

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2022 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2021 RM'000
ASSETS		
Non-Current Assets		
Investment properties	4,186,020	3,614,230
Equipment	1,859	2,410
Total Non-Current Assets	4,187,879	3,616,640
Current Assets		
Receivables, deposits and prepayments	24,019	26,166
Islamic deposits placed with licensed banks	21,064	172,452
Cash and bank balances	22,451	23,502
Total Current Assets	67,534	222,120
TOTAL ASSETS	4,255,413	3,838,760
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	68,664	61,548
Deferred tax liability	14,480	12,797
Financing	733,480	624,177
Total Non-Current Liabilities	816,624	698,522
Current Liabilities		
Payables and accruals	54,670	52,501
Financing	812,540	560,416
Total Current Liabilities	867,210	612,917
TOTAL LIABILITIES	1,683,834	1,311,439
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	1,945,655	1,934,322
Distributable income	32,949	32,841
Non-distributable reserves	592,975	560,158
	2,571,579	2,527,321
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	4,255,413	3,838,760
NET ASSET VALUE	2,571,579	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	1.5670	1.5462
- After income distribution	1.5437 (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 fourth interim income distribution of 2.09 sen per unit and 2022 final income distribution of 0.24 sen per unit payable on 20 January 2023 and 28 February 2023 respectively.

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2022	Preceding Year Corresponding Quarter 31.12.2021	Current Year To date 31.12.2022	Preceding Year To date 31.12.2021
	RM'000	RM'000	RM'000	RM'000
TOTAL TRUST INCOME *	70,715	62,942	281,627	242,409
Property income	71,189	63,061	281,463	242,747
Lease incentive adjustment (non-distributable) **	(653)	(503)	(633)	(1,142)
Unbilled lease income receivable ***	1,394	1,200	3,381	4,590
Less : Assessment	71,930	63,758	284,211	246,195
Quit rent	(1,692)	(1,661)	(6,445)	(5,555)
Other property operating expenditure	(446)	(409)	(1,611)	(1,484)
	(7,829)	(6,711)	(31,072)	(26,275)
Net property income	61,963	54,977	245,083	212,881
Profit income	179	384	797	801
Gain on disposal of equipment	-	-	-	3
Change in fair value of investment properties	27,819	67,787	27,819	67,787
Unbilled lease income ***	(1,394)	(1,200)	(3,381)	(4,590)
Fair value change on derivatives	(3,117)	213	2,027	1,746
Net gain/(loss) on financial liabilities measured at amortised cost	485	(761)	4,654	(1,705)
NET PROPERTY AND INVESTMENT INCOME	85,935	121,400	276,999	276,923
Manager's fees	6,409	5,670	25,442	21,650
Trustee's fees	206	281	1,199	1,121
Depreciation	148	161	591	640
Auditors' fees	37	36	147	143
Tax agent's fee	5	4	18	17
Provision/(reversal) of doubtful/bad debts	1,278	(1,660)	1,225	44
Administrative expenses	1,101	893	3,614	3,568
Islamic financing cost #	15,398	12,358	52,973	45,701
NON-PROPERTY EXPENSES	24,582	17,743	85,209	72,884
NET TRUST INCOME	61,353	103,657	191,790	204,039
INCOME TAX EXPENSES ##	(1,683)	(3,675)	(1,683)	(3,675)
NET INCOME FOR THE PERIOD/ YEAR	59,670	99,982	190,107	200,364

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 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year To date 31.12.2022 RM'000	Preceding Year To date 31.12.2021 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	59,670	99,982	190,107	200,364
EARNINGS PER UNIT (EPU) (sen) ###	3.64	6.86	11.61	13.80
NET INCOME FOR THE PERIOD/ YEAR IS MADE UP AS FOLLOWS:				
Realised				
- property income	36,819	36,921	157,923	137,353
- lease incentive adjustment (non-distributable) **	(653)	(503)	(633)	(1,142)
Unrealised - change in fair value of investment properties	27,819	67,787	27,819	67,787
Unrealised - Net gain/(loss) on financial liabilities measured at amortised cost	485	(761)	4,654	(1,705)
Unrealised - Fair value change on derivatives	(3,117)	213	2,027	1,746
Unrealised – provision of deferred tax on change in fair value of investment property ###	(1,683)	(3,675)	(1,683)	(3,675)
	59,670	99,982	190,107	200,364

(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.

Provision of deferred tax (unrealised) on Real Property Gains Tax (“RPGT”) exposure on the fair value gain on investment properties.

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 year is based on the weighted average number of units of 1,638,102,155 units. EPU for preceding year corresponding quarter is based on the weighted average number of units in issue of 1,457,521,866 units and EPU for the preceding year is based on the weighted average number of units in issue of 1,451,867,807 units.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2021 TO 31 DECEMBER 2021 (AUDITED)

	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 year	-	136,211	64,153	200,364
<i>Total comprehensive income for the year</i>	-	136,211	64,153	200,364
Contributions by and distributions to unitholders				
Issuance and placement of units	342,518	-	-	342,518
Issuing expenses	(3,702)	-	-	(3,702)
Distribution to Unitholders #	-	(134,863)	-	(134,863)
<i>Total transactions with unitholders</i>	338,816	(134,863)	-	203,953
At 31 December 2021	1,934,322	32,841	560,158	2,527,321

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2022 TO 31 DECEMBER 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 year	-	157,290	32,817	190,107
<i>Total comprehensive income for the year</i>	-	157,290	32,817	190,107
Contributions by and distributions to unitholders				
Issuance and placement of units	11,493	-	-	11,493
Issuing expenses	(160)	-	-	(160)
Distribution to Unitholders #	-	(157,182)	-	(157,182)
<i>Total transactions with unitholders</i>	11,333	(157,182)	-	(145,849)
At 31 December 2022	1,945,655	32,949	592,975	2,571,579

(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, second and third interim income distribution for financial year 2022 of 2.42 sen per unit, 2.55 sen per unit and 2.45 sen per unit, which were paid on 14 January 2022, 28 February 2022, 15 June 2022, 30 August 2022 and 30 November 2022 respectively.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (UNAUDITED)

	Current Year To Date 31.12.2022 RM'000	Preceding Year To Date 31.12.2021 RM'000
Cash flows from operating activities		
Net income before taxation	191,790	204,039
Adjustments for :-		
Islamic financing cost	52,973	45,701
Profit income	(797)	(801)
Gain on disposal of equipment	-	(3)
Change in fair value of investment properties	(27,819)	(67,787)
Depreciation of equipment	591	640
(Gain) / loss on financial liabilities measured at amortised cost	(4,654)	1,705
Impairment losses on trade receivables	1,225	44
Fair value change on Islamic derivatives	(2,027)	(1,746)
Operating income before changes in working capital	211,282	181,792
Changes in working capital		
Receivables, deposits and prepayments	2,702	14,955
Payables and accruals	5,112	(14,475)
Tenants' deposits	9,074	8,791
Net cash from operating activities	228,170	191,063
Cash flows from investing activities		
Profit income received	797	801
Proceed from disposal of equipment	-	5
Enhancement of investment properties	(57,281)	(39,253)
Acquisition of investment property	(486,690)	(226,950)
Acquisition of equipment	(40)	(182)
Pledged deposits	5,860	(8,789)
Net cash used in investing activities	(537,354)	(274,368)
Cash flows from financing activities		
Islamic financing cost paid	(51,476)	(44,648)
Proceeds from financing, net	359,930	71,357
Income distribution paid to unitholders	(157,182)	(134,863)
Proceeds from issuance of units	11,493	342,518
Issuing expenses	(160)	(3,702)
Net cash from financing activities	162,605	230,662

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (UNAUDITED) (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	31.12.2022	31.12.2021
	RM'000	RM'000
Net decrease in cash and cash equivalents	(146,579)	147,357
Cash and cash equivalents at beginning of year	170,610	23,253
Cash and cash equivalents at end of year	<u>24,031</u>	<u>170,610</u>
Cash and cash equivalents		
Cash and bank balances	22,451	23,502
Islamic deposits placed with licensed banks	21,064	172,452
	<u>43,515</u>	<u>195,954</u>
Less: Islamic deposits placed with licensed banks - pledged	(19,484)	(25,344)
	<u>24,031</u>	<u>170,610</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 third interim income distribution of 2.45 sen per unit, totaling RM40,206,000 in respect of the period from 1 July 2022 to 30 September 2022 was paid on 30 November 2022. In addition, the 2022 fourth interim income distribution of 2.09 sen per unit, totaling RM34,298,000 in respect of the period from 1 October 2022 to 22 December 2022, was further declared and payable on 20 January 2023.

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 23 December 2022 to 31 December 2022 as the 2022 final income distribution of 0.24 sen per unit, which is wholly subject to tax.

The 2022 final income distribution will be payable on 28 February 2023 and the book closure date is 9 February 2023.

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. The proposed acquisition was completed on 2 December 2022 and the property is now known as Axis Industrial Facility 1 @ Meru.
- f) Axis-REIT had undertaken a proposed development of a logistics warehouse with a built-up area of approximately 584,112 sq. ft. known as Axis Mega Distribution Centre (Phase 2) ("AMDC (Phase 2)"), to be constructed on the existing remaining vacant land forming part of a parcel of leasehold industrial land held under PN No. 122072, Lot 7316, Town of Sijangkang, District of Kuala Langat, Selangor, on which an existing property of Axis-REIT, Axis Mega Distribution Centre is erected upon.

The main contractor was appointed on 9 November 2022 and the construction works commenced in January 2023.

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 31 December 2022 (“4Q2022”), Axis-REIT registered a total trust income of RM70,715,000. The realised net income from operations was RM36,166,000 after deducting total expenditure of RM34,549,000, of which RM9,967,000 were attributable to property expenses and RM24,582,000 to non-property expenses.

The Fund has declared the 2022 fourth interim income distribution of 99% from realised income available for distribution generated from operations for the period from 1 October 2022 to 22 December 2022 of 2.09 sen per unit, totaling RM34,298,000 and payable on 20 January 2023.

The total net asset value stood at RM2,571,579,000 and the net asset value per unit (before 2022 fourth interim and final income distribution) was RM1.5670.

Full-Year Results

For financial year ended 31 December 2022, Axis-REIT recorded a total revenue of RM281,627,000. The realised net income generated from operations was RM157,290,000 after deducting total expenditure of RM124,337,000, of which RM39,128,000 were attributable to property expenses and RM85,209,000 to non-property expenses.

A total of RM121,608,000 was paid out as the 2022 first, second and third interim income distribution which translated to 7.42 sen per unit.

Axis-REIT has further set aside RM3,939,000 (approximately 99% of the total income available for distribution in respect of the period from 23 December 2022 to 31 December 2022) as the 2022 final income distribution which translates to 0.24 sen per unit payable on 28 February 2023.

Maintenance costs & major capital expenditure

During the financial year ended 31 December 2022, a total of RM57,281,000 has been incurred for major capital expenditure, ie RM14,490,000 for enhancement of properties of Axis-REIT and RM42,169,000 incurred for the ongoing Proposed Development of BRDC2 and RM622,000 incurred for the ongoing proposed development of AMDC (Phase 2) respectively.

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

	Current Year Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.9.2022 RM'000	%
Property income	71,189	72,006	-1.1%
Less : Property expenses	(9,967)	(10,516)	-5.2%
Net property income	61,222	61,490	-0.4%
Profit income	179	192	-6.8%
Less: Non-property expenses	(24,582)	(22,077)	11.3%
Net income before lease incentive adjustment (non-distributable)	36,819	39,605	-7.0%
Lease incentive adjustment, net (Note 1)	(653)	(491)	
Net income before tax (Realised)	36,166	39,114	-7.5%

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 4Q2022, Axis-REIT's property income was RM71,189,000, 1.1% lower compared to the immediate preceding quarter ("3Q2022") of RM72,006,000, mainly due to lower other income.

Property expenses was RM9,967,000, 5.2% lower compared to 3Q2022 of RM10,516,000, mainly due to lower maintenance cost.

Non-property expenses was RM24,582,000, 11.3% higher compared to 3Q2022 of RM22,077,000, mainly due to higher financing cost and provision for doubtful debts of approximately RM1.28 million has been made for Yongnam Engineering Sdn Bhd, the lessee of Axis Steel Centre @ SiLC in Johor during the quarter.

During the quarter under review, net income before lease incentive adjustment was RM36,819,000, 7.0% lower compared to 3Q2022 of RM39,605,000, mainly due to lower property income and higher expenses.

B3. PROSPECTS

The Manager is optimistic that in view of the current satisfactory performance of Axis-REIT's existing property portfolio and its growth strategy to actively pursue quality investments, it will be able to maintain its current performance for the coming financial year ending 31 December 2023.

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 Axis Industrial Facility 1 @ Meru on 2 December 2022. The property portfolio size of Axis-REIT increased from 61 to 62 properties as at 31 December 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 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year To date 31.12.2022 RM'000	Preceding Year To date 31.12.2021 RM'000
Gross rental income	70,536	62,558	280,830	241,605
Profit income and other income	179	384	797	804
	<hr/>	<hr/>	<hr/>	<hr/>
	70,715	62,942	281,627	242,409
Less: Expenses	(34,549)	(26,524)	(124,337)	(106,198)
	<hr/>	<hr/>	<hr/>	<hr/>
Realised income for the period	36,166	36,418	157,290	136,211
Add: Non-cash items	2,079	(996)	2,449	1,826
	<hr/>	<hr/>	<hr/>	<hr/>
Total realised income available for the period	38,245	35,422	159,739	138,037
Add: Brought forward undistributed realised income available for distribution	125	391	239	187
	<hr/>	<hr/>	<hr/>	<hr/>
Total realised income available for distribution	38,370	35,813	159,978	138,224
Less: Income to be distributed for the quarter/period	(38,237)	(35,574)	(159,845)	(137,985)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance undistributed realised income available for distribution	133	239	133	239
	<hr/>	<hr/>	<hr/>	<hr/>
Distribution per unit (sen)	2.33	2.41	9.75	9.49

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 twelve-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 ("General Mandate") to facilitate a placement exercise from the unitholders at the 10th annual general meeting of Axis-REIT convened and held on 28 April 2022.

On 14 November 2022, Axis-REIT announced the proposed placement of up to 100,000,000 units representing up to approximately 6.09% of the total issued units in Axis-REIT to be undertaken in accordance with the General Mandate ("Proposed Placement") and the following approvals in relation to the Proposed Placement were obtained:

- (i) Approval from Bursa Securities for the listing and quotation of the new units under the Proposed Placement on 23 November 2022;
- (ii) Approval of the non-interested Unitholders for the allotment of new units pursuant to the Proposed Placement to the major Unitholders of Axis-REIT, namely, Employees Provident Fund Board and Kumpulan Wang Persaraan (Diperbadankan) at a Unitholders' meeting convened and held on 15 December 2022.

Axis-REIT successfully completed the Proposed Placement with the issuance and listing of 100,000,000 new units (representing approximately 6.09% of the total issued fund size of Axis-REIT of 1,641,054,038 units) on 4 January 2023.

B11. FINANCING

	Current Financial Period Ended 31.12.2022 (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	812,540	560,416
Long term financing		
- Secured Islamic Medium Term Notes/ Islamic Term Financings/hire purchase denominated in MYR	733,480	624,177

B12. DERIVATIVES

As at 31 December 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 financings 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
IPRS – derivative assets	110,000	1,780	Less than 10 years
IPRS – derivative liability	110,000	(138)	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/YEAR

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year To date 31.12.2022 RM'000	Preceding Year To date 31.12.2021 RM'000
Profit for the quarter/period is arrived at after crediting / (charging):				
Profit income	179	384	797	801
Gain on disposal of equipment	-	-	-	3
Islamic financing costs	(15,398)	(12,358)	(52,973)	(45,701)
Depreciation of equipment	(148)	(161)	(591)	(640)
(Provision) / reversal of doubtful/bad debts	(1,278)	1,660	(1,225)	(44)
Fair value change on derivatives	(3,117)	213	2,027	1,746
Change in fair value of investment properties	27,819	67,787	27,819	67,787

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 31.12.2022	Immediate Preceding Quarter Ended 30.9.2022
Number of units in issue (units)	1,641,054,038	1,641,054,038
EPU (realised) (sen)	2.20	2.38
EPU (include unrealised income) (sen)	3.64	2.67
Net realised income for the period (RM'000)	36,166	39,114
Distribution per unit (DPU) (sen)	2.33	2.45
Net Asset Value (NAV) (RM'000)	2,571,579	2,552,115
NAV Per Unit (RM)	1.5670	1.5552
Market Value Per Unit (RM)	1.79	1.89

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 31 December 2022 and of its financial performance and cash flows for the quarter/year ended on that date and duly authorised for release by the Board of the Manager on 19 January 2023.

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 January 2023