

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED BALANCE SHEET (UNAUDITED)

	AS AT END OF CURRENT QUARTER 31.12.2005 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2004 * RM'000
<u>NON CURRENT ASSETS</u>		
Investment Properties	332,200	N/A
	332,200	N/A
<u>CURRENT ASSETS</u>		
Trade and other receivables	2,799	N/A
Cash and cash equivalents	4,571	N/A
Tax recoverable	61	N/A
	7,431	N/A
TOTAL ASSETS	339,631	N/A
<u>CURRENT LIABILITIES</u>		
Trade and other payables	12,104	N/A
Borrowings	40,000	N/A
Provision for Income Distribution	9,677	N/A
	61,781	N/A
	277,850	N/A
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	241,083	N/A
Listing Expenses	(6,191)	N/A
Asset Revaluation Reserve	42,617	N/A
Retained Earnings	341	N/A
	277,850	N/A
NET ASSET VALUE PER UNIT (RM)	1.349	N/A

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

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENT (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2005 RM'000	Preceding Year Corresponding Quarter 31.12.2004 * RM'000	Current Year To date 31.12.2005 RM'000	Preceding Year To date 31.12.2004 * RM'000
	TOTAL TRUST REVENUE	8,783	N/A	14,089
Gross rental income	8,649	N/A	13,761	N/A
Less : Assessment	(202)	N/A	(333)	N/A
Quit Rent	(24)	N/A	(39)	N/A
Other Property operating expenditure	(1,148)	N/A	(1,928)	N/A
Net rental income	7,275	N/A	11,461	N/A
Interest income	134	N/A	328	N/A
TOTAL TRUST INCOME	7,409	N/A	11,789	N/A
<u>EXPENDITURE</u>				
Management fee	478	N/A	794	N/A
Trustee's fee	34	N/A	57	N/A
Auditors' remuneration	24	N/A	40	N/A
Tax agent's fee	6	N/A	10	N/A
Interest Expense	407	N/A	738	N/A
Administrative expenses	40	N/A	98	N/A
TOTAL TRUST EXPENDITURE	989	N/A	1,737	N/A
INCOME BEFORE TAXATION	6,420	N/A	10,052	N/A
TAXATION	(26)	N/A	(34)	N/A
INCOME AFTER TAXATION	6,394	N/A	10,018	N/A
PROVISION FOR INCOME DISTRIBUTION **	(6,226)	N/A	(9,677)	N/A
RETAINED EARNINGS	168	N/A	341	N/A
EARNINGS PER UNIT	3.12	N/A	4.88	N/A
DISTRIBUTION PER UNIT (sen) – **	3.02	N/A	4.70	N/A

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** Provision for Income Distribution

AXIS REAL ESTATE INVESTMENT TRUST

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FROM 3 AUGUST 2005 TO 31 DECEMBER 2005 (UNAUDITED)**

	Unitholders' Capital (RM)	Asset Revaluation Reserve (RM)	Accumulated Net Investment Income (RM)	Total (RM)
Net assets as at 3 August 2005	-	-	-	-
Operation for the period ended 31 December 2005				
Net investment income	-	-	10,018,111	10,018,111
Changes in revenue/general reserves	-	-	-	-
Changes in revaluation reserves	-	42,617,762	-	42,617,762
<i>Increase in net assets resulting from Operations</i>	-	42,617,762	10,018,111	52,635,873
Unitholders' transactions				
Creation of units :-				
Equity raising	241,083,000	-	-	241,083,000
Fund manager's fees paid in Units	-	-	-	-
Distribution to Unitholders	-	-	(9,677,347)	(9,677,347)
Listing expenses	(6,191,355)	-	-	(6,191,355)
<i>Increase in net assets resulting from Unitholders' transactions</i>	234,891,645	-	(9,677,347)	225,214,298
Net assets as at 31 December 2005	234,891,645	42,617,762	340,764	277,850,171

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AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 DECEMBER 2005 (UNAUDITED)

	31.12.2005 (RM)	31.12.2004 * (RM)
Operating activities		
Net income before taxation	10,052,330	N/A
Adjustment for :-		
Interest paid	737,581	N/A
Interest income	(328,289)	N/A
Operating income before working capital charges	<u>10,461,622</u>	N/A
(Increase)/Decrease in working capital		
Trade and other receivables	(2,799,160)	N/A
Trade and other payables	<u>12,104,172</u>	N/A
Cash generated by operating activities	19,766,634	N/A
Tax paid	<u>(95,000)</u>	N/A
Net cash generated from operating activities	19,671,634	N/A
Investing activities		
Interest income	328,289	N/A
Increased in pledged deposits placed with licensed banks	(450,000)	N/A
Purchase of investment property	<u>(182,082,238)</u>	N/A
Cash used in investing activities	<u>(182,203,949)</u>	N/A
Financing activities		
Interest paid	(737,581)	N/A
Listing expenses	(6,191,355)	N/A
Proceeds from issue of units	133,583,000	N/A
Proceeds from borrowings	<u>40,000,000</u>	N/A
Cash generated from financing activities	<u>166,654,064</u>	N/A
Net increase/(decrease) in cash and bank balances	4,121,749	N/A
Cash and bank balances at beginning of year	<u>-</u>	N/A
Cash and bank balances at end of year	<u>4,121,749</u>	N/A
Cash and bank balances		
Cash and bank balances	221,749	N/A
Fixed deposits (excluding pledged fixed deposit)	<u>3,900,000</u>	N/A
	<u>4,121,749</u>	N/A

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AXIS REAL ESTATE INVESTMENT TRUST

Quarterly Unaudited Financial Results for the 2nd Quarter ended 31 December 2005

NOTES TO THE QUARTERLY REPORT

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS (“FRS”) 134 (FORMERLY KNOWN AS MALAYSIAN ACCOUNTING STANDARDS BOARD (“MASB”) 26)

A1. BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the pro-forma financial information presented in the prospectus of Axis-REIT dated 30 June 2005.

A2. QUALIFIED AUDIT REPORT

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

A3. COMMENTS ON SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Trust are not affected by material seasonal or cyclical factors.

A4. UNUSUAL ITEMS

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

A5. CHANGES IN ESTIMATES

This is not applicable as no estimates were previously reported.

A6. DEBT AND EQUITY SECURITIES

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

A7. INCOME DISTRIBUTION

No income distribution was paid during the quarter under review but the Board has proposed to distribute 96.3% of the income before tax (unaudited) for the period ended 31 December 2005 to be distributed at end February 2006. This amounted to RM 9,677,000.

A8. SEGMENTAL REPORTING

Not applicable.

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

For the quarter under review, the Trust acquired Kompleks Kemajuan on 16 December 2005 for a total acquisition price of RM 29,192,237.66 and the property was revalued for RM 36,200,000. This has resulted in a revaluation surplus of RM7,007,762.34

A10. MATERIAL EVENTS

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

A11. EFFECT OF CHANGES IN THE COMPOSITION OF THE TRUST

There were n change in the composition of the Trust for the current quarter and for the period ended 31 December 2005 the Funds size stands at 205,901,000 units.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

**B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.22 OF
BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

B1. REVIEW OF PERFORMANCE

The Manager is pleased to report to Unitholders for the period from 3 August, 2005 to 31 December, 2005 (the "Period") as well as the results for the quarter from 1 October 2005 to 31 December 2005 (the "Quarter")

Quarter Results

For the Quarter ended 31 December 2005, the Trust recorded a total revenue of RM8,783,000 including interest income of RM 134,000. Total expenditure for the quarter under review was RM 2,363,000, of which RM 1,374,000 were attributable to property expenses and RM 989,000 to non property expenses. For the quarter under review, income before taxation and available for distribution amounted to RM6,420,000

Results for the Period

The Manager is pleased to report that for the Period, commencing from 3 August 2005 till 31 December 2005, the total revenue of the Trust was RM 14,089,000 of which RM 328,000 was attributable to interest income. Gross rental income for the Period was RM 13,761,000 and this represents a 10.3% increase in comparison to the original projections in the prospectus dated June 30, 2005. Apart from the recoveries from Tenants for outgoings amounting to RM 156,000, the increase in rental was mainly attributable to the increase in rental rates on renewed tenancies, the establishment of fresh tenancies, an increase in car park income and the additional net income of RM 94,522 from the acquisition of Kompleks Kemajuan which was completed on 16 December 2005.

For the Period, total expenditure was RM 4,037,000. Although property expenses were RM 2,300,000 the Trust successfully recovered outgoings totaling RM 156,000, leaving a net property expense of RM 2,144,000.

For the Period under review, income before taxation and available for distribution stood at RM 10,052,000. Pursuant to the Distribution Policy as disclosed in the Trust's Prospectus dated 30 June 2005, an amount of RM 9,677,000 (equivalent to 96.3% of the earnings before tax) will be distributed to Unitholders. This leaves an undistributed income before taxation of RM 375,000. With a tax provision of RM34,000 the retained earnings after tax amounted to RM 341,000.

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

All the properties in the original portfolio of Axis REIT which are primarily located in Petaling Jaya and Shah Alam will continue to enjoy a high level of occupancy and rising rentals upon renewal due to the strength of the location and tightening supply of office and office / Industrial spaces in these locations.

In addition the Manager will be actively pursuing acquisitions in 2006 that would further enhance the portfolio of Axis REIT and enhance distributions to Unitholders as well as provide diversity in the property portfolio.

B4. VARIANCES

In the Prospectus dated June 30, 2005, the Trust forecast an amount of RM 7.908 million of Earnings after Tax for the period ending 31 December 2005 whereas the unaudited results were RM 10.018 million resulting in a variance of RM 2.11 million between the forecast and unaudited results.

B5. TAXATION

The breakdown of the tax components is as follows:-

	Current Quarter RM'000	Year-to-date RM'000
Taxation on current period's profit	26	34
Deferred tax relating to originating and reversal of temporary differences	0	0
Taxation expense for the period	26	34

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

	Current Quarter RM'000	Year-to-date RM'000
Income before taxation	6,420	10,052
Taxation at Malaysia statutory tax rate of 28%	1,798	2,815
Effect of income not subject to tax	(1,744)	(2,710)
Effect of expenses not deductible for tax Purposes	(28)	(71)
Effect of income distribution exempted from Tax at the trust level	0	0
Tax expense for the period	26	34

B8. PROFITS ON SALE OF INVESTMENT IN UNQUOTED SECURITIES/ PROPERTIES

There was no disposal of investment in unquoted securities during the current quarter and financial year to-date.

B7. PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED SECURITIES

(a)

	Current Quarter RM'000	Year-to-date RM'000
Total purchase of quoted securities	-	-
Total proceeds from disposal of quoted Securities	-	-
Total profit from disposal of quoted securities	-	-

(b)

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

B8. STATUS OF CORPORATE PROPOSAL

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

B9. BORROWINGS AND DEBT SECURITIES

	Current Quarter <u>RM' 000</u>	Preceding Quarter <u>RM' 000</u>
Short term borrowings (Revolving Credit)		
– Secured	40,000	34,848

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Trust has no financial instrument with off balance sheet risks as at the latest practicable date from the date of the issuance of this report that might materially affect the position or business of the Trust.

B11. MATERIAL LITIGATION

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

B12. INCOME DISTRIBUTION

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

- (a) (i) A provisional income distribution for the quarter have been provided in this quarter results.
- (ii) Provision:- for the current quarter ended 31 December 2005
Distribution per unit (DPU) - 3.02 sen (Tax exempt at trust level)
- (iii) Previous corresponding period - Nil
- (iv) Provision:- for the period ended 31 December 2005
Distribution per unit (DPU) - 4.70 sen (Tax exempt at trust level)

B13. DISTRIBUTION PER UNIT - PROVISIONAL

	Current Quarter Ended 31.12.2005 RM' 000	Year to-date Ended 31.12.2005 RM' 000
Net income attributable to unitholders (RM'000)	6,420	10,052
Number of units in issue ('000 units)	205,901	205,901
Basic earnings per unit (sen)	3.12	4.88
Distribution per unit (DPU) (sen)	3.02	4.70
Diluted earnings per unit (sen)	N/A	N/A

BY ORDER OF THE BOARD

YEOH CHONG KEAT

Company Secretary

AXIS REIT MANAGERS BERHAD (649450-W)

(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur

20 January 2006