

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.9.2018 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2017 RM'000
ASSETS		
Non-Current Assets		
Investment properties	2,719,607	2,482,200
Equipment	3,152	2,477
Total Non-Current Assets	2,722,759	2,484,677
Current Assets		
Receivables, deposits and prepayments	14,217	30,063
Islamic deposits placed with licensed banks	18,126	24,841
Cash and bank balances	8,270	10,028
Total Current Assets	40,613	64,932
TOTAL ASSETS	2,763,372	2,549,609
LIABILITIES		
Non-Current Liabilities		
Tenant's deposits	54,141	43,998
Financing	245,854	245,830
Current Liabilities		
Payables and accruals	58,684	71,881
Financing	785,454	596,764
TOTAL LIABILITIES	1,144,133	958,473
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	1,240,253	1,240,253
Distributable income	25,089	7,600
Non-distributable reserves	353,897	343,283
	1,619,239	1,591,136
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	2,763,372	2,549,609
NET ASSET VALUE	1,619,239	1,591,136
NUMBER OF UNITS IN CIRCULATION	1,232,326,803	1,232,326,803
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.3140	1.2912
- After income distribution	1.2905 (Note 1)	1.2820

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being Net Asset Value Per Unit after reflecting realised income to be distributed as 2018 third interim income distribution of 2.35 sen per unit payable on 10 December 2018.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2018	Preceding Year Corresponding Quarter 30.9.2017	Current Year To date 30.9.2018	Preceding Year To date 30.9.2017
	RM'000	RM'000	RM'000	RM'000
TOTAL TRUST REVENUE	52,348	41,996	144,885	126,328
Realised property income	52,129	41,865	144,342	125,848
Unrealised rental income (unbilled lease income receivable) *	1,697	1,197	4,187	3,590
Less : Assessment	(1,043)	(992)	(3,127)	(2,941)
Quit rent	(310)	(281)	(924)	(836)
Other property operating expenditure	(5,441)	(5,870)	(16,826)	(16,128)
Net property income	46,655	35,919	127,275	109,533
Profit income	219	131	543	480
Net loss on disposal of investment property	-	(6)	-	(419)
Change in fair value of investment properties	-	9,871	7,374	9,871
Unbilled lease income receivable *	(1,697)	(1,197)	(4,187)	(3,590)
Fair value change on derivatives	(94)	23	(203)	64
Net gain on financial liabilities measured at amortised cost	560	659	3,443	186
NET PROPERTY AND INVESTMENT INCOME	46,020	45,400	134,622	116,125
Manager's fees	4,084	3,476	12,111	10,438
Trustee's fees	215	185	641	559
Depreciation	125	106	340	316
Auditors' fees	30	30	90	90
Tax agent's fee	4	3	11	10
Allowance for doubtful/bad debts	-	(1)	187	(423)
Administrative expense	464	790	2,640	2,394
Islamic financing cost **	11,359	8,253	30,541	24,270
NON-PROPERTY EXPENSES	16,281	12,842	46,561	37,654
NET TRUST INCOME BEFORE TAX	29,739	32,558	88,061	78,471
INCOME TAX EXPENSES	-	-	(67)	-
NET INCOME FOR THE YEAR	29,739	32,558	87,994	78,471

AXIS REAL ESTATE INVESTMENT TRUST**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED) CONT'D**

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current Year Quarter 30.9.2018 RM'000	Preceding Year Corresponding Quarter 30.9.2017 RM'000	Current Year To date 30.9.2018 RM'000	Preceding Year To date 30.9.2017 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	29,739	32,558	87,994	78,471
EARNINGS PER UNIT (EPU) (sen)	2.41	2.95	7.14	7.10
NET INCOME FOR THE YEAR IS MADE UP AS FOLLOWS:				
Realised	29,273	22,005	77,380	68,350
Unrealised rental income *	1,697	1,197	4,187	3,590
Unrealised - change in fair value of investment properties	-	9,871	7,374	9,871
Unrealised - unbilled lease income receivable *	(1,697)	(1,197)	(4,187)	(3,590)
Unrealised - Net gain on financial liabilities measured at amortised cost	560	659	3,443	186
Unrealised - Fair value change on derivatives	(94)	23	(203)	64
	29,739	32,558	87,994	78,471

(The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements)

* Recognition of unrealised rental income - unbilled lease income receivable pursuant to requirements of MFRS 117 Leases, to recognise income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the agreement.

** Islamic financing cost is the profit charged by the financier on the Islamic financing facilities taken by Axis-REIT.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2017 TO 30 SEPTEMBER 2017 (UNAUDITED)

	Total Unitholders' Capital RM'000	<i>Distributable</i> Realised Income RM'000	<i>Non-Distributable</i> Unrealised Income RM'000	Total Unitholders' Funds RM'000
At 1 January 2017	1,060,320	19,368	313,283	1,392,971
Net income for the period	-	68,350	10,121	78,471
Realisation of unrealised income	-	1,764	(1,764)	-
<i>Total comprehensive income for the period</i>	-	70,114	8,357	78,471
Contributions by and distributions to unitholders				
Distribution to Unitholders	-	(70,952)	-	(70,952)
<i>Total transactions with unitholders</i>	-	(70,952)	-	(70,952)
At 30 September 2017	1,060,320	18,530	321,640	1,400,490

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (CONT'D)

FROM 1 JANUARY 2018 TO 30 SEPTEMBER 2018 (UNAUDITED)

	Total Unitholders' Capital RM'000	<i>Distributable</i> Realised Income RM'000	<i>Non-Distributable</i> Unrealised Income RM'000	Total Unitholders' Funds RM'000
At 1 January 2018	1,240,253	7,600	343,283	1,591,136
Net income for the period	-	77,380	10,614	87,994
<i>Total comprehensive income for the period</i>	-	77,380	10,614	87,994
Contributions by and distributions to unitholders				
Distribution to Unitholders #	-	(59,891)	-	(59,891)
<i>Total transactions with unitholders</i>	-	(59,891)	-	(59,891)
At 30 September 2018	1,240,253	25,089	353,897	1,619,239

(The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.)

Includes the payment of final income distribution for financial year 2017 of 0.92 sen per unit which was paid on 28 February 2018, first and second interim income distribution amounting to a total of 3.94 sen per unit for the financial year 2018 which were paid on 4 June 2018 and 7 September 2018, respectively.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED)

	Current Year To Date 30.9.2018 RM'000	Preceding Year To Date 30.9.2017 RM'000
Cash flows from operating activities		
Net income before taxation	87,994	78,471
Adjustments for :-		
Islamic financing cost	30,541	24,270
Profit income	(543)	(480)
Net loss on disposal of investment property	-	419
Change in fair value of investment properties	(7,374)	(9,871)
Depreciation	340	316
Net loss on financial liabilities measured at amortised cost	(3,443)	(186)
Allowance/(Reversal) for doubtful/bad debts	187	(423)
Fair value change on derivatives	203	(64)
Operating income before changes in working capital	107,905	92,452
Changes in working capital		
Receivables, deposits and prepayments	15,659	(17,721)
Payables and accruals	(13,192)	22,501
Tenants' deposits	13,378	686
Net cash from operating activities	123,750	97,918
Cash flows from investing activities		
Profit income received	543	480
Enhancement of investment properties	(66,691)	(106,224)
Net proceeds from disposal of investment property	-	54,581
Acquisition of investment property	(163,342)	-
Acquisition of equipment	(1,015)	(33,646)
Pledged deposits	-	1,462
Net cash used in investing activities	(230,505)	(83,347)
Cash flows from financing activities		
Islamic financing cost paid	(30,541)	(24,270)
Proceeds from financing, net	188,714	76,248
Income distribution paid to unitholders	(59,891)	(70,952)
Net cash from/(used in) financing activities	98,282	(18,974)

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018 (UNAUDITED) (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	30.9.2018	30.9.2017
	RM'000	RM'000
Net decrease in cash and cash equivalents	(8,473)	(4,403)
Cash and cash equivalents at beginning of year	23,037	19,998
Cash and cash equivalents at end of year	14,564	15,595
Cash and cash equivalents		
Cash and bank balances	8,270	6,707
Islamic deposits placed with licensed banks	18,126	20,720
	26,396	27,427
Less: Islamic deposits placed with licensed banks - pledged	(11,832)	(11,832)
	14,564	15,595

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the financial statements.)

NOTES TO THE QUARTERLY REPORT

A. DISCLOSURE REQUIREMENTS AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A1. BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial information of Axis Real Estate Investment Trust (“Axis-REIT” or “Trust” or “Fund”) for year ended 31 December 2017.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2017

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2017 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of Axis-REIT are not affected by material seasonal or cyclical factors.

A4. UNUSUAL ITEMS

There were no unusual items to be disclosed for the quarter under review.

A5. CHANGES IN ESTIMATES

This is not applicable as no estimates were previously reported.

A6. DEBT AND SHARIAH-COMPLIANT EQUITY SECURITIES

During the quarter under review, Islamic Medium Term Note amounting to RM85.0 million was settled on 15 August 2018.

Other than the above, there was no issuance, cancellation, repurchase, resale and payment of debt and Shariah-compliant equity securities for the current quarter.

A7. INCOME DISTRIBUTION

During the quarter under review, the 2018 second interim income distribution of 2.00 sen per unit, totaling RM24,646,000 in respect of the period from 1 April 2018 to 30 June 2018 was paid on 7 September 2018.

A7. INCOME DISTRIBUTION (CONT'D)

Axis REIT Managers Berhad, the management company of Axis-REIT (“Manager”) has proposed to distribute 99.2% from realised income available for distribution generated from operations for the period from 1 July 2018 to 30 September 2018 as the 2018 third interim income distribution of 2.35 sen per unit, which includes a non-taxable portion of approximately 0.46 sen per unit derived from capital allowances, industrial building allowances and tax-exempt profit income.

A8. SEGMENTAL REPORTING

No segment information is prepared as Axis-REIT’s activities are in one industry segment in Malaysia.

A9. VALUATIONS OF INVESTMENT PROPERTIES

The investment properties are valued based on valuations performed by independent registered valuers.

A10. MATERIAL EVENTS

There was no material event as at the latest practicable date from the date of the last annual reporting period except for the following:

- a) A Sale and Purchase Agreement (“SPA”) had been executed on 24 July 2017 for the proposed acquisition by Axis-REIT of an industrial facility located at Kawasan Perindustrian MIEL, Gebeng, Kuantan, Pahang, comprising Land 1 and Land 2 (known as Wasco Facility @ Kuantan) for a proposed purchase consideration of RM155,000,000. The said SPA had become unconditional on 28 November 2017 and the balance purchase price of Land 1 had been paid on 5 December 2017 whereby the completion date had been achieved. The lease of Wasco Facility @ Kuantan had commenced on 5 December 2017.

The balance purchase price of Land 2 had been paid on 9 February 2018 and the final completion date has been achieved following the terms of the SPA.

- b) Axis-REIT had on 1 November 2017 entered into a Sub-lease Agreement with Malaysia Airports Holdings Berhad for the proposed lease of approximately 7.02 acres of vacant land in Subang (“Project Land”) located within the proposed Malaysia International Aerospace Centre Technology Park, Sultan Abdul Aziz Shah Airport (“Proposed Land Lease”). The full consideration of the Proposed Land Lease had been paid on 7 February 2018.
- c) Axis-REIT had on 10 November 2017 entered into an Agreement to Build and Lease with Upeca Aerotech Sdn Bhd (“Upeca”) for the proposed development of a single-storey manufacturing plant cum office building with a gross built-up area of approximately 178,978.60 sq. ft. inclusive of ancillary buildings and external elements (“Axis Aerotech Centre Project” or “Project”), to be constructed on the Project Land and a lease for an initial fixed period of 20 years with 2 renewal terms of 6 years each.

The construction works for Axis Aerotech Centre Project had commenced in April 2018. A total of RM20,402,000 has been incurred and paid for the Project during the financial period ended 30 September 2018.

During the construction period, Upeca has requested variation to the technical specifications of the Project which will result in the change of the handover date from 15 December 2018 to 31 March 2019. The rental commencement date will be on 16 December 2018.

A10. MATERIAL EVENTS (CONT'D)

- d) The completion of the acquisition of two (2) adjoining parcel of industrial lands erected with four (4) warehouse buildings, a double storey detached office building and other ancillary buildings held under H.S.(D) 281156, PT No. 674 and H.S.(D) PT No. 5042, Seksyen 28, Daerah Petaling, Negeri Selangor Darul Ehsan (known as Axis Shah Alam DC 4) for a purchase consideration of RM87,000,000, on 4 June 2018.
- e) The completion of a related party acquisition of two (2) single-storey detached factories with mezzanine office, within Kawasan Perindustrian i-Park held under freehold titles H.S.(D) 69702, PTD 110365 and H.S.(D) 64282, PTD 107782, all in Mukim Kulai, Daerah Kulai, Johor (known as Beyonics i-Park Campus Block E and Indahpura Facility 1 respectively) for a total purchase consideration of RM38,700,000, on 9 August 2018.
- f) A SPA had been executed on 8 August 2018 for the proposed acquisition by Axis-REIT of an industrial facility located at Senawang, Negeri Sembilan for a purchase consideration of RM18,500,000. This proposed acquisition is still pending completion.
- g) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of an industrial facility located at Bayan Lepas, Penang for a proposed purchase consideration of RM20,500,000.

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

There was no change in the composition of the fund size of Axis-REIT for the current quarter under review and the fund size stands at 1,232,326,803 units.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Manager is pleased to report the following financial results:

Quarter Results

For the quarter ended 30 September 2018, Axis-REIT registered a total revenue of RM52,348,000. The realised net income from operations was RM29,273,000 after deducting total expenditure of RM23,075,000, of which RM6,794,000 were attributable to property expenses and RM16,281,000 to non-property expenses.

The Manager has proposed to distribute 99.2% from realised income available for distribution generated from operations for the third quarter of 2018.

Nine Months Results

For the nine months ended 30 September 2018, Axis-REIT recorded a total revenue of RM144,885,000. The realised net income from operations was RM77,380,000 after deducting total expenditure of RM67,505,000, of which RM20,877,000 were attributable to property expenses, RM46,561,000 to non-property expenses and RM67,000 to income tax expenses.

The total net asset value stood at RM1,619,239,000 and the net asset value per unit (before income distribution) was RM1.3140.

A total of RM48,553,000 was paid out for the first six months ended 30 June 2018 as the 2018 first and second interim income distribution, each of which translated to 1.94 sen per unit and 2.00 sen per unit respectively. Axis-REIT has further set aside RM28,960,000 (approximately 99.2% of total income available for distribution in respect of the period from 1 July 2018 to 30 September 2018) as the 2018 third interim income distribution which translates to 2.35 sen per unit payable on 10 December 2018.

Maintenance costs & major capital expenditure

During the financial period ended 30 September 2018, a total of RM5,884,000 has been incurred for enhancement of the properties of Axis-REIT and RM60,807,000 has been incurred for the following development projects:

<u>Property/Development</u>	<u>Amount (RM'000)</u>	<u>Status</u>
Axis Mega Distribution Centre (Phase 1)	20,529	Completed
Axis Aerotech Centre Project	40,278	Ongoing

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

	Current Year Quarter 30.9.2018 RM'000	Immediate Preceding Quarter 30.6.2018 RM'000	%
Realised property income	52,129	47,265	10.3%
Less : Property expenses	(6,794)	(7,285)	-6.7%
Net realised property income	45,335	39,980	13.4%
Profit income	219	185	18.4%
Less: Non-property expenses	(16,281)	(15,676)	3.9%
Net realised trust income before tax	29,273	24,489	19.5%

For the current quarter ended 30 September 2018, Axis-REIT's realised property income was RM52,129,000, 10.3% higher compared to the immediate preceding quarter of RM47,265,000, mainly due to contributions from newly acquired properties as well as the commencement of lease of Nestle Products Sdn Bhd at Axis Mega DC on 1 June 2018.

During the quarter under review, net trust income before tax was RM29,273,000, 19.5% higher compared to the immediate preceding quarter of RM24,489,000, due to higher realised property income and lower expenses.

B3. PROSPECTS

The Manager is optimistic that in view of the current satisfactory performance of Axis-REIT's existing investment portfolio and its growth strategy to actively pursue quality acquisitions, it will be able to maintain its current performance for the financial year ending 31 December 2018.

B4. INVESTMENT OBJECTIVES

The Manager is pleased to report that since the listing of Axis-REIT, the Trust has been successful in achieving the investment objectives where the Trust has set out to provide the unitholders with a stable income distribution and to achieve growth in net asset value per unit of the Trust by acquiring high quality accretive properties with strong recurring rental income. There was no change in the investment objectives of Axis-REIT as at the date of this report.

B5. STRATEGIES AND POLICIES

There was no change in the strategies and policies employed since the 2017 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT has completed the acquisitions of Indahpura Facility 1 and Beyonics i-Park Campus Block E on 9 August 2018. The property portfolio size of Axis-REIT increased from 42 to 44 as at 30 September 2018.

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

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

B8. TAXATION

Trust Level

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to unitholders, the total income of the trust for that year of assessment shall be exempted from tax.

Thus, based on the income distribution for the nine-month period to date of approximately 100% of the realised income before tax, Axis-REIT should not incur any tax expense for the financial year.

Unitholders' Level

Pursuant to the amended Section 109D(2) of the Income Tax Act, 1967 under the Finance Act 2009 which was gazetted on 8 January 2009, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Axis-REIT's level:

Resident unitholder:

- | | | |
|----|---|---|
| a) | Resident company: | Tax flow through; thus no withholding tax |
| b) | Unitholder other than a resident company: | Withholding tax at 10% |

Non-resident unitholder:

- | | | |
|----|--|------------------------|
| a) | Non-resident company: | Withholding tax at 24% |
| b) | Non-resident institutional investor: | Withholding tax at 10% |
| c) | Non-resident other than company and institutional investors: | Withholding tax at 10% |

B9. STATUS OF CORPORATE PROPOSALS

- a) The unitholders of Axis-REIT had at the Unitholders' Meeting convened and held on 30 April 2013, approved the authority to allot and issue up to 2,000,000 new units for the purpose of the payment of management fee to the Manager in the form of new units ("Payment of Management Fee Authority") and its corresponding increase in fund size of Axis-REIT pursuant to the Payment of Management Fee Authority.

Following the completion of the unit split exercise of Axis-REIT and the partial implementation of the Payment of Management Fee Authority, the number of new units permitted to be issued pursuant to the Payment of Management Fee Authority is up to a maximum of 3,044,000 new units.

Axis-REIT had obtained approval from Bursa Securities on 1 October 2015 for an extension of time to complete the Payment of Management Fee Authority from 4 October 2015 until full issuance of the new units permitted to be issued pursuant to the Payment of Management Fee Authority. There is no issuance pursuant to the Payment of Management Fee Authority during the quarter under review.

- b) Axis-REIT, vide an announcement dated 1 November 2017, proposed to undertake the following:
- (i) lease of the Project Land from Malaysia Airports Holdings Berhad pursuant to the Proposed Land Lease; and

B9. STATUS OF CORPORATE PROPOSALS (CONT'D)

- (ii) construct a single-storey manufacturing plant cum office building with a gross built-up area of approximately 178,978.60 sq ft inclusive of ancillary buildings and external elements to serve the operation of the manufacturing plant and office for manufacturing, storage and distribution of aerospace parts, on the Project Land for Upeca Aerotech Sdn Bhd (“Proposed Development of Axis Aerotech Centre Project”).

Axis-REIT then entered into the Agreement to Build and Lease with Upeca Aerotech Sdn Bhd for the Proposed Development of Axis Aerotech Centre Project on 10 November 2017.

Upon obtaining all requisite approvals, the Proposed Land Lease had been completed on 7 February 2018.

Details of the Proposed Development of Axis Aerotech Centre Project have been disclosed under Note A10(c) above.

- c) Axis-REIT has obtained the approval for the proposed authority to allot and issue new units in Axis-REIT of up to 20% of the issued fund size of Axis-REIT to facilitate a placement exercise from the unitholders at the 6th Annual General Meeting convened and held on 26 April 2018.

B10. FINANCING

	Current Financial Period Ended 30 September 2018 (RM'000)	Preceding Financial Year Ended 31 December 2017 (RM'000)
Short term financing		
- Secured Islamic revolving credit/ Islamic Medium Term Note/hire purchase denominated in MYR	785,454	596,764
Long term financing		
- Secured Islamic Medium Term Note/hire purchase denominated in MYR	245,854	245,830

B11. DERIVATIVES

As at 30 September 2018, the Trust has the following Islamic Profit Rate Swap (“IPRS”) to hedge against the fluctuation of future movement in profit rate on its short term financing. Axis-REIT is currently using the said IPRS to hedge against its other revolving credit financing and the unrealised gain/(loss) of the derivatives had been recognised in the profit or loss:

	Notional Value RM'000	Fair Value RM'000	Maturity
3-year IPRS – derivative liability	150,000	(190)	Less than 3 years

B12. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

B13. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager or its delegates during the quarter under review.

B14. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Current Quarter Ended 30.9.2018	Immediate Preceding Quarter Ended 30.6.2018
Number of units in issue (units)	1,232,326,803	1,232,326,803
EPU (realised) (sen)	2.37	1.98
EPU (include unrealised income) (sen)	2.41	2.18
Net realised income for the period (RM'000)	29,273	24,422
Distribution per unit (DPU) (sen)	2.35	2.00
Net Asset Value (NAV) (RM'000)	1,619,239	1,614,146
NAV Per Unit (RM)	1.3140	1.3098
Market Value Per Unit (RM)	1.47	1.46

B15. RESPONSIBILITY STATEMENT

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Securities so as to give a true and fair view of the financial position of Axis-REIT as at 30 September 2018 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of the Manager on 22 October 2018.

BY ORDER OF THE BOARD

REBECCA LEONG SIEW KWAN

Company Secretary

AXIS REIT MANAGERS BERHAD (649450-W)

(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur

22 October 2018