

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED BALANCE SHEET (UNAUDITED)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.06.2009 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2008 RM'000
<u>ASSETS</u>		
Investment Properties	728,109	723,100
Shariah-based deposits placed with licensed banks	300	300
Receivables, deposits and prepayments	4,304	2,752
Cash and cash equivalents	45	65
Tax Recoverable	154	154
TOTAL ASSETS	732,912	726,371
<u>LIABILITIES</u>		
Payables and accruals	29,541	27,930
Revolving credit	220,000	200,000
Bank overdraft	22,544	30,456
Provision for Income Distribution (note 1)	10,492	20,139
	282,577	278,525
NET ASSET VALUE	450,335	447,846
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	323,338	323,338
Undistributed income	126,997	124,508
	450,335	447,846
NUMBER OF UNITS IN CIRCULATION	255,901,000	255,901,000
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.8008	1.8288
- After income distribution	1.7598	1.7501

(The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 31 December 2008 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being provision for income distribution for the period from 1 April 2009 to 30 June 2009.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENT (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.6.2009 RM'000	Preceding Year Corresponding Quarter 30.6.2008 RM'000	Current Year To date 30.6.2009 RM'000	Preceding Year To date 30.6.2008 RM'000
TOTAL TRUST REVENUE	17,362	15,674	34,691	30,137
Gross rental income	17,362	15,673	34,691	30,102
Less : Assessment	(448)	(408)	(896)	(806)
Quit Rent	(99)	(86)	(198)	(175)
Other Property operating expenditure	(2,181)	(1,950)	(4,339)	(3,698)
Net rental income	14,634	13,229	29,258	25,423
Interest income	-	1	-	35
TOTAL TRUST INCOME	14,634	13,230	29,258	25,458
EXPENDITURE				
Manager's fees	1,120	1,058	2,255	2,116
Trustee's fees	57	53	114	106
Auditors' fees	28	30	48	44
Tax agent's fee	3	2	6	5
(Reversal of) / Allowance for doubtful debts	(302)	99	(61)	105
Administrative Expense	243	200	470	425
Borrowing cost	305	226	305	226
Conventional interest expenses *	371	1,975	738	3,811
Islamic financing cost **	2,229	-	4,379	-
TOTAL TRUST EXPENDITURE	4,054	3,643	8,254	6,838
NET TRUST INCOME	10,580	9,587	21,004	18,620
Change in fair value of investment properties - #	1,957	-	1,957	-
INCOME BEFORE TAXATION	12,537	9,587	22,961	18,620
TAXATION	-	-	-	-
INCOME AFTER TAXATION	12,537	9,587	22,961	18,620
PROVISION FOR INCOME DISTRIBUTION	(10,492)	(9,620)	(20,472)	(18,562)
RETAINED EARNINGS	2,045	(33)	2,489	58
EARNINGS PER UNIT (sen)	4.90	3.75	8.97	7.51
DISTRIBUTION PER UNIT (sen)	4.10	3.76	8.00	7.40
INCOME BEFORE TAXATION IS MADE UP AS FOLLOWS:				
Realised	10,580	9,587	21,004	18,620
Unrealised - #	1,957	-	1,957	-
	12,537	9,587	22,961	18,620

(The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2008 and the accompanying explanatory notes attached to the financial statements)

- * Conventional interest expenses refer to the interest on conventional loan obtain prior to the reclassification to an Islamic REIT effective from 11 December 2008. For the 2nd quarter 2009, all financing activities of Axis-REIT complies with Shariah requirements except for Revolving Credit facility of RM32.0 million which will be fully converted into Islamic financing by 8 July 2009.
- ** Islamic financing cost is the profit charged by the financier on the Islamic financing facility(s) taken by Axis-REIT.
- # The net appreciation on fair values of investment properties is the surplus of the appraised values over the last valuation value. This is an unrealised gain and is not available for income distribution.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2009 TO 30 JUNE 2009 (UNAUDITED)

	Unitholders' Capital RM'000	<i>Distributable</i> ← <i>Undistributed Income</i> →		Total RM'000
		Realised RM'000	Unrealised RM'000	
Net assets as at 1 January 2009	323,338	282	124,226	447,846
Operation for the period ended 30 June 2009				
Net income for the period	-	21,004	1,957	22,961
<i>Increase in net assets resulting from operations</i>	-	21,004	1,957	22,961
Unitholders' transactions				
Distribution to Unitholders – Provision #	-	(20,472)	-	(20,472)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(20,472)	-	(20,472)
Net assets as at 30 June 2009	323,338	814	126,183	450,335

Includes the payment of the first interim income distribution of 3.90 sen per unit on 29 May 2009 totaling RM9,980,139 in respect of the period ended 1 January 2009 to 31 March 2009.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE (CONT'D.)

FROM 1 JANUARY 2008 TO 30 JUNE 2008 (UNAUDITED)

	<i>Distributable/ Undistributed Income</i>			Total RM'000
	Unitholders' Capital RM'000	Realised RM'000	Unrealised RM'000	
Net assets as at 1 January 2008	234,892	12	99,748	334,652
Operation for the period ended 30 June 2008				
Net income for the period	-	18,620	-	18,620
<i>Increase in net assets resulting from operations</i>	-	18,620	-	18,620
Unitholders' transactions				
Placement of units	90,000	-	-	90,000
Distribution to Unitholders – Provision	-	(18,562)	-	(18,562)
Listing expenses	(1,554)	-	-	(1,554)
<i>Increase/ (Decrease) in net assets resulting from Unitholders' transactions</i>	88,446	(18,562)	-	69,884
Net assets as at 30 June 2008	323,338	70	99,748	423,156

(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 2008 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED CASH FLOW STATEMENT
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

	Current Year To Date 30.06.2009 RM'000	Preceding Year To Date 30.06.2008 RM'000
Operating activities		
Income before taxation	22,961	18,620
Adjustment for :-		
Conventional interest expense	738	3,811
Islamic financing cost	4,379	-
Interest income	-	(35)
Change in fair value of investment properties	(1,957)	-
Operating income before working capital changes	<u>26,121</u>	<u>22,396</u>
(Increase)/Decrease in working capital		
Receivables, deposits and prepayments	(1,552)	4,335
Payables and accruals	1,611	4,759
Net cash generated from operating activities	<u>26,180</u>	<u>31,490</u>
Investing activities		
Interest received	-	35
Payment for enhancement of investment properties	(3,052)	(1,247)
Purchase of investment property	-	(79,739)
Cash used in investing activities	<u>(3,052)</u>	<u>(80,951)</u>
Financing activities		
Conventional interest expense paid	(738)	(3,811)
Islamic financing cost paid	(4,379)	-
(Repayment of)/ Proceeds from financing	20,000	(20,000)
Distribution paid to unitholders	(30,119)	(17,048)
Uplift of deposit with licensed bank	-	270
Proceeds from issue of Units	-	90,000
Listing expenses	-	(1,554)
Cash (used in) / generated from financing activities	<u>(15,236)</u>	<u>47,857</u>
Net increase/ (decrease) in cash and cash equivalents	7,892	(1,604)
Cash and cash equivalents at beginning of period	<u>(30,391)</u>	<u>(34,730)</u>
Cash and cash equivalents at end of period	<u>(22,499)</u>	<u>(36,334)</u>
Cash and cash equivalents		
Cash and bank balances	45	69
Bank Overdraft	(22,544)	(36,403)
	<u>(22,499)</u>	<u>(36,334)</u>

(The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2008 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST

Quarterly Unaudited Financial Results for the 2nd Quarter ended 30 June 2009

NOTES TO THE QUARTERLY REPORT

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARDS (“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 9.42A 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 audited financial information of Axis Real Estate Investment Trust (“Axis-REIT”) for year ended 31 December 2008.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2008

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2008 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 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

During the quarter under review, Axis-REIT paid the 1st interim 2009 income distribution of 3.90 sen per unit, totaling RM9,980,139 in respect of the period from 1 January 2009 to 31 March 2009 on 29 May 2009. A provision was made to distribute 95.2% of current quarter and the balance of the undistributed 1st quarter 2009 realised income before tax (unaudited) amounting to RM10,491,941 for the 2nd quarter ended 30 June 2009. This

translates into 4.10 sen per unit and includes a non taxable portion of approximately 0.03 sen per unit derived from utilization of capital allowance.

A8. SEGMENTAL REPORTING

No segment information is prepared as Axis-REIT's activities are predominantly in one industry segment and occur predominantly in Malaysia.

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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 a parcel of land held under H.S. (D) 77831, Plot 19, Town of Sultan Sulaiman, District of Klang, State of Selangor together with all the buildings erected thereon for a total lump sum consideration of RM65.0 million which is subject to the approval from unitholders of Axis-REIT at a unitholders' meeting of Axis-REIT to be convened at a date to be determined later ("Unitholders' Meeting");
- b) proposed renewal of the authority to allot and issue units of up to 51,180,200 new units and the proposed increase in the existing approved fund size of 255,901,000 units up to a maximum of 307,081,200 units which is subject to the approval from unitholders of Axis-REIT at a Unitholders' Meeting of Axis-REIT.

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

There were no changes in the composition of the fund size of Axis-REIT for the current quarter and the fund size stands at 255,901,000 units.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.42A OF BURSA MALAYSIA SECURITIES BERHAD 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 for the 2nd quarter and the half year ended 30 June 2009.

Quarter Results

For the quarter ended 30 June 2009, Axis-REIT registered total revenue of RM17,361,786. Total expenditure for the quarter under review was RM6,782,186, of which RM2,727,854 were attributable to property expenses and RM4,054,332 to non property expenses. For the

quarter under review, realized income before taxation and available for distribution amounted to RM10,579,600.

Half Year Results

For the six months period ended 30 June 2009, Axis-REIT recorded a total revenue of RM34,691,287. Total expenditure for the period under review was RM13,688,028, of which RM5,433,575 were attributable to property expenses and RM8,254,453 to non-property expenses. For the period under review, realized income before taxation and available for distribution amounted to RM21,003,259.

A total of RM9,980,137 was paid out for the first three months ended 31 March 2009 as the 1st interim income distribution which translated to 3.90 sen per unit. Axis-REIT has further made a provision of RM10,491,941 which is based on 95.2% of the current quarter and the balance of the undistributed 1st quarter 2009 realised income as the 2nd income interim distribution for the period from 1 April 2009 to 30 June 2009 which translates to 4.10 sen per unit to be paid on 28 August 2009.

Maintenance costs & major capital expenditure

There were no major maintenance costs incurred during the six month period ended 30 June 2009. However Axis-REIT had undertaken and completed the enhancement of Menara Axis (as mentioned in the 2008 Annual Report) and the upgrading of floor slabs at North Port Logistic Centre 1.

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 2009.

In Axis-REIT's 2008 Annual Report, the Manager had reported that Nestle Products Sdn Bhd will be moving out of Nestle House at the end of November 2009. It was also reported that it would be undertaking a complete enhancement in order to bring Nestle House to the best in class and efforts are currently in progress. The Manager is also currently in discussions with prospective tenants to lease out the space.

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 fund 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 2008 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

There was no change to the total number of properties held by Axis-REIT (19 properties) since the last reporting period.

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

This is not applicable as there are no proceeds raised from any issuance of new units 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 unitholder, the total income of the trust for that year of assessment shall be exempted from tax.

Thus, based on the provision of income distribution for the current quarter of approximately 95.2% of the realized 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 at the latest practicable date from the issuance of this report save for the following:-

- (a) Corporate proposal announced on 4 August 2008:
- (i) the proposed placement of up to 120.0 million new Axis-REIT units ("Proposed Placement"); and
 - (ii) the proposed increase in fund size of Axis-REIT from 255,901,000 up to a maximum of 375,901,000 units.

(collectively referred to as "Proposals")

Axis-REIT had submitted to the Securities Commission (“SC”) for an extension of time for Axis-REIT to implement the Proposals and SC had approved a six (6) months extension till 1 September 2009 on 23 February 2009.

The Manager has announced on 20 July 2009 the proposed renewal of the authority to allot and issue units of up to 51,180,200 new units (“General Mandate”) and the proposed increase in the existing approved fund size of 255,901,000 units up to a maximum of 307,081,200 units which is subject to the approval from unitholders of Axis-REIT at a Unitholders’ Meeting of Axis-REIT. This General Mandate, if approved by the unitholders of Axis-REIT will enable Axis-REIT to implement the Proposals.

- (b) Proposed acquisition of a parcel of land held under H.S. (D) 77831, Plot 19, Town of Sultan Sulaiman, District of Klang, State of Selangor together with all the buildings erected thereon for a total lump sum consideration of RM65.0 million which is subject to the approval from unitholders of Axis-REIT at a Unitholders’ Meeting of Axis-REIT.

B10. FINANCING / BORROWINGS AND DEBT SECURITIES

	Current Quarter 30 June 2009 (RM’ 000)	Preceding Financial Year End 31 Dec. 2008 (RM’ 000)
Short term financing / borrowings		
-Secured	242,544	230,456

B11. MATERIAL LITIGATION

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

B12. SOFT COMMISSION RECEIVED

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

B13. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Quarter Ended 30.06.2009 RM’ 000	Immediate Preceding Quater Ended 31.03.2009 RM’ 000
Number of units in issue (‘000 units)	255,901	255,901
EPU (realized)(sen)	4.14	4.07
EPU (include unrealized income)(sen)	4.90	4.07
Net income distribution to unitholders (RM’000)	10,492	9,980
Distribution per unit (DPU) (sen)	4.10*	3.90
Net Asset Value (RM’000)	450,335	448,290
Net Asset Value Per Unit (RM)	1.7598	1.7518
Market Value Per Unit (RM)	1.50	1.31

* Provision for income distribution

B14. 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 9.42A of the 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 30 June 2009 and of its financial performance and cash flows for the quarter/ period ended on that date and duly authorized for release by the Board of the Manager on 20 July 2009.

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
20th July 2009