

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.6.2022 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2021 RM'000
ASSETS		
Non-Current Assets		
Investment properties	4,070,847	3,614,230
Equipment	2,146	2,410
Total Non-Current Assets	4,072,993	3,616,640
Current Assets		
Receivables, deposits and prepayments	27,602	26,166
Islamic deposits placed with licensed banks	33,665	172,452
Cash and bank balances	22,656	23,502
Total Current Assets	83,923	222,120
TOTAL ASSETS	4,156,916	3,838,760
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	65,928	61,548
Deferred tax liability	12,797	12,797
Financing	624,312	624,177
Total Non-Current Liabilities	703,037	698,522
Current Liabilities		
Payables and accruals	49,197	52,501
Financing	854,534	560,416
Total Current Liabilities	903,731	612,917
TOTAL LIABILITIES	1,606,768	1,311,439
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	1,945,655	1,934,322
Distributable income	39,722	32,841
Non-distributable reserves	564,771	560,158
	2,550,148	2,527,321
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	4,156,916	3,838,760
NET ASSET VALUE	2,550,148	2,527,321
NUMBER OF UNITS IN CIRCULATION	1,641,054,038	1,634,524,115
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.5540	1.5462
- After income distribution	1.5285 (Note 1)	1.5221

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being Net Asset Value Per Unit after reflecting the realised income to be distributed as 2022 second interim income distribution of 2.55 sen per unit payable on 30 August 2022.

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.6.2022 RM'000	Preceding Year Corresponding Quarter 30.6.2021 RM'000	Current Year To date 30.6.2022 RM'000	Preceding Year To date 30.6.2021 RM'000
TOTAL TRUST INCOME *	72,515	60,376	139,205	117,858
Property income	72,109	60,201	138,268	117,891
Lease incentive adjustment (non-distributable) **	190	51	511	(261)
Unbilled lease income receivable ***	821	1,231	1,493	2,260
Less : Assessment	73,120	61,483	140,272	119,890
Quit rent	(1,628)	(1,292)	(3,077)	(2,571)
Other property operating expenditure	(441)	(341)	(723)	(711)
	(7,816)	(6,413)	(14,845)	(13,347)
Net property income	63,235	53,437	121,627	103,261
Profit income	216	124	426	228
Unbilled lease income ***	(821)	(1,231)	(1,493)	(2,260)
Fair value change on derivatives	(75)	633	116	1,336
Net gain/(loss) on financial liabilities measured at amortised cost	3,951	(178)	4,497	(796)
NET PROPERTY AND INVESTMENT INCOME	66,506	52,785	125,173	101,769
Manager's fees	6,401	5,308	12,686	10,659
Trustee's fees	332	280	661	560
Depreciation	148	159	295	317
Auditors' fees	38	39	74	72
Tax agent's fee	4	4	8	8
Provision of doubtful/bad debts	(644)	3,631	(51)	3,631
Administrative expenses	840	763	1,717	1,599
Islamic financing cost #	12,601	11,231	23,160	21,591
NON-PROPERTY EXPENSES	19,720	21,415	38,550	38,437
NET TRUST INCOME	46,786	31,370	86,623	63,332
NET INCOME FOR THE PERIOD	46,786	31,370	86,623	63,332

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 30.6.2022 RM'000	Preceding Year Corresponding Quarter 30.6.2021 RM'000	Current Year To date 30.6.2022 RM'000	Preceding Year To date 30.6.2021 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	46,786	31,370	86,623	63,332
EARNINGS PER UNIT (EPU) (sen) ##	2.86	2.17	5.30	4.38
NET INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS:				
Realised				
- property income	42,720	30,864	81,499	63,053
- lease incentive adjustment (non-distributable) **	190	51	511	(261)
Unrealised - Net gain/(loss) on financial liabilities measured at amortised cost	3,951	(178)	4,497	(796)
Unrealised - Fair value change on derivatives	(75)	633	116	1,336
	46,786	31,370	86,623	63,332

(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 2021 and the accompanying explanatory notes attached to the financial statements)

* The total trust income is for performance review purposes, it comprises property income (including lease incentive adjustment) and profit income. The unbilled lease income receivable is not included in this line as it is not distributable.

** Lease incentive adjustment which is non-distributable, had been recognised pursuant to the requirements of MFRS 16 where revenue is recognised on a straight-line basis and subsequently amortised to P&L throughout the tenancy period.

*** Recognition of unbilled lease income receivable pursuant to requirements of MFRS 16, 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.

EPU for the current quarter/period is computed based on net income for the quarter/period divided by weighted average number of units in issue of 1,635,672,233 units and 1,635,101,346 units respectively. EPU for preceding year corresponding quarter is based on number of units in issue of 1,446,481,518 units and EPU for the preceding period is based on the weighted average number of units in issue of 1,444,876,460 units.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2021 TO 30 JUNE 2021 (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 2021	1,595,506	31,493	496,005	2,123,004
Net income for the period	-	62,792	540	63,332
<i>Total comprehensive income for the period</i>	-	62,792	540	63,332
Contributions by and distributions to unitholders				
Issuance and placement of units	7,802	-	-	7,802
Issuing expenses	(89)	-	-	(89)
Distribution to Unitholders #	-	(64,709)	-	(64,709)
<i>Total transactions with unitholders</i>	7,713	(64,709)	-	(56,996)
At 30 June 2021	1,603,219	29,576	496,545	2,129,340

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2022 TO 30 JUNE 2022 (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 2022	1,934,322	32,841	560,158	2,527,321
Net income for the period	-	82,010	4,613	86,623
<i>Total comprehensive income for the period</i>	-	82,010	4,613	86,623
Contributions by and distributions to unitholders				
Issuance and placement of units	11,493	-	-	11,493
Issuing expenses	(160)	-	-	(160)
Distribution to Unitholders #	-	(75,129)	-	(75,129)
<i>Total transactions with unitholders</i>	11,333	(75,129)	-	(63,796)
At 30 June 2022	1,945,655	39,722	564,771	2,550,148

(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 2021 and the accompanying explanatory notes attached to the financial statements.)

Includes the payment of fourth interim and final income distribution amounting to a total of 2.41 sen per unit for the financial year 2021 and the first interim income distribution for financial year 2022 of 2.42 sen per unit, which were paid on 14 January 2022, 28 February 2022 and 15 June 2022 respectively.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

	Current Year To Date 30.6.2022 RM'000	Preceding Year To Date 30.6.2021 RM'000
Cash flows from operating activities		
Net income before taxation	86,623	63,332
Adjustments for :-		
Islamic financing cost	23,160	21,591
Profit income	(426)	(228)
Depreciation of equipment	295	317
(Gain) / loss on financial liabilities measured at amortised cost	(4,497)	796
(Reversal of) / impairment losses on trade receivables	(51)	3,631
Fair value change on Islamic derivatives	(116)	(1,336)
Operating income before changes in working capital	104,988	88,103
Changes in working capital		
Receivables, deposits and prepayments	(1,385)	1,315
Payables and accruals	(2,063)	(17,054)
Tenants' deposits	7,752	3,477
Net cash from operating activities	109,292	75,841
Cash flows from investing activities		
Profit income received	426	228
Enhancement of investment properties	(11,609)	(13,762)
Acquisition of investment property	(445,008)	(150,562)
Acquisition of equipment	(31)	(118)
Pledged deposits	-	(765)
Net cash used in investing activities	(456,222)	(164,979)
Cash flows from financing activities		
Islamic financing cost paid	(22,451)	(21,324)
Proceeds from financing, net	293,544	167,787
Income distribution paid to unitholders	(75,129)	(64,709)
Proceeds from issuance of units	11,493	7,802
Issuing expenses	(160)	(89)
Net cash from financing activities	207,297	89,467

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022 (UNAUDITED) (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	30.6.2022	30.6.2021
	RM'000	RM'000
Net decrease in cash and cash equivalents	(139,633)	329
Cash and cash equivalents at beginning of period	170,610	23,253
Cash and cash equivalents at end of period	<u>30,977</u>	<u>23,582</u>
Cash and cash equivalents		
Cash and bank balances	22,656	13,769
Islamic deposits placed with licensed banks	33,665	27,133
	56,321	40,902
Less: Islamic deposits placed with licensed banks - pledged	<u>(25,344)</u>	<u>(17,320)</u>
	<u>30,977</u>	<u>23,582</u>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 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 statements of Axis Real Estate Investment Trust (“Axis-REIT” or “Trust” or “Fund”) for year ended 31 December 2021.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2021

The audit report of the financial statements of Axis-REIT for the preceding financial year ended 31 December 2021 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

Save as disclosed in Note A11 below, 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 2022 first interim income distribution of 2.42 sen per unit, totaling RM39,555,000 in respect of the period from 1 January 2022 to 31 March 2022 was paid on 15 June 2022.

Axis REIT Managers Berhad, the management company of Axis-REIT (“Manager”) has proposed to distribute 99% from realised income available for distribution generated from operations for the period from 1 April 2022 to 30 June 2022 as the 2022 second interim income distribution of 2.55 sen per unit, which includes a non-taxable portion of approximately 0.61 sen per unit derived from capital allowances, industrial building allowances and tax-exempt profit income which is not subject to tax.

The 2022 second interim income distribution will be payable on 30 August 2022 and the book closure date is 3 August 2022.

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, vide an announcement dated 20 January 2022, announced that Axis-REIT is embarking on a proposed development of Bukit Raja Distribution Centre 2 ("BRDC2") ("Proposed Development"). The Proposed Development entails the construction of one single storey warehouse and ancillary buildings, enhancement of an existing 3 storey office block with a total gross built-up area of approximately 620,096 square feet.

On the same date, RHB Trustees Berhad, on behalf of Axis-REIT, has entered into a 15-year lease agreement ("Lease Agreement") with Shopee Express Malaysia Sdn Bhd ("Shopee"). Shopee has agreed to lease the entire BRDC 2 upon completion of the Proposed Development in accordance with the terms and conditions as stipulated in the Lease Agreement.

The Proposed Development has commenced in the first quarter of 2022 and to be completed for handover to Shopee no later than 31 August 2023.

The main contractor has been appointed on 13 July 2022 and the construction works will commence in the third quarter of 2022.

- b) A sale and purchase agreement ("SPA") has been executed on 25 October 2021 for the proposed acquisition by Axis-REIT of a warehouse located in Kawasan Perindustrian Pasir Gudang, Pasir Gudang, Johor for a purchase consideration of RM32,000,000. The proposed acquisition was completed on 7 March 2022 and the property is now known as Pasir Gudang Logistics Warehouse 2.
- c) A SPA has been executed on 22 February 2022 for the proposed acquisition by Axis-REIT of a manufacturing facility within Kawasan Perindustrian i-Park in Mukim Kulai, Daerah Kulai, Johor for a purchase consideration of RM16,300,000. The proposed acquisition was completed on 8 March 2022 and the property is now known as Indahpura Facility 4.
- d) A SPA has been executed on 11 April 2022 for the proposed acquisition by Axis-REIT of a logistics warehouse located within Pelabuhan Tanjung Pelepas, Gelang Patah, Johor, for a purchase consideration of RM390,000,000. The proposed acquisition was completed on 25 April 2022 and the property is now known as DW1 Logistics Warehouse.
- e) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of a manufacturing facility in Klang, Selangor for a proposed purchase consideration of RM41,000,000.

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

Axis-REIT's fund size was increased from 1,634,524,115 units to 1,641,054,038 units during the quarter under review with the issuance of 6,529,923 new units pursuant to the implementation of the Income Distribution Reinvestment Plan ("IDRP") applicable to the 2022 first interim income distribution completed on 16 June 2022.

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 June 2022 (“2Q2022”), Axis-REIT registered a total trust income of RM72,515,000. The realised net income from operations was RM42,910,000 after deducting total expenditure of RM29,605,000, of which RM9,885,000 were attributable to property expenses and RM19,720,000 to non-property expenses.

The Manager has proposed to distribute 99% from realised income available for distribution generated from operations for the second quarter of 2022.

The total net asset value stood at RM2,550,416,000 and the net asset value per unit (before 2022 second interim income distribution) was RM1.5541.

Half Year Results

For the six months ended 30 June 2022, Axis-REIT recorded a total revenue of RM139,205,000. The realised net income generated from operations was RM82,010,000 after deducting total expenditure of RM57,195,000, of which RM18,645,000 were attributable to property expenses and RM38,550,000 to non-property expenses.

A total of RM39,555,000 was declared as the 2022 first interim income distribution which translated to 2.42 sen per unit and paid on 15 June 2022.

Axis-REIT has further set aside RM41,847,000 (approximately 99% of total income available for distribution in respect of the period from 1 April 2022 to 30 June 2022) as the 2022 second interim income distribution which translates to 2.55 sen per unit payable on 30 August 2022.

Maintenance costs & major capital expenditure

During the financial period ended 30 June 2022, a total of RM11,609,000 has been incurred for capital expenditure, ie RM4,654,000 for enhancement of properties of Axis-REIT and RM6,955,000 incurred for the ongoing Proposed Development of BRDC2.

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

	Current Year Quarter 30.6.2022 RM'000	Immediate Preceding Quarter 31.3.2022 RM'000	%
Property income	72,109	66,159	9.0%
Less : Property expenses	(9,885)	(8,760)	12.8%
Net property income	62,224	57,399	8.4%
Profit income	216	210	2.9%
Less: Non-property expenses	(19,720)	(18,830)	4.7%
Net income before lease incentive adjustment (non-distributable)	42,720	38,779	10.2%
Lease incentive adjustment, net (Note 1)	190	321	
Net income before tax (Realised)	42,910	39,100	9.7%

Note 1 - Lease incentive adjustment which is non-distributable, had been recognised pursuant to the requirements of MFRS 16 where revenue is recognised on a straight-line basis and subsequently amortised to P&L throughout the tenancy period.

For 2Q2022, Axis-REIT's property income was RM72,109,000, 9.0% higher compared to the immediate preceding quarter ("1Q2022") of RM66,159,000, mainly due to contributions from newly acquired properties.

Property expenses was RM9,885,000, 12.8% higher compared to 1Q2022 of RM8,760,000, mainly due to higher maintenance cost.

Non-property expenses was RM19,720,000, 4.7% higher compared to 1Q2022 of RM18,830,000, mainly due to higher financing cost.

During the quarter under review, net income before lease incentive adjustment was RM42,720,000, 10.2% higher compared to 1Q2022 of RM38,779,000, mainly due to higher property income.

B3. PROSPECTS

The Manager remains cautious of the current Covid-19 pandemic which has caused global economic downturn. While the pandemic's impact on Axis-REIT's operations and financials have been manageable thus far, should the pandemic worsen unexpectedly this may impact Axis-REIT's performance for the rest of the financial year ending 31 December 2022.

During this challenging and uncertain time, the Manager is actively managing the portfolio and exercising prudent capital management at all times in order for Axis-REIT to deliver sustainable EPU and DPU payout to Unitholders. Positively, the current gearing level of 36% provides headroom for Axis-REIT to continue its yield accretive acquisition strategy should good opportunities come along.

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 2021 Integrated Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT completed the acquisition of DW1 Logistics Warehouse. The property portfolio size of Axis-REIT increased from 60 to 61 properties as at 30 June 2022.

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

Net proceeds of RM11.3 million had been raised from the 6,529,923 new units issued pursuant to the IDRP implemented in June 2022. The net proceeds had been used to finance enhancement of properties.

B8. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

	Current year quarter 30.6.2022 RM'000	Preceding Year Corresponding Quarter 30.6.2021 RM'000	Current Year To date 30.6.2022 RM'000	Preceding Year To date 30.6.2021 RM'000
Gross rental income	72,299	60,252	138,779	117,630
Profit income	216	124	426	228
	72,515	60,376	139,205	117,858
Less: Expenses	(29,605)	(29,461)	(57,195)	(55,066)
Realised income for the period	42,910	30,915	82,010	62,792
Add: Non-cash items	(686)	3,739	(267)	4,209
Total realised income available for the period	42,224	34,654	81,743	67,001
Add: Brought forward undistributed realised income available for distribution	203	277	239	187
Total realised income available for distribution	42,427	34,931	81,982	67,188
Less: Income to be distributed for the quarter/period	(41,847)	(34,715)	(81,402)	(66,972)
Balance undistributed realised income available for distribution	580	216	580	216
Distribution per unit (sen)	2.55	2.40	4.97	4.63

B9. 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 six-month period to date of approximately 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 24%
- b) Non-resident institutional investor: Withholding tax at 10%
- c) Non-resident other than company and institutional investors: Withholding tax at 10%

B10. 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 15 July 2019, proposed to undertake the following:
- (i) the lease from Penang Development Corporation ("PDC") of a vacant industrial land of approximately 2.4975 acres ("Project Land") located within Batu Kawan Industrial Park, Penang ("Proposed Land Lease"); and
 - (ii) the construction 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 on the Project Land for Federal Express Services (M) Sdn Bhd ("FedEx") ("FedEx Development Project") and the subsequent sub-lease to FedEx for an initial fixed period of 10 years with option to renew for further 5 years via a sub-lease agreement with FedEx ("Sublease Agreement").

FedEx Development Project

The FedEx Development Project obtained its Certificate of Practical Completion on 30 December 2019 and its Certificate of Completion and Compliance on 28 February 2020 respectively.

The FedEx Development Project is completed and its vacant possession delivered to FedEx in accordance with the Sublease Agreement.

Proposed Land Lease

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 Securities Commission Malaysia 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 Proposed Land Lease has been completed on 19 December 2019.

The title to the Project Land has been issued and the lease has been duly registered with Pejabat Tanah dan Galian Pulau Pinang.

- 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 10th annual general meeting of Axis-REIT convened and held on 28 April 2022.

B11. FINANCING

	Current Financial Period Ended 30.6.2022 (RM'000)	Preceding Financial Period Ended 31.12.2021 (RM'000)
Short term financing		
- Secured Islamic revolving credit/Islamic Medium Term Notes/Islamic Term Financings/hire purchase denominated in MYR	854,534	560,416
Long term financing		
- Secured Islamic Medium Term Notes/ Islamic Term Financings/hire purchase denominated in MYR	624,312	624,177

B12. DERIVATIVES

As at 30 June 2022, 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	110,000	(268)	Less than 3 years

B13. MATERIAL LITIGATION

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

B14. SOFT COMMISSION RECEIVED

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

B15. PROFIT FOR THE QUARTER/PERIOD

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2022 RM'000	Preceding Year Corresponding Quarter 30.6.2021 RM'000	Current Year To date 30.6.2022 RM'000	Preceding Year To date 30.6.2021 RM'000
Profit for the quarter/period is arrived at after crediting / (charging):				
Profit income	216	124	426	228
Islamic financing costs	(12,601)	(11,231)	(23,160)	(21,591)
Depreciation of equipment	(148)	(159)	(295)	(317)
Reversal of / (provision) of doubtful/ bad debts	644	(3,631)	51	3,631)
Fair value change on derivatives	(75)	633	116	1,336

Save for the above, the other items listed under Appendix 9B (Note 16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

B16. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Current Quarter Ended 30.6.2022	Immediate Preceding Quarter Ended 31.3.2022
Number of units in issue (units)	1,641,054,038	1,634,524,115
EPU (realised) (sen)	2.62 ⁽¹⁾	2.39 ⁽²⁾
EPU (include unrealised income) (sen)	2.86 ⁽¹⁾	2.44 ⁽²⁾
Net realised income for the period (RM'000)	42,910	39,100
Distribution per unit (DPU) (sen)	2.55	2.42
Net Asset Value (NAV) (RM'000)	2,550,148	2,531,584
NAV Per Unit (RM)	1.5540	1.5488
Market Value Per Unit (RM)	1.92	1.86

(1) Based on average number of units in issue. The total number of units issued is increased from 1,634,524,115 units to 1,641,054,038 units with the successful issuance and listing of 6,529,923 new units arising from IDRP completed on 16 June 2022.

(2) Based on total units in issue of 1,634,524,115 units.

B17. 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 June 2022 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 20 July 2022.

BY ORDER OF THE BOARD

REBECCA LEONG SIEW KWAN
Chartered Secretary
AXIS REIT MANAGERS BERHAD
(200401010947 (649450-W))
(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Petaling Jaya
20 July 2022