

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30.6.2024 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2023 RM'000
ASSETS		
Non-Current Assets		
Investment properties	4,405,355	4,444,120
Equipment	1,283	1,391
Total Non-Current Assets	4,406,638	4,445,511
Current Assets		
Receivables, deposits and prepayments	79,316	25,666
Islamic deposits placed with licensed banks	30,162	43,924
Cash and bank balances	12,778	7,792
	122,256	77,382
Asset classified as held for sale	159,000	-
Total Current Assets	281,256	77,382
TOTAL ASSETS	4,687,894	4,522,893
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	59,776	60,862
Deferred tax liability	18,304	18,304
Financing	780,710	740,454
Total Non-Current Liabilities	858,790	819,620
Current Liabilities		
Payables and accruals	94,510	62,751
Financing	909,500	814,520
Total Current Liabilities	1,004,010	877,271
TOTAL LIABILITIES	1,862,800	1,696,891
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	2,129,340	2,129,340
Distributable income	28,710	31,290
Non-distributable reserves	667,044	665,372
	2,825,094	2,826,002
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	4,687,894	4,522,893
NET ASSET VALUE	2,825,094	2,826,002
NUMBER OF UNITS IN CIRCULATION	1,747,492,159	1,747,492,159
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.6167	1.6172
- After income distribution	1.5942 (Note 1)	1.5932

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 2024 second interim income distribution of 2.25 sen per unit payable on 30 August 2024.

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.6.2024 RM'000	Preceding Year Corresponding Quarter 30.6.2023 RM'000	Current Year To date 30.6.2024 RM'000	Preceding Year To date 30.6.2023 RM'000
TOTAL TRUST INCOME *	76,530	68,454	152,070	138,627
Property income	76,064	67,943	151,242	137,597
Lease incentive adjustment (non-distributable) **	197	122	296	219
Unbilled lease income receivable ***	979	655	1,758	1,371
Less : Assessment	77,240	68,720	153,296	139,187
Quit rent	(1,983)	(1,701)	(3,839)	(3,401)
Other property operating expenditure	(478)	(461)	(955)	(923)
	(8,827)	(8,120)	(17,584)	(17,496)
Net property income	65,952	58,438	130,918	117,367
Profit income	269	389	532	811
Unbilled lease income ***	(979)	(655)	(1,758)	(1,371)
Fair value change on derivatives	(1,253)	230	80	(337)
Net gain / (loss) on financial liabilities measured at amortised cost	652	753	1,592	(923)
NET PROPERTY AND INVESTMENT INCOME	64,641	59,155	131,364	115,547
Manager's fees	7,067	6,836	14,117	13,649
Trustee's fees	227	220	454	436
Depreciation	93	133	188	278
Auditors' fees	38	43	78	80
Tax agent's fee	5	4	9	9
(Reversal) / provision of doubtful/bad debts	(79)	1,661	-	5,179
Administrative expenses	888	927	1,879	1,895
Islamic financing cost #	17,447	14,608	33,416	28,995
NON-PROPERTY EXPENSES	25,686	24,432	50,141	50,521
NET TRUST INCOME	38,955	34,723	81,223	65,026
NET INCOME FOR THE QUARTER /PERIOD	38,955	34,723	81,223	65,026

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 30.6.2024 RM'000	Preceding Year Corresponding Quarter 30.6.2023 RM'000	Current Year To date 30.6.2024 RM'000	Preceding Year To date 30.6.2023 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/PERIOD	38,955	34,723	81,223	65,026
EARNINGS PER UNIT (EPU) (sen) ##	2.23	1.99	4.65	3.73
NET INCOME FOR THE QUARTER /PERIOD IS MADE UP AS FOLLOWS:				
Realised				
- property income	39,359	33,618	79,255	66,067
- lease incentive adjustment (non-distributable) **	197	122	296	219
Unrealised - Net gain / (loss) on financial liabilities measured at amortised cost	652	753	1,592	(923)
Unrealised - Fair value change on derivatives	(1,253)	230	80	(337)
	38,955	34,723	81,223	65,026

(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 2023 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 divided by units in issue of 1,747,492,159 units. EPU for preceding year corresponding quarter is based on units in issue of 1,741,054,038 units and EPU for the preceding period is based on the weighted average number of units of 1,739,396,579 units.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2023 TO 30 JUNE 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 period	-	66,286	(1,260)	65,026
<i>Total comprehensive income for the period</i>	-	66,286	(1,260)	65,026
Contributions by and distributions to unitholders				
Issuance and placement of units	175,000	-	-	175,000
Issuing expenses	(2,052)	-	-	(2,052)
Distribution to Unitholders	-	(74,169)	-	(74,169)
<i>Total transactions with unitholders</i>	172,948	(74,169)	-	98,779
At 30 June 2023	2,118,603	25,326	591,715	2,735,644

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2024 TO 30 JUNE 2024 (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 2024	2,129,340	31,290	665,372	2,826,002
Net income for the period	-	79,551	1,672	81,223
<i>Total comprehensive income for the period</i>	-	79,551	1,672	81,223
Contributions by and distributions to unitholders				
Distribution to Unitholders #	-	(82,131)	-	(82,131)
<i>Total transactions with unitholders</i>	-	(82,131)	-	(82,131)
At 30 June 2024	2,129,340	28,710	667,044	2,825,094

(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 2023 and the accompanying explanatory notes attached to the financial statements.)

Includes the payment of final income distribution amounting to 2.40 sen per unit for the financial year 2023 and the first interim income distribution for financial year 2024 of 2.30 sen per unit, which were paid on 29 February 2024 and 31 May 2024 respectively.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024 (UNAUDITED)

	Current Year To Date 30.6.2024 RM'000	Preceding Year To Date 30.6.2023 RM'000
Cash flows from operating activities		
Net income before taxation	81,223	65,026
Adjustments for :-		
Islamic financing cost	33,416	28,995
Profit income	(532)	(811)
Depreciation of equipment	188	278
(Gain) / loss on financial liabilities measured at amortised cost	(1,592)	923
Impairment losses on trade receivables	-	5,179
Fair value change on Islamic derivatives	(80)	337
Operating income before changes in working capital	112,623	99,927
Changes in working capital		
Receivables, deposits and prepayments	(53,741)	(5,432)
Payables and accruals	25,377	34,965
Tenants' deposits	7,059	(7,247)
Net cash from operating activities	91,318	122,213
Cash flows from investing activities		
Profit income received	532	811
Enhancement of investment properties	(44,087)	(129,128)
Acquisition of investment property	(76,148)	(4,040)
Acquisition of equipment	(80)	(1)
Pledged deposits	-	(28)
Net cash used in investing activities	(119,783)	(132,386)
Cash flows from financing activities		
Islamic financing cost paid	(32,902)	(28,355)
Proceeds from financing, net	134,722	(53,938)
Income distribution paid to unitholders	(82,131)	(74,169)
Proceeds from issuance of units	-	175,000
Issuing expenses	-	(2,052)
Net cash from financing activities	19,689	16,486

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024 (UNAUDITED) (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	30.6.2024	30.6.2023
	RM'000	RM'000
Net (decrease) / increase in cash and cash equivalents	(8,776)	6,313
Cash and cash equivalents at beginning of period	32,232	24,031
Cash and cash equivalents at end of period	<u>23,456</u>	<u>30,344</u>
Cash and cash equivalents		
Cash and bank balances	12,778	6,505
Islamic deposits placed with licensed banks	30,162	43,351
	42,940	49,856
Less: Islamic deposits placed with licensed banks - pledged	<u>(19,484)</u>	<u>(19,512)</u>
	<u>23,456</u>	<u>30,344</u>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 2023.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2023

The audit report of the financial statements of Axis-REIT for the preceding financial year ended 31 December 2023 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 2024 first interim income distribution of 2.30 sen per unit, totaling RM40,192,000 in respect of the period from 1 January 2024 to 31 March 2024 was paid on 31 May 2024.

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 2024 to 30 June 2024 as the 2024 second interim income distribution of 2.25 sen per unit, which includes a non-taxable portion of approximately 0.01 sen per unit derived from tax-exempt profit income which is not subject to tax.

The 2024 second interim income distribution will be payable on 30 August 2024 and the book closure date is 6 August 2024.

A8. SEGMENTAL REPORTING

No segment information is prepared as Axis-REIT's activities are in one industry segment in Malaysia.

A9. VALUATIONS OF INVESTMENT PROPERTIES

The investment properties are valued based on valuations performed by independent registered valuers.

A10. MATERIAL EVENTS

There was no material event as at the latest practicable date from the date of the last annual reporting period except for the following:

- a) Axis-REIT had 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 development of AMDC (Phase 2) had been completed and the certificate of compliance and completion obtained on 27 March 2024.

- b) A sale and purchase agreement ("SPA") had 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. The proposed acquisition was completed on 23 July 2024 and the property is now known as Axis Industrial Facility @ Sendayan.
- c) A SPA had been duly executed on 8 December 2023 for the proposed acquisition by Axis-REIT of a hypermarket in Temerloh, Pahang for a proposed purchase consideration of RM25,750,000. The proposed acquisition was completed on 16 January 2024 and the property is now known as Axis Hypermarket @ Temerloh.
- d) A SPA had been executed on 23 February 2024 for the proposed acquisition by Axis-REIT of a manufacturing facility in Kawasan Industri Bukit Raja, Selangor for a proposed purchase consideration of RM49,000,000. The proposed acquisition was completed on 31 May 2024 and the property is now known as Axis Facility 1 @ Bukit Raja.
- e) A SPA had been executed on 22 April 2024 for the proposed acquisition by Axis-REIT of a manufacturing facility in Kawasan Perindustrian Bukit Raja, Selangor for a proposed purchase consideration of RM313,000,000. This proposed acquisition is still pending completion.
- f) A SPA had been executed on 22 April 2024 for the proposed acquisition by Axis-REIT of a storage yard in Kawasan Perindustrian Bukit Raja, Selangor for a proposed purchase consideration of RM38,800,000. This proposed acquisition is still pending completion.
- g) A SPA has been executed on 24 April 2024 for the proposed disposal by Axis-REIT of Axis Steel Centre @ SiLC in Kawasan Perindustrian SiLC, Johor for a proposed disposal consideration of RM162,000,000.
- h) A SPA has been executed on 23 May 2024 for the proposed acquisition by Axis-REIT of a service centre in Petaling Jaya, Selangor for a proposed purchase consideration of RM69,000,000. The proposed acquisition was completed on 15 July 2024 and the property is now known as Axis Vista 2.
- i) A SPA has been executed on 23 May 2024 for the proposed acquisition by Axis-REIT of a service centre in Batu Caves, Selangor for a proposed purchase consideration of RM56,000,000. The proposed acquisition was completed on 15 July 2024 and the property is now known as Axis Industrial Facility @ Batu Caves.

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 1,747,492,159 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 June 2024 ("2Q2024"), Axis-REIT registered a total trust income of RM76,530,000. The realised net income from operations was RM39,556,000 after deducting total expenditure of RM36,974,000, of which RM11,288,000 were attributable to property expenses and RM25,686,000 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 2024.

The total net asset value stood at RM2,825,094,000 and the net asset value per unit (before 2024 second interim income distribution) was RM1.6167.

Half Year Results

For the six months ended 30 June 2024, Axis-REIT recorded a total revenue of RM152,070,000. The realised net income generated from operations was RM79,551,000 after deducting total expenditure of RM72,519,000, of which RM22,378,000 were attributable to property expenses and RM50,141,000 to non-property expenses.

A total of RM40,192,000 was declared as the 2024 first interim income distribution which translated to 2.30 sen per unit and paid on 31 May 2024.

Axis-REIT has further set aside RM39,319,000 (approximately 99% of total income available for distribution in respect of the period from 1 April 2024 to 30 June 2024) as the 2024 second interim income distribution which translates to 2.25 sen per unit payable on 30 August 2024.

Maintenance costs & major capital expenditure

During the financial period ended 30 June 2024, a total of RM44,087,000 has been incurred for major capital expenditure, ie RM8,450,000 for enhancement of properties of Axis-REIT and RM35,637,000 incurred for the development of AMDC (Phase 2).

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

	Current Year Quarter 30.6.2024 RM'000	Immediate Preceding Quarter 31.3.2024 RM'000	%
Property income	76,064	75,178	+1.2%
Less : Property expenses	(11,288)	(11,090)	+1.8%
Net property income	64,776	64,088	+1.1%
Profit income	269	263	+2.3%
Less: Non-property expenses (including financing cost)	(25,686)	(24,455)	+5.0%
Net income before lease incentive adjustment (non-distributable)	39,359	39,896	-1.3%
Lease incentive adjustment, net (Note 1)	197	99	
Net income before tax (Realised)	39,556	39,995	-1.1%

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 2Q2024, Axis-REIT's property income was RM76,064,000, 1.2% higher compared to the immediate preceding quarter ("1Q2024") of RM75,178,000, mainly due to contribution from newly acquired properties and positive rental reversion from the existing portfolio.

Property expenses was RM11,288,000, 1.8% higher compared to 1Q2024 of RM11,090,000, mainly due to higher maintenance cost.

Non-property expenses was RM25,686,000, 5% higher compared to 1Q2024 of RM24,455,000, mainly due to capitalisation of financing costs for Axis Mega Distribution Centre (Phase 2) ceased upon completion of the development project in March 2024.

During the quarter under review, net income before lease incentive adjustment was RM39,359,000, 1.3% lower compared to 1Q2024 of RM39,896,000, mainly due to higher 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 2024.

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 2023 Integrated Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT completed the acquisition of Axis Facility 1 @ Bukit Raja on 31 May 2024. The property portfolio size of Axis-REIT increased from 63 to 64 as at 30 June 2024. Subsequent thereto, the portfolio size has further increased to 67 properties as at 23 July 2024 following the completion of the acquisitions of Axis Vista 2, Axis Industrial Facility @ Batu Caves and Axis Industrial Facility @ Sendayan.

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 30.6.2024 RM'000	Preceding Year Corresponding Quarter 30.6.2023 RM'000	Current Year To date 30.6.2024 RM'000	Preceding Year To date 30.6.2023 RM'000
Gross rental income	76,261	68,065	151,538	137,816
Profit income	269	389	532	811
	<hr/>	<hr/>	<hr/>	<hr/>
	76,530	68,454	152,070	138,627
Less: Expenses	(36,974)	(34,714)	(72,519)	(72,341)
	<hr/>	<hr/>	<hr/>	<hr/>
Realised income for the period	39,556	33,740	79,551	66,286
Add: Non-cash items	(183)	1,672	(108)	5,238
	<hr/>	<hr/>	<hr/>	<hr/>
Total realised income available for the period	39,373	35,412	79,443	71,524
Add: Brought forward undistributed realised income available for distribution	250	573	372	153
	<hr/>	<hr/>	<hr/>	<hr/>
Total realised income available for distribution	39,623	35,985	79,815	71,677
Less: Income to be distributed for the quarter/period	(39,319)	(35,692)	(79,511)	(71,384)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance undistributed realised income available for distribution	304	293	304	293
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Distribution per unit (sen)	2.25	2.05	4.55	4.10
	<hr/>	<hr/>	<hr/>	<hr/>

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 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 12th annual general meeting of Axis-REIT convened and held on 25 April 2024.

B11. FINANCING

	Current Financial Period Ended 30.6.2024 (RM'000)	Preceding Financial Period Ended 31.12.2023 (RM'000)
Short term financing		
- Secured Islamic revolving credit/hire purchase denominated in MYR	909,500	814,520
Long term financing		
- Secured Islamic Medium Term Notes/ Islamic Term Financings denominated in MYR	780,710	740,454

B12. DERIVATIVES

As at 30 June 2024, 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:

	<u>Notional Value</u> <u>RM'000</u>	<u>Fair Value</u> <u>RM'000</u>	<u>Maturity</u>
IPRS – derivative liabilities	310,000	(358)	Less than 10 years
IPRS – derivative liability	110,000	(383)	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) (“YESB”) and Yongnam Holdings Limited (corporate guarantor or YHL) (“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.

The Trustee had on 20 December 2023 filed a proof of debts to the judicial managers of YHL for the total outstanding sum (including the compensation charges and the claimed sum as listed as items (a) to (d) above).

A joint and several liquidators for the creditors’ voluntary winding-up had been appointed at the creditors meeting of YESB held on 21 February 2024.

The case is pending next creditors meeting.

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 30.6.2024 RM'000	Preceding Year Corresponding Quarter 30.6.2023 RM'000	Current Year To date 30.6.2024 RM'000	Preceding Year To date 30.6.2023 RM'000
Profit for the quarter/period is arrived at after crediting / (charging):				
Profit income	269	389	532	811
Islamic financing costs	(17,447)	(14,608)	(33,416)	(28,995)
Depreciation of equipment	(93)	(133)	(188)	(278)
Reversal/(provision) of doubtful/bad debts	79	(1,661)	-	(5,179)
Fair value change on derivatives	(1,253)	230	80	(337)

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 30.6.2024	Immediate Preceding Quarter Ended 31.3.2024
Number of units in issue (units)	1,747,492,159	1,747,492,159
EPU (realised) (sen)	2.26	2.29
EPU (include unrealised income) (sen)	2.23	2.42
Net realised income for the period (RM'000)	39,556	39,995
Distribution per unit (DPU) (sen)	2.25	2.30
Net Asset Value (NAV) (RM'000)	2,825,094	2,826,331
NAV Per Unit (RM)	1.6167	1.6174
Market Value Per Unit (RM)	1.83	1.81

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 2024 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 23 July 2024.

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
23 July 2024