

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.9.2023 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2022 RM'000
ASSETS		
Non-Current Assets		
Investment properties	4,359,601	4,186,020
Equipment	1,489	1,859
Total Non-Current Assets	4,361,090	4,187,879
Current Assets		
Receivables, deposits and prepayments	30,513	24,279
Islamic deposits placed with licensed banks	31,697	21,064
Cash and bank balances	11,313	22,451
Total Current Assets	73,523	67,794
TOTAL ASSETS	4,434,613	4,255,673
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	63,829	68,664
Deferred tax liability	14,480	14,480
Financing	740,317	733,480
Total Non-Current Liabilities	818,626	816,624
Current Liabilities		
Payables and accruals	78,006	54,670
Financing	795,530	812,540
Total Current Liabilities	873,536	867,210
TOTAL LIABILITIES	1,692,162	1,683,834
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	2,118,603	1,945,655
Distributable income	26,933	33,209
Non-distributable reserves	596,915	592,975
	2,742,451	2,571,839
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	4,434,613	4,255,673
NET ASSET VALUE	2,742,451	2,571,839
NUMBER OF UNITS IN CIRCULATION	1,741,054,038	1,641,054,038
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.5752	1.5672
- After income distribution	1.5537 (Note 1)	1.5439

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 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 2023 third interim income distribution of 2.15 sen per unit payable on 15 December 2023.

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.9.2023 RM'000	Preceding Year Corresponding Quarter 30.9.2022 RM'000	Current Year To date 30.9.2023 RM'000	Preceding Year To date 30.9.2022 RM'000
TOTAL TRUST INCOME *	71,810	71,707	210,437	210,912
Property income	72,057	72,006	209,654	210,274
Lease incentive adjustment (non-distributable) **	(572)	(491)	(353)	20
Unbilled lease income receivable ***	1,154	494	2,525	1,987
Less : Assessment	72,639	72,009	211,826	212,281
Quit rent	(1,758)	(1,676)	(5,159)	(4,753)
Other property operating expenditure	(479)	(442)	(1,402)	(1,165)
	(8,499)	(8,398)	(25,995)	(23,243)
Net property income	61,903	61,493	179,270	183,120
Profit income	325	192	1,136	618
Unbilled lease income ***	(1,154)	(494)	(2,525)	(1,987)
Fair value change on derivatives	4,888	5,028	4,551	5,144
Net gain / (loss) on financial liabilities measured at amortised cost	312	(328)	(611)	4,169
NET PROPERTY AND INVESTMENT INCOME	66,274	65,891	181,821	191,064
Manager's fees	6,840	6,347	20,489	19,033
Trustee's fees	220	332	656	993
Depreciation	118	148	396	443
Auditors' fees	40	36	120	110
Tax agent's fee	5	5	14	13
Provision/(reversal) of doubtful/bad debts	134	(2)	5,313	(53)
Administrative expenses	795	796	2,690	2,513
Islamic financing cost #	15,623	14,415	44,618	37,575
NON-PROPERTY EXPENSES	23,775	22,077	74,296	60,627
NET TRUST INCOME	42,499	43,814	107,525	130,437
NET INCOME FOR THE QUARTER /PERIOD	42,499	43,814	107,525	130,437

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 30.9.2023 RM'000	Preceding Year Corresponding Quarter 30.9.2022 RM'000	Current Year To date 30.9.2023 RM'000	Preceding Year To date 30.9.2022 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD	42,499	43,814	107,525	130,437
EARNINGS PER UNIT (EPU) (sen) ##	2.44	2.67	6.17	7.97
NET INCOME FOR THE PERIOD/ YEAR IS MADE UP AS FOLLOWS:				
Realised				
- property income	37,871	39,605	103,938	121,104
- lease incentive adjustment (non-distributable) **	(572)	(491)	(353)	20
Unrealised - Net gain / (loss) on financial liabilities measured at amortised cost	312	(328)	(611)	4,169
Unrealised - Fair value change on derivatives	4,888	5,028	4,551	5,144
	42,499	43,814	107,525	130,437

(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 2022 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 1,741,054,038 units and EPU for the current period is based on the weighted average number of units of 1,739,955,137 units. EPU for preceding year corresponding quarter is based on number of units in issue of 1,641,054,038 units and EPU for the preceding period is based on the weighted average number of units of 1,637,107,381 units.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

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

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2023 TO 30 SEPTEMBER 2023 (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 2023	1,945,655	33,209	592,975	2,571,839
Net income for the year	-	103,585	3,940	107,525
<i>Total comprehensive income for the year</i>	-	103,585	3,940	107,525
Contributions by and distributions to unitholders				
Issuance and placement of units	175,000	-	-	175,000
Issuing expenses	(2,052)	-	-	(2,052)
Distribution to Unitholders #	-	(109,861)	-	(109,861)
<i>Total transactions with unitholders</i>	172,948	(109,861)	-	63,087
At 30 September 2023	2,118,603	26,933	596,915	2,742,451

(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 2022 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 2.33 sen per unit for the financial year 2022 and the first and second interim income distributions for financial year 2023 of 2.05 sen per unit each, which were paid on 20 January 2023, 28 February 2023, 31 May 2023 and 30 August 2023, respectively.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)

	Current Year To Date 30.9.2023 RM'000	Preceding Year To Date 30.9.2022 RM'000
Cash flows from operating activities		
Net income before taxation	107,525	130,437
Adjustments for :-		
Islamic financing cost	44,618	37,575
Profit income	(1,136)	(618)
Depreciation of equipment	396	443
Loss / (gain) on financial liabilities measured at amortised cost	611	(4,169)
Impairment losses on trade receivables	5,313	(53)
Fair value change on Islamic derivatives	(4,551)	(5,144)
Operating income before changes in working capital	152,776	158,471
Changes in working capital		
Receivables, deposits and prepayments	(6,809)	(9,952)
Payables and accruals	23,522	(3,607)
Tenants' deposits	(5,819)	7,645
Net cash from operating activities	163,670	152,557
Cash flows from investing activities		
Profit income received	1,136	618
Enhancement of investment properties	(169,541)	(20,464)
Acquisition of investment property #	(4,040)	(445,008)
Acquisition of equipment	(26)	(39)
Pledged deposits	(28)	5,860
Net cash used in investing activities	(172,499)	(459,033)
Cash flows from financing activities		
Islamic financing cost paid	(43,771)	(36,471)
(Repayment of)/proceeds from financing, net	(11,020)	303,228
Income distribution paid to unitholders	(109,861)	(116,976)
Proceeds from issuance of units	175,000	11,493
Issuing expenses	(2,052)	(160)
Net cash from financing activities	8,296	161,114

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED) (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	30.9.2023	30.9.2022
	RM'000	RM'000
Net decrease in cash and cash equivalents	(533)	(145,362)
Cash and cash equivalents at beginning of period	24,031	170,610
Cash and cash equivalents at end of period	<u>23,498</u>	<u>25,248</u>
Cash and cash equivalents		
Cash and bank balances	11,313	14,790
Islamic deposits placed with licensed banks	31,697	29,942
	<u>43,010</u>	<u>44,732</u>
Less: Islamic deposits placed with licensed banks - pledged	(19,512)	(19,484)
	<u>23,498</u>	<u>25,248</u>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.)

- # Being acquisition cost which includes an amount withheld from the purchase price of RM87 million for the acquisition of Axis Shah Alam Distribution Centre 4. The amount withheld was paid in March 2023 to the vendor for the fulfillment of the subsequent term pursuant to the sale and purchase agreement dated 23 April 2018.

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 2022.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2022

The audit report of the financial statements of Axis-REIT for the preceding financial year ended 31 December 2022 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 2023 second interim income distribution of 2.05 sen per unit, totaling RM35,692,000 in respect of the period from 1 April 2023 to 30 June 2023 was paid on 30 August 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 1 July 2023 to 30 September 2023 as the 2023 third interim income distribution of 2.15 sen per unit, which includes a non-taxable portion of approximately 0.56 sen per unit derived from capital allowances, industrial building allowances and tax-exempt profit income which is not subject to tax.

The 2023 third interim income distribution will be payable on 15 December 2023 and the book closure date is 10 November 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 SPX Xpress (Malaysia) Sdn Bhd (formerly known as Shopee Express Malaysia Sdn Bhd) ("SPX Xpress"). SPX Xpress has agreed to lease the entire BRDC2 upon completion of the Proposed Development in accordance with the terms and conditions as stipulated in the Lease Agreement.

The Proposed Development has been completed and its vacant possession delivered to SPX Xpress on 1 August 2023. The lease has commenced with effect from 1 August 2023.

- b) 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.

- c) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of a logistics warehouse in Kawasan Perusahaan Kulim, Kedah for a proposed purchase consideration of RM92,000,000. The proposed acquisition has been aborted.
- d) A SPA has been executed on 25 October 2023 for the proposed acquisition by Axis-REIT of a manufacturing facility in Sendayan, Negeri Sembilan for a proposed purchase consideration of RM48,000,000.
- e) A letter of offer has been duly accepted for the proposed acquisition by Axis-REIT of a hypermarket in Temerloh, Pahang for a proposed purchase consideration of RM25,750,000.

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 1,741,054,038 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 2023 (“3Q2023”), Axis-REIT registered a total trust income of RM71,810,000. The realised net income from operations was RM37,299,000 after deducting total expenditure of RM34,511,000, of which RM10,736,000 were attributable to property expenses and RM23,775,000 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 2023.

The total net asset value stood at RM2,742,451,000 and the net asset value per unit (before 2023 third interim income distribution) was RM1.5752.

Nine Months Results

For the nine months ended 30 September 2023, Axis-REIT recorded a total revenue of RM210,437,000. The realised net income generated from operations was RM103,585,000 after deducting total expenditure of RM106,852,000, of which RM32,556,000 were attributable to property expenses and RM74,296,000 to non-property expenses.

A total of RM35,692,000 was declared as the 2023 second interim income distribution which translated to 2.05 sen per unit and paid on 30 August 2023.

Axis-REIT has further set aside RM37,433,000 (approximately 99% of total income available for distribution in respect of the period from 1 July 2023 to 30 September 2023) as the 2023 third interim income distribution which translates to 2.15 sen per unit payable on 15 December 2023.

Maintenance costs & major capital expenditure

During the financial period ended 30 September 2023, a total of RM169,541,000 has been incurred for major capital expenditure, ie RM7,859,000 for enhancement of properties of Axis-REIT and RM83,856,000 incurred for the development of BRDC2 and RM77,826,000 incurred for the ongoing 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 30.9.2023 RM'000	Immediate Preceding Quarter 30.6.2023 RM'000	%
Property income	72,057	67,943	+6.1%
Less : Property expenses	(10,736)	(10,282)	+4.4%
Net property income	61,321	57,661	+6.3%
Profit income	325	389	-16.5%
Less: Non-property expenses	(23,775)	(24,432)	-2.7%
Net income before lease incentive adjustment (non-distributable)	37,871	33,618	+12.7%
Lease incentive adjustment, net (Note 1)	(572)	122	
Net income before tax (Realised)	37,299	33,740	+10.5%

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 3Q2023, Axis-REIT's property income was RM72,057,000, 6.1% higher compared to the immediate preceding quarter ("2Q2023") of RM67,943,000, mainly due to higher occupancy for the existing portfolio and commencement of lease for BRDC2.

Property expenses was RM10,736,000, 4.4% higher compared to 2Q2023 of RM10,282,000, mainly due to higher maintenance cost.

Non-property expenses was RM23,775,000, 2.7% lower compared to 2Q2023 of RM24,432,000, mainly due to the lower provision for doubtful debts made in 3Q2023.

During the quarter under review, net income before lease incentive adjustment was RM37,871,000, 12.7% higher compared to 2Q2023 of RM33,618,000, mainly due to higher property income and lower expenses.

B3. PROSPECTS

The Manager is optimistic that in view of the 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 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 2022 Integrated Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, the property portfolio size of Axis-REIT remains at 62 properties as at 30 September 2023.

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 30.9.2023 RM'000	Preceding Year Corresponding Quarter 30.9.2022 RM'000	Current Year To date 30.9.2023 RM'000	Preceding Year To date 30.9.2022 RM'000
Gross rental income	71,485	71,515	209,301	210,294
Profit income	325	192	1,136	618
	71,810	71,707	210,437	210,912
Less: Expenses	(34,511)	(32,593)	(106,852)	(89,788)
Realised income for the period	37,299	39,114	103,585	121,124
Add: Non-cash items	824	637	6,062	370
Total realised income available for the period	38,123	39,751	109,647	121,494
Add: Brought forward undistributed realised income available for distribution	293	580	153	239
Total realised income available for distribution	38,416	40,331	109,800	121,733
Less: Income to be distributed for the quarter/period	(37,433)	(40,206)	(108,817)	(121,608)
Balance undistributed realised income available for distribution	983	125	983	125
Distribution per unit (sen)	2.15	2.45	6.25	7.42

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 11th annual general meeting of Axis-REIT convened and held on 20 April 2023.

B11. FINANCING

	Current Financial Period Ended 30.9.2023 (RM'000)	Preceding Financial Period Ended 31.12.2022 (RM'000)
Short term financing		
- Secured Islamic revolving credit/hire purchase denominated in MYR	795,530	812,540
Long term financing		
- Secured Islamic Medium Term Notes/ Islamic Term Financings denominated in MYR	740,317	733,480

B12. DERIVATIVES

As at 30 September 2023, the Trust has the following Islamic Profit Rate Swap ("IPRS") to hedge against the fluctuation of future movement in profit rate on its financings. 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 <u>RM'000</u>	Fair Value <u>RM'000</u>	<u>Maturity</u>
IPRS – derivative assets	310,000	6,518	Less than 10 years
IPRS – derivative liability	110,000	(325)	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, except for the following:

Axis-REIT, vide an announcement dated 5 September 2023, announced that the Trustee of Axis-REIT, RHB Trustees Berhad as plaintiff, has on 5 September 2023 served on Yongnam Engineering Sdn Bhd (a former tenant of Axis-REIT at Axis Steel Centre @ SiLC) and Yongnam Holdings Limited (corporate guarantor) (“the Defendants”) a Writ of Summons and Statement of Claim both dated 25 August 2023 regarding a legal proceeding claiming for:

- a) unpaid rental due and owing under the lease agreement for the period of March 2023 to 7 June 2023 of RM3,792,276.43;
- b) compensation charges of RM703,966.14 as at 7 June 2023 and continuing on the sum of RM3,792,276.43 at the rate of 1.5% per month on daily basis from 8 June 2023 until the date of full and final realisation;
- c) amount equivalent to the rental for the whole unexpired period of the lease term from 8 June 2023 until 29 December 2029 as agreed liquidated damages of RM105,396,516.60 and its related compensation charges at the rate of 1.5% per month on daily basis from 8 June 2023 until the date of full and final realisation;
- d) legal charges and reimbursements as at the date of filing of the writ in the sum of RM236,954.77;
- e) costs on a solicitor-client basis; and
- f) such further and/or other relief which the Court deems fit and proper.

Subsequently, Axis-REIT has vide an announcement dated 20 October 2023, announced that the Trustee has on 19 October 2023 and 20 October 2023, served on the Defendants a Judgement in Default dated 3 October 2023 (“Judgment”). Pursuant to the Judgment, the Defendants are required to pay to the Trustee, the claimed sum listed as items (a) to (d) above.

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 30.9.2023 RM'000	Preceding Year Corresponding Quarter 30.9.2022 RM'000	Current Year To date 30.9.2023 RM'000	Preceding Year To date 30.9.2022 RM'000
Profit for the quarter/period is arrived at after crediting / (charging):				
Profit income	325	192	1,136	618
Islamic financing costs	(15,623)	(14,415)	(44,618)	(37,575)
Depreciation of equipment	(118)	(148)	(396)	(443)
(Provision)/reversal of doubtful/bad debts	(134)	2	(5,313)	53
Fair value change on derivatives	4,888	5,208	4,551	5,144

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 30.9.2023	Immediate Preceding Quarter Ended 30.6.2023
Number of units in issue (units)	1,741,054,038	1,741,054,038
EPU (realised) (sen)	2.14	1.94
EPU (include unrealised income) (sen)	2.44	1.99
Net realised income for the period (RM'000)	37,299	33,740
Distribution per unit (DPU) (sen)	2.15	2.05
Net Asset Value (NAV) (RM'000)	2,742,451	2,735,644
NAV Per Unit (RM)	1.5752	1.5713
Market Value Per Unit (RM)	1.84	1.83

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 2023 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 27 October 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

27 October 2023