alternate Directors (not in picture)

- *Alex Lee Lao*
Alternate to *Dato' Abas Carl Gunnar bin Abdullah*
- *Khoo Cheang Ee*
Alternate to *Lim Kian Thiam*

THE DIRECTORS OF AXIS REIT MANAGERS BERHAD AT THE DATE OF THIS REPORT ARE:

DATO' ABDUL AZIM MOHD ZABIDI

Dato' Abdul Azim Mohd Zabidi, 46, a Malaysian, has been the Independent Non-Executive Chairman of Axis REIT Managers since 15 March 2005. He is a Fellow of the Chartered Institute of Secretaries and Administrators, United Kingdom and holds a Masters of Arts in Business Law from the London Guildhall University. He is currently the Chairman of Bank Simpanan Nasional, a position he has held since 1999. He is also a director of a number of public and private companies, amongst them, Wijaya Baru Global Bhd, M3nergy (Malaysia) Bhd, OSK Ventures International Bhd and Kumpulan Europlus Bhd.

GEORGE STEWART LABROOY

George Stewart LaBrooy, 54, a Malaysian, has been the Director of Axis REIT Managers since 25 October 2004 and was appointed by the Board of Directors of Axis REIT Managers as Executive Director on 22 March 2005. He graduated with a Bachelor of Engineering (Hons) and a Post Graduate Diploma in Business Studies from the University of Sheffield in 1973 and 1974, respectively. Currently, he is a member of the Institute of Engineers, Malaysia.

From 1983 to 1991, he worked as a General Manager in Kee Huat Industries Bhd, a company involved in manufacturing of electrical products and subsequently joined Jotun Power Coatings (M) Sdn Bhd as a General Manager from 1991 to 1995. He joined Axis Equities Sdn Bhd (a major shareholder of ADSB) in 1995 during which he participated in overseeing two building projects namely the build and lease of the Blondal headquarters in Shah Alam and the construction of Axis Plaza, adjacent to the Blondal headquarters. He was also instrumental in setting up the property management division in ADSB and was actively involved in the successful tenanting of real estate owned by the shareholders of ADSB.

In November 2003, he spearheaded the project to identify suitable properties owned by common shareholders of ADSB to be injected into a REIT. This was successfully concluded on 3 August 2005 when Axis-REIT was listed on the main Board of Bursa Securities. He is a popular speaker on the subject of REITs and has presented many papers at seminars in Malaysia and Singapore and currently handles the Investor Relations portfolio for Axis REIT as well his function as Executive Director on the Board and a member of the Executive Committee. He is also a director of a number of private companies, which is involved in property development and property investment.

DATO' ABAS CARL GUNNAR BIN ABDULLAH

Dato' Abas Carl Gunnar bin Abdullah, 46, a Norwegian, has been a Non-Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is also the Managing Director of ADSB since 1999. He graduated with a Diploma in Chemistry from the University of Gothenburg, Sweden in 1980 and a Diploma in Marketing from the University of Oslo, Norway in 1981.

From 1985 to 1993, he was the Managing Director in Jotun Powder Coatings (M) Sdn Bhd (formerly known as Corro-Coat (M) Sdn Bhd). In 1989 he embarked on a build and lease project with the multinational APV Hills & Mills. In 1992 he teamed up with Stephen Tew Peng Hwee and Lim Kian Thiam to build Crystal Plaza. He currently serves as a member of the Executive and the Nomination and Remuneration Committees of the Board. He is also a director of a number of private companies, which are involved in property development and property investment.

LIM KIAN THIAM

Lim Kian Thiam, 52, a Malaysian, has been a Non-Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is a member of the Malaysian Institute of Certified Public Accountants since 1978 and has been a Council Member since 1988. He also serves in its Executive Committee, Administration Finance & Accounting Committee and chairs its Public Affairs Committee.

Since 1989, he has purpose built many buildings in Klang Valley for multinationals and local multinational companies. He is also the Founder and Chairman of Victoria Investments & Properties Pty Ltd and Jayaland Corporation Pty Ltd, both based in Melbourne, Australia since 1994. Victoria Investments & Properties Pty Ltd has been involved in the purchase, value-add and subsequent sale of real estate in excess of A\$200 million, including commercial office buildings, industrial warehouse, a bulky goods display and retail centre, a suburban retail shopping centre and residential land. Jayaland Corporation Pty Ltd is currently planning a sustainable township with 8,000 homes on its 737 hectares site, situated 26 kilometers west of Melbourne city center.

He currently serves as a member of the Executive and the Audit Committees of the Board. He is also a director of a number of private companies in Malaysia and Australia, which are involved in property investment.

STEPHEN TEW PENG HWEE

Stephen Tew Peng Hwee, 44, a Malaysian, has been a Non-Independent Non-Executive Director of Axis REIT Managers since 25 October 2004. He graduated with a Diploma from the Institute of Marketing, United Kingdom in 1982. He is the Immediate Past President of the Malaysian Institute of Estate Agents and served as a board member of the Board of Valuers, Appraisers and Estate Agents from 1998 - 2004. He started his career as a Real Estate Agent 20 years ago and today owns the real estate firm Hectares & Stratas. Together with Lim Kian Thiam and other investors, he has over the past 15 years purpose built for investment income, many buildings which have housed multinationals.

In 1992 he teamed up with Lim Kian Thiam and Dato' Abas Carl Gunnar bin Abdullah to build Crystal Plaza. He currently serves as a member of the Executive Committee of the Board. He is also a director of a number of private companies, which are investment holding companies.

DATO' MOHAMED SALLEH BAJURI

Dato' Mohamed Salleh Bajuri, 54, a Malaysian, has been an Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is a qualified Chartered Accountant from Ireland and a member of the Malaysian Institute of Accountants (MIA) since 1986. He came back to Malaysia in 1979, and joined Peat Marwick & Co as its Senior Auditor. He then joined Mayban Finance Bhd as a Manager and in 1982 was promoted to General Manager. After that he was seconded to Malayan Banking Bhd and promoted to General Manager in 1988, a position he held till 1992.

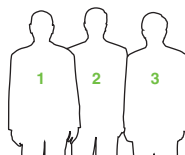
Between 1982 & 1987, he was the Alternative Chairman of the Association of Finance Companies in Malaysia (AFCM) and was Chairman of AFCM Committees for Education and Public Relations. From 1997 to 1999, he was a Director of Saham Sabah Berhad and was one of the Trustees for Yayasan Kebajikan SDARA and also Tabung Melayu Pontian Sdn Bhd .

In 1992, he took over JB Securities Sdn Bhd, a stock broking firm in Johor, where he held the position of Managing Director till 1995. He is now involved in the Hotel and Property Business and is Group Executive Director of CRSC Holdings Bhd. He is also a director of a number of public and private companies, amongst others, Asian Pac Holdings Bhd, Seacera Tiles Bhd, Eden Enterprises (M) Bhd, Harbour Link Group Bhd, Seal Polymer Industries Bhd, LKT Industrial Bhd and T.H. Hin Corporation Bhd.

ALEX LEE LAO

Alex Lee Lao, 60, a Filipino, has been the Alternate Director to Dato' Abas Carl Gunnar bin Abdullah of Axis REIT Managers since 22 March 2005. He is a qualified Chemical Engineer and currently a Director of D&L Industries Inc. Manila, where he has had over 30 years of experience in the manufacturing, marketing and distribution in industries such as colours, chemicals, adhesive, aerosol, paint, ink, paper, textiles, rubber, powder coating, soap, detergent, plastic and allied products and food and beverages. He is also a director of a number of private companies which are involved in property development and property investment.

The Axis-REIT Team



1. *Khoo Cheang Ee*
2. *George Stewart LaBrooy*
3. *Lim Yoon Peng*

GEORGE STEWART LABROOY

George Stewart LaBrooy has been the Director of Axis REIT Managers since 25 October 2004 and was appointed by the Board of Directors of Axis REIT Managers as Executive Director on 22 March 2005.

LIM YOON PENG

Lim Yoon Peng, 49, a Malaysian, has been the Chief Financial Officer of Axis REIT Managers since 16 May 2005. Prior to joining Axis REIT Managers, he spent four years as the Financial Controller cum Company Secretary of Victoria Investments & Properties Pty Ltd of Australia and was responsible for the financial management, accounting, tax planning, statutory compliance and company secretarial matters for a group of companies involved in property investments and development in Melbourne, Australia. Prior to that, he was the Finance Manager of Rangkaian Cipta Sdn Bhd, a property development company. He has more than 25 years of financial management, accounting and business management experience and had held senior positions in various multinational companies including Lonrho Plc (United Kingdom) and Pacific Dunlop Group (Australia). He is qualified in the field of accounting, having been a Fellow Member of The Chartered Association of Certified Accountants, United Kingdom since 1985 and a member of Malaysian Institute of Accountants since 1988 and National Institute of Accountants, Australia since 1997.

KHOO CHEANG EE

Khoo Cheang Ee, 50, a Malaysian, has been an Alternate Director to Lim Kian Thiam since 15 March 2005 and was appointed as the Investment and Business Development Manager of Axis REIT Managers on 16 May 2005. He is a member of the Institute of Approved Company Secretaries since 1994. From 1987 to 1997, he was a Director of Magnet Management Sdn Bhd. Thereafter, he joined IBMS (M) Sdn Bhd as a Financial Controller from 1997 to 2002, which is involved in providing administrative services. Prior to joining Axis REIT Managers, he was the Financial Controller of KTG Management Sdn Bhd, which is also involved in providing administrative services. He is also a director of a number of private companies, which are involved in property investment.

Corporate Governance

Axis REIT Managers Berhad ("The Manager"), in its capacity as the Manager of Axis-REIT recognizes that an effective corporate governance culture is critical to performance of the Manager and consequently the success of Axis-REIT, which it manages.

As a result the Manager has adopted a comprehensive Corporate Governance framework that meets best practice principles. In particular the manager has to act honestly, with due care and diligence, and in the best interest of the Unitholders.

The following sections describe the Manager's main 'Corporate Governance Practices and Policies'. They are designed to ensure that applicable laws and regulations as determined by Securities Laws (as defined in section 2(1) of the SCA), the Securities Commission ("SC") Guidelines on REITs, the Listing Requirements of Bursa Securities, the Rules of the Depository, taxation laws and rulings, the Corporate Governance Code and that the Manager's obligation as described in Axis-REIT's Deed are properly and efficiently carried out.

THE MANAGER OF AXIS-REIT

The Manager has the general power over the assets of Axis-REIT. The Manager's main responsibility is to manage the assets and liabilities of Axis- REIT for the benefit of the Unitholders.

The primary role of the Manager is to set the strategic direction of Axis-REIT and make recommendations to the Trustee on acquisitions, divestments and enhancements in line with the agreed strategy.

The Manager is also responsible for the risk management of Axis-REIT. Its other main functions are listed below:

- 1) Using its best endeavours to carry on and conduct its business in a proper and efficient manner, and conduct all transactions of Axis-REIT in a transparent manner and at arms length.
- 2) Preparing an annual review for the Board of Directors which may contain proposals and forecasts on net income, Distribution Per Unit, capital expenditure, sales and valuations frequency, explanations on variances to previous forecasts, written reports on the future potential of rentals in the portfolio of properties owned by Axis-REIT and the underlying assumptions, operational costs and any other assumptions.
- 3) Ensuring compliance to all legislation, rules and guidelines issued by the Securities Commission and Bursa Malaysia Securities Berhad, and compliance of any tax rulings issues by the Inland Revenue Department.
- 4) Attending to all queries from Unitholders.
- 5) Supervising the Property Manager, who performs the facilities-management, lease and marketing management, project-management services and fit-out management services.

Axis-REIT is externally managed by the Manager and as a result has no employees. The Manager appoints experienced and well-qualified personnel to handle its day-to-day operations. All Directors and Employees of the Manager are remunerated by the Manager, and not by Axis-REIT.

Axis REIT Managers Berhad is the appointed manager of Axis-REIT in accordance with the terms of the Deed dated 15 June 2005. The Deed outlines the circumstances under which the Manager can be retired.

BOARD OF DIRECTORS

The Board of Directors of the Manager ("the Board") oversees the management and corporate governance of the Manager including the establishment of Key Performance Indicators ("KPI's") for management and the monitoring achievement of the same. All Board Members participate in matters relating to corporate governance, business operations, risk management, financial performance and the nomination and review of Directors.

The Board meets regularly at least once a quarter, to discuss and approve the release of the quarterly, half-year and annual results, review acquisitions and disposals, the annual budget, capital expenditure requirements, performance of the manager and Axis-REIT against the previously approved budget. When necessary the Board meets to review and approve acquisitions or disposals for recommendation to the Trustee.

The Board has reviewed an operational audit conducted by KPMG on 26 Jan 2006 and has instructed the management to adopt all recommendations and have them in place in accordance with the stipulated timetable. This will result in the Manager having in place an effective set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings, cheque signatories, risk management amongst others.

Changes to regulations, policies, guidelines and accounting policies are monitored closely. The Directors are briefed at Board meetings of any changes to current practices at regular Board meeting, specially convened meetings or via circularized board papers.

BOARD COMPOSITION

As of 31 December 2005 the Board currently comprises six members, 1/3 (two) of whom are independent directors in compliance with the Securities Commission REIT Guidelines.

The following principles guide the Board's composition;

- 1) The Chairman of the Board should be an independent non-executive director,
- 2) The Board should comprise directors with a broad range of commercial experiences including expertise in fund-management and the property market, and
- 3) 1/3 of its members should be independent directors.

The composition of the Board is reviewed annually to ensure that it has the best mix of expertise and experience.

During the Period the Board has met a total of four times. The most recent was on 20 January 2006 to approve the Financial Accounts and Distribution for the Period.

CHAIRMAN & EXECUTIVE DIRECTOR

The Chairman and Executive Director's positions are held by separate persons in order to maintain an effective segregation of duties.

The Chairman ensures that members of the Board work together with the management in a constructive manner to address strategy, business operations and enterprise issues.

The Executive Director has full executive responsibilities over the execution of the agreed business direction and of all operational decisions of managing Axis-REIT.

With 1/3 of the Board being independent directors, it enables the management from benefiting from their external and objective perspective of issues that appear before the Board. This promotes a healthy and professional relationship between the Board and the management.

BOARD REMUNERATION

The remuneration of the Directors is paid by the Manager and not from Axis-REIT.

COMMITTEES

The Board has established the following committees to assist in the discharging of its duties. The committees are:

- > The Executive Committee
- > The Audit Committee
- > The Nomination and Remuneration Committee

THE EXECUTIVE COMMITTEE

The Executive Committee was appointed by the Board on 22 March 2005. It operates under the delegated authority from the Board and is represented by Non executive Directors and the Executive Director. Its members for the Period are:

- > Dato Abas Carl Gunnar bin Abdullah - *Non executive director*
- > Mr. Stephen Tew Peng Hwee - *Non executive director*
- > Mr. Lim Kian Thiam - *Non executive director*
- > Mr. Stewart LaBrooy - *Executive Director*

This committee oversees the day-to day activities of the Manager on behalf of the Board including:

- 1) Approve for presentation to the Board of all acquisitions, investments and disposals;
- 2) Approve and make recommendations to the Board for all financing offers and banking facilities;
- 3) Recommend to the Board of changes in gearing limits and new Unit issues and
- 4) Forward a report on all Executive Committee meetings to all Board members

The Executive Committee has met formally a total of five times during the period. However there have been several informal meetings held between members of the Committee during the period.

AUDIT COMMITTEE

The Audit Committee was appointed by the Board on 22 March 2005. It comprises three members, two of whom (including the Chairman) are independent non-executive directors of the Board.

The composition of the committee is

- > Dato' Abdul Azim Zabidi – Chairman and independent non executive director
- > Dato' Salleh Bajuri – independent non executive director
- > Mr. Lim Kian Thiam – non executive director

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Managers internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports. The Audit Committee is also responsible for the appointment of the external and internal auditors.

The Audit Committee's responsibilities also include:

- 1) Reviewing external audit reports to ensure that where deficiencies in internal control have been identified, appropriate and prompt remedial action is taken by management;
- 2) Monitoring legislation regulated by Securities Laws (as defined in section 2(1) of the SCA), the SC Guidelines on REITs, the Listing Requirements of Bursa Securities, the Rules of the Depository and taxation laws and rulings
- 3) Reviewing Internal Audit reports pertaining to risk management, the operational manual compliance and internal controls ensuring that changes recommended and agreed on are promptly implemented by the management;

- 4) Reviewing and approving the financial statements and audit report for quarterly, half year and annual reports and reporting to the Board and
- 5) Monitoring the procedures established for related party transactions to ensure compliance is strictly adhered to as laid out in the Securities Guidelines for REITs.

The Audit Committee has reviewed the non audit functions (Tax and Operational Audit) carried by the appointed external auditor's group, KPMG, and is satisfied that such services will not in any way prejudice the independence and objectivity of the external auditors.

The Audit committee meets four times a year after the end of every quarter in the financial year.

The Audit Committee meets with the auditors four times a year and can elect to do so without the presence of the management.

THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was appointed by the Board on 22 March 2005. It comprises three members who are:

- > Dato' Abdul Azim Zabidi - *Chairman and Independent non executive director*
- > Dato' Salleh Bajuri - *Independent non executive director*
- > Dato' Abas Carl Gunnar bin Abdullah - *Non executive director*

The responsibilities of the Committee also include:

- 1) To establish and recommend to the Board the policy framework in determining the remuneration of members of the Board, the Executive Director, members of executive management and to review changes to the policy from time to time, so as to ensure that the Company attracts and retains the high-calibre directors/ executive management who are needed to run Axis-REIT successfully.
- 2) To recommend to the Board, candidates for directorships proposed by management and, within the bounds of practicability, by other senior executive or any director or shareholder.
- 3) To recommend to the Board, directors to fill seats on Board Committees.
- 4) To recommend to the Board for the continuation (or not) in service of executive director(s) and Directors who are due for retirement by rotation.
- 5) To determine appropriate training for Directors and review the fulfillment of such training.

INTERNAL AUDIT

The audit committee has approved the appointment of an independent internal auditor to conduct internal audits during the year. This will commence for the financial year 2006.

The scope of the internal audit is to provide risk assessment service and compliance audits in order to ensure internal controls are aligned to the business strategies as laid out by the Board.

TRADING IN AXIS-REIT UNITS

In general the company encourages the directors and employees of the Manager to hold Units, but prohibits them from dealing in the Units:

- 1) During the period commencing one month before the public announcement of Axis-REIT's quarterly, half year and annual results, and ending one market day after the announcement and
- 2) At any time it is in possession of price sensitive price information.

Subject to compliance with Section 14.08 and 14.09 of the Bursa Malaysia Listing Requirements.

In addition the Manager will announce through the Company Secretary the particulars of the holdings of the Directors within two market days after the date they acquire or dispose of any Units, as the case may be.

RISK ASSESMENT AND MANAGEMENT OF BUSINESS RISK

Effective risk management is a fundamental part of Axis-REIT's business strategy in order to ensure a steady flow of distributions to Unitholders and protecting their interests and value.

The Manager is aware that the most likely risk will arise when making property investment decisions, and as such the Manager has established a procedure to be followed in the acquisition process. In accordance with this policy, the Manager ensures a comprehensive due diligence is carried out in relation to the proposed investment and the risk factors in making such a decision are suitably addressed.

The Board meets quarterly and more often if required to assess the performance of the Manager and Axis-REIT against established and approved budgets. The Board also assess the risk factors that the assets of Axis-REIT are exposed to, examines liability management and act on comments submitted by the auditors or the Audit Committee.

The Board and the Executive Committee reviews and approves all investment decisions.

The management meets regularly to review compliance to operational manuals established as well discuss continuous disclosure issues.

DEALINGS WITH CONFLICTS OF INTEREST

The Manager has established the following procedures to deal with potential conflicts of interest issues which it (including its directors, executive officers and employees) may encounter in managing Axis-REIT:

- 1) **The Manager will be a dedicated manager to Axis-REIT and will not manage any other real estate investment trust or be involved in any other real property business; all Executive Officers will be employed by the Manager.**
- 2) **The entry into any related party transaction must be approved by a majority vote of directors, including those of the independent directors.**
- 3) **The Board shall have 1/3 of its members as independent directors.**
- 4) **In respect of matters where the directors have a direct or indirect interest in any related party transaction they will abstain from voting at any Board meeting.**

The directors of the Manager are under a fiduciary duty to Axis-REIT to act in the best interest in relation to decisions affecting Axis-REIT when they are voting as a member of the Board. In addition, the directors, the executive director and the executive officers of the Manager are expected to act with honesty and integrity at all times.

DEALING WITH RELATED PARTY TRANSACTIONS

The Manager will comply with all requirements as laid out in the SC Guidelines on REITs on Related Party Transactions.

The Manager will establish procedures that will ensure that such transactions are undertaken in full compliance to the Guidelines and on an arm's length basis and on normal commercial terms, which are no more favourable than those extended to unrelated third parties. The Manager would have to demonstrate to the Audit Committee that such transactions (whether they be for the purchase of services or property) would be taken on normal commercial terms, which may include in the case of the purchase of services, the obtaining of quotations from parties unrelated to the manager, or in the case of purchase of property, the obtaining of valuations from an independent valuer.

In dealing with one or more of any Related Party Transactions, the Manager is required to obtain the approvals from the relevant parties such as the Securities Commission, Trustee or Unit Holder's (as the case may be) as provided under the Deed, SC Guidelines on REITs, listing requirements by Bursa Malaysia Securities Bhd and other applicable laws. To obtain the necessary approvals the Manager would also need to submit to the relevant parties such as the Securities Commission, Trustee or Unit Holder's, all the necessary recommendation and documentation provided for under the Deed, SC Guidelines on REITs, listing requirements by Bursa Malaysia Securities Bhd and other applicable laws.

All Related Party Transactions are subject to regular periodic review by the Audit Committee.

The Audit Committee plans to review Internal Audit reports to ensure that guidelines and procedures established are complied with in relation to Related Party Transactions. If a member of the Audit Committee has an interest in a transaction he is to abstain from participating in the review and approval process in relation that transaction.

COMMUNICATION WITH UNITHOLDERS

The listing rules of Bursa Malaysia Securities Berhad require that a listed entity discloses to the market matters that could have a material effect on the price of the entity's securities.

The Manager has established a strong culture of continuous disclosure and transparent communication with Unit holders and the investment community.

The Manager achieves this through timely and full disclosure of all material information relating to Axis-REIT by way of public announcements on the Bursa Malaysia Securities Bhd website.

The Manager has also conducted regular briefings for analysts and fund managers, as well as the media. At these briefings the Manager presented the latest acquisitions of Axis-REIT as well as discussed the business outlook of the industry.

The manager has also actively participated in various seminars on REITs further advancing the understanding of the asset class.

OTHER INFORMATION

Relationship

There were no family relationship among the Directors and/or major unitholders

Conflict of Interest

None of the Directors has any conflict of interests with Axis-REIT

Conviction for Offences

None of the Directors has been convicted for any offences other than traffic offences within the past ten (10) years.

MEMBERS OF THE RESPECTIVE COMMITTEES

	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	EXECUTIVE COMMITTEE
Dato' Abdul Azim Mohd Zabidi	C	C	
Dato' Mohamed Salleh Bajuri	M	M	
Dato' Abas Carl Gunnar		M	C
Lim Kian Thiam	M		M
Stephen Tew Peng Hwee			M
George Stewart LaBrooy			M

C - Chairman, M - Member

MEETING ATTENDANCE

	BOARD MEETINGS (No of meetings held - 3)	AUDIT COMMITTEE (No of meetings held - 2)	NOMINATION & REMUNERATION COMMITTEE (No of meetings held - 2)	EXECUTIVE COMMITTEE (No of meetings held - 4)
Dato' Abdul Azim Mohd Zabidi	3	2	1	
Dato' Mohamed Salleh Bajuri	2	2	1	
Dato' Abas Carl Gunnar	3		1	4
Lim Kian Thiam	3	2		4
Stephen Tew Peng Hwee	3			4
George Stewart LaBrooy	3			4

DIRECTORS REMUNERATION

	FEES	SALARIES & OTHER EMOLUMENTS	TOTAL (RM)
Executive Directors	0	439,950	439,950
Non-Executive Directors	210,000	23,250	233,250

Range of Remuneration - RM	Executive	Non-Executive
50,000 and below	-	4
50,001 - 100,000	-	1
100,001 - 150,000	-	-
150,001 - 200,000	1	-
200,001 - 250,000	-	-
250,001 - 300,000	1	-



Investor Relations

The Manager is pleased to report that since the listing of Axis-REIT, its objective is to provide Unitholders with open and transparent communications through the Bursa Malaysia website, press briefings, seminars and investor and analyst briefings.

We are in the process of setting up our website www.axis-reit.com.my which is planned to be fully operational in 2006. Through it the investing public will be able to receive e-mail alerts and up to date information on announcements of the Fund.

We will continue to generate more awareness and interest in REITs particularly by our active participation in local seminars and briefings to International Investors.

CONTACT INFORMATION

To find out more about Axis-REIT please contact:

Executive Director - Stewart LaBrooy
 Tel : +603 - 7958 4882
 Fax : +603 - 7957 6881
 E mail : info@axis-reit.com.my

THE UNIT REGISTRAR

Symphony Share Registrars Sdn Bhd
 Level 26 Menara Multi-Purpose
 Capital Square
 No 8 Jalan Munshi Abdullah
 50100 Kuala Lumpur
 Tel : 03 - 2721 2222
 Email : ssrs@symphony.com.my
 Website : www.symphony.com.my

BURSA MALAYSIA INVESTOR RELATIONS

Email : enquiries@bursamalaysia.com
 Tel : (603) 2034 7000
 Fax : (603) 2732 0069

PROPOSED CORPORATE TIMETABLE FOR AXIS-REIT

JANUARY 2006

- > Announcement of Income Distribution to Unitholders and entitlement date for 2005
- > Announcement of unaudited result for the period ended 31 December 2005

FEBRUARY 2006

- > Payment of Income distribution to Unitholders
- > Release of Audited Results for the period ended 31 Dec 2005

APRIL 2006

- > Announcement of unaudited 2006 1st Quarter results

JULY 2006

- > Announcement of unaudited 2006 2nd Quarter results
- > Announcement of Interim Income Distribution to Unitholders and entitlement date for 1st half year distribution 2006

AUGUST 2006

- > Payment of Interim Income distribution to Unitholders

OCTOBER 2006

- > Announcement of unaudited 2006 3rd Quarter results

JANUARY 2007

- > Announcement of unaudited results for the year ending 31 Dec 2006
- > Announcement of Income Distribution to Unitholders and entitlement date for 2006

FEBRUARY 2007

- > Payment of Income distribution to Unitholders
- > Release of Audited Results for the year ending 31 Dec 2006

FREQUENTLY ASKED QUESTIONS

1) How often does Axis-REIT makes any income distribution?

Semi annually. Income distributions are payable no later than 28 February (for final year end distribution) and 31 August (for interim half year) each year. However, in certain circumstances such as the issuance of new units by Axis-REIT during the year, it may be necessary to make a special income distribution at different periods in order to attribute income distribution to existing Unitholders to avoid any income dilution from the enlarged Unitholders' capital.

2) How is this income distribution paid?

Payments are made via cheques to each unit holder with an attached Distribution Tax Voucher detailing entitlement and gross/net amount payable.

3) Are there different types of income distribution?

Yes. At the Trust level, the source from which income is distributed could be derived from:-

- a) Current year's realised income before taxation;
- b) Current year's tax exempt income, if any;
- c) Portion of 'Accumulated Retained Earnings' that have been taxed;
- d) Portion of 'Accumulated Retained Earnings' that consist of tax exempt income;

4) What is the tax treatment of Unitholders?

Income of a REIT (where subject to income tax), will be liable to tax at the rate of 28% (prevailing rate). However, the income which is distributed to unit holders in the same period, will not be subject to income tax at the REIT's level. Instead, unit holders will be taxed at their respective tax rates on the income distributed in the same period.

Income which were undistributed and taxed in the previous years at the REIT's level are also taxable at the unit holders' level but the tax paid by the REIT is imputed to be the tax paid by the beneficiaries ("imputed tax").

At the unit holder level there is a need to differentiate between resident unit holder and non-resident (foreign) unit holders. Based on current tax legislations, the tax treatment is as follows:-

Income of the REIT distributed in the same basis period:-

> Resident unitholders

Individuals and other non-corporate unit holders would be subject to income tax at scale rates. The prevailing scale rates range from 1% to 28%. As for the corporate unit holders, they would be taxed at the corporate tax rate (the prevailing rate is 28%) on distributions of income from the REIT to the extent of an amount equivalent to their share of the total taxable income of the REIT. From Year of Assessment 2004 onwards, corporate unit holders with paid-up capital in the form of ordinary shares of RM2.5 million and below will be subject to a tax rate of 20% on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the prevailing rate of 28% is still applicable.

> Non resident (Foreign) unitholders

Non-resident unit holders would be subject to Malaysian income tax at the prevailing rate of 28% and this tax will be collected through a withholding tax mechanism, i.e. withholding tax of 28% would be deducted on the income distributed to non-resident Unitholders.

Income of the REIT which was not distributed in the previous years:-**> Resident and non resident unitholders**

This income would have been subject to income tax at the REIT's level at the rate of 28% in previous years and such income distributed from the REIT will carry a tax credit proportionate to each unit holder's share of the total taxable income in respect of the tax paid by the REIT.

Resident unit holders would be subject to income tax at scale rates, i.e. range from 1% to 28%. Non-resident unit holders would be subject to Malaysian income tax at the prevailing rate of 28%. Both resident and non-resident unit holders will be entitled to utilise the tax credit as a set off against the tax payable by them. No other withholding tax will be imposed on such income distribution of the REIT.

5) How do I calculate my distribution?

For the financial period ended 31 December 2005, the distribution was 4.7 sen per unit.

ASSUMPTION	DISTRIBUTION TO RESIDENT UNITHOLDER	DISTRIBUTION TO NON-RESIDENT UNITHOLDER (28% TAXED AT SOURCE)
10,000 Axis-REIT Units	RM 470.00	RM 338.40

6) What is my Distribution yield?

UNITHOLDER	DISTRIBUTION (SEN)	ANNUALIZED DISTRIBUTION YIELD BASED ON IPO PRICE OF RM 1.25	ANNUALIZED DISTRIBUTION YIELD BASED ON CLOSING PRICE OF RM 1.73 ON 31 DECEMBER 2005
Resident	4.70	9.2%	6.65%
Foreign	3.384	6.63%	4.8%

7) Where can I view the Trust Deed of Axis-REIT?

The Deed is available for inspection at the principal place of business of the Manager and at the principal place of business of the Trustee, OSK Trustee Berhad.

8) What are the total number of Axis-REIT Units currently in issue?

A total of 205,901,000 Units are in circulation as at 31 December 2005.

9) When can new Units be issued?

The Manager may from time to time recommend an increase in the number of Units by way of rights issue or bonus issue to existing Unitholders in proportion to their holding of Units, or by way of placement to any person, as consideration issue for subscription or such other methods as may be accepted by the SC. The issue of Units are to finance acquisitions for Axis-REIT or to balance the debt-equity matrix of the Fund. The prior approvals of the SC and the Trustee are required for any increase in the size of the REIT through the creation of further Units. The prior approval of the Unitholders by way of ordinary resolution or otherwise will also be required for the creation of further Units where stipulated in the Deed or under the applicable laws and requirements.

10) What are my rights as a Unitholder?

The key rights of Unitholders include rights to:

- > receive income and other distributions attributable to the Units held;

- > receive the fund reports of Axis-REIT; and

- > participate in the termination of Axis-REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Axis-REIT less any liabilities, in accordance with their proportionate interests in Axis-REIT.

11) How can the Trust Deed be amended?

Save where an amendment to the Deed has been approved by a resolution of not less than 2/3 of all Unitholders for the time being (or such other majority as may be required under the SC Guidelines on REITs) passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Deed, no amendment may be made to the provisions of the Deed unless the Trustee certifies, in its opinion, that such amendment does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders.

12) Under what circumstances can a Meeting of Unitholders be called?

Under the applicable law and requirements and the provisions of the Deed, Axis-REIT will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or 1/10th in number of Unitholders (whichever is lesser) request a meeting to be convened.

Any decision to be made by resolution of Unitholders shall be made by ordinary resolution, unless a special resolution is required by the applicable laws and requirements and/or the Deed.

At least 14 days' notice of every meeting (other than a meeting convened to pass a special resolution, which requires at least 21 day's notice) shall be given to the Unitholders in the manner provided in the Deed. The quorum at a meeting shall be as follows:

- a) where an ordinary resolution only is to be proposed, at least five persons holding or representing by proxy at least 10% of all the Units and carrying the right to vote at the meeting; and
- b) where a special resolution is to be proposed, at least five persons holding or representing by proxy at least 15% of all the Units and carrying the right to vote at the meeting.

Voting at a meeting shall be by a show of hands provided that a poll shall be taken in any case where:

- a) it is required by the Deed or by law that the question be decided by a majority which is to be measured by a percentage of the votes of those present; or
- b) it is demanded either before or immediately after any question is put to a show of hands by Unitholders present, holding (or representing by proxy) between them not less than 5% of the Units issued.

13) Can the Manager vote at Unitholders' meetings?

No. Neither the Manager nor its related corporations or associated persons (as defined in the Deed) shall be entitled to vote in respect of any matter and shall not be counted in a quorum, unless otherwise permitted by the SC.



Financial Statements

For the period ended 31 December 2005

Statement By The Manager	35
Statutory Declaration	36
Trustee Report	37
Report Of The Auditors	38
Balance Sheet	39
Income Statement	40
Statement Of Changes In Net Asset Value	41
Cash Flow Statement	42
Notes To The Financial Statements	43

Statement by the Manager

In the opinion of the Directors, the financial statements set out on pages 39 to 51 are drawn up in accordance with the provisions of the Deed dated 15 June 2005, Securities Commission's Guidelines on Real Estate Investment Trust, applicable securities laws and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of Axis Real Estate Investment Trust at 31 December 2005 and of the results of their operations and cash flows for the period ended on that date.

For and on behalf of the Manager,

Axis REIT Managers Berhad,

Signed in accordance with a resolution of the Directors:

STEPHEN TEW PENG HWEE

GEORGE STEWART LABROOY

Kuala Lumpur,

Date: 21 February 2006

Statutory Declaration

I, **George Stewart LaBrooy**, the Director of Axis REIT Managers Berhad primarily responsible for the financial management of Axis Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 39 to 51, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Petaling Jaya on 21 February 2006.

GEORGE STEWART LABROOY

Before me:

Trustee Report

To the Unitholders of Axis Real Estate Investment Trust (Established in Malaysia)

We have acted as Trustee of Axis Real Estate Investment Trust ("Axis-REIT") for the financial period ended 31 December 2005. In our opinion, Axis REIT Managers Berhad ("the Manager") has managed Axis-REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed dated 15 June 2005, other provisions of the Deed, the Securities Commission Act, 1993, the applicable Guidelines on Real Estate Investment Trusts and other applicable laws during the financial period then ended.

We have also ensured the following:

- (a) the procedures and processes employed by the Manager to value and price the units of Axis-REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements; and
- (b) the creation of units are carried out in accordance with the Deed and other regulatory requirements.

We confirm that the recommended net income distribution of 4.70 sen per unit for the financial period is in line with and is reflective of the objectives of Axis-REIT.

For and on behalf of the Trustee,

OSK Trustees Berhad

Ong Eu Jin

Chief Operating Officer

Kuala Lumpur,

Date: 21 February 2006

Report of the Auditors

To the Unitholders of Axis Real Estate Investment Trust (Established in Malaysia)

We have audited the financial statements set out on pages 39 to 51. The preparation of the financial statements is the responsibility of the Directors of Axis REIT Manager Berhad ("the Manager") of Axis Real Estate Investment Trust ("Axis-REIT").

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Securities Commission's Guidelines on Real Estate Investment Trust and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Manager as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements of Axis-REIT are properly drawn up in accordance with the provisions of the Deed dated 15 June 2005, Securities Commission's Guidelines on Real Estate Investment Trust, applicable securities laws and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of Axis-REIT at 31 December 2005 and the results of its operations and cash flows for the period ended on that date.

KPMG

Firm Number: AF 0758

Chartered Accountants

Kuala Lumpur,

Date: 21 February 2006

Seow Yoo Lin

Partner

Approval Number: 1497/02/07(J)

Balance Sheet

As at 31 December 2005

	NOTE	2005 RM'000
Investments		
Investment properties	3	332,200
Deposits placed with licensed banks	4	4,350
		336,550
Other assets		
Trade and other receivables	5	2,799
Cash and bank balances		222
Tax recoverable		61
		3,082
Total assets		339,632
Liabilities		
Trade and other payables	6	12,104
Borrowings	7	40,000
Provisions for income distribution	8	9,677
		61,781
Total liabilities		61,781
Net asset value ("NAV")		277,851
Financed by:		
Unitholders' funds		
Unitholders' capital	9	234,892
Undistributed income		341
Revaluation reserve	10	42,618
		277,851
Units in circulation ('000)		205,901
NAV per unit (RM)		
- before income distribution		1.396
- after income distribution		1.349

The notes set out on pages 43 to 51 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statement

For the period from 3 August 2005 (date of commencement) to 31 December 2005

	NOTE	3.8.2005 to 31.12.2005 RM'000
Gross revenue	11	13,761
Property expenses	12	(2,300)
Net rental income		11,461
Interest income		328
Total income		11,789
Manager's fees		794
Trustee's fees		57
Auditor's fees		40
Tax agent's fees		10
Administrative expenses		98
Interest expense		738
Total expenses		1,737
Income before taxation		10,052
Tax expense	14	(34)
Net income for the period		10,018
Net income for the period is made up as follows:		
Realised		10,018
Unrealised		-
		10,018
Earnings per unit - (sen)	15	4.87
Earning per unit (before manager's fee)		
- Gross (sen)		5.27
- Net (sen)		5.25
Net income distribution		
Proposed final income distribution of 4.70 sen payable on 28 February 2006	16	9,677
Final income distribution per unit		
- Gross (sen)	16	4.70
- Net* (sen)	16	4.70

* Withholding tax of 28% will be deducted for distributions made to non-resident Unitholders.

The notes set out on pages 43 to 51 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes In Net Asset Value

For the period from 3 August 2005 (date of commencement) to 31 December 2005

	UNITHOLDERS' CAPITAL RM'000	NON- DISTRIBUTABLE REVALUATION RESERVE RM'000	DISTRIBUTABLE UNDISTRIBUTED INCOME RM'000	TOTAL RM'000
At 3 August 2005	-	-	-	-
Operations for the period from 3 August 2005 to 31 December 2005				
Net income for the period	-	-	10,018	10,018
Revaluation reserve (Note 10)	-	42,618	-	42,618
Increase in net assets resulting from operations	-	42,618	10,018	52,636
Unitholders' transactions				
Creation of Units	241,083	-	-	241,083
Distribution to Unitholders (Note 16))	-	-	(9,677)	(9,677)
Listing expenses (Note 17)	(6,191)	-	-	(6,191)
Increase in net assets resulting from Unitholders' transactions	234,892	-	(9,677)	225,215
At 31 December 2005	234,892	42,618	341	277,851
	Note 9			

The notes set out on pages 43 to 51 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statement

For the period from 3 August 2005 (date of commencement) to 31 December 2005

	3.8.2005 TO 31.12.2005 RM'000
Cash flows from operating activities	
Income before taxation	10,052
Adjustments for:	
Interest expense	738
Interest income	(328)
	<hr/>
Operating profit before working capital changes	10,462
(Increase)/Decrease in working capital:	
Trade and other receivables	(2,799)
Trade and other payables	12,104
	<hr/>
Cash generated by operating activities	19,767
Tax paid	(95)
	<hr/>
Net cash generated by operating activities	19,672
	<hr/>
Cash flows from investing activities	
Interest income	328
Increase in pledged deposits placed with licensed banks	(450)
Purchase of investment properties	(182,082)
	<hr/>
Net cash used in investing activities	(182,204)
	<hr/>
Cash flows from financing activities	
Interest paid	(738)
Listing expenses	(6,191)
Proceeds from issue of Units	133,583
Proceeds from borrowings	40,000
	<hr/>
Net cash generated by financing activities	166,654
	<hr/>
Net increase in cash and cash equivalents	4,122
Cash and cash equivalents at beginning of period	-
	<hr/>
Cash and cash equivalents at end of period	4,122
	<hr/>

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2005 RM'000
Cash and bank balances	222
Deposits with licensed bank (excluding deposits pledged)	3,900
	<hr/>
	4,122
	<hr/>

The notes set out on pages 43 to 51 form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. GENERAL

Axis Real Estate Investment Trust ("Axis-REIT") is a Malaysia-domiciled real estate investment trust constituted pursuant to the deed dated 15 June 2005 (the "Deed") between Axis REIT Managers Berhad (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Deed is regulated by the Securities Commission Act, 1993, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Listing Requirement of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings. Axis-REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 26 of the Deed.

Axis-REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 3 August 2005.

The principal activity of Axis-REIT is to invest in a diverse portfolio of properties with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

Axis-REIT has entered into several service agreements in relation to the management of Axis-REIT and its property operations. The fee structure of these services is as follows:

(a) Property management fees

The Property Manager, Axis Management Sdn. Bhd. is entitled to a property management fee in respect of the management of the investment properties owned by Axis-REIT, as provided in the Deed. The fee is based on a certain graduated scale as provided in the provisions of the revised Valuers, Appraisers and Estate Agents Act, 1981 as required by the Securities Commission's Guidelines on Real Estate Investment Trust. The property management fees are payable monthly in arrears.

(b) Manager's fees

Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1.00% per annum of the Net Asset Value of Axis-REIT, calculated based on the monthly accrual basis and payable monthly in arrears. The Manager's fees for the period ended 31 December 2005 of RM794,177 is 0.7% of the monthly net asset value.

(c) Trustee's fees

Pursuant to the Deed, the Trustee is entitled to receive a fee of 0.05% per annum of the Net Asset Value of Axis-REIT calculated based on the monthly accrual basis and payable monthly in arrears. The Trustee's fees for the period ended 31 December 2005 is RM56,727.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by Axis-REIT.

(a) Basis of accounting

The financial statements of Axis-REIT are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Deed, Securities Commission's Guidelines on Real Estate Investment Trust, Securities Commission Act, 1993 and applicable approved accounting standards in Malaysia.

(b) Investment properties

The freehold and leasehold properties are considered as investment properties which are held to earn rentals or for capital appreciation or both.

Investment properties are stated at cost. No depreciation is provided on investment properties. It is Axis-REIT's practice to appraise the investment properties at least once every year, by independent professional valuers based on open market value, and to maintain these properties in such condition that the residual value is high so that any depreciation, if applicable, would be insignificant. Any surplus arising there from will be incorporated in the financial statements. The related maintenance expenditure is dealt with in the income statement.

(c) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(d) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consists of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value and are presented net of bank overdrafts and pledged deposits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(e) Liabilities

Borrowings and trade and other payables are stated at cost.

(f) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

Provisions for income distribution

Provisions for income distribution is recognised when any distribution declared, determined or publicly recommended by the Directors of the Manager and approved by the Trustee but not distributed at the balance sheet date.

(g) Impairment

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(h) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(i) Revenue

i) Rental income

Rental income consists of rental income from letting of lots, car park and other associated income, is recognised on a straight-line basis over the term of rent.

ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(j) Expenses

i) Property expenses

Property expenses consist of property management fees, quit rents and assessment, and other property outgoings in relation to investment properties where such expenses are the responsibility of Axis-REIT.

Property manager fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1(a).

ii) Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred.

iii) Listing expenses

Listing expenses represent expenses incurred for the listing of Axis-REIT on the Main Board of Bursa Malaysia Securities Berhad. The expenses are deducted directly against the Unitholders' fund.

3. INVESTMENT PROPERTIES

DESCRIPTION OF PROPERTY	TENURE OF LAND	TERM OF LEASE YEAR	REMAINING TERM OF LEASE YEAR	EXISTING USE	OCCUPANCY RATES AS AT 31 DECEMBER %	VALUATION RM'000	ACQUISITION COST RM'000	PERCENTAGE OF VALUATION TO NET ASSET VALUE %
Axis Business Park *#	Leasehold	99	55	Office & Warehouse	100	93,000	84,600	33.5
Axis Plaza *	Freehold	-	-	Office & Warehouse	93.4	26,000	22,500	9.3
Crystal Plaza *	Leasehold	99	54	Commercial	100	65,000	56,400	23.4
Infinite Centre *	Leasehold	99	60	Office & Warehouse	100	32,000	25,450	11.5
Kompleks Kemajuan **	Leasehold	99	60	Office & Warehouse	72.8	36,200	29,192	13.0
Menara Axis *#	Leasehold	99	60	Commercial	100	80,000	71,440	28.8
Investment properties						332,200	289,582	

* The properties were valued on 24 June 2005 by Colliers, Jordan Lee & Jaafar Sdn. Bhd., an independent firm of professional valuers using the comparison, the cost and the investment methods of valuation.

** The property was valued on 22 November 2005 by C H Williams Talhar & Wong Sdn. Bhd., an independent firm of professional valuers using the comparison and investment methods of valuation.

The properties are charged to financial institution for banking facilities granted to Axis-REIT (see Note 7).

4. DEPOSITS PLACED WITH LICENSED BANKS

	2005
	RM'000
Deposits placed with licensed banks	4,350

Included in fixed deposits is RM450,000 pledged for banking facilities granted to Axis-REIT (Note 7).

5. TRADE AND OTHER RECEIVABLES

	2005
	RM'000
Trade receivables	938
Other receivables, deposits and prepayments	183
Deposits and professional fees paid for the purchase of a property (Note 24)	1,678
	<u>2,799</u>

6. TRADE AND OTHER PAYABLES

	2005
	RM'000
Trade payables	169
Other payables and accrued expenses	899
Tenants' deposits	
- payable within 12 months	953
- payable after 12 months	10,083
	<u>12,104</u>

Included in other payables and accrued expenses is amount due to the Manager and the Trustee of RM169,503 and RM11,531 respectively which are unsecured, interest free and payable monthly in arrears.

7. BORROWINGS

	2005
	RM'000
Revolving credit - secured	40,000

The revolving credit is secured by way of fixed charges over certain leasehold land and buildings (Note 3), deposits with licensed banks (Note 4) and bear interest rate ranging from 4.40% to 4.45% per annum.

TERMS AND DEBT REPAYMENT SCHEDULE

	TOTAL	UNDER	1 - 2	2 - 5
	RM'000	1 YEAR	YEARS	YEARS
	RM'000	RM'000	RM'000	RM'000
Revolving credit	40,000	40,000	-	-

8. PROVISIONS FOR INCOME DISTRIBUTION

	2005
	RM'000
Balance at 3 August 2005 (date of commencement)	-
Provisions made during the period	9,677
	<u>9,677</u>
Balance at 31 December 2005	9,677

9. UNITHOLDERS' CAPITAL

	2005 NUMBER OF UNITS '000
Authorised:	
At 3 August 2005 (date of commencement)/ 31 December 2005	205,901

	2005 RM'000
Issued and fully paid up:	
At 3 August 2005 (date of commencement)	-
Issue of new Units:	
- 107,501,000 Units of RM1.00 each	107,501
- 17,000,000 Units of RM1.25 each	21,250
- 81,400,000 Units of RM1.38 each	112,332
Listing expenses (Note 17)	(6,191)

At 31 December 2005	234,892

As at 31 December 2005, the Manager did not hold any Units in Axis-REIT. However, the Directors of the Managers and related parties held Units in Axis-REIT as follows:

	2005 NUMBER OF UNITS '000	MARKET VALUE RM'000
The Manager's Directors' and substantial shareholders' direct Unitholdings in Axis-REIT:		
Dato' Abas Carl Gunnar bin Abdullah	124	215
Stephen Tew Peng Hwee	70	121
The Manager's Directors' direct Unitholdings in Axis-REIT:		
Alex Lee Lao	200	346
Dato' Abdul Azim Mohd Zabidi	200	346
Dato' Mohammed Salleh Bajuri	250	433
The Manager's substantial shareholders' direct Unitholdings in Axis-REIT:		
Baiduri Kemas Sdn. Bhd.	30,750	53,198
Crystal Properties Sdn. Bhd.	24,900	43,077
Prestigious Landmarks Sdn. Bhd.	34,670	59,979
The Manager's related parties' direct Unitholdings in Axis-REIT:		
Paridah binti Mohd Nor (spouse of Dato' Mohammed Salleh Bajuri)	100	173
Infinite Centre Sdn. Bhd.	7,130	12,335
Kasturi Gemilang Sdn. Bhd.	1,950	3,374
PAMS Holdings Sdn. Bhd.	150	260
PAMS Corporation Sdn. Bhd.	50	87
The Manager's Directors' indirect Unitholdings in Axis-REIT:		
Dato' Abas Carl Gunnar bin Abdullah*	32,700	56,571
Dato' Mohammed Salleh Bajuri**	300	519
Lim Kian Thiam***	99,400	171,962
Stephen Tew Peng Hwee****	97,450	168,589

* Deemed interested by virtue of his shareholdings in Axis Equities Sdn. Bhd.

** Deemed interested by virtue of his shareholdings in PAMS Holdings Sdn. Bhd. and PAMS Corporation Sdn. Bhd., and also interest held by his spouse

*** Deemed interested by virtue of his shareholdings in Axis Equities Sdn. Bhd., Pet Resins (M) Sdn. Bhd., Salperton Holdings Sdn. Bhd., Infinite Centre Sdn. Bhd. and Pet Films (M) Sdn. Bhd.

**** Deemed interested by virtue of his shareholdings in Pet Resins (M) Sdn. Bhd., Salperton Holdings Sdn. Bhd. and Infinite Centre Sdn. Bhd.

The market value is determined by multiplying the number of Units with the market price of RM1.73 as at 31 December 2005.

10. REVALUATION RESERVE

This represents the net surplus arising from the revaluation of investment properties in accordance with the policy outlined in Note 2(b) and is not distributable by way of cash dividends.

	VALUATION RM'000	ACQUISITION COST RM'000	REVALUATION RESERVE RM'000
Axis Business Park	93,000	84,600	8,400
Axis Plaza	26,000	22,500	3,500
Crystal Plaza	65,000	56,400	8,600
Infinite Centre	32,000	25,450	6,550
Kompleks Kemajuan	36,200	29,192	7,008
Menara Axis	80,000	71,440	8,560
	332,200	289,582	42,618

11. GROSS REVENUE

	3.8.2005 TO 31.12.2005 RM'000
Gross rental income	12,320
Car park income	1,007
Other income	434
	13,761

12. PROPERTY EXPENSES

	3.8.2005 TO 31.12.2005 RM'000
Assessment	333
Service contracts and maintenance	547
Property management fees	320
Property management reimbursements	133
Utilities	530
Others	437
	2,300

13. EMPLOYEE INFORMATION

Axis-REIT does not have any employee, hence no information is disclosed.

14. TAX EXPENSE

**3.8.2005 TO
31.12.2005
RM'000**

Current tax expense	34

Reconciliation of effective tax expense	
Profit before taxation	10,052

Income tax using Malaysian tax rate	2,815
Non-deductible expenses	16
Effect of tax exempt income	(87)
Effect of income distribution exempted from tax	(2,710)

Tax expense	34

15. EARNINGS PER UNIT

The calculation of earnings per Unit is based on net income for the period of RM10,018,111 to the number of units in circulation during the period of 205,901,000.

16. DISTRIBUTION TO UNITHOLDERS

Distribution to Unitholders is from the following sources:

**3.8.2005 TO
31.12.2005
RM'000**

Net rental income	11,395
Interest income - non-tax exempt	19

	11,414
Less: Expenses	(1,737)

	9,677

Gross provision for distribution per Unit (sen)	4.70

Net provision for distribution per Unit (sen)	4.70

17. LISTING EXPENSES

**3.8.2005 TO
31.12.2005
RM'000**

Brokerage and commissions	3,124
Professional fees	1,784
Miscellaneous expenses	1,283

	6,191

These expenses are deducted directly against the Unitholders' funds. Included in the professional fees are non-audit fees paid and payable to auditors of Axis-REIT amounting to RM155,000 for acting as independent reporting accountants with respect to the issuance and placement of additional Units in Axis-REIT.

18. PORTFOLIO TURNOVER RATIO**3.8.2005 TO
31.12.2005**

Portfolio Turnover Ratio ("PTR") (times)

0.53

The calculation of Portfolio Turnover Ratio ("PTR") is based on the average of total acquisitions and total disposals of investments in Axis-REIT for the period to the average net asset value during the period calculated on a weekly basis.

19. MANAGEMENT EXPENSE RATIO**3.8.2005 TO
31.12.2005**

Management expense ratio ("MER") (%)

0.88

The calculation of MER is based on total fees of Axis-REIT incurred, including Manager's fees, Trustee's fees, audit fees, tax agent's fees and administrative expenses, to the average net asset value during the period. Since the average net asset value is calculated on a weekly basis, comparison of the MER of Axis-REIT with other real estate investment trusts which uses different basis of calculation may not be an accurate comparison.

20. CAPITAL COMMITMENT

As at 31 December 2005, Axis-REIT has a capital commitment amounted RM14,490,000 in respect of the acquisition of a property (Note 24).

21. SIGNIFICANT RELATED PARTY TRANSACTIONS**3.8.2005 TO
31.12.2005
RM'000**

Property management fees paid/payable to Property Manager

98

Acquisitions cost of a property payable to a related company of the

Directors of the Manager

47

These transactions have been entered into in the normal course of business.

22. FINANCIAL INSTRUMENTS

Financial risks management objectives and policies

Exposure to credit, interest rate and liquidity risk arises in the normal course of Axis-REIT's business. Axis-REIT has written risk management policies and guidelines which sets out their overall business strategies and its general risk management philosophy.

Credit risk

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of financial asset.

Interest rate risk

Axis-REIT's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance Axis-REIT's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Securities Commission's Guidelines on Real Estate Investment Trust concerning limits on total borrowings.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature:

	EFFECTIVE INTEREST RATE %	TOTAL RM'000	2005		
			WITHIN 1 YEAR RM'000	1-5 YEARS RM'000	AFTER 5 YEARS RM'000
Financial assets					
Deposits with licensed banks	2% - 3.7%	4,350	4,350	-	-
Financial liabilities					
Revolving credit	4.40% - 4.45%	40,000	40,000	-	-

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

23. COMPARATIVE FIGURES

No comparative figures are presented as this is the first financial statement prepared by Axis-REIT.

24. SUBSEQUENT EVENTS

On 2 December 2005, Axis-REIT entered into a deed of novation and a supplemental agreement with Evergreen Landmark Sdn. Bhd. to purchase a property from Juta Bina Sdn. Bhd. for a total purchase price of RM16,100,000. The acquisition of the property is expected to be completed by June 2006.



Unitholders' Statistics

ANALYSIS OF UNITHOLDINGS AS AT 31 DECEMBER 2005

ANALYSIS OF UNITHOLDINGS

SIZE OF HOLDINGS	NUMBER OF UNITHOLDERS	%	NUMBER OF UNITS HELD	%
1 - 99	1	0.08	50	0.00
100 - 1,000	326	26.81	295,450	0.14
1,001 - 10,000	567	46.63	2,607,000	1.27
10,001 - 100,000	179	14.72	6,514,000	3.16
100,001 to less than 5% of issued units	140	11.51	106,164,500	51.56
5% and above of issued units	3	0.25	90,320,000	43.87
Total	1,216	100.00	205,901,000	100.00

30 LARGEST UNITHOLDERS

(per Record of Depositors)

NAME	NO. OF SHARES HELD	%
1. Prestigious Landmarks Sdn Bhd	34,670,000	16.84
2. Baiduri Kemas Sdn Bhd	30,750,000	14.93
3. Crystal Properties Sdn Bhd	24,900,000	12.09
4. Employees Provident Fund Board	7,400,000	3.59
5. Infinite Centre Sdn Bhd	7,130,000	3.46
6. Universal Trustee (Malaysia) Berhad SBB Equity Income Fund	5,139,000	2.50
7. Citigroup Nominees (Asing) Sdn Bhd Exempt an for American International Assurance Company Limited	4,500,000	2.19
8. HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt SG For Employees Provident Fund	4,419,000	2.15
9. Universal Trustee (Malaysia) Berhad SBB Retirement Balanced Fund	3,223,300	1.57
10. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	2,900,000	1.41
11. AMMB Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad for HLG Penny Stock Fund	2,459,000	1.19
12. CIMB Real Estate Sdn Bhd	2,250,000	1.09
13. CIMSEC Nominees (Asing) Sdn Bhd CIMB-Mapletree Management Sdn Bhd For Mapletree Dextra Pte Ltd	2,250,000	1.09
14. Malaysia Nominees (Tempatan) Sendirian Bhd Great Eastern Life Assurance (Malaysia) Berhad	2,241,000	1.09

30 LARGEST UNITHOLDERS (continued)
 (per Record of Depositors)

NAME	NO. OF SHARES HELD	%
15. SBB Nominees (Tempatan) Sdn Bhd Aviva Insurance Berhad	2,000,000	0.97
16. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Equity Income Fund	2,000,000	0.97
17. Kasturi Gemilang Sdn Bhd	1,950,000	0.95
18. Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for Prudential Assurance Malaysia Berhad	1,864,600	0.91
19. Asia life (M) Berhad As beneficial Owner	1,857,000	0.90
20. AMMB Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad for Pacific Pearl Fund	1,789,800	0.87
21. Allianz Life Insurance Malaysia Berhad	1,770,400	0.86
22. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Dividend Select Fund	1,560,000	0.76
23. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Dynamic Fund	1,495,900	0.73
24. Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad	1,470,100	0.71
25. Amanah Raya Nominees (Tempatan) Sdn Bhd Kumpulan Wang Am	1,352,000	0.66
26. Amanah Raya Nominees (Tempatan) Sdn Bhd PB Balanced fund	1,250,000	0.61
27. Malaysian Assurance Alliance Berhad As Beneficial Owner (Growth Fund)	1,200,000	0.58
28. MCIS Zurich Insurance Berhad	1,070,000	0.52
29. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Neoh Gim Chin	1,000,000	0.49
30. Malaysian Nominees (Tempatan) Sendirian Berhad Overseas Assurance Corporation (Malaysia) Berhad	990,000	0.48
Total	158,851,100	77.15

SUBSTANTIAL UNITHOLDERS
 (per Record of Depositors)

NAME	NO. OF UNITS HELD	% OF UNITS HELD
Prestigious Landmarks Sdn Bhd	34,670,000	16.84
Baiduri Kemas Sdn Bhd	30,750,000	14.93
Crystal Properties Sdn Bhd	24,900,000	12.09
Total	90,320,000	43.86



Glossary

ADSB	: Axis Development Sdn Bhd (Company No. 255676-V), being the holding company of the Manager
Axis-REIT / the Fund	: Axis Real Estate Investment Trust
Bursa Securities / the Exchange	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
Deed	: The deed dated 15th June 2005 constituting Axis-REIT executed between the Trustee and the Manager
DPU	: Distribution per Unit
GAV	: Gross Asset Value
Gross Revenue	: Gross rental income and other income earned from the properties including license fees, car park income, utilities and miscellaneous income
MER	: Management expenses ratio
Manager	: Axis REIT Managers Berhad (Company No. 649450-W), being the management company of Axis-REIT
NAV	: Net asset value
Net Lettable Area	: Consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building
OMV	: Open market value
PTR	: Portfolio Turnover Ratio
Property Management Company	: Axis Management Sdn Bhd (Company No. 391004-P)
REIT(s)	: Real estate investment trust(s)
RM and sen	: Ringgit Malaysia and sen, respectively
Revaluation Reserve	: The difference between the valuation of a property, as determined by a registered valuer, and the actual price paid REIT.
SC	: Securities Commission
SCA	: Securities Commission Act, 1993
SC Guidelines on REITs	: Guidelines on Real Estate Investment Trusts issued by the SC on 3 January 2005
Sq. ft.	: Square feet
Sqm	: Square metres
Symphony Share Registrars	: Symphony Share Registrars Sdn Bhd (Company No. 378993-D) (formerly known as Malaysian Share Registration Services Sdn Bhd)
Trustee	: OSK Trustees Berhad (Company No. 573019-U) being the Trustee of Axis-REIT
Unit(s)	: Undivided interest(s) in Axis-REIT as constituted by the Deed
Unitholder(s)	: Holder(s) of the Units

Corporate Directory

MANAGER

Axis REIT Managers Berhad

Manager's Principal Place of Business

Suite 6.04 Penthouse
Wisma Academy
4A Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7958 4882
Fax : 03-7957 6881

Manager's Registered Office

Suite 11.1A Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03-2031 1988
Fax : 03-2031 9788

BOARD OF DIRECTORS OF THE MANAGER

Dato' Abdul Azim Mohd Zabidi
Independent Non-Executive Chairman

George Stewart LaBrooy
Executive Director

Dato' Abas Carl Gunnar bin Abdullah
Non-Independent Non-Executive Director

Lim Kian Thiam
Non-Independent Non-Executive Director

Stephen Tew Peng Hwee
Non-Independent Non-Executive Director

Dato' Mohamed Salleh Bajuri
Independent Non-Executive Director

Alex Lee Lao
Alternate to Dato' Abas Carl Gunnar bin Abdullah

Khoo Cheang Ee
Alternate to Lim Kian Thiam

AUDIT COMMITTEE

Dato' Abdul Azim Mohd Zabidi (Chairman)
Dato' Mohamed Salleh Bajuri
Lim Kian Thiam

EXECUTIVE COMMITTEE

George Stewart LaBrooy
Lim Kian Thiam
Stephen Tew Peng Hwee
Dato' Abas Carl Gunnar bin Abdullah

NOMINATION AND REMUNERATION COMMITTEE

Dato' Abdul Azim Mohd Zabidi (Chairman)
Dato' Mohamed Salleh Bajuri
Dato' Abas Carl Gunnar bin Abdullah

COMPANY SECRETARY OF THE MANAGER

Yeoh Chong Keat
(Membership number: MIA2736)
4 Jalan 12/19
46200 Petaling Jaya
Selangor Darul Ehsan

PROPERTY MANAGEMENT COMPANY

Axis Management Sdn Bhd
Wisma MINC
36 Jalan Datuk Sulaiman
Taman Tun Dr. Ismail
60000 Kuala Lumpur

TRUSTEE

OSK Trustees Berhad
6th Floor Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel : 03-2333 8333
Fax : 03-2175 3288
Email : OSK_Trustees@osk.com.my
Website : www.osktrustees.com.my

PRINCIPAL BANKERS OF THE FUND

Malayan Banking Berhad
3rd Floor Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Bumiputra-Commerce Bank Berhad
1401B Tingkat 14
Menara Choy Fook On
Jalan Yong Shook Lin
46050 Petaling Jaya
Selangor Darul Ehsan

AUDITORS

KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

TAX AGENTS

KPMG Tax Services Sdn Bhd
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Email : ssrs@symphony.com.my
Website : www.symphony.com.my

BURSA MALAYSIA STOCK NUMBER

AXREIT 5106



Global REITs - An Overview

The Global Real Estate Investment Trust, or REIT, market has grown exponentially over the past few years. Today the global market is rapidly approaching USD 600 Billion in size and have provided investors with annualized returns of 12.7% versus Global equities of 8.1%. More and more countries have now embraced a tax efficient property listing structure to encourage private commercial property investment. There have been several key factors driving this growth. Global investors have become increasingly disillusioned by poorly performing equity markets and have been eager to access investments offering lower risks and steadier returns.

In a global population which is rapidly ageing, these investors are also slowly becoming acutely aware of the growing need to save for longer and increasingly underfunded retirement periods. More and more countries are discovering the benefits of REITs. They offer tax transparency, liquidity, improved corporate structures, simpler tax structures, easier access to all forms of capital including unsecured debt, and greater overall property market efficiency, and are altering their laws to create REIT-like vehicles to realise these benefits.

The Asian Real Estate market enjoys the strongest growth prospects of all the regional property markets. It is estimated Asia (Ex-Australia) contains approximately USD1,400 Billion of investment grade property, approximately the same as the US. The current total market capitalisation of the REIT sector in Asia is approaching USD 110Billion and rapidly increasing with over USD 13.6 Billion raised through new issues in 2005.

The Australian market, along with the US market, is the most developed REIT market in the world. The Listed Property Trust status was originally created in 1971, although in their current form since 1985, and is characterised as being one of the most open regimes available. There are no restrictions on developments or on gearing, as long as the LPT pays all of its earnings out as dividends to shareholders. In the Australian LPT sector there are over 25 LPTs (ASX) with a total market capitalisation of around AUD 86 Billion.

Since the listing of the 'LINK REIT', launched by the Hong Kong Housing Authority on 25th November 2005, 2 more REITs have since been launched. All three REITs have attracted an astonishing amount of investor interest. The real estate sector is a massive part of the listed Hong Kong stock market, with over 50 listed property companies with a total market capitalisation approaching USD 80 Billion. The potential is clear and the size of the listed sector augurs well for REITs in Hong Kong now that tax transparency issues and the current legislative structure have been resolved.

Japan's Investment Trust Law was enacted in 2000 to create J-REITs. There has been huge growth in JREITs recently with one REIT being added almost every month. There are now 29 listed listed J-REITs with total assets approaching USD 26 Billion.. The yield advantage that J-REITs offer domestic investors over domestic bonds has been cited as one of the strongest factors influencing the impressive growth of the sector to date, as they offer a current 2% yield advantage over Japanese Government bonds, although this has fallen from around a 4 to 5% gap since the sector was launched in 2001.

Singapore currently has 7 listed REITs with a market capitalisation of approximately USD 6.4 Billion. There are expected many more new launches in 2006. The S-REIT system was created in Singapore in 2002 and allows offshore investments, some development exposure and some limited gearing.

Other Asian markets are well placed to benefit from a similar tax efficient structure. Taiwan has launched 2 REITs and Thailand has its first REIT in place. South Korea already has a structure in place (RETF and CR-REIT) although there are currently no listed REITs yet, and Philippines, China and India are now planning to introduce guidelines for REITs to be established in their countries.



AXIS REIT MANAGERS BERHAD

(Company Number 649450-W)
(Incorporated in Malaysia under the Companies Act, 1965)

Suite 6.04 Penthouse, Wisma Academy, 4A Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : +603-7958 4881 / 7958 4882 / 7958 4886 | Fax : +603-7957 6881 | E-mail: info@axis-reit.com.my | Website: www.axis-reit.com.my

