

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

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2011 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2010 RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,276,180	1,164,382
Fixed assets	102	-
Current Assets		
Investment property classified as held for sale	-	14,300
Receivables, deposits and prepayments	14,621	13,633
Tax recoverable	154	154
Shariah-based deposits placed with licensed banks	3,312	12,285
Cash and cash equivalents	4,062	4,143
TOTAL ASSETS	1,298,431	1,208,897
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	27,033	19,773
Term financing	149,103	218,609
Current Liabilities		
Payables and accruals	15,963	17,233
Revolving credit/term financing	162,235	198,000
Deferred tax liabilities	-	52
TOTAL LIABILITIES	354,334	453,667
NET ASSET VALUE	944,097	755,230
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	728,217	540,281
Undistributed distributable income	6,515	19,766
Non-distributable reserve	209,365	195,183
	944,097	755,230
NUMBER OF UNITS IN CIRCULATION	453,814,096	375,901,000
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	2.0804	2.0091
- After income distribution (Note 1)	2.0664	1.9566

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2010 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 2011 final income distribution of 1.40 sen per unit payable on 29 February 2012.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year To date 31.12.2011 RM'000	Preceding Year To date 31.12.2010 RM'000
TOTAL TRUST REVENUE	29,805	26,593	114,732	89,851
Realised rental income	29,526	26,435	114,311	89,213
Unrealised rental income (unbilled lease income receivable) ###	3,415	-	3,415	-
Gross rental income	32,941	26,435	117,726	89,213
Less : Assessment	(678)	(492)	(2,696)	(1,934)
Quit rent	(182)	(181)	(735)	(548)
Other property operating expenditure	(3,737)	(2,558)	(13,928)	(10,479)
Net rental income	28,344	23,204	100,367	76,252
Profit income	279	158	421	638
Net loss on disposal of investment properties *	-	-	(258)	-
Change in fair value of investment properties	16,013	23,013	16,013	45,593
Unbilled lease income receivable ###	(3,415)	-	(3,415)	-
Net (loss)/gain on financial liabilities measured at amortised cost	(839)	1,800	154	3,210
TOTAL TRUST INCOME	40,382	48,175	113,282	125,693
<u>EXPENDITURE</u>				
Manager's fees	2,032	1,785	7,707	6,043
Trustee's fees	95	89	377	298
Depreciation	2	-	2	-
Auditors' fees	26	26	104	103
Tax agent's fee	4	3	15	14
Allowance for doubtful/bad debts	80	174	72	105
Administrative expense	284	193	1,116	876
Islamic financing cost **	5,883	4,912	22,890	16,853
TOTAL TRUST EXPENDITURE	8,406	7,182	32,283	24,292
NET TRUST INCOME	31,976	40,993	80,999	101,401
PROFIT BEFORE TAXATION	31,976	40,993	80,999	101,401
TAXATION ***	-	(52)	52	(52)
PROFIT FOR THE PERIOD	31,976	40,941	81,051	101,349

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2011	Preceding Year Corresponding Quarter 31.12.2010	Current Year To date 31.12.2011	Preceding Year To date 31.12.2010
	RM'000	RM'000	RM'000	RM'000
OTHER COMPREHENSIVE INCOME NET OF TAX				
Cash flow hedge	(334)	633	(994)	68
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	31,642	41,574	80,057	101,417
EARNINGS PER UNIT (sen) #	8.20	10.89	21.26	30.26
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS:				
Realised ## (Note 1)	16,802	16,180	64,832	52,598
Unrealised rental income ###	3,415	-	3,415	-
Unrealised - change in fair value of investment properties	16,013	23,013	16,013	45,593
Unrealised - unbilled lease income receivable ###	(3,415)	-	(3,415)	-
Unrealised - Net (loss)/gain on financial liabilities measured at amortised cost	(839)	1,800	154	3,210
Unrealised - reversal of deferred tax liabilities	-	(52)	52	(52)
	31,976	40,941	81,051	101,349

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements)

Note 1

Realised income for the current quarter is higher than realised income for 3rd quarter 2011 by approximately 3.45%. Besides that, realised income for the current quarter is higher than preceding year corresponding quarter by 3.84%. This is due to the following:-

1. Contribution of rental proceeds from new property acquisitions.
2. Positive rental reversions
3. Increase in occupancy rates

* The disposal of Axis Northport LC 1 is a loss of RM258,488 before the realisation of revaluation of the fair value gain of RM1,043,301. With the realisation of unrealised income of RM1,043,301, the disposal has resulted in a net increase of realised income of RM784,813 which has been distributed to the unitholders as part of the 2nd interim 2011 income distribution.

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

*** Being reversal of provision for deferred tax liability on the disposal of Axis Northport LC 1.

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

Realised profit for the period is available for income distribution.
The final income distribution for 2011 has been paid/payable as follows:

- (i) 1st income distribution of 4.20 sen per unit is being paid on 31 May 2011;
- (ii) 2nd interim income distribution of 4.50 sen per unit is being paid on 26 August 2011;
- (iii) 3rd interim income distribution of 4.30 sen per unit is being paid on 9 December 2011;
- (iv) 4th interim income distribution of 2.80 sen per unit is being paid on 22 December 2011; and
- (v) Final income distribution of 1.40 sen per unit payable on 29 February 2012.

Thus, the total income distribution for year 2011 is 17.20 sen per unit.

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

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2010 TO 31 DECEMBER 2010 (AUDITED)

	Unitholders' Capital RM'000	<i>Distributable</i>	<i>Non-Distributable</i>		Total RM'000
		Undistributed Realised Income RM'000	Other Unrealised Income RM'000	Hedging Reserve RM'000	
As at 1 January 2010					
- as previously stated	406,854	179	143,324	-	550,357
- effect of adopting FRS 110	-	15,293	-	-	15,293
	406,854	15,472	143,324	-	565,650
- effect of adopting FRS 139	-	-	3,766	(726)	3,040
As at 1 January 2010, restated	406,854	15,472	147,090	(726)	568,690
 Total comprehensive income for the period	-	52,598	48,751	68	101,417
 <i>Increase in net assets resulting from operations</i>	-	52,598	48,751	68	101,417
 Unitholders' transactions					
Placement of units	135,575	-	-	-	135,575
Distribution to Unitholders – Provision	-	(48,304)	-	-	(48,304)
Issuing expenses	(2,148)	-	-	-	(2,148)
 <i>Increase/(Decrease) in net assets resulting from Unitholders' transactions</i>	133,427	(48,304)	-	-	85,123
 Net assets as at 31 December 2010	540,281	19,766	195,841	(658)	755,230

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2011 TO 31 DECEMBER 2011 (UNAUDITED)

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

Includes the payment of final income distribution for financial year 2010 of 5.25 sen per unit which was paid out on 28 February 2011 and the interim 2011 income distributions paid during the year of 15.80 sen per unit.

(The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOW
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2011 (UNAUDITED)

	Current Year To Date 31.12.2011 RM'000	Preceding Year To Date 31.12.2010 RM'000
Operating activities		
Profit before taxation	80,999	101,401
Adjustment for :-		
Islamic financing cost	22,890	16,853
Profit income	(421)	(638)
Change in fair value of investment properties	(16,013)	(45,593)
Net loss on disposal of investment properties	258	-
Depreciation	2	-
Net gain on financial liabilities measured at amortised cost	(154)	(3,210)
Operating income before working capital changes	<u>87,561</u>	<u>68,813</u>
(Decrease)/Increase in working capital		
Receivables, deposits and prepayments	(988)	(6,811)
Payables and accruals	(2,264)	1,215
Tenants' deposit	7,414	8,946
Net cash generated from operating activities	<u>91,723</u>	<u>72,163</u>
Investing activities		
Profit income received	421	638
Payment for enhancement of investment properties	(13,214)	(10,858)
Purchase of investment property	(82,571)	(237,269)
Purchase of fixed assets	(104)	-
Proceeds from disposal of investment property	14,500	-
Disposal expenses	(458)	-
Cash used in investing activities	<u>(81,426)</u>	<u>(247,489)</u>
Financing activities		
Islamic financing cost paid	(22,890)	(16,853)
(Repayment of)/Proceeds from financing	(105,271)	107,677
Distribution paid to unitholders	(79,126)	(48,304)
Proceeds from issue of Units	190,477	135,575
Issuing expenses	(2,541)	(2,148)
Cash (used in)/generated from financing activities	<u>(19,351)</u>	<u>175,947</u>
Net (decrease)/increase in cash and cash equivalents	(9,054)	621
Cash and cash equivalents at beginning of period	16,128	15,507
Cash and cash equivalents at end of period	<u>7,074</u>	<u>16,128</u>

	Current Year To Date 31.12.2011 RM'000	Preceding Year To Date 31.12.2010 RM'000
Cash and cash equivalents		
Cash and bank balances	4,062	4,143
Shariah-based deposits placed with licensed banks	3,312	12,285
	7,374	16,428
Shariah-based deposits placed with licensed banks - pledged	(300)	(300)
	7,074	16,128

(The Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST

Quarterly Unaudited Financial Results for the 4th Quarter ended 31 December 2011

NOTES TO THE QUARTERLY REPORT

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARD (“FRS”)134

A1. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial information of Axis Real Estate Investment Trust (“Axis-REIT” or “Trust”) for year ended 31 December 2010.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2010

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2010 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4. UNUSUAL ITEMS

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

A5. CHANGES IN ESTIMATES

This is not applicable as no estimates were previously reported.

A6. DEBT AND SHARIAH-COMPLIANT EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and payment of debt and Shariah-compliant equity securities for the current quarter and year-to-date.

A7. INCOME DISTRIBUTION

During the 4th quarter under review, the 3rd interim 2011 income distribution of 4.30 sen per unit, totaling to RM16,163,743 in respect of the period from 1 July 2011 to 30 September 2011 was paid on 9 December 2011 through the Income Distribution Reinvestment Plan (“IDRP”) whereby an additional 2,732,896 units were issued at RM2.30 per unit and the remaining income distribution paid via cash considerations.

Besides that, during the quarter under review, the 4th interim 2011 income distribution of 2.80 sen per unit, totaling to RM10,525,228 was paid on 22 December 2011 in cash considerations. Axis-REIT has further set aside approximately 99% of undistributed realised income for the period between 26 November 2011 to 31 December 2011 to be distributed as the final income distribution for financial year 2011 amounting to RM6,353,397 which translates to 1.40 sen per unit includes a non taxable portion of approximately 0.20 sen per unit derived from utilization of capital 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 this report except for the following:

- a) proposed acquisition of Seberang Prai Logistic Warehouse 3 built on two (2) parcels of contiguous industrial land identified as PN 3845 for Lot 5641 and HSD 55931 for PT 4118 in the Mukim 11 District of Seberang Perai Tengah, State of Pulau Pinang for a total lump sum cash consideration of RM59.0 million.
- b) proposed acquisition of and leaseback of a 3-storey office block and a logistic warehouse complex on industrial identified as Pajakan Negeri 4021 Lot 12173 in the Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang for a total lump sum cash consideration of RM48.5 million.

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

Axis-REIT’s fund size was increased from 375,901,000 units to 453,814,096 units with the successful issuance and listing of 75,180,200 and 2,732,896 placement units pursuant on 7 December 2011 and 12 December 2011, respectively.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Axis REIT Managers Berhad, the management company of Axis-REIT ("Manager") is pleased to report to unitholders the results of 4th quarter and the full year of 2011.

Quarter Results

For the quarter ended 31 December 2011, Axis-REIT registered a total revenue of RM29,804,699. Total expenditure for the quarter under review was RM13,002,801 of which RM4,596,533 were attributable to property expenses and RM8,406,268 to non property expenses. For the quarter under review, realised income before taxation and available for distribution amounted to RM16,801,898.

Full-Year Results

For the financial year ended 31 December 2011, Axis-REIT recorded a total revenue of RM114,731,702. Total expenditure for the period under review was RM49,899,121, of which RM17,358,170 were attributable to property expenses and RM32,540,951 to non-property expenses. For the period under review, realised income before taxation and available for distribution amounted to RM64,832,581.

To date, Axis-REIT has paid a total income distribution of RM59,392,358 (approximately 100% of the realised income available for distribution was paid out up to 25 November 2011 together with the net income arising from the sale of Axis Northport LC 1 and the brought forward undistributed distributable income) to the unitholders. Axis-REIT has further set aside RM6,353,397 (approximately to 99% of the undistributed realised income before tax for the period between 26 November 2011 to 31 December 2011 for income distribution as the final distribution which translates to 1.40 sen per unit to be paid on 29 February 2012. This leaves an undistributed realised income before taxation of RM161,450.

Maintenance costs & major capital expenditure

A total of RM13.214 million has been incurred for enhancement of the properties of Axis-REIT during the year 2011; with most of the expenses being spent for the refurbishment of Menara Axis and Crystal Plaza.

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

There were no material changes in the income before taxation for the quarter under review.

B3. PROSPECTS

The Manager is optimistic that in view of the current satisfactory performance of Axis-REIT's existing investment portfolio and its growth strategy to actively pursue quality acquisitions, it will be able to maintain its current performance for the coming quarter and the rest of the financial year ending 31 December 2012.

B4. INVESTMENT OBJECTIVES

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

B5. STRATEGIES AND POLICIES

There was no change in the strategies and policies employed since the last 2010 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

There was no change to the total number of properties held by Axis-REIT (27 properties) since the last reporting period.

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

The RM190.477 million raised as gross proceeds from the placement of 77,913,096 Axis-REIT units in December 2011 was used to pare down the financing of Axis-REIT which were drawn down earlier to finance acquisition and enhancement of properties.

B8. TAXATION

Trust Level

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

Thus, based on the income distribution for the twelve months period to date of 99% of the realised income before tax, Axis-REIT should not incur any tax expense for the financial year.

Unitholders' Level

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

Resident unitholder:

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

Non-resident unitholder:

- | | | |
|----|--|------------------------|
| a) | Non-resident company: | Withholding tax at 25% |
| a) | Non-resident institutional investor: | Withholding tax at 10% |
| a) | Non-resident other than company and institutional investors: | Withholding tax at 10% |

B9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed as at the latest practicable date from the issuance of this report.

B10. FINANCING

	Current Quarter 31 December 2011 (RM' 000)	Preceding Financial Year End 31 December 2010 (RM' 000)
Short term financing		
- Secured revolving credit/term financing	162,235	198,000
Long term financing		
- Secured term financing	149,103	218,609

B11. DERIVATIVES

As at 31 December 2011, the Trust has the following Islamic Profit Rate Swap (“IPRS”) to hedge against the fluctuation of future movement in profit rate on its 3 and 5 years term financing:

	Fair Value 31 December 2011 <u>RM</u>	<u>Maturity</u>
- 3 years IPRS	216,328	Less than 3 years
- 5 years IPRS	1,435,600	More than 3 years
	<u>1,651,928</u> =====	

B12. MATERIAL LITIGATION

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

B13. SOFT COMMISSION RECEIVED

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

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

	Quarter Ended 31.12.2011 RM' 000	Immediate Preceding Quarter Ended 30.09.2011 RM' 000
Number of units in issue (units)	453,814,096	375,901,000
Earnings per unit (EPU) (realised) (sen)	4.22#	4.32
EPU (include unrealised income) (sen)	8.20#	4.46
Net income available for distribution to unitholders (RM'000)	16,802	16,241
Distribution per unit (DPU) (sen)*	4.20*	4.30
Net Asset Value (NAV) (RM'000)	944,097	751,208
NAV Per Unit (RM)	2.0804	1.9984
Market Value Per Unit (RM)	2.62	2.35

Based on weighted average of the number of units in issue of 381,200,076 (2010: 375,901,000). The total number of units issued has increased from 375,901,000 to 453,814,096 arising from the issuance and listing of 75,180,200 and 2,732,896 placement units on 7 December 2011 and 12 December 2011, respectively.

*Includes the 4th interim income distribution of 2.80 sen per unit based on the number of units in issue of 375,901,000 paid on 22 December 2011.

B15. RESPONSIBILITY STATEMENT

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Axis-REIT as at 31 December 2011 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 16 January 2012.

BY ORDER OF THE BOARD

YEOH CHONG KEAT
REBECCA LEONG SIEW KWAN
Company Secretaries
AXIS REIT MANAGERS BERHAD (649450-W)
(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur
16 January 2012