

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.9.2019 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2018 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	2,871,803	2,798,500
Equipment	3,351	3,021
<b>Total Non-Current Assets</b>	<b>2,875,154</b>	<b>2,801,521</b>
<b>Current Assets</b>		
Receivables, deposits and prepayments	43,835	20,928
Islamic deposits placed with licensed banks	21,404	9,700
Cash and bank balances	14,020	8,314
<b>Total Current Assets</b>	<b>79,259</b>	<b>38,942</b>
<b>TOTAL ASSETS</b>	<b>2,954,413</b>	<b>2,840,463</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Tenants' deposits	51,808	57,706
Deferred tax liability	4,402	4,402
Financing	570,008	245,867
<b>Total Non-Current Liabilities</b>	<b>626,218</b>	<b>307,975</b>
<b>Current Liabilities</b>		
Payables and accruals	54,135	54,907
Financing	616,779	813,500
<b>Total Current Liabilities</b>	<b>670,914</b>	<b>868,407</b>
<b>TOTAL LIABILITIES</b>	<b>1,297,132</b>	<b>1,176,382</b>
<b><u>FINANCED BY:</u></b>		
<b><u>UNITHOLDERS' FUNDS</u></b>		
Unitholders' capital	1,247,069	1,247,069
Distributable income	29,397	32,192
Non-distributable reserves	380,815	384,820
	<b>1,657,281</b>	<b>1,664,081</b>
<b>TOTAL UNITHOLDERS' FUNDS AND LIABILITIES</b>	<b>2,954,413</b>	<b>2,840,463</b>
<b>NET ASSET VALUE</b>	<b>1,657,281</b>	<b>1,664,081</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	<b>1,237,285,288</b>	<b>1,237,285,288</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		
- Before income distribution	<b>1.3394</b>	<b>1.3449</b>
- After income distribution	<b>1.3159</b> (Note 1)	<b>1.3204</b>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 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 2019 third interim income distribution of 2.35 sen per unit payable on 29 November 2019.

**AXIS REAL ESTATE INVESTMENT TRUST**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2019 RM'000	Preceding Year Corresponding Quarter 30.9.2018 RM'000	Current Year To date 30.9.2019 RM'000	Preceding Year To date 30.9.2018 RM'000
<b>TOTAL TRUST INCOME *</b>	53,864	52,348	161,827	144,885
Property income	53,635	52,129	160,952	144,342
Unbilled lease income receivable **	2,047	1,697	6,141	4,187
Less : Assessment	55,682	53,826	167,093	148,529
Quit rent	(1,083)	(1,043)	(3,261)	(3,127)
Other property operating expenditure	(277)	(310)	(847)	(924)
	(6,449)	(5,441)	(18,465)	(16,826)
Net property income	47,873	47,032	144,520	127,652
Profit income	229	219	875	543
Change in fair value of investment properties	-	-	-	7,374
Unbilled lease income receivable **	(2,047)	(1,697)	(6,141)	(4,187)
Fair value change on derivatives	(287)	(94)	(1,104)	(203)
Net (loss)/gain on financial liabilities measured at amortised cost	(1,568)	560	(2,901)	3,443
<b>NET PROPERTY AND INVESTMENT INCOME</b>	<b>44,200</b>	<b>46,020</b>	<b>135,249</b>	<b>134,622</b>
Manager's fees	4,149	4,084	12,469	12,111
Trustee's fees	219	215	660	641
Depreciation	147	125	420	340
Auditors' fees	34	30	100	90
Tax agent's fee	4	4	13	11
Provision/(Reversal) of doubtful/bad debts	493	-	491	187
Administrative expenses	855	464	2,696	2,640
Islamic financing cost ***	12,150	11,359	36,610	30,541
<b>NON-PROPERTY EXPENSES</b>	<b>18,051</b>	<b>16,281</b>	<b>53,459</b>	<b>46,561</b>
<b>NET INCOME BEFORE TAX</b>	<b>26,149</b>	<b>29,739</b>	<b>81,790</b>	<b>88,061</b>
<b>INCOME TAX EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(67)</b>
<b>NET INCOME FOR THE YEAR</b>	<b>26,149</b>	<b>29,739</b>	<b>81,790</b>	<b>87,994</b>

**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 30.9.2019 RM'000	Preceding Year Corresponding Quarter 30.9.2018 RM'000	Current Year To date 30.9.2019 RM'000	Preceding Year To date 30.9.2018 RM'000
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>26,149</b>	<b>29,739</b>	<b>81,790</b>	<b>87,994</b>
EARNINGS PER UNIT (EPU) (sen)	2.11	2.41	6.61	7.14
<b>NET INCOME FOR THE YEAR IS MADE UP AS FOLLOWS:</b>				
Realised	28,004	29,273	85,795	77,380
Unrealised - change in fair value of investment properties	-	-	-	7,374
Unrealised - Net (loss)/gain on financial liabilities measured at amortised cost	(1,568)	560	(2,901)	3,443
Unrealised - Fair value change on derivatives	(287)	(94)	(1,104)	(203)
	26,149	29,739	81,790	87,994

(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 2018 and the accompanying explanatory notes attached to the financial statements)

- \* The total trust income is for performance review purposes comprises property income and profit income. The unbilled lease income receivable is not included in this line as it is not distributable.
- \*\* Recognition of unbilled lease income receivable pursuant to requirements of MFRS 117, to recognise income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the lease.
- \*\*\* 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 2018 TO 30 SEPTEMBER 2018 (UNAUDITED)

	<b>Total Unitholders' Capital RM'000</b>	<i>Distributable</i> <b>Realised Income RM'000</b>	<i>Non-Distributable</i> <b>Unrealised Income RM'000</b>	<b>Total Unitholders' Funds RM'000</b>
<b>At 1 January 2018</b>	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
<b>Contributions by and distributions to unitholders</b>				
Distribution to Unitholders	-	(59,891)	-	(59,891)
<i>Total transactions with unitholders</i>	-	(59,891)	-	(59,891)
<b>At 30 September 2018</b>	<b>1,240,253</b>	<b>25,089</b>	<b>353,897</b>	<b>1,619,239</b>

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

FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019 (UNAUDITED)

	<b>Total Unitholders' Capital RM'000</b>	<i>Distributable</i> <b>Realised Income RM'000</b>	<i>Non-Distributable</i> <b>Unrealised Income RM'000</b>	<b>Total Unitholders' Funds RM'000</b>
<b>At 1 January 2019</b>	1,247,069	32,192	384,820	1,664,081
Net income for the period	-	85,795	(4,005)	81,790
<i>Total comprehensive income for the period</i>	-	85,795	(4,005)	81,790
<b>Contributions by and distributions to unitholders</b>				
Distribution to Unitholders #	-	(88,590)	-	(88,590)
<i>Total transactions with unitholders</i>	-	(88,590)	-	(88,590)
<b>At 30 September 2019</b>	<b>1,247,069</b>	<b>29,397</b>	<b>380,815</b>	<b>1,657,281</b>

(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 2018 and the accompanying explanatory notes attached to the financial statements.)

# Includes the payment of final income distribution for financial year 2018 of 2.45 sen per unit, the first and second interim income distribution for financial year 2019 of 2.35 sen per unit and 2.36 sen per unit which were paid on 28 February 2019, 31 May 2019 and 30 August 2019, respectively.

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED)**

	<b>Current Year To Date 30.9.2019 RM'000</b>	<b>Preceding Year To Date 30.9.2018 RM'000</b>
<b>Cash flows from operating activities</b>		
Net income before taxation	81,790	88,061
Adjustments for :-		
Islamic financing cost	36,610	30,541
Profit income	(875)	(543)
Change in fair value of investment properties	-	(7,374)
Depreciation of equipment	420	340
Net gain / (loss) on financial liabilities measured at amortised cost	2,901	(3,443)
Provision for impairment losses on trade receivables	491	187
Fair value change on Islamic derivatives	1,104	203
Operating income before changes in working capital	122,441	107,972
<b>Changes in working capital</b>		
Receivables, deposits and prepayments	(23,398)	15,659
Payables and accruals	(10,248)	(13,192)
Tenants' deposits	(427)	13,378
<b>Cash generated from operations</b>	88,368	123,817
Tax paid	-	(67)
<b>Net cash from operating activities</b>	88,368	123,750
<b>Cash flows from investing activities</b>		
Profit income received	875	543
Enhancement of investment properties	(16,424)	(66,691)
Acquisition of investment property	(56,879)	(163,342)
Acquisition of equipment	(750)	(1,015)
Pledged deposits	(11,160)	-
<b>Net cash used in investing activities</b>	(84,338)	(230,505)
<b>Cash flows from financing activities</b>		
Islamic financing cost paid	(36,610)	(30,541)
Proceeds from financing, net	127,420	188,714
Income distribution paid to unitholders	(88,590)	(59,891)
<b>Net cash from financing activities</b>	2,220	98,282

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019 (UNAUDITED) (CONT'D)**

	<b>Current Year</b>	<b>Preceding Year</b>
	<b>To Date</b>	<b>To Date</b>
	<b>30.9.2019</b>	<b>30.9.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Net increase / ( decrease) in cash and cash equivalents	6,250	(8,473)
Cash and cash equivalents at beginning of year	9,619	23,037
Cash and cash equivalents at end of year	15,869	14,564
<b>Cash and cash equivalents</b>		
Cash and bank balances	14,020	8,270
Islamic deposits placed with licensed banks	21,404	18,126
	35,424	26,396
Less: Islamic deposits placed with licensed banks - pledged	(19,555)	(11,832)
	15,869	14,564

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 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 2018.

**A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2018**

The audit report of the financial statements of Axis-REIT for the preceding financial year ended 31 December 2018 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 were no issuances, 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 2019 second interim income distribution of 2.36 sen per unit, totaling RM29,200,000 in respect of the period from 1 April 2019 to 30 June 2019 was paid on 30 August 2019.



A7. INCOME DISTRIBUTION (CONT'D)

Axis REIT Managers Berhad, the management company of Axis-REIT (“Manager”) has proposed to distribute 99.8% from realised income available for distribution generated from operations for the period from 1 July 2019 to 30 September 2019 as the 2019 third interim income distribution of 2.35 sen per unit, which includes a non-taxable portion of approximately 0.52 sen per unit derived from capital allowances, industrial building allowances and tax-exempt profit income which is not subject to tax.

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) 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”), to be constructed for Upeca and a sub-lease to Upeca for an initial fixed period of 20 years with 2 renewal terms of 6 years each.

The Axis Aerotech Centre Project had been completed and its vacant possession delivered to Upeca on 13 February 2019.

A total of RM71,935,000 has been incurred for the Axis Aerotech Centre Project (including land) as at 30 September 2019.

- b) Axis-REIT had on 15 July 2019 entered into a lease agreement (“Lease Agreement”) with Penang Development Corporation (“PDC”) for the proposed lease of approximately 2.4975 acres of vacant industrial land (“Project Land”) located within Batu Kawan Industrial Park, Penang (“Proposed Land Lease”).

On the same date, Axis-REIT had also simultaneously entered into a sublease agreement (“Sublease Agreement”) with Federal Express Services (M) Sdn Bhd (“FedEx”) for the proposed development of a single-storey warehouse facility with office space having a gross built-up area of approximately 44,000 sq. ft. inclusive of ancillary buildings and external elements (“FedEx Development Project”), to be constructed on the Project Land and a sub-lease to FedEx for an initial fixed period of 10 years with option to renew for further 5 years.

A total of RM6,524,000 has been incurred for the FedEx Development Project (including 50% of the Project Land cost) during the financial period ended 30 September 2019. The main contractor for FedEx Development Project has been appointed on 31 July 2019 and the construction works have commenced in August 2019.

Additional details on the Proposed Land Lease and FedEx Development Project are also disclosed under note B9(d) below.

- c) A sale and purchase agreement (“SPA”) had been executed on 17 July 2019 for the proposed acquisition by Axis-REIT of a manufacturing facility located in Bayan Lepas Free Industrial Zone Phase IV, Bayan Lepas, Pulau Pinang for a purchase consideration of RM20,500,000. This proposed acquisition is still pending completion.
- d) Two SPAs had been executed on 13 August 2019 respectively for the proposed acquisitions by Axis-REIT of two industrial facilities located within Taman Teknologi Nusajaya, Johor for a total purchase consideration of RM55,800,000. The proposed acquisitions were completed on 30 September 2019 and the properties are now known as Nusajaya Tech Park Facility 1 and Nusajaya Tech Park Facility 2.
- e) A SPA had been executed on 8 October 2019 for the proposed acquisition by Axis-REIT of a manufacturing facility located within Kawasan Perindustrian Nilai II, Nilai, Negeri Sembilan, for a purchase consideration of RM50,000,000.
- f) A SPA had been executed on 14 October 2019 for the proposed acquisition by Axis-REIT of a warehouse facility located within Pelabuhan Tanjung Pelepas, Gelang Patah, Johor, for a purchase consideration of RM65,000,000.
- g) Letters of offer had been duly accepted for the proposed acquisitions by Axis-REIT of two manufacturing facilities located in Shah Alam, Selangor for a total proposed purchase consideration of RM55,800,000. The due diligence exercise for these proposed acquisitions is on-going.
- h) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of a manufacturing facility located in Kota Kinabalu, Sabah for a proposed purchase consideration of RM60,000,000. The due diligence exercise for this proposed acquisition is on-going.
- i) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of a manufacturing facility located in Kawasan Perindustrian Bukit Raja, Klang, Selangor for a proposed purchase consideration of RM37,000,000.

**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 1,237,285,288 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 2019 (“3Q2019”), Axis-REIT registered a total trust income of RM53,864,000. The realised net income from operations was RM28,004,000 after deducting total expenditure of RM25,860,000, of which RM7,809,000 were attributable to property expenses and RM18,051,000 to non-property expenses.

The Manager has proposed to distribute 99.8% from realised income available for distribution generated from operations for the third quarter of 2019.

The total net asset value stood at RM1,657,281,000 and the net asset value per unit (before income distribution) was RM1.3394.

Nine Months Results

For the nine months ended 30 September 2019, Axis-REIT recorded a total revenue of RM161,827,000. The realised net income from operations was RM85,795,000 after deducting total expenditure of RM76,032,000, of which RM22,573,000 were attributable to property expenses and RM53,459,000 to non-property expenses.

A total of RM58,276,000 was paid out for the first six months ended 30 June 2019 as the 2019 first and second interim income distribution which translated to 4.71 sen per unit. Axis-REIT has further set aside RM29,076,000 (approximately 99.8% of total income available for distribution in respect of the period from 1 July 2019 to 30 September 2019) as the 2019 third interim income distribution which translates to 2.35 sen per unit payable on 29 November 2019.

Maintenance costs & major capital expenditure

During the financial period ended 30 September 2019, a total of RM7,847,000 has been incurred for enhancement of the properties of Axis-REIT and a total of RM15,101,000 has been incurred for the completed development projects i.e. Axis Aerotech Centre Project and the on-going FedEx Development Project.

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

	Current Year Quarter 30.9.2019 RM'000	Immediate Preceding Quarter 30.6.2019 RM'000	%
Property income	54,047	53,676	0.7%
Less : Property expenses	(7,809)	(7,302)	6.9%
Net property income	46,238	46,374	-0.3%
Profit income	229	434	-47.2%
Less: Non-property expenses	(18,051)	(17,957)	0.5%
Net income before revenue from tenancy contracts	28,416	28,851	-1.5%
Revenue from tenancy contracts, net (Note 1)	(412)	84	
Net income before tax (Realised)	28,004	28,935	-3.2%

Note 1 - Revenue from tenancy contracts which is non-distributable, had been recognised since FYE2018, pursuant to the requirements of MFRS117 where revenue is recognised on a straight line basis and subsequently amortised to P&L throughout the tenancy period.

For the current quarter ended 30 September 2019, Axis-REIT's property income was RM54,047,000, 0.7% higher compared to the immediate preceding quarter ("2Q2019") of RM53,676,000, mainly due to higher recoverable income in 3Q2019. Property expenses was RM7,809,000, 6.9% higher compared to 2Q2019 of RM7,302,000, mainly due to higher maintenance costs

During the quarter under review, net income before revenue from tenancy contracts was RM28,416,000, 1.5% lower compared to the immediate preceding quarter of RM28,851,000, mainly due to higher property 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 2019.

### 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 issuance of the 2018 Annual Report of Axis-REIT.

### B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT had completed the acquisitions of Nusajaya Tech Park Facility 1 and Nusajaya Tech Park Facility 2 on 30 September 2019. The property portfolio size of Axis-REIT increased from 45 to 47 properties as at 30 September 2019.

### 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) The proposed development of Axis Aerotech Centre Project, which was duly announced on 1 November 2017 had been completed and handed over on 13 February 2019. Further details of the Axis Aerotech Centre Project are disclosed under Note A10(a) above.
- c) Axis-REIT had obtained the approval for the proposed renewal of the 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 7<sup>th</sup> annual general meeting of Axis-REIT convened and held on 30 April 2019.
- d) Axis-REIT, vide an announcement dated 15 July 2019, proposed to undertake the following:
- lease of the Project Land from PDC pursuant to the Proposed Land Lease; and
  - construct a single-storey warehouse facility with office space having a gross built-up area of approximately 44,000 sq.ft. inclusive of ancillary buildings and external elements on the Project Land for FedEx and the subsequent sub-lease to FedEx.

The approval for the exemption for Axis-REIT from having to comply with Paragraph 8.10(a) of the Guidelines on Listed Real Estate investment Trusts (“REIT”) issued by the SC which stipulates that a REIT may invest in real estate through a lease arrangement, provided that the lease must be registered with the land authority, had been obtained from the SC vide its letter dated 23 July 2019.

The title to the Project Land has yet to be alienated by the State Government of Penang.

Further details of the FedEx Development Project are disclosed under Note A10(b) above.

B10. FINANCING

	Current Financial Period Ended 30 September 2019 (RM'000)	Preceding Financial Year Ended 31 December 2018 (RM'000)
Short term financing		
- Secured Islamic revolving credit/ Islamic Medium Term Note/hire purchase denominated in MYR	616,779	813,500
Long term financing		
- Secured Islamic Medium Term Note/hire purchase denominated in MYR	570,008	245,867

B11. DERIVATIVES

As at 30 September 2019, 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:

	<u>Notional Value</u> <u>RM'000</u>	<u>Fair Value</u> <u>RM'000</u>	<u>Maturity</u>
3-year IPRS – derivative liability	50,000	(114)	Less than 1 years
3-year IPRS – derivative liability	150,000	(1,282)	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 30.9.2019	Immediate Preceding Quarter Ended 30.6.2019
Number of units in issue (units)	1,237,285,288	1,237,285,288
EPU (realised) (sen)	2.26	2.34
EPU (include unrealised income) (sen)	2.11	2.35
Net realised income for the period (RM'000)	28,004	28,935
Distribution per unit (DPU) (sen)	2.35	2.36
Net Asset Value (NAV) (RM'000)	1,657,281	1,660,333
NAV Per Unit (RM)	1.3394	1.3419
Market Value Per Unit (RM)	1.85	1.75

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 2019 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 21 October 2019.

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

21 October 2019