

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.9.2022 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2021 RM'000
ASSETS		
Non-Current Assets		
Investment properties	4,079,702	3,614,230
Equipment	2,006	2,410
Total Non-Current Assets	4,081,708	3,616,640
Current Assets		
Receivables, deposits and prepayments	36,171	26,166
Islamic deposits placed with licensed banks	29,942	172,452
Cash and bank balances	14,790	23,502
Total Current Assets	80,903	222,120
TOTAL ASSETS	4,162,611	3,838,760
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	66,721	61,548
Deferred tax liability	12,797	12,797
Financing	733,385	624,177
Total Non-Current Liabilities	812,903	698,522
Current Liabilities		
Payables and accruals	42,053	52,501
Financing	755,540	560,416
Total Current Liabilities	797,593	612,917
TOTAL LIABILITIES	1,610,496	1,311,439
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	1,945,655	1,934,322
Distributable income	36,989	32,841
Non-distributable reserves	569,471	560,158
	2,552,115	2,527,321
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	4,162,611	3,838,760
NET ASSET VALUE	2,552,115	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	1.5552	1.5462
- After income distribution	1.5307 (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 third interim income distribution of 2.45 sen per unit payable on 30 November 2022.

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2022 RM'000	Preceding Year Corresponding Quarter 30.9.2021 RM'000	Current Year To date 30.9.2022 RM'000	Preceding Year To date 30.9.2021 RM'000
TOTAL TRUST INCOME *	71,707	61,609	210,912	179,467
Property income	72,006	61,795	210,274	179,686
Lease incentive adjustment (non-distributable) **	(491)	(378)	20	(639)
Unbilled lease income receivable ***	494	1,130	1,987	3,390
	72,009	62,547	212,281	182,437
Less : Assessment	(1,676)	(1,323)	(4,753)	(3,894)
Quit rent	(442)	(364)	(1,165)	(1,075)
Other property operating expenditure	(8,398)	(6,217)	(23,243)	(19,564)
Net property income	61,493	54,643	183,120	157,904
Profit income	192	189	618	417
Gain on disposal of equipment	-	3	-	3
Unbilled lease income ***	(494)	(1,130)	(1,987)	(3,390)
Fair value change on derivatives	5,028	197	5,144	1,533
Net gain/(loss) on financial liabilities measured at amortised cost	(328)	(148)	4,169	(944)
NET PROPERTY AND INVESTMENT INCOME	65,891	53,754	191,064	155,523
Manager's fees	6,347	5,321	19,033	15,980
Trustee's fees	332	280	993	840
Depreciation	148	162	443	479
Auditors' fees	36	35	110	107
Tax agent's fee	5	5	13	13
(Reversal)/ provision of doubtful/bad debts	(2)	(1,927)	(53)	1,704
Administrative expenses	796	1,076	2,513	2,675
Islamic financing cost #	14,415	11,752	37,575	33,343
NON-PROPERTY EXPENSES	22,077	16,704	60,627	55,141
NET TRUST INCOME	43,814	37,050	130,437	100,382
NET INCOME FOR THE PERIOD	43,814	37,050	130,437	100,382

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2022 RM'000	Preceding Year Corresponding Quarter 30.9.2021 RM'000	Current Year To date 30.9.2022 RM'000	Preceding Year To date 30.9.2021 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	43,814	37,050	130,437	100,382
EARNINGS PER UNIT (EPU) (sen) ##	2.67	2.56	7.97	6.94
NET INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS:				
Realised				
- property income	39,605	37,379	121,104	100,432
- lease incentive adjustment (non-distributable) **	(491)	(378)	20	(639)
Unrealised - Net gain/(loss) on financial liabilities measured at amortised cost	(328)	(148)	4,169	(944)
Unrealised - Fair value change on derivatives	5,028	197	5,144	1,533
	43,814	37,050	130,437	100,382

(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 is computed based on net income for the quarter divided by number of units in issue of 1,641,054,038 units and EPU for the current period is based on the weighted average number of units of 1,637,107,381 units. 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 1,445,417,359 units.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2021 TO 30 SEPTEMBER 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	-	99,793	589	100,382
<i>Total comprehensive income for the period</i>	-	99,793	589	100,382
Contributions by and distributions to unitholders				
Issuance and placement of units	7,802	-	-	7,802
Issuing expenses	(89)	-	-	(89)
Distribution to Unitholders #	-	(99,424)	-	(99,424)
<i>Total transactions with unitholders</i>	7,713	(99,424)	-	(91,711)
At 30 September 2021	1,603,219	31,862	496,594	2,131,675

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2022 TO 30 SEPTEMBER 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	-	121,124	9,313	130,437
<i>Total comprehensive income for the period</i>	-	121,124	9,313	130,437
Contributions by and distributions to unitholders				
Issuance and placement of units	11,493	-	-	11,493
Issuing expenses	(160)	-	-	(160)
Distribution to Unitholders #	-	(116,976)	-	(116,976)
<i>Total transactions with unitholders</i>	11,333	(116,976)	-	(105,643)
At 30 September 2022	1,945,655	36,989	569,471	2,552,115

(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 and second interim income distribution for financial year 2022 of 2.42 sen per unit and 2.55 sen per unit, which were paid on 14 January 2022, 28 February 2022, 15 June 2022 and 30 August 2022 respectively.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Current Year To Date 30.9.2022 RM'000	Preceding Year To Date 30.9.2021 RM'000
Cash flows from operating activities		
Net income before taxation	130,437	100,382
Adjustments for :-		
Islamic financing cost	37,575	33,343
Profit income	(618)	(417)
Gain on disposal of equipment	-	(3)
Depreciation of equipment	443	479
(Gain) / loss on financial liabilities measured at amortised cost	(4,169)	944
(Reversal of) / impairment losses on trade receivables	(53)	1,704
Fair value change on Islamic derivatives	(5,144)	(1,533)
Operating income before changes in working capital	158,471	134,899
Changes in working capital		
Receivables, deposits and prepayments	(9,952)	1,592
Payables and accruals	(3,607)	(12,823)
Tenants' deposits	7,645	5,210
Net cash from operating activities	152,557	128,878
Cash flows from investing activities		
Profit income received	618	417
Proceed from disposal of equipment	-	5
Enhancement of investment properties	(20,464)	(29,631)
Acquisition of investment property	(445,008)	(150,562)
Acquisition of equipment	(39)	(182)
Pledged deposits	5,860	(8,789)
Net cash used in investing activities	(459,033)	(188,742)
Cash flows from financing activities		
Islamic financing cost paid	(36,471)	(32,618)
Proceeds from financing, net	303,228	189,541
Income distribution paid to unitholders	(116,976)	(99,424)
Proceeds from issuance of units	11,493	7,802
Issuing expenses	(160)	(89)
Net cash from financing activities	161,114	65,212

AXIS REAL ESTATE INVESTMENT TRUST

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

	Current Year	Preceding Year
	To Date	To Date
	30.9.2022	30.9.2021
	RM'000	RM'000
Net decrease in cash and cash equivalents	(145,362)	5,348
Cash and cash equivalents at beginning of period	170,610	23,253
Cash and cash equivalents at end of period	<u>25,248</u>	<u>28,601</u>
Cash and cash equivalents		
Cash and bank balances	14,790	18,689
Islamic deposits placed with licensed banks	29,942	35,256
	44,732	53,945
Less: Islamic deposits placed with licensed banks - pledged	<u>(19,484)</u>	<u>(25,344)</u>
	<u>25,248</u>	<u>28,601</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

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 second interim income distribution of 2.55 sen per unit, totaling RM41,847,000 in respect of the period from 1 April 2022 to 30 June 2022 was paid on 30 August 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 July 2022 to 30 September 2022 as the 2022 third interim income distribution of 2.45 sen per unit, which includes a non-taxable portion of approximately 0.62 sen per unit derived from capital allowances, industrial building allowances and tax-exempt profit income which is not subject to tax.

The 2022 third interim income distribution will be payable on 30 November 2022 and the book closure date is 3 November 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 was appointed on 13 July 2022 and the construction works commenced 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 SPA has been executed on 23 September 2022 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

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 1,641,054,038 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 2022 (“3Q2022”), Axis-REIT registered a total trust income of RM71,707,000. The realised net income from operations was RM39,114,000 after deducting total expenditure of RM32,593,000, of which RM10,516,000 were attributable to property expenses and RM22,077,000 to non-property expenses.

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

The total net asset value stood at RM2,552,115,000 and the net asset value per unit (before 2022 third interim income distribution) was RM1.5552.

Nine Months Results

For the nine months ended 30 September 2022, Axis-REIT recorded a total revenue of RM210,912,000. The realised net income generated from operations was RM121,124,000 after deducting total expenditure of RM89,788,000, of which RM29,161,000 were attributable to property expenses and RM60,627,000 to non-property expenses.

A total of RM81,402,000 was declared as the 2022 first and second interim income distribution which translated to 4.97 sen per unit, were paid on 15 June 2022 and 30 August 2022 respectively.

Axis-REIT has further set aside RM40,206,000 (approximately 99% of total income available for distribution in respect of the period from 1 July 2022 to 30 September 2022) as the 2022 third interim income distribution which translates to 2.45 sen per unit payable on 30 November 2022.

Maintenance costs & major capital expenditure

During the financial period ended 30 September 2022, a total of RM20,464,000 has been incurred for capital expenditure, ie RM9,380,000 for enhancement of properties of Axis-REIT and RM11,084,000 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 30.9.2022 RM'000	Immediate Preceding Quarter 30.6.2022 RM'000	%
Property income	72,006	72,109	-0.1%
Less : Property expenses	(10,516)	(9,885)	6.4%
Net property income	61,490	62,224	-1.2%
Profit income	192	216	-11.1%
Less: Non-property expenses	(22,077)	(19,720)	12.0%
Net income before lease incentive adjustment (non-distributable)	39,605	42,720	-7.3%
Lease incentive adjustment, net (Note 1)	(491)	190	
Net income before tax (Realised)	39,114	42,910	-8.8%

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 3Q2022, Axis-REIT's property income was RM72,006,000, 0.1% lower compared to the immediate preceding quarter ("2Q2022") of RM72,109,000, mainly due to lower other income.

Property expenses was RM10,516,000, 6.4% higher compared to 2Q2022 of RM9,885,000, mainly due to higher maintenance cost.

Non-property expenses was RM22,077,000, 12% higher compared to 2Q2022 of RM19,720,000, mainly due to higher financing cost in 3Q2022 and reversal of provision for doubtful debts in 2Q2022.

During the quarter under review, net income before lease incentive adjustment was RM39,605,000, 7.3% lower compared to 2Q2022 of RM42,720,000, mainly due to lower other income and higher expenses.

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, the property portfolio size of Axis-REIT remains at 61 properties as at 30 September 2022.

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. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

	Current Year Quarter 30.9.2022 RM'000	Preceding Year Corresponding Quarter 30.9.2021 RM'000	Current Year To date 30.9.2022 RM'000	Preceding Year To date 30.9.2021 RM'000
Gross rental income	71,515	61,417	210,294	179,047
Profit income and other income	192	192	618	420
	71,707	61,609	210,912	179,467
Less: Expenses	(32,593)	(24,608)	(89,788)	(79,674)
Realised income for the period	39,114	37,001	121,124	99,793
Add: Non-cash items	637	(1,387)	370	2,822
Total realised income available for the period	39,751	35,614	121,494	102,615
Add: Brought forward undistributed realised income available for distribution	580	216	239	187
Total realised income available for distribution	40,331	35,830	121,733	102,802
Less: Income to be distributed for the quarter/period	(40,206)	(35,439)	(121,608)	(102,411)
Balance undistributed realised income available for distribution	125	391	125	391
Distribution per unit (sen)	2.45	2.45	7.42	7.08

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 nine-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 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 30.9.2022 (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	755,540	560,416
Long term financing		
- Secured Islamic Medium Term Notes/ Islamic Term Financings/hire purchase denominated in MYR	733,385	624,177

B12. DERIVATIVES

As at 30 September 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	154	Less than 3 years
10-year IPRS – derivative liability	110,000	4,606	Less than 10 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 30.9.2022 RM'000	Preceding Year Corresponding Quarter 30.9.2021 RM'000	Current Year To date 30.9.2022 RM'000	Preceding Year To date 30.9.2021 RM'000
Profit for the quarter/period is arrived at after crediting / (charging):				
Profit income	192	189	618	417
Gain on disposal of equipment	-	3	-	3
Islamic financing costs	(14,415)	(11,752)	(37,575)	(33,343)
Depreciation of equipment	(148)	(162)	(443)	(479)
Reversal/(provision) of doubtful/bad debts	2	1,927	53	(1,704)
Fair value change on derivatives	5,208	197	5,144	1,533

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 30.9.2022	Immediate Preceding Quarter Ended 30.6.2022
Number of units in issue (units)	1,641,054,038	1,641,054,038
EPU (realised) (sen)	2.38	2.62 ⁽¹⁾
EPU (include unrealised income) (sen)	2.67	2.86 ⁽¹⁾
Net realised income for the period (RM'000)	39,114	42,910
Distribution per unit (DPU) (sen)	2.45	2.55
Net Asset Value (NAV) (RM'000)	2,552,115	2,550,148
NAV Per Unit (RM)	1.5552	1.5540
Market Value Per Unit (RM)	1.89	1.92

⁽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 IDRPs completed on 16 June 2022.

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 September 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 19 October 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

19 October 2022