



OUR LOGO, VISION & BUSINESS PHILOSOPHY

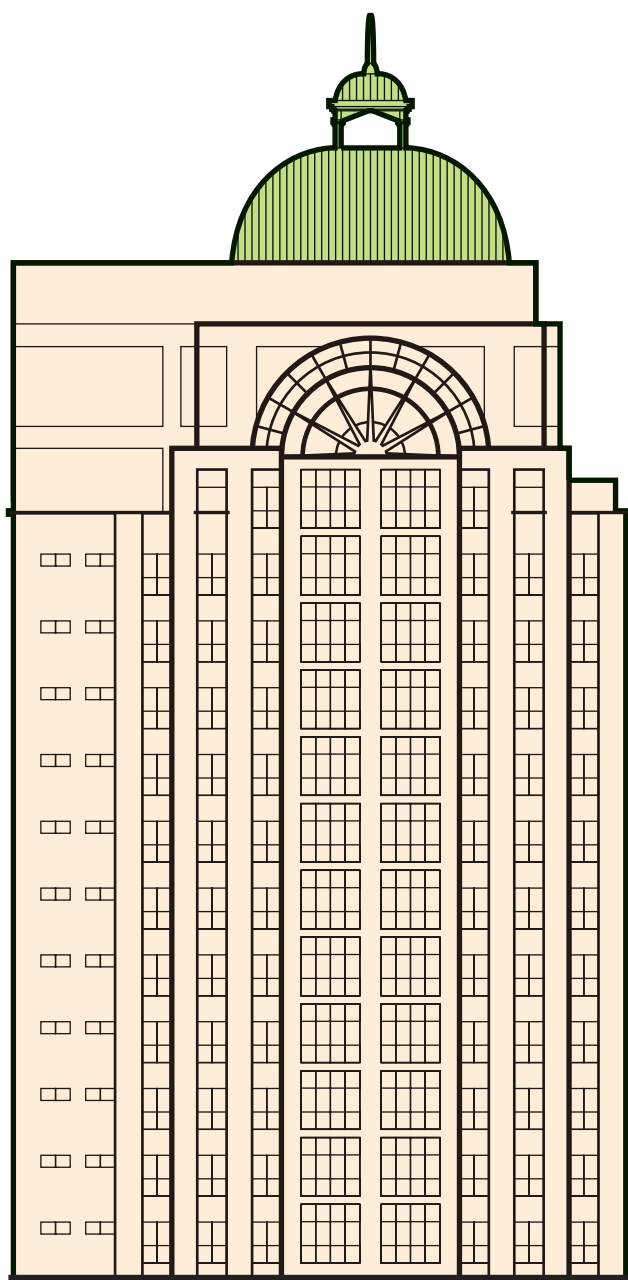
Our Logo depicts the four corners of the world where "Eastern Philosophy Meets Western Business Practises"; representing the international components of Axis REIT Managers Berhad. It displays the culmination of their experiences, backgrounds and knowledge from Norway, Australia and Southeast Asia.

Our vision is to become the Country's leading supplier of commercial, office and light industrial real estate.

Our Business Philosophy is to provide our customers with the best solutions in the supply of office/commercial and industrial space. We practice an open, transparent and creative management of our real estate portfolio, whilst being 'hands on' with our tenants. Our principal objective is to translate our business philosophy into best management practises thereby maximising returns to Axis-REIT Unitholders.

CONTENTS

What is a REIT	01
Salient Features of Fund	02
Financial Highlights	03
Chairman's Message	04
Manager's Report	06
Calendar of Events	13
Promoting Malaysia's First REIT	14
Portfolio at a Glance	15
Property Portfolio	16
Property Report	23
Board of Directors	24
The Axis-REIT Team	26
Corporate Governance	27
Investor Relations	32
Financial Statements	34
Unitholders' Statistics	52
Glossary	54
Corporate Directory	55
Global REITs - An Overview	56



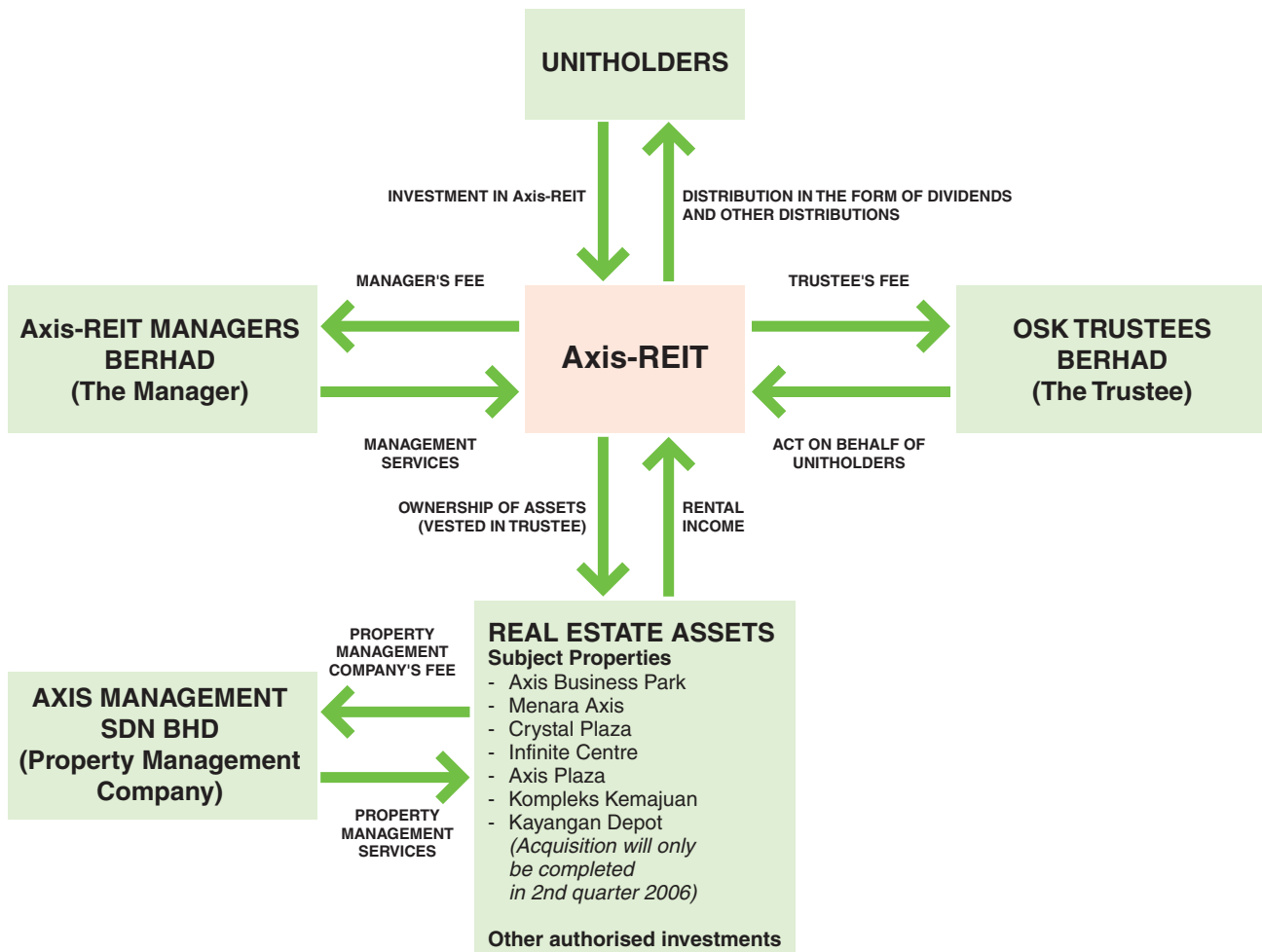
What is a REIT

WHAT IS A REIT?

“A REIT is a collective investment scheme where funds from investors are pooled and invested towards a specified goal as set out in the investment objective of the fund. In addition, a REIT is a fund that invests (via funds raised from investors) in a portfolio of real estate assets or real estate-related assets. Rents from these real estate generate income collected from tenants, which is then distributed to investors at regular intervals. REITs therefore provide investors with an alternative transparent, liquid vehicle to invest in a diverse portfolio of professionally managed income-generating commercial real estate, which has the potential of a capital upside over the long run.”

THE STRUCTURE OF Axis-REIT

The following diagram illustrates the structure of Axis-REIT and the relationships between Axis-REIT, the Manager, the Property Management Company, the Trustee and the Unitholders.



Financial Highlights

	ACTUAL 3 AUG TO 31 DEC 2005	FORECAST 15 AUG TO 31 DEC 2005	VARIANCE (%)
Net Income (RM '000) ⁽¹⁾	10,018	7,908	26.68
Income Distribution (RM '000)	9,677	7,743	24.98
Earnings per Unit (sen)	4.87	3.84	26.82
Distribution per Unit (sen)	4.70	3.76	25.00
Annualised management expense ratio (%)	0.88	1.33	33.83
Annualised distribution yield (%) ⁽²⁾	9.21	8.02	14.84
Annualised distribution yield (%) ⁽³⁾	6.65	5.79	14.85

AS AT 31 DECEMBER 2005

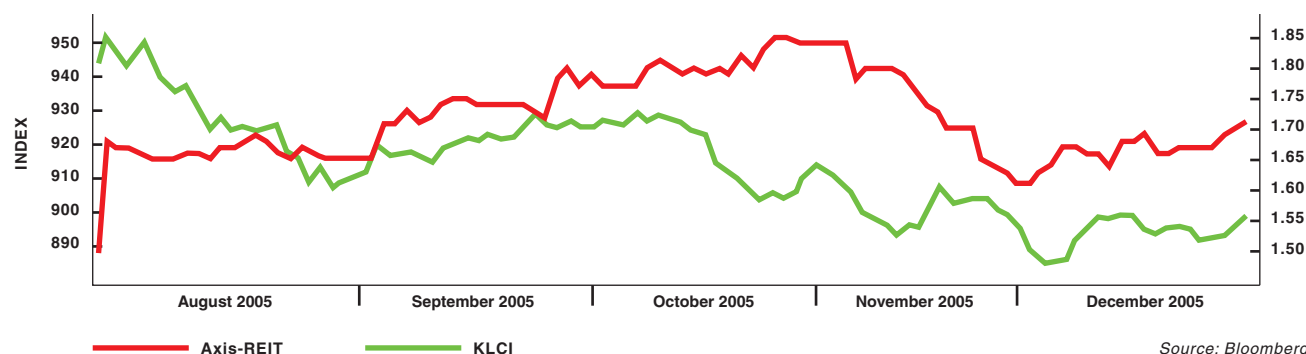
Total Assets (RM '000)	339,632
Total borrowing (RM '000)	40,000
Total Unitholders' fund (RM '000)	277,851
Market Capitalisation (RM '000)	356,209
Total borrowings to total assets (%)	11.77
Net asset value per Unit (RM)	1.35
Unit price (RM) - IPO - retail portion	1.25
Market Price per unit as at 31 Dec 2005 (RM)	1.73
No. of units in circulation ('000)	205,901
No. of Unitholders	1,216

Note : (1) - Axis-REIT was listed on 3 August 2005 and commenced to recognize gross revenue on this date whereas the prospectus forecast was to take effect only on 15 August 2005.

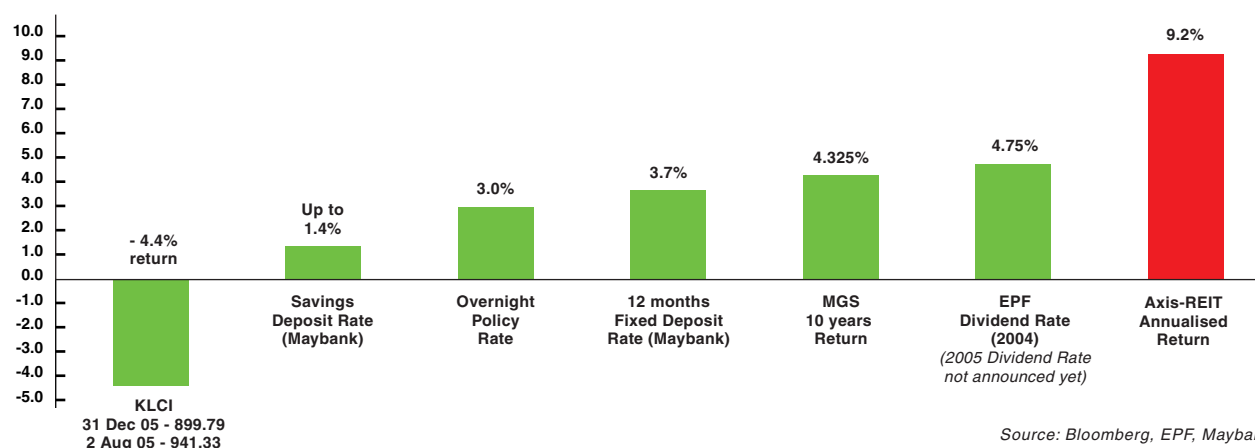
(2) - This is based on the IPO price per unit of RM 1.25 for the retail portion.

(3) - This is based on the Market Price per unit as at 31 December 2005 of RM 1.73 per unit.

Axis- REIT UNIT PRICE PERFORMANCE



COMPARABLE RETURNS



Chairman's Message

I have great pleasure to present to the Unitholders of Axis Real Estate Investment Trust (Axis-REIT), the inaugural Annual Report of Axis-REIT for the financial period ended 31 December 2005.

On behalf of the Board of Directors and Management of Axis REIT Managers Berhad (the Manager), it would be appropriate to mention at this juncture that Axis-REIT was the first REIT to be listed on Bursa Malaysia Securities Berhad (Bursa Malaysia), when on 3 August 2005, its units were admitted into the Official List. The listing of Axis-REIT units were undertaken under the Securities Commission's (SC's) new Guidelines on Real Estate Investment Trusts, introduced in January 2005, which superseded the previous Guidelines on Property Trust Funds.

Of Axis-REIT's total fund size of 205,901,000 units, 81,400,000 units were allocated to institutional and selected investors at a price of RM 1.38 per unit and 17,000,000 units were offered to the public at a price of RM 1.25 per unit. Of the remaining 107,501,000 units, 107,500,000 units were issued to, and retained by, the vendors of the properties, which Axis-REIT acquired and 1,000 units were issued to Axis REIT Managers Bhd as promoter units.

Upon listing, Axis-REIT achieved an opening price of RM1.48 per unit, and closed at RM1.68, a premium of 34.4% over the retail price at the end of the first listing day. I am pleased to report that the unit price closed on 31 December 2005 at RM1.73 per unit, representing a gain of more than 38% over the retail offer price.

Unitholders will also be delighted to know that the Manager has declared an income distribution of RM9,677,347 which translates to 4.70 sen per unit. This income distribution represents an improvement of 25% over the Manager's forecast Distribution Per Unit ("DPU") of 3.76 sen for the period under review. In terms of returns, the DPU represents an annualized yield of 9.2% based on the retail offer price of RM1.25 per unit.

I am also pleased to report that despite the current environment of rising interest rates, with Bank Negara Malaysia's last interest rate hike announcement at the end of 2005, Axis-REIT's unit price has remained resilient.

While we fully appreciate that interest rates are expected to rise further in 2006, the Manager shall continue to identify and acquire earnings accretive assets and implement suitable strategies to improve rental returns, as a means to manage the impact of interest rate increases to Axis-REIT's unit price, thereby staying ahead of the curve.

Axis-REIT Outperforms Forecast

Axis-REIT has demonstrated its ability to offer investors an alternative investment in a quality, diverse and well-managed portfolio of properties. In addition the Manager has proven its ability to deliver on its promise to investors of expanding the property portfolio quickly. This was done when two additional properties were acquired within four months of listing.



Kompleks Kemajuan in Petaling Jaya and Kayangan Depot in Shah Alam were acquired on 2nd December 2005, for a total sum of RM45,100,000. These acquisitions have and will be totally funded by internal funds and borrowings. The timing of these acquisitions does not have any material effect on the financial results of Axis-REIT for the period ended 31st December 2005.

The Manager took over the operations of Kompleks Kemajuan on 16 December 2005 and is expected to take possession of Kayangan Depot in the second quarter of 2006. These new acquisitions have also demonstrated the Manager's ability to undertake acquisitions below market value. The purchase of these two properties shall provide Unitholders a capital gain of about RM9,000,000 and an enhanced DPU of 0.8 sen, on an annualized basis.

With these additions, Axis-REIT now owns a portfolio of seven office and office/industrial real estate properties with an aggregate Net Lettable Area (NLA) of 1,348,796 sq. ft. This represents an expansion of 364,178 sq. ft., or an increase of 37.0%, over the initial NLA of the properties in the portfolio.

All seven properties continue to outperform neighbouring properties through their superior locations, excellent building management and proactive tenant care strategies.

Management Delivers Results

The Manager's extensive experience in managing investment grade properties has contributed significantly to the performance of Axis-REIT. The Executive Committee of the Manager meets regularly and they bring along their experiences to bear in the running of Axis-REIT through the targeting of new potential acquisitions, property management related matters, as well as looking at the needs of tenants.

Their very professional approach has resulted in excellent renewals being obtained post-listing and enhancements within the buildings in the portfolio.

Tenancy commitments amounting to 188,747 sq. ft., representing 19.2% of the total NLA (of the 5 properties), were successfully concluded during the period under review. Of this figure, 173,185 sq. ft. was in renewal of existing tenancies, whilst the balance 15,562 sq. ft. was new tenancies. The percentage increase in income for both the renewed and new tenancies is almost 23% or RM1,120,000, on an annualized basis.

At the same time, the Manager has also achieved savings in the operational costs of the properties in Axis-REIT.

Bright Outlook For REITs

As Malaysian investors become more discerning in their investment decisions, there will be a growing realization that REITs compare more favourably to similar investment instruments such as Time Deposits, Bonds and other Fixed Income securities.

This realization may become more apparent with the increasing uncertainty in the direction of the equities market.

The stated income distribution policies of REITs will also be a contributing factor to its attractiveness as a defensive stock in an investment portfolio.

Various government incentives, which were introduced recently, have given a boost to REITs in general. Amongst these are the elimination of Real Property Gains Tax and stamp duties for the purchase of properties by REITs. Despite these incentives, much still needs to be done to ensure Malaysian REITs are able to provide continued growth and gain acceptance as an asset class, as seen in more matured markets such as Australia and the United States of America.

From a regional perspective, REITs in Asia are gaining in popularity and is attracting considerable interest from international fund managers. As a result of this, a number of countries, including Malaysia, have begun reforms of their local property laws and tax regulations to enable REITs to be established in their jurisdictions.

Singapore continues to lead in this field, and it is acknowledged that their tax incentives and property law reforms are the major reasons for the success of their REITs.

With the recent listing of two more REITs on Bursa Malaysia, and I am certain there will be more to come, it is timely for the regulatory authorities to review the incentives available, so as to enable Malaysian REITs to continue to be competitive and attractive to both local and foreign investors.

Axis-REIT Voted Second Best IPO For 2005 (The Edge Malaysia - 8 Jan 2006)

Axis-REIT's listing is widely recognized as one of the most important developments of the real estate market in Malaysia and represents a major milestone for the capital market, paving the way for more REITs to be listed.

In one of Malaysia's most respected weekly business publications, Axis-REIT was rated as the second best IPO for the year since it was the first of its asset class, it performed admirably after its listing, and was well received because it offered units to the market with an 8% yield, thus creating an upside for investors.

The fact that new acquisitions were announced within four months of listing demonstrated the strengths of the Manager in creating future value for the REIT.

Acknowledgements

On behalf of the Manager, I would like to take this opportunity to thank the Unitholders of Axis-REIT for their continued confidence in us. Our appreciation is also extended to the SC and Bursa Malaysia for their invaluable counsel during the listing of Axis-REIT.

I would also like to acknowledge our gratitude to our strategic business partners, namely OSK Trustees Berhad, Aseambankers Malaysia Berhad, Commerce International Merchant Bankers Berhad, Malayan Banking Securities Sdn. Bhd., Malayan Banking Berhad, Bumiputra-Commerce Bank Berhad, Symphony Capital Sdn Bhd., Zaid Ibrahim & Co, SF Chan & Co, KPMG, KPMG Tax Services Sdn Bhd, Colliers, Jordan Lee & Jaafar Sdn. Bhd., CH Williams Talhar & Wong, Haz-Iq Capital Sdn. Bhd. and Archer Corporate Services Sdn. Bhd.

Last, but by no means least, our thanks to the tenants of Axis-REIT properties for their kind support and cooperation.

Dato' Abdul Azim Mohd Zabidi

Chairman

Axis REIT Managers Berhad

Date: 21 February 2006

Manager's Report

The Manager is pleased to submit their first report and audited financial statements to Unitholders of Axis Real Estate Investment Trust (Axis-REIT) for the period from 3 August, 2005 (date of commencement) to 31 December, 2005 (the "Period").

Since the listing of Axis-REIT on the Bursa Malaysia on the 3 August 2005, the Manager has focused on actively managing the property portfolio with the objective of delivering the forecast yield to Unitholders. In addition the Manager has successfully acquired two properties since listing that would further enhance the portfolio of Axis-REIT and enhance distributions to Unitholders as well as provide diversity in the property portfolio. The performance of the Period demonstrates the commitment of the Manager to deliver a superior performance for the benefit of Unitholders.

PRINCIPAL ACTIVITY OF AXIS-REIT

Axis-REIT is a real estate investment trust constituted by the Deed and principally regulated by Securities Laws (as defined in section 2(1) of the SCA), the SC Guidelines on REITs, the Listing Requirements of Bursa Securities, the Rules of the Depository and taxation laws and rulings (collectively "Applicable Laws and Requirements").

The Deed was entered into on 15 June 2005 between Axis-REIT Managers as the Manager of Axis-REIT, and OSK Trustees Berhad, as the Trustee of Axis-REIT, and the Deed was registered and lodged with the Securities Commission (SC) on 16 June 2005.

Axis-REIT commenced business on the 3 August 2005 and was formed to own and invest primarily in commercial, office and office/industrial real estate. The primary objectives of the Fund are:

- (a) to provide Unitholders with distribution of income; and
- (b) to achieve long-term growth in the NAV per Unit of the Fund.

REVIEW OF PERFORMANCE

	2005 (AS AT 31 DECEMBER 2005)
Total Net Asset Value (RM)	277,850,172
Units in Circulation (Units)	205,901,000
Net Asset Value per unit (RM)	1.349
Market value per Unit (RM) as at 31 Dec 2005	1.73
Highest Traded Price for the Period (RM)	1.86
Lowest Traded Price for the Period (RM)	1.48

RESULTS

	ACTUAL (RM'000)	PROSPECTUS (RM'000)
Total Trust Revenue	14,089	12,882
Total Property Expenses	2,300	2,261
Total Income	11,789	10,621
Total Non-Property Expenses	1,737	2,470
Income before Taxation	10,052	8,151
Income after Taxation	10,018	7,908
Earnings per Unit after Tax (sen)	4.87	3.84
Distribution per Unit (DPU) Sen	4.70	3.76



The Manager is pleased to report that for the Period, commencing from 3 August 2005 till 31 December 2005, the total revenue of the Trust was RM14,088,960 of which RM328,289 was attributable to interest income. Gross rental income for the Period was RM13,760,131 and this represents a 10.3% increase in comparison to the original projections in the prospectus dated June 30, 2005. The increase in rental was mainly attributable to the increase in rental rates on renewed tenancies, the establishment of fresh tenancies, an increase in car park income, and the gross rental income of RM140,908 from the acquisition of Kompleks Kemajuan, which was completed on 16 December 2005.

For the Period, total expenditure was RM4,036,629 comprising property expenses of RM2,299,910 and non-property expenses of RM1,736,719.

In the Prospectus dated June 30, 2005, the Trust forecast an amount of RM7,908,000 of Earnings after Tax for the period ending 31 December 2005 whereas the audited results were RM10,018,000. The deviation of RM2,110,000 representing 26.7% between the forecast and audited results was largely due to:-

> **Timing Of Income Recognition**

The Prospectus had forecasted gross rental income recognition of the five (5) properties acquired by the Trust to commence on 15 August 2005 but listing was brought forward to 3 August 2005 instead. Proceeds from the IPO were used to settle four (4) properties on 4 August 2005 and one (1) property on 8 August 2005. The additional gross rental income generated by the five (5) properties amounted to RM871,000 but is also set off by recognition of additional property expenses.

> **Acquisition Of Kompleks Kemajuan On 16 December 2005**

Kompleks Kemajuan contributed RM95,000 of Net Property Income from 16 December 2005 till 31 December 2005. This new acquisition was not reflected in the Prospectus' forecast.

> **Strong Leasing Results & Stable Occupancy**

The Manager has secured renewals from existing tenancies as well as established new tenancies due to the preferred location and quality of the properties in the Trust's portfolio and has remained in line or above the IPO forecasts.

14 Tenancy commitments amounting to 188,747 sq ft representing 19.2% of the total net lettable area of the five IPO Properties were successfully concluded. This was concluded from June 2, 2005 till 31 December, 2005 and this is represented by 173,185 sq ft in renewed existing tenancies as well as 15,562 sq ft in new tenancies. The increase income is annualized at RM1,120,000 representing a 23% rise over the existing tenancies negotiated.

Axis-REIT's average occupancy remained unchanged at 99% for the period on the portfolio of properties listed at the time of the IPO. The Manager is working towards 100% occupancy in both the original portfolio as well as recently acquired properties in the 2006 financial year.

> **Reduction In Interest Expense**

The Prospectus had assumed a book-building price of RM1.25 per unit for the institutional investors' portion but due to overwhelming subscription the book-building price achieved was RM1.38 per unit. As a result, the Axis-REIT was able to raise an additional RM10,600,000 in cash. Together with the crossing over of tenants' security deposit of close to RM10,500,000, Axis-REIT was able to reduce its initial borrowings to fund the acquisitions of the five (5) properties. Secondly, the Prospectus had assumed an interest rate cost of 5.00% per annum whereas Axis-REIT was able to fund its borrowings at a rate between 4.40% per annum to 4.50% per annum. For the period ended 31 December 2005, the interest expense was RM738,000 as compared to the Prospectus's forecast of RM1,161,000 - a total reduction of RM423,000.

> **Listing Expenses Charged Against Unitholders' Fund**

For the period ended 31 December 2005 a sum of RM230,000 in respect of facility fees paid to a financial institution, stamp duty, legal and loan documentation fees for securing bank borrowings were included as 'Listing Expenses' and charged directly against Unitholders' Fund.

> **Provision For Taxation**

There was a reduction in tax provision for the period ended by RM209,000 mainly due to tax-exempt interest income of RM309,000.

> **Provision For Doubtful Debts**

There was a non-occurrence of bad debt for a specific tenant and the provision made amounting to RM150,000 was written back.

> **Others**

The additional gross rental income, as mentioned above, has also resulting in a higher payout for property management fees. There was also an overall reduction in total expenditure due to economies of scale and favorable terms extended by the various service providers.

The favorable deviation mentioned above, of RM2,110,000 has enabled Axis-REIT to make a higher (by RM1,934,000) than disclosed income distribution for the period ended 31 December 2005 for the benefit of all Unitholders.

DISTRIBUTION PER UNIT EXCEEDS FORECAST

No distribution was paid during the Period. For the Period under review, income before taxation and available for distribution stood at RM10,052,331. Pursuant to the Distribution Policy as disclosed in the Trust's Prospectus dated 30 June 2005 the Manager has declared and the Trustee approved an income distribution of 4.7 sen per unit, totaling RM9,677,347 (equivalent to 96.3% of the earnings before tax) for the financial period ended 31 December 2005, and to be paid on 28 February 2006. This leaves an undistributed income before taxation of RM375,000. With a tax provision of RM34,000 the retained earnings after tax amounted to RM341,000.

The Distribution per Unit ("DPU") of 4.70 sen translates to a yield of 6.65% based on the closing price of RM1.73 on 31 December 2005. The result was 25% ahead of forecasts (3.76 sen for the period) and is in line with the objectives of the Fund to provide Unitholders with excellent distributions in line with the Manager's strategies.

BREAKDOWN OF UNITHOLDERS

	NUMBER OF UNITHOLDERS	PERCENTAGE OF UNITHOLDERS	NUMBER OF UNITHOLDINGS	PERCENTAGE OF UNITHOLDINGS
5,000 and below	720	59.21%	1,557,000	0.76%
5,001 to 10,000	174	14.31%	1,345,500	0.65%
10,001 to 50,000	140	11.51%	3,549,000	1.72%
50,001 to 500,000	128	10.53%	23,424,000	11.38%
500,001 and above	54	4.44%	176,025,500	85.49%
	1,216	100%	205,901,000	100%

DIRECTORS OF THE MANAGER

Directors who served since commencement are:

DIRECTOR	ALTERNATE
Dato' Abdul Azim Mohd Zabidi	-
Dato' Mohamed Salleh Bajuri	-
Dato' Abas Carl Gunnar bin Abdullah	Alex Lee Lao
Gerge Stewart LaBrooy	-
Lim Kian Thiam	Khoo Cheang Ee
Stephen Tew Peng Hwee	-

DIRECTORS BENEFITS

Since the date of commencement, no Director of the Manager has received or become entitled to receive any benefit by reason of a contract made by the Trust or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to have derived a benefit by virtue of certain property management fees receivable in the ordinary course of business from the companies in which the Directors have interest.

There were no arrangements during and at the end of the period, which had the object of enabling Directors of the Manager to acquire benefits by means of the acquisition of units in, or debentures of the Trust or any other body corporate.

MANAGERS FEES

The Manager is entitled to receive a fee of up to a maximum of 1% per annum of the NAV of Axis-REIT, calculated on a monthly basis and payable to the Manager monthly in arrears. There will be no payment due to the Manager by way of remuneration for its services upon the subscription for the purchase or sale of Axis-REIT's Units or upon any distribution of income and capital.

The Trustee and Unitholders must approve any increase in the maximum permitted level of the Manager's fees by way of an ordinary resolution of the Unitholders passed at a Unitholders' meeting convened in accordance with the Deed.

For the period 31 December 2005, the Manager's fee was RM 794,177 representing 0.70% per annum of the NAV of Axis-REIT. The Manager did not receive any soft commissions during the Period.

Save for the expenses incurred for the general overheads and costs of services which the Manager is expected to provide, or falling within the normal expertise of the Manager, the Manager has the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by it that are directly related and necessary to the business of the Fund.

GROWTH STRATEGY AND INVESTMENT POLICY

The Manager has demonstrated its commitment to growth both organically as well as through new acquisitions, a strategy that was well documented in the Prospectus.

ORGANIC GROWTH STRATEGY

The Manager will continue to actively market the remaining spaces in the buildings through:-

- > Maintaining high occupancy levels and maximizing tenant retention
- > Leasing opportunities
- > Asset enhancements
- > Minimizing property operating expenses
- > Superior customer service
- > Strong alliances with real estate practitioners

ACQUISITION STRATEGY

The Manager is pleased to report that on 2 December 2005, Axis-REIT announced the acquisitions of two properties to its portfolio. The properties are Kompleks Kemajuan purchased for a consideration of RM29,000,000 and Kayangan Depot purchased for a consideration of RM16,100,000.

Information on Kompleks Kemajuan

Kompleks Kemajuan is a five (5) storey office/showroom cum warehouse complex with basement car park situated at No. 2, Jalan 19/1B, 46300 Petaling Jaya, Selangor and sited on a leasehold land held under PN 3940, Lot 24, Town of Petaling Jaya, District of Petaling, Selangor with a land area of 87,972 sq. ft.. The tenure of the lease is ninety-nine (99) years expiring on 4 July 2065. Kompleks Kemajuan is approximately twelve (12) years old. It has a gross built up area of 318,614 sq. ft. (include basement car park), net lettable area of 201,414 sq. ft. and has one hundred and sixty-eight (168) car park bays. The category of land use is industrial. Currently, Kompleks Kemajuan has an occupancy rate of 72.8%. The current average gross rental rate for the tenanted office space is approximately RM2.20 per square feet ("sq. ft") per month and for the tenanted warehouse space is approximately RM1.39 per sq. ft per month.

> Basis of The Kompleks Kemajuan Purchase Price

The purchase consideration for Kompleks Kemajuan was arrived at based on a willing-buyer, willing-seller basis after taking into account the market value of Kompleks Kemajuan of RM36.2 million as appraised by M/s C H Williams Talhar & Wong Sdn Bhd, an independent firm of registered valuers in its valuation report dated 22 November 2005. The valuation of RM36.2 million was arrived at using a combination of comparison and investment methods of valuation.

> Source of Funding

The acquisition of Kompleks Kemajuan was funded by a combination of bank borrowings and internally generated funds.

Completion of Purchase

- > The purchase was completed on the 16 December 2005 and Axis-REIT took possession of the property on that date.

Information on Kayangan Depot

Kayangan Depot is a three (3) storey office cum warehouse complex with one hundred and thirteen (113) car park bays situated at No. 3, Jalan 15/16, Section 15, 40200 Shah Alam, Selangor and sited on a leasehold land held under H.S.(D) 22390, P.T. 61, Section 15, Town of Shah Alam, District of Petaling, Selangor with a land area of 132,697 sq. ft.. The tenure of the lease is ninety-nine (99) years expiring on 12 January 2086. Kayangan Depot is approximately thirteen and a half (13.5) years old. It has a gross built up area of 169,194 sq. ft. and net lettable area of 162,206 sq. ft.. The category of land use is industrial. Currently, Kayangan Depot has an occupancy rate of 100%. The current average gross rental rate for the tenanted office space is approximately RM0.97 per sq. ft per month and for the tenanted warehouse space is approximately RM0.89 per sq. ft per month.

Basis of the Kayangan Depot Purchase Price

- > The purchase consideration for Kayangan Depot was arrived at based on a willing-buyer, willing-seller basis after taking into account the market value of Kayangan Depot of RM18.2 million as appraised by M/s C H Williams Talhar & Wong Sdn Bhd, an independent firm of registered valuers in its valuation report dated 22 November 2005. The valuation of RM18.2 million was arrived at using a combination of comparison and investment methods of valuation.

Source of Funding

- > The proposed acquisition of Kayangan Depot will be funded by a combination of bank borrowings and internally generated funds.

Completion of Purchase

- > The completion of the purchase is anticipated to be in the 2nd Quarter 2006 as the Manager is awaiting approval from State authority for the transfer of title.

FUTURE ACQUISITIONS

In the evaluation of future acquisition opportunities, the Manager will continue to focus on the following investment criteria:

- > Yield Enhancement opportunities
- > Evaluation of occupancy and tenant characteristics
- > Superior location
- > Value add opportunities
- > Length of land lease (in the case of leasehold properties)
- > Building and facility specifications

INVESTMENTS OF THE TRUST

Total investments for the period ended 31 December 2005 was RM336,550,000

	RM '000	%
At valuation:		
Real Estate		
- Commercial & Office buildings and Warehouse		
Axis Plaza	26,000	7.73
Axis Business Park	93,000	27.63
Crystal Plaza	65,000	19.31
Menara Axis	80,000	23.77
Infinite Centre	32,000	9.51
Kompleks Kemajuan	36,200	10.76
	<hr/> 332,200	<hr/> 98.71
At fair value:		
Deposits with licensed banks	4,350	1.29
	<hr/> 336,550	<hr/> 100.00

GEARING

DEBT FACILITIES

Axis-REIT has a RM95,000,000 secured facility comprising of a RM40,000,000 Revolving Credit and a RM55,000,000 Overdraft Facility.

The Debt is short term in nature with a 12 month fixed rate for the Revolving Credit and a floating rate for the Overdraft.

As at 31 December 2005, Axis-REIT has only drawn down RM40,000,000 of the Revolving Credit Facility. It will proceed to draw down approximately RM15,000,000 of the Overdraft Facility in April 2006 to fund the purchase of Kayangan Depot.

GEARING CAPACITY

As of 31 December 2005, Axis-REIT had a gearing ratio (external borrowings to total assets) of 11.77%, and had available credit facilities of RM55,000,000. There is capacity to borrow an additional RM23,870,000 before reaching the 35% limit permitted under the REIT Guidelines.

On the purchase of Kayangan Depot scheduled for 2nd quarter 2006 the gearing will rise to 15.50% and there will be an unutilized credit facilities of RM40,000,000 together with an additional capacity to borrow RM30,240,000.

The Manager will be utilising the available credit facilities to further pursue its acquisition strategy prior to a Unit issue.

UNITS IN ISSUE

On 15 June 2005, 1,000 promoter units were issued and subscribed by the Manager on the date of registration of the Deed that constitutes the Trust, with Securities Commission. The Manager had on the day of listing disposed off the 1,000 promoter units in compliance with the SC Guidelines on REITs. On 3 August 2005, a total of 205,901,000 units were in issue when Axis-REIT was listed on the Main Board of Bursa Malaysia Securities Berhad.

81,400,000 units were allocated to Institutional and selected investors at a price of RM1.38 per Unit and 17,000,000 units were offered to the public at a price of RM1.25 per Unit.

There were no further changes to the number of units in issue of Axis-REIT during the Period.

REVALUATIONS

The original portfolio of properties was valued on 24 June 2005 at a combined value of RM296,000,000. New acquisitions, Kompleks Kemajuan and Kayangan Depot were valued on 22 November 2005 for a total value of RM54,400,000. As they were purchased below the valuations obtained, a valuation reserve for these two purchases at RM8,992,446 will be added to the Net Asset Value (NAV) as and when they are concluded.

Axis-REIT will undertake revaluations of all properties every financial year to reflect the fair values of the properties of the Fund.

NET ASSET VALUE ("NAV") OF AXIS-REIT

At the time of listing the NAV of Axis-REIT was RM1.315. In line with the listing requirements the NAV has been posted weekly with Bursa Malaysia and published on their website.

With the completion of the acquisition of Kompleks Kemajuan on 16 December 2005, the NAV rose to close at RM1.349 on 31 December 2005. This was a result of a revaluation reserve of RM7,007,762 being transferred to the revaluation reserve account as a result of the property being purchased at a discount to valuation.

PROSPECTS

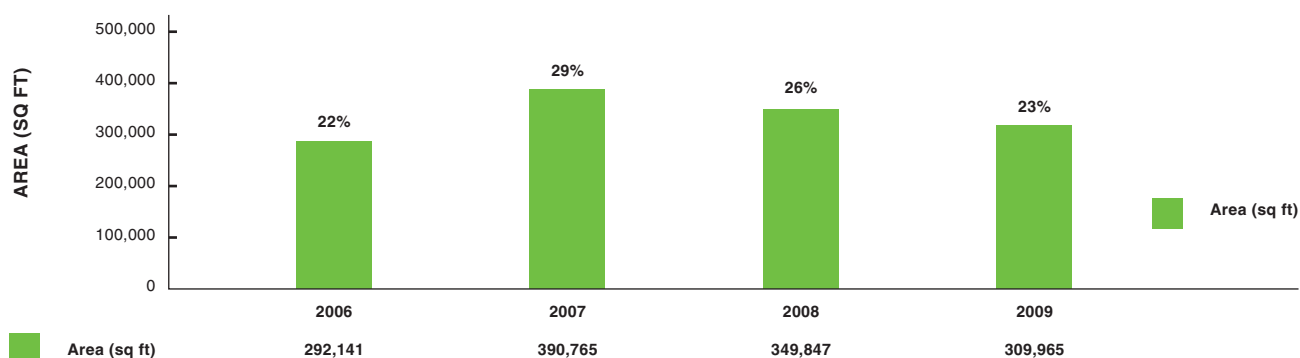
All the properties in the original portfolio of Axis-REIT which are primarily located in Petaling Jaya and Shah Alam will continue to enjoy a high level of occupancy and rising rentals upon renewal due to the strength of the location and tightening supply of office and office / Industrial spaces in these locations.

For the newly acquired properties of Kompleks Kemajuan and Kayangan Depot the Manager will be allocating a budget of RM2,000,000 for building enhancements, which is scheduled to be completed in 2006. Funding for the enhancements will be via working capital and is not expected to affect the performance of Axis-REIT for 2006.

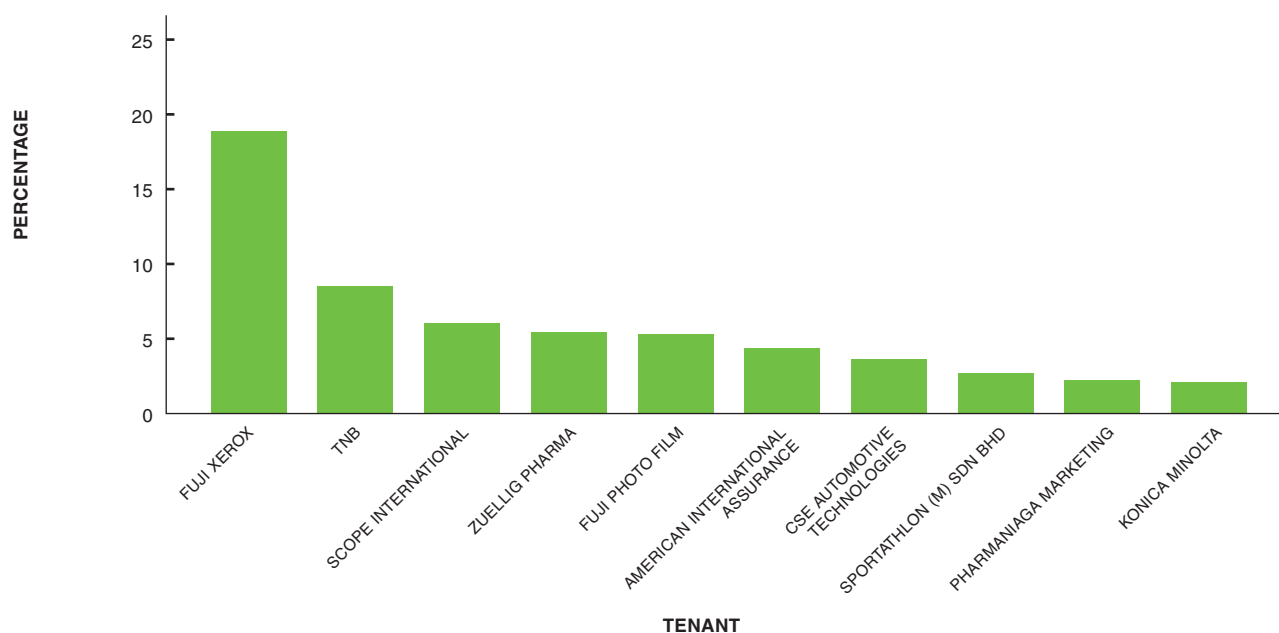
This will enable the properties to be actively marketed with a view to fill up the vacant spaces at stronger rentals resulting in better returns for Unitholders.

In addition the Manager will be actively pursuing acquisitions in 2006 that would further enhance the portfolio of Axis-REIT, and enhance distributions to Unitholders, as well as provide diversity in the property portfolio.

LEASE EXPIRY (Including Kompleks Kemajuan & Kayangan Depot)



TOP TEN TENANTS BY GROSS RENTAL VALUE OF THE AXIS-REIT PORTFOLIO AS AT 31 DECEMBER 2005.



TRAINING ATTENDED BY DIRECTORS OF THE MANAGER

For the year 2005, the following Directors have attended the Training programs/ Seminars listed below:

1. Mandatory Accreditation Program (MAP) - 15-16 November 2005
 - > George Stewart LaBrooy
 - > Dato' Abas Carl Gunnar bin Abdullah
 - > Khoo Cheang Ee
2. Strategic Corporate Planning for Company Directors and Senior Management - 5 April 2005
 - > Dato' Abdul Azim Mohd Zabidi
3. Bond Markets (Financing, Investment, Benefits & Risks) Latest Bond Products- 2 March 2005
 - > Dato Mohamed Salleh bin Bajuri
4. REITs - Broadening Investment Opportunities in Malaysia - 2 June 2005
 - > George Stewart LaBrooy
 - > Khoo Cheang Ee
5. REIT Conference Kuala Lumpur 21-22 September 2005
 - > George Stewart LaBrooy
6. Malaysia Securitization & Real Estate Investment Trusts (REITs) Conference - 25-26 October 2005
 - > George Stewart LaBrooy
7. Securitization World Asia 2005 - Singapore - 29 November - 1 December 2005
 - > George Stewart LaBrooy

OTHER STATUTORY INFORMATION

Before the financial statements of Axis-REIT were made out, the Manager took reasonable steps to ascertain that:

- i) there are no bad debts to be written off and no provision need be made for doubtful debts, and
- ii) All current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Manager is not aware of any circumstances:

- i) that would render it necessary to write off any bad debts, or provide for any doubtful debts, or
- ii) that would render the value attributed to the current assets in Axis-REIT financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of Axis-REIT misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of Axis-REIT misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of Axis-REIT that has arisen since the end of the financial period and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of Axis-REIT that has arisen since the end of the financial period.

No contingent liability or other liability of Axis-REIT has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Manager, will or may substantially affect the ability of Axis-REIT to meet its obligations as and when they fall due.

As of the date of this report there was no material contract entered into between the Trustees and the Directors and / or major shareholders of the Manager.

In the opinion of the Manager, the results of the operations of Axis-REIT for the financial period ended 31 December 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept appointment.

For and on behalf of the Manager, Axis REIT Managers Berhad, signed in accordance with a resolution of the Directors:

STEPHEN TEW PENG HWEE
Director

GEORGE STEWART LABROOY
Executive Director

Kuala Lumpur,

Date: 21 February 2006

Calendar of Events

1. Soft Launch of Menara Axis

17 August 2004



Soft launch held in conjunction with the visit of Fuji Photo Film Co Ltd Japan President & CEO, Mr Shigetaka Komori and the official opening of their new Showroom and Corporate HQ at Menara Axis.

2. Official launch of Menara Axis

28 October 2004



Housing and Local Government Minister, Datuk Seri Ong Ka Ting signs the plaque in conjunction with the official opening of Menara Axis.

3. Axis REIT Managers Bhd Board meets for the first time

22 March 2005



The first official meeting of the Board of Directors of Axis REIT Managers Bhd.

4. Sale & Purchase Agreement between Vendors & Trustees

17 June 2005



The directors of the Axis Group representing the Vendors enter into a Sale & Purchase Agreement with OSK Trustees Berhad, setting the stage for the listing of Axis-REIT.

5. Underwriting Ceremony

20 June 2005



The Underwriting Ceremony between Axis REIT Managers Berhad, Asseam Bankers and Mayban Securities Sdn Bhd.

6. Launch of the Axis-REIT Prospectus

30 June 2005



About 300 analysts, fund managers and guests attended the Prospectus Launch of Malaysia's first Real Estate Investment Trust.

7. Balloting

19 August 2005



Axis-REIT IPO Balloting of the Public Offer commences; Institutional Offer was 18.36% & the Public Offer was 3.72% oversubscribed.

8. Axis-REIT Commences Trading

3 August 2005



Axis-REIT Commences Trading on the Bursa Malaysia Berhad; finishing the day with a premium of 43 sen over the IPO price of RM 1.25 per unit.

9. Analysts Briefing on the 3rd Quarter Results & New Acquisitions

5 December 2005



Axis-REIT announces the Unaudited Financial Results for the period 30 September 2005 and the acquisition of two properties to be injected in the REIT.

10. Analysts Briefing on the 31 December 2005 Unaudited Results & Income Distribution

24 January 2006



Axis-REIT announces the Unaudited Financial Results for the period end December 2005 and Distribution of Income per Unit of 4.70 sen for the period.



Promoting Malaysia's First REIT

Director: Axis-REIT set to expand via acquisitions

AXIS-REIT Managers Bhd is set to grow through acquisitions, which should take place by early next year, said executive director Stewart LaBrooy.

According to LaBrooy, the management company for the first real estate investment trust (REIT) to be listed on the Bursa Malaysia main board was, at present, conducting the necessary research to facilitate the said acquisitions.

"We are likely to acquire commercial and industrial buildings in the Klang Valley and Johor Baru," he said, adding that the company was also considering acquiring stand-alone supermarket buildings.

Speaking to reporters after Axis REIT's list-

ing on 31 December 2005, LaBrooy said that tenants came from largely diversified industrial and MNCs such as Fuji Xerox and Ricoh.

Axis-REIT made an impressive debut with its shares opening at RM1.48 for a 23 sen premium over its initial offer price of RM1.25. The counter touched a high of RM1.69 and a low of RM1.48 before closing at RM1.68 on strong volume of 31.6 million shares.

Commenting on the opening price, LaBrooy said it was a reflection of investors' interest in the company.

On dividend payouts, chairman Datuk Abdul Aziz Mohd Zabidi, in his speech, said the com-



Axis-REIT chairman Datuk Abdul Aziz Mohd Zabidi looking on to mark the company's listing on Bursa Malaysia. Looking on are the company's directors and senior management

南方銀行主席證實離職

(吉隆坡3日訊)南方銀行(SBANK, 1333, 主權金融股)今日證實拿督莫哈末尤素夫辭去南方銀行主席職務,惟并未告知離職的理由。

南方銀行發表文告指出,尤素夫是在收新加坡亞細亞保險公司(Asia General)股東投票前辭職。分析員指出,此舉讓尤素夫在沒有任何爭議下,反對收購新加坡亞細亞保險公司。

南方銀行最近通過媒體,極力推廣收購新加坡亞細亞保險公司的計劃,并尋求股東在12月12日通過。該項收購建議,必須獲得該行2萬3000名股東超過一半的股東同意才能通過。同時,南方銀行亦于周一在本地報刊登8頁附錄,說明董事局「無異議和全力支持」該項收購案。

但是同業的觀察者則表示,

尤素夫在周一去職,已告知大眾有關該董事局內部對新加坡收購案的不同意見。就像士嘉堡聯昌控股(COMMERZ, 1023, 主權金融股)要併購南方銀行一樣,不獲得董事局的一致同意。

一名銀行員向路透社通訊社指出,相信尤素夫是要向董事局表達不同意見。尤素夫和雪蘭莪芬蘭沙拉蘭的願意是讓南方銀行與士嘉堡聯昌進行合併,但是受到南方銀行首席執行官丹斯里陳仲英的反对。

另一個分析員的支持將會是士嘉堡聯昌收購案的重要。雖然,士嘉堡聯昌保險收購案是其合,但是相信若沒有此收購案將可更替并

雅飾信託積極收購產業

(吉隆坡3日訊)雅飾信託投資信託(AXERIT, 5106, 主權房地產信託股)在成功收購了兩項產業后,將放眼在未來收購更多的產業。

雅飾信託是在上週五宣布以4510萬令吉,收購komplex kemajuan和keyangan Depot兩項產業。

雅飾信託執行董事史帝瓦拉布表示,這是該公司在上市

後,在成功收購這兩項產業后,其產業面積增加37%,以5項產業的98萬1147平方公尺,增加至目前7項產業的134萬4787平方公尺。

雅飾信託將通過其現金儲備金和銀行借貸來支付這筆數目,這兩項產業料將分別在今年12月和明年2月完成整體的交易,料將在2006年首季起,為該公司帶來顯著的盈利貢獻。

由雅飾信託在該公司公佈的



B2 Rabu 25 Januari 2006 EKONOMI

Axis-Reit umum dividen 4.7 sen seunit

AXIS Reit Managers Bhd (Axis), pengurus Axis Real Estate Investment Trust (Axis-Reit) mengumumkan dividen 4.7 sen seunit bagi tempoh berakhir 31 Disember lalu, 25 peratus lebih tinggi berbanding unjuran 3.76 sen sebelum penyenaaraiannya.

Pengarah Eksekutif Axis, Stewart LaBrooy, berkata pengalihan itu membabitkan 96 peratus daripada penda-

akhir 31 Disember lalu, di Kuala Lumpur, semalam.

Dividen itu akan diagihkan pada 28 Februari ini kepada pelabur yang namanya tercatat dalam rekod pemegang unit pada 13 Februari.

Antara 3 Ogos hingga 31 Disember 2005, Axis-Reit meraih pendapatan keseluruhan berjumlah RM14.08 juta yang mana sewaan kasar menyumbang RM13.7 juta dan keuntungan

hun lalu," katanya.

Kompleks Kemajuan ialah tambahan kepada lima aset sedia ada Axis-Reit membabitkan pelaburan RM29 juta.

"Syarikat bercadang melabur RM1.6 juta untuk menaik taraf bangunan itu bagi meraih sewa lebih baik," katanya.

Selain itu, Axis-Reit mengambil alih Kayangan Depot di Shah Alam RM16.1 juta dan dimiliki pada

FAKTA NOMBOR

RM14.08j

Pendapatan keseluruhan antara 3 Ogos hingga 31 Disember 2005

RM13.7j

Sumbangan sewaan kasar

RM328,000

Untung faedah

B4 News

Axis REIT makes impressive debut

IPO Watch

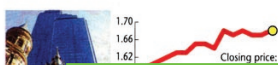
By CHONG POOI KOON

MALAYSIA'S first real estate investment trust (REIT), Axis REIT Managers Bhd, rose as much as 35 per cent in an impressive debut on Bursa Malaysia Bhd yesterday, signalling a good start for property trusts in the country.

The stock opened lower at RM1.48 and rose to as high as RM1.69 before easing a little to end at RM1.68, giving retail investors a 34 per cent gain for the day.

Retail investors paid RM1.25 for every Axis REIT share in its initial public offering, while institutional investors paid RM1.38.

"The market is efficiently pricing it at a level near the



NEW STRAITS TIMES, SATURDAY, DECEMBER 10, 2005

News

Axis REIT adds two more properties to portfolio

By P. Rajan

Two more properties will be added to the portfolio of Axis-REIT, bringing the number of buildings in the first Real Estate Investment Trust listed on Bursa Malaysia Securities Bhd to seven.

As a result of the acquisitions, the net lettable area of the properties in Axis-REIT will increase by a whopping 37 per cent to 1,345,175 sq ft.

The two properties, both in Selangor, are Kompleks Kemajuan, a five-storey office and warehouse complex in Petaling Jaya with a net lettable area of 201,972 sq ft, and Keyangan Depot, a three-storey office and warehouse complex in Section 15, Shah Alam, with a net lettable area of 162,206 sq ft.

Kompleks Kemajuan, which has an occupancy level of 72.8 per cent, and Keyangan Depot, with 100 per cent occupancy, are both leasehold properties and were bought for RM29 million and RM16.1 million respectively. The properties were acquired at a discount to the market prices.

The purchases are in line

with our acquisition strategy to deliver on our promise of growth of the fund to unit holders," said Axis-REIT Managers Bhd executive director Stewart LaBrooy.

According to him, the company will seek to increase its revenues by filling up the unutilised spaces as well as improving the tenant mix in the two properties. It hopes to achieve this by implementing measures to enhance the allure of the buildings.

The current average gross rental rate for the tenanted office space in Kompleks Kemajuan is about RM2.50 per sq ft while for the tenanted warehouse space, it is about RM1.39 per sq ft.

For Keyangan Depot, the current average gross rental rates for the tenanted office and warehouse spaces are RM0.97 per sq ft and RM0.89 per sq ft respectively.

Existing properties in the Axis-REIT include Menara Axis, the Axis Business Park, Crystal Park, Infinite Centre and Menara Axis, which combined have close to a million square feet of space.

Within the premises are well-known multinationals such as AIA, Fuji Photo, Philips Malaysia, DHL, Fitness First, Zeallig, Honeywell Engineering, Johnson & Johnson Malaysia, Minolta and Electrolux.

As of June 1, 2005, the average occupancy rate of Axis-REIT's five properties was about 99 per cent.

The acquisition will be funded with cash and bank borrowings. With this, the gearing level, which is defined as total borrowings as a percentage of total enlarged assets, will increase to 16 per cent from the current 10.8 per cent, based on its financials as at Sept 30, 2005.

This is considerably lower than the gearing limit of 35 per cent prescribed by the Securities Commission's Guidelines on REIT and suggests that Axis-REIT still has much leeway for further acquisitions.

The company has a few real estate properties that are highly "rentable", such as Wisma Academy in PJ and the Toyota Logistics Centre in PJ's Section 16.

OSK Trustees Bhd said it expects to secure more business in the real estate investment trust (REIT) market.

The trust corporation acts as trustee for Axis-REIT, the real estate trust which he first to be listed on Bursa Malaysia Bhd yesterday.

are confident their awaited initial public offering will be closely followed by the market as an indicator of the acceptance ability of REITs in the country," OSK Trustee an Datuk Nik Mohd Nik Yahya said.

REIT has five properties and assets valued at RM300 million. The property owners are OSK REITs as a means to increase the value of their holdings.

potential value of the trust is estimated to be RM1 billion. Trustee's role in Axis-

REIT is to actively monitor the administration of the REIT to ensure that the interest of unitholders is protected.

The trustee company will hold the assets upon trust for unitholders of Axis-REIT pursuant to the trust deed dated June 15, 2005, which it signed with Axis REIT Managers Bhd.

OSK Trustees is the registered owner of the REIT assets, which it holds on behalf of and for the benefit of the unitholders.

The trustee will ensure that investment and borrowing limits under the Securities Commission guidelines are strictly observed.

OSK Trustees is an established player in the corporate trustee services industry.

Its clients include Lion DIVERSIFIED Holdings Bhd, Silverbird Group Bhd, Mirajaya Holdings Bhd and Transshipment Megahub Bhd.

OSK upbeat on bigger slice of business

BUSINESS TIMES, WEDNESDAY, JANUARY 25, 2006

Axis to make better payout, buy more properties

By ROZIANA HAMSAMI

Axis REIT Managers Bhd, the manager of Axis Real Estate Investment Trust, is going to make a better payout to unitholders than initially targeted, and it also plans to buy more properties.

It will buy assets in the Klang Valley this year as the manager believes the yield and risk portfolio for properties outside Klang Valley are less attractive.

"We must continue to acquire and we are optimistic of our strategy for as long as the interest rates do not go crazy," Axis executive director Stewart LaBrooy said.

He was briefing reporters on Axis' financial performance for the period to December 31, 2005 in Kuala Lumpur yesterday.

Axis declared a better-than-forecast distribution per unit (DPU) to investors for 2005.

At 4.7 sen DPU, it is 25 per cent more than 3.76 sen as forecast in its listing prospectus last year.

The distribution will be

paid on February 28 to unitholders.

LaBrooy said the board kept its promise to distribute about 96 per cent of its pre-tax income to investors.

The first distribution has outperformed the initial forecast, representing an annualised yield of 9.02 per cent based on the IPO price of RM1.25," he said.

Listed on the main board of Bursa Malaysia on August 3, 2005, the share price of Axis REIT closed the year at RM1.73, representing a current yield of 6.52 per cent and a gain of 28 per cent on the IPO price.

LaBrooy said the during the period since the listing until the end of 2005, total revenue of the trust was RM14.1 million comprising RM328,000 of interest income and RM13.8 million of gross rental income.

Axis REIT owns a portfolio of seven commercial, office and office/industrial real estate with an aggregate net lettable area of 1,347 sq ft.

The properties are all in the Klang Valley.

Portfolio At A Glance



MENARA AXIS
No 2, Jalan 51A/223
46100 Petaling Jaya
Selangor D.E.



CRYSTAL PLAZA
No 4, Jalan 51A/223
46100 Petaling Jaya
Selangor D.E.



AXIS BUSINESS PARK
No 10, Jalan Bersatu 13/4
46200 Petaling Jaya
Selangor D.E.



INFINITE CENTRE
Lot 1, Jalan 13/6
46200 Petaling Jaya
Selangor D.E.



AXIS PLAZA
Lot 5, Jalan Penyair U1/44
Off Jalan Glenmarie
Temasya Industrial Park, Batu Tiga
40150 Shah Alam, Selangor D.E.



KOMPLEKS KEMAJUAN
Lot 24, Jalan 19/1
46300 Petaling Jaya
Selangor D.E.



KAYANGAN DEPOT
*(Acquisition will only be completed
in 2nd quarter 2006)*
No 3, Jalan 15/16
Lot PT 16, Section 15
40200 Shah Alam, Selangor D.E.

Property Portfolio - Menara Axis



" Menara Axis is a unique boutique office building where tenants enjoy a real presence in the building through signage offerings as well as showrooms on the ground floor."



PROPERTY MENARA AXIS

ADDRESS
No 2 Jalan 51A/223
46100 Petaling Jaya
Selangor D.E.

CATEGORY

Office

TITLE

Commercial Leasehold expiring
29th August 2065

AGE OF BUILDING

Approx 1 year

NET LETTABLE AREA

174,025 sq ft

PURCHASE PRICE

RM 71,400,000

APPRAISED VALUE

RM 80,000,000

GROSS REVENUE *

RM 3,617,181

AVERAGE OCCUPANCY **

100%

NUMBER OF TENANTS **

13

MAJOR TENANTS

Fuji Photo Film (M) Sdn Bhd
American International Assurance
Co Ltd
Sportathlon (M) Sdn Bhd
Philips Malaysia Sdn Bhd
DHL Worldwide Express Sdn Bhd

* For the period 3 August 2005 - 31 December 2005

** As at 31 December 2005

Menara Axis is the newest building in the Axis-REIT portfolio being completed in 2004. Featuring a unique and distinctive moorish design, the building has well defined and highly efficient floor spaces with the possibility of flexible operating hours by tenants. To date it remains one of Petaling Jaya's top office choices for Multinationals.

Menara Axis is strategically located within the established industrial and commercial area of Section 51A, Petaling Jaya. Prominent landmarks within the immediate vicinity include Crystal Plaza, Armada Hotel, PJ Hilton, Wisma MCIS Zurich, Stamford College and Menara PKNS.

Menara Axis enjoys excellent accessibility from Kuala Lumpur city centre as well from Subang Jaya and Shah Alam via the Federal Highway or alternatively, via Lebuhraya Damansara-Puchong and Lebuhraya SPRINT. It has further benefited from the Asia Jaya Putra LRT station as well as the main bus stop along the Federal Highway, both of which are located about 100 metres away.

Owing to its strategic location, Menara Axis has attracted major tenants of the service sectors such as AIA, Fuji Photo Film (M) Sdn Bhd and Sportathlon which operates Fitness First.

Property Portfolio - Crystal Plaza



" Crystal Plaza provides tenants with a large floor plate design featuring a twin lobby enabling unprecedented possibilities for highly efficient office layouts and lower overall real rents."



PROPERTY CRYSTAL PLAZA

ADDRESS
No 4 Jalan 51A/223
46100 Petaling Jaya
Selangor D.E. .

CATEGORY
Office

TITLE
Commercial Leasehold Expiring
9th June 2059

AGE OF BUILDING
About 9 years

NET LETTABLE AREA
200,970 sq ft

PURCHASE PRICE
RM 56,400,000

APPRAISED VALUE
RM 65,000,000

GROSS REVENUE *
RM 3,198,588

AVERAGE OCCUPANCY **
100%

NUMBER OF TENANTS **
9

MAJOR TENANTS

Tenaga Nasional Bhd
Scope International (M) Sdn Bhd
UCI Education Sdn Bhd
Cosmopoint Sdn Bhd
Asia Training Sdn Bhd

* For the period 3 August 2005 - 31 December 2005
** As at 31 December 2005

Located next door to Menara Axis the building enjoys the same convenience for transport and connectivity. In addition the building is designed with high tension electrical supply system with large power reserves so essential to data and recovery centres.

Built with one of the highest floor plate efficiency of all the buildings in the Axis-REIT portfolio, its tenants have taken advantage of the efficient design of the building to maximize their office layouts.



PROPERTY AXIS BUSINESS PARK	TITLE Industrial Leasehold Expiring 13th January 2060	APPRAISED VALUE RM 93,000,000	MAJOR TENANTS Fuji Xerox Asia Pacific Pte Ltd Zuellig Pharma Sdn Bhd
ADDRESS No 10, Jalan Bersatu 13/4 46200 Petaling Jaya Selangor D.E.	AGE OF BUILDING 2-28 years	GROSS REVENUE * RM 4,207,625	Honeywell Engineering Sdn Bhd Johnson & Johnson (M) Sdn Bhd Lim Kim Hai Electric (M) Sdn Bhd
CATEGORY Office / Warehouse	NET LETTABLE AREA 340,970 sq ft	AVERAGE OCCUPANCY ** 100%	
	PURCHASE PRICE RM 84,600,000	NUMBER OF TENANTS ** 11	

* For the period 3 August 2005 - 31 December 2005
** As at 31 December 2005

Axis Business Park is accessible from Kuala Lumpur city centre via the Federal Highway, LDP or Lebuhraya SPRINT with alternative roads through Jalan Damansara, Jalan Dato Abu Bakar and Jalan 12/18.

Property Portfolio - Axis Plaza



" A landmark building featuring high-quality building finishes, and intelligent design that creates an excellent environment for marketing and distribution companies to operate."


PROPERTY
AXIS PLAZA

ADDRESS
 Lot 5, Jalan Penzair U 1/44
 Off Jalan Glenmarie
 Temasya Industrial Park,
 Batu Tiga 40150 Shah Alam,
 Selangor D.E.

CATEGORY
 Office / Warehouse

TITLE
 Freehold

AGE OF BUILDING
 About 7 years

NET LETTABLE AREA
 118,765 sq ft

PURCHASE PRICE
 RM 22,500,000

APPRAISED VALUE
 RM 26,000,000

GROSS REVENUE *
 RM 1,214,088

AVERAGE OCCUPANCY **
 93.4%

NUMBER OF TENANTS **
 6

MAJOR TENANTS

Ricoh (Malaysia) Sdn. Bhd.
 Electrolux Home Appliances S/B
 CSE Automotive Technologies S/B
 Electrolux Commercial Products S/B
 City-Link Express Sdn. Bhd.
 EMS Asia Group Sdn. Bhd.

* For the period 3 August 2005 - 31 December 2005
 ** As at 31 December 2005

Axis Plaza is strategically located along the Federal Highway within an industrial scheme known as Temasya Industrial Park, which is near the prominent and established industrial development of Glenmarie Industrial Park.

It enjoys a high visibility along the Federal Highway, where major tenants have taken advantage to display their company logos. The building features a high level of finishes with large highly efficient floor plates, and served by three passenger and two goods lifts.

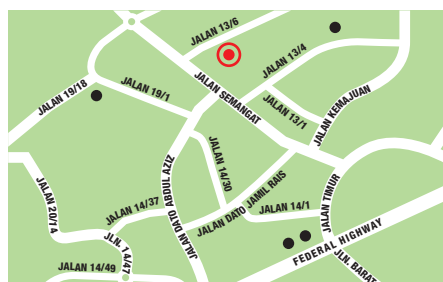
Properties in the immediate vicinity comprise mainly purpose-built factories, warehouses and terraced factories. Prominent industrial premises include Blondal, BMW, Toshiba, National Panasonic, Shah Alam Stadium, Glenmarie Golf and Country Club and Holiday Inn Glenmarie Resort.

Access to Axis Plaza is easily available from the Federal Highway, via the NKVE, KESAS or Sungei Buloh expressway.

Property Portfolio - Infinite Centre



"A convenient combination of office, warehousing and distribution activities can now be housed in yet another property in the Axis-REIT portfolio."



PROPERTY

INFINITE CENTRE

ADDRESS

Lot 1 Jalan 13/6
46200 Petaling Jaya
Selangor D.E.

CATEGORY

Office / Warehouse

TITLE

Industrial Leasehold expiring
24th March 2065

AGE OF BUILDING

18 years

NET LETTABLE AREA

149,888 sq ft

PURCHASE PRICE

RM 25,450,000

APPRAISED VALUE

RM 32,000,000

GROSS REVENUE *

RM 1,377,025

AVERAGE OCCUPANCY **

100%

NUMBER OF TENANTS **

12

MAJOR TENANTS

Pharmaniaga Marketing Sdn Bhd
Konica Minolta Business Solutions
FJ Benjamin
C Melchers GmbH & Co
Crystal Edge Sdn Bhd

* For the period 3 August 2005 - 31 December 2005

** As at 31 December 2005

Infinite Centre is strategically located in Petaling Jaya's Section 13 industrial hub, which provides a central location for its tenants' distribution network.

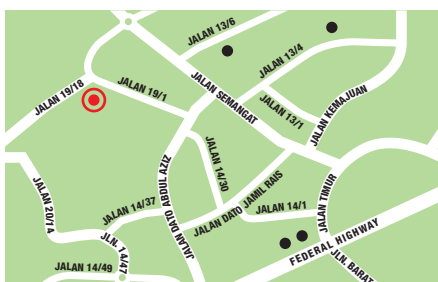
Properties within the immediate vicinity comprise are mainly purpose-built detached factories and individually designed industrial properties such as the premises of Dutch Lady Milk Industries (M) Sdn Bhd, Robert Bosch, OSIM, UTAR College and Sin Chew Jit Poh.

Infinite Centre is accessible from the Kuala Lumpur city centre via Federal Highway, Lebuhraya SPRINT, LDP or alternatively, via Jalan Damansara.

Property Portfolio - Kompleks Kemajuan



" A unique combination of professional warehousing activities, showroom and office space in a single offering makes this building unique amongst similar tenantable spaces in Petaling Jaya."



PROPERTY KOMPLEKS KEMAJUAN

ADDRESS
Lot 24, Jalan 19/1
46300 Petaling Jaya
Selangor D.E.

CATEGORY
Office / Warehouse

TITLE
Industrial Leasehold Expiring
4th July 2065

AGE OF BUILDING
About 13 years

NET LETTABLE AREA
201,972 sq ft

PURCHASE PRICE
RM29,000,000

APPRAISED VALUE
RM 36,200,000

GROSS REVENUE *
RM 146,163

AVERAGE OCCUPANCY **
72.8%

NUMBER OF TENANTS **
18

MAJOR TENANTS

Goucerea Marketing Sdn Bhd
Hong Leong Marketing Co Bhd
Salwan Corporation Bhd
WOFS.COM Sdn Bhd
EP2m Services Sdn Bhd
Scanart Data System (M) Sdn Bhd
Intranet Sdn Bhd

* For the period 16 December 2005 - 31 December 2005
** As at 31 December 2005

Kompleks Kemajuan is strategically located within the established industrial and commercial area of Section 19, Petaling Jaya. Prominent landmarks within the immediate vicinity include UMW Toyota Sales, Service and Spares Centre, Wisma Academy, Wisma KT, Menara Merai and British American Tobacco.

Kompleks Kemajuan enjoys excellent accessibility from Kuala Lumpur City Centre as well as from Subang Jaya and Shah Alam via the Federal Highway, or alternatively, via Lebuhraya Damansara-Puchong and Lebuhraya SPRINT. It has further benefited from the Asia Jaya Putra LRT shuttle bus service which stops 100 meters from the property.

Owing to its strategic location, Kompleks Kemajuan has attracted major tenants of the service sectors such as Gourecat Tiling, Hong Leong Marketing, WOFS, EP2M and Salwan Corporation.



Property Portfolio - Kayangan Depot



"Featuring large warehousing and distribution facilities so close to the major road networks, places Kayangan Depot in an excellent position to attract companies, which want visibility and convenience for their operations."



PROPERTY
KAYANGAN DEPOT

ADDRESS
No 3, Jalan 15/16,
Lot PT 16, Section 15,
40200 Shah Alam,
Selangor D.E.

CATEGORY
Industrial

TITLE
Industrial Leasehold Expiring
12th January 2086

AGE OF BUILDING
About 13 years

NET LETTABLE AREA
162,206 sq ft

PURCHASE PRICE
RM 16,100,000

APPRAISED VALUE
RM 18,200,000

AVERAGE OCCUPANCY **
100%

NUMBER OF TENANTS **
9

MAJOR TENANTS

Maxis Mobile
Emitherm
Naza Kia

Nineteen -O-One

**** As at 31 December 2005**
(Note: Acquisition will only be completed in 2nd quarter 2006)

Kayangan Depot is strategically located within the established industrial and commercial area of Section 15 Shah Alam. Prominent landmarks within the immediate vicinity include Goodyear, Daihatsu Headquarters, SumiPuteh Steel centre and Nylex (M) Sdn Bhd.

It features a combination of showrooms, offices as well as presented warehouse space for the prospective tenants. As a result, it has attracted companies such as Maxis, Naza Kia as well as Nineteen-O-One to locate their operations there.

Kayangan Depot enjoys excellent accessibility from Kuala Lumpur, Petaling Jaya, Subang Jaya, Port Klang and Klang via the Federal Highway or alternatively, via KESAS or the NKVE. It has further benefited from its very close access to the Federal Highway and the KESAS highway as well as its very prominent location next to the Goodyear roundabout.

Property Report

MALAYSIAN ECONOMY

The Malaysian economy showed sustained growth during 2005 with growth rates of 5.8%, 4.4% and 5.3% recorded for the first, second and third quarters of the year respectively. Overall growth during the first nine months of the year was 5.3%. The services sector has been and will continue to be the major performer within the overall economy.

Bank Negara Malaysia (BNM) is expected to gradually continue to increase interest rates during the year, according to government policy. It is generally felt that a gradual increase in interest rates would prove positive for the local economy as it would decrease the outflow of foreign funds and would at the same time also act to counter inflation rates since it would encourage savings. In terms of lending rates, commercial banks and finance companies have increased base-lending rates (BLR) accordingly by 25 to 30 basis points after the increase in BNM's Overnight Policy Rate. As at the end of December, the average BLRs for commercial banks and finance companies were at 6.20% and 7.03% respectively.

Barring any major slowdown in the US economy, the Malaysian economy is expected to perform well during the course of the year and growth is expected to be at a sustainable rate. The Malaysian Institute of Economic Research (MIER) has projected a growth of 5.3% in Gross Domestic Product (GDP) for the period of 2005, and a further growth of 5.5% for 2006.

PROPERTY MARKET OUTLOOK

OFFICE SECTOR

The office market is expected to benefit from the positive economic outlook, as new businesses and expansions of the existing ones would take place. Together with the country's political stability, it will boost business confidence amongst the multinational companies and contribute to the growth of investment that would lead to higher requirements for office space.

The government is promoting the services sector as a new engine of growth for the country's economy. Initiatives have been taken to promote Malaysia as a global and regional hub for several niche areas such as financial services, communication technology and multimedia. This would encourage the growth of the service sector as a whole, which will in turn encourage the demand for office space.

Prime grade office buildings in central locations are expected to benefit the most from the growing market. Therefore, in an established location like Petaling Jaya, the market is expected to remain active and demand is expected to remain favourable.

According to NAPIC, the supply of office space in Petaling Jaya stood at approximately 8.644 million sq. ft. in 3Q05, which was similar to 3Q04. The average occupancy was at 80.4%, up from 79.5% in 3Q04. Thus, there was a drop in the vacant office space from 1.775 million sq. ft. in 3Q04 to 1.692 million sq. ft. in 3Q05.

The incoming supply of office space in Petaling Jaya consists of approximately 67,242 sq. ft. under construction and another 324,575 sq. ft. in the planning stage. Petaling Jaya has lately been in the limelight with its new office developments that include Jaya 33, Jaya 1, 3 2 Square, 8 Avenue and PJ8. In the northern part of Petaling Jaya, new developments include The One Avenue @ Damansara near Bandar Utama and Petaling Jaya Trade Centre (PJTC) in Damansara Perdana. Response to the launches is reported to be encouraging.

The current asking rental rates of office space in Petaling Jaya range from RM2.50 to RM3.50 per sq. ft. An upward movement in the rental rates is expected during the year due to encouraging levels of demand and limited supply of space, particularly prime grade purpose-built offices. REITs are expected to spearhead activities in the office market. More REITs may be set up, which will encourage the emergence of investment grade office buildings, particularly in the Klang Valley.

OFFICE-WAREHOUSE SECTOR

Selangor has long been established as the centre for industrial activities of the country. The state has the highest number of industrial properties in the country. There were 31,341 units of industrial properties as at 3Q05, accounting for 36.75% of the country's stock. Another 3,897 units were being constructed, accounting for 50.24% of the total industrial properties under construction in the country.

Selangor has the highest number of approved manufacturing project establishments in the country. Manufacturing activities in the state are generally on the rise, as indicated by the increasing number of approved manufacturing establishments. In 2004, a total of 335 establishments were approved, with a total proposed investment of RM6,050.30 million. From year 2000 to 2004, Selangor accounted for about 30% of the total number of establishments approved for the country.

It is expected that the industrial market in Selangor will continue to thrive. Besides manufacturing, Selangor is also actively pursuing other types of specialised industries, such as biotechnology, information technology, as well as distribution hub. The country's economic growth will be one of the major determinants of the industrial sector, which will in turn affect the demand for industrial properties.

Popular industrial areas in Selangor include Petaling Jaya and Shah Alam. Their strategic locations, easy access and the availability of supporting facilities/infrastructure help to boost the market and attract multinational companies to set up their operations here. Demand for industrial properties in these areas has been good and stable, notwithstanding the fact that rental rates and selling prices are amongst the highest in Selangor.

The government is promoting Malaysia as a regional centre for the procurement and distribution of goods, including raw materials, components and finished products. It is expected that other than the conventional industrial properties or factories, warehouses would see increasing demand as a result of the growing need for storage and distribution centres by local and international companies.

It is noted that more companies are requiring warehouses that come with office space under one roof. Office-cum-warehouses are particularly practical for companies involved in manufacturing and distribution and import/export of goods, where their primary requirement is a large storage capacity and office space as secondary requirement. This type of property is also useful for multinational companies to occupy as their operation centres that serve the local market. The cost of renting office space within warehouses is lower than renting in office buildings. The average monthly rental rate of an office-cum-warehouse is generally less than RM2.50 per sq. ft.

Preference would be given to properties located in central areas, which have good road networks and easy access to Kuala Lumpur International Airport and Port Klang, which would make the movement of stock convenient and efficient. Proximity to commercial and financial centres would also be prime consideration. With the availability of prerequisite infrastructure, office-cum-warehouses in Petaling Jaya and Shah Alam would benefit from a healthy industrial sector and growing distribution market, and would thus remain popular and continue commanding attractive rental rates as well as selling prices.

Prepared by

Colliers, Jordan Lee & Jaffar Sdn Bhd

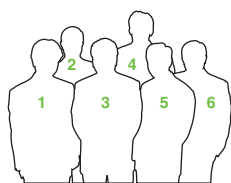


**COLLIERS, JORDAN LEE
& JAAFAR SDN. BHD.**

(59901-UJ)(VE(1)0063)

Level 6, Block G North,
Pusat Bandar Damansara,
Damansara Heights,
50450 Kuala Lumpur.
Tel No : 03-20955811 (10 lines)
Fax No : 03-20955843
E-mail : cjj@tm.net.my

Board of Directors



1. Lim Kian Thiam
2. George Stewart LaBrooy
3. Dato' Abdul Azim Mohd Zabidi
4. Dato' Abas Carl Gunnar bin Abdullah
5. Dato' Mohamed Salleh Bajuri
6. Stephen Tew Peng Hwee

Alternate Directors (not in picture)

- *Alex Lee Lao**
Alternate to Dato' Abas Carl Gunnar bin Abdullah
- *Khoo Cheang Ee**
Alternate to Lim Kian Thiam

THE DIRECTORS OF AXIS REIT MANAGERS BERHAD AT THE DATE OF THIS REPORT ARE:

DATO' ABDUL AZIM MOHD ZABIDI

Dato' Abdul Azim Mohd Zabidi, 46, a Malaysian, has been the Independent Non-Executive Chairman of Axis REIT Managers since 15 March 2005. He is a Fellow of the Chartered Institute of Secretaries and Administrators, United Kingdom and holds a Masters of Arts in Business Law from the London Guildhall University. He is currently the Chairman of Bank Simpanan Nasional, a position he has held since 1999. He is also a director of a number of public and private companies, amongst them, Wijaya Baru Global Bhd, M3nergy (Malaysia) Bhd, OSK Ventures International Bhd and Kumpulan Europlus Bhd.

GEORGE STEWART LABROOY

George Stewart LaBrooy, 54, a Malaysian, has been the Director of Axis REIT Managers since 25 October 2004 and was appointed by the Board of Directors of Axis REIT Managers as Executive Director on 22 March 2005. He graduated with a Bachelor of Engineering (Hons) and a Post Graduate Diploma in Business Studies from the University of Sheffield in 1973 and 1974, respectively. Currently, he is a member of the Institute of Engineers, Malaysia.

From 1983 to 1991, he worked as a General Manager in Kee Huat Industries Bhd, a company involved in manufacturing of electrical products and subsequently joined Jotun Power Coatings (M) Sdn Bhd as a General Manager from 1991 to 1995. He joined Axis Equities Sdn Bhd (a major shareholder of ADSB) in 1995 during which he participated in overseeing two building projects namely the build and lease of the Blondal headquarters in Shah Alam and the construction of Axis Plaza, adjacent to the Blondal headquarters. He was also instrumental in setting up the property management division in ADSB and was actively involved in the successful tenanting of real estate owned by the shareholders of ADSB.

In November 2003, he spearheaded the project to identify suitable properties owned by common shareholders of ADSB to be injected into a REIT. This was successfully concluded on 3 August 2005 when Axis-REIT was listed on the main Board of Bursa Securities. He is a popular speaker on the subject of REITs and has presented many papers at seminars in Malaysia and Singapore and currently handles the Investor Relations portfolio for Axis REIT as well his function as Executive Director on the Board and a member of the Executive Committee. He is also a director of a number of private companies, which is involved in property development and property investment.

DATO' ABAS CARL GUNNAR BIN ABDULLAH

Dato' Abas Carl Gunnar bin Abdullah, 46, a Norwegian, has been a Non-Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is also the Managing Director of ADSB since 1999. He graduated with a Diploma in Chemistry from the University of Gothenburg, Sweden in 1980 and a Diploma in Marketing from the University of Oslo, Norway in 1981.

From 1985 to 1993, he was the Managing Director in Jotun Powder Coatings (M) Sdn Bhd (formerly known as Corro-Coat (M) Sdn Bhd). In 1989 he embarked on a build and lease project with the multinational APV Hills & Mills. In 1992 he teamed up with Stephen Tew Peng Hwee and Lim Kian Thiam to build Crystal Plaza. He currently serves as a member of the Executive and the Nomination and Remuneration Committees of the Board. He is also a director of a number of private companies, which are involved in property development and property investment.

LIM KIAN THIAM

Lim Kian Thiam, 52, a Malaysian, has been a Non-Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is a member of the Malaysian Institute of Certified Public Accountants since 1978 and has been a Council Member since 1988. He also serves in its Executive Committee, Administration Finance & Accounting Committee and chairs its Public Affairs Committee.

Since 1989, he has purpose built many buildings in Klang Valley for multinationals and local multinational companies. He is also the Founder and Chairman of Victoria Investments & Properties Pty Ltd and Jayaland Corporation Pty Ltd, both based in Melbourne, Australia since 1994. Victoria Investments & Properties Pty Ltd has been involved in the purchase, value-add and subsequent sale of real estate in excess of A\$200 million, including commercial office buildings, industrial warehouse, a bulky goods display and retail centre, a suburban retail shopping centre and residential land. Jayaland Corporation Pty Ltd is currently planning a sustainable township with 8,000 homes on its 737 hectares site, situated 26 kilometers west of Melbourne city center.

He currently serves as a member of the Executive and the Audit Committees of the Board. He is also a director of a number of private companies in Malaysia and Australia, which are involved in property investment.

STEPHEN TEW PENG HWE

Stephen Tew Peng Hwee, 44, a Malaysian, has been a Non-Independent Non-Executive Director of Axis REIT Managers since 25 October 2004. He graduated with a Diploma from the Institute of Marketing, United Kingdom in 1982. He is the Immediate Past President of the Malaysian Institute of Estate Agents and served as a board member of the Board of Valuers, Appraisers and Estate Agents from 1998 - 2004. He started his career as a Real Estate Agent 20 years ago and today owns the real estate firm Hectares & Stratas. Together with Lim Kian Thiam and other investors, he has over the past 15 years purpose built for investment income, many buildings which have housed multinationals.

In 1992 he teamed up with Lim Kian Thiam and Dato' Abas Carl Gunnar bin Abdullah to build Crystal Plaza. He currently serves as a member of the Executive Committee of the Board. He is also a director of a number of private companies, which are investment holding companies.

DATO' MOHAMED SALLEH BAJURI

Dato' Mohamed Salleh Bajuri, 54, a Malaysian, has been an Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is a qualified Chartered Accountant from Ireland and a member of the Malaysian Institute of Accountants (MIA) since 1986. He came back to Malaysia in 1979, and joined Peat Marwick & Co as its Senior Auditor. He then joined Mayban Finance Bhd as a Manager and in 1982 was promoted to General Manager. After that he was seconded to Malayan Banking Bhd and promoted to General Manager in 1988, a position he held till 1992.

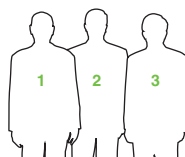
Between 1982 & 1987, he was the Alternative Chairman of the Association of Finance Companies in Malaysia (AFCM) and was Chairman of AFCM Committees for Education and Public Relations. From 1997 to 1999, he was a Director of Saham Sabah Berhad and was one of the Trustees for Yayasan Kebajikan SDARA and also Tabung Melayu Pontian Sdn Bhd.

In 1992, he took over JB Securities Sdn Bhd, a stock broking firm in Johor, where he held the position of Managing Director till 1995. He is now involved in the Hotel and Property Business and is Group Executive Director of CRSC Holdings Bhd. He is also a director of a number of public and private companies, amongst others, Asian Pac Holdings Bhd, Seacera Tiles Bhd, Eden Enterprises (M) Bhd, Harbour Link Group Bhd, Seal Polymer Industries Bhd, LKT Industrial Bhd and T.H. Hin Corporation Bhd.

ALEX LEE LAO

Alex Lee Lao, 60, a Filipino, has been the Alternate Director to Dato' Abas Carl Gunnar bin Abdullah of Axis REIT Managers since 22 March 2005. He is a qualified Chemical Engineer and currently a Director of D&L Industries Inc. Manila, where he has had over 30 years of experience in the manufacturing, marketing and distribution in industries such as colours, chemicals, adhesive, aerosol, paint, ink, paper, textiles, rubber, powder coating, soap, detergent, plastic and allied products and food and beverages. He is also a director of a number of private companies which are involved in property development and property investment.

The Axis-REIT Team



1. *Khoo Cheang Ee*
2. *George Stewart LaBrooy*
3. *Lim Yoon Peng*

GEORGE STEWART LABROOY

George Stewart LaBrooy has been the Director of Axis REIT Managers since 25 October 2004 and was appointed by the Board of Directors of Axis REIT Managers as Executive Director on 22 March 2005.

LIM YOON PENG

Lim Yoon Peng, 49, a Malaysian, has been the Chief Financial Officer of Axis REIT Managers since 16 May 2005. Prior to joining Axis REIT Managers, he spent four years as the Financial Controller cum Company Secretary of Victoria Investments & Properties Pty Ltd of Australia and was responsible for the financial management, accounting, tax planning, statutory compliance and company secretarial matters for a group of companies involved in property investments and development in Melbourne, Australia. Prior to that, he was the Finance Manager of Rangkaian Cipta Sdn Bhd, a property development company. He has more than 25 years of financial management, accounting and business management experience and had held senior positions in various multinational companies including Lonrho Plc (United Kingdom) and Pacific Dunlop Group (Australia). He is qualified in the field of accounting, having been a Fellow Member of The Chartered Association of Certified Accountants, United Kingdom since 1985 and a member of Malaysian Institute of Accountants since 1988 and National Institute of Accountants, Australia since 1997.

KHOO CHEANG EE

Khoo Cheang Ee, 50, a Malaysian, has been an Alternate Director to Lim Kian Thiam since 15 March 2005 and was appointed as the Investment and Business Development Manager of Axis REIT Managers on 16 May 2005. He is a member of the Institute of Approved Company Secretaries since 1994. From 1987 to 1997, he was a Director of Magnet Management Sdn Bhd. Thereafter, he joined IBMS (M) Sdn Bhd as a Financial Controller from 1997 to 2002, which is involved in providing administrative services. Prior to joining Axis REIT Managers, he was the Financial Controller of KTG Management Sdn Bhd, which is also involved in providing administrative services. He is also a director of a number of private companies, which are involved in property investment.

Corporate Governance

Axis REIT Managers Berhad ("The Manager"), in its capacity as the Manager of Axis-REIT recognizes that an effective corporate governance culture is critical to performance of the Manager and consequently the success of Axis-REIT, which it manages.

As a result the Manager has adopted a comprehensive Corporate Governance framework that meets best practice principles. In particular the manager has to act honestly, with due care and diligence, and in the best interest of the Unitholders.

The following sections describe the Manager's main 'Corporate Governance Practices and Policies'. They are designed to ensure that applicable laws and regulations as determined by Securities Laws (as defined in section 2(1) of the SCA), the Securities Commission ("SC") Guidelines on REITs, the Listing Requirements of Bursa Securities, the Rules of the Depository, taxation laws and rulings, the Corporate Governance Code and that the Manager's obligation as described in Axis-REIT's Deed are properly and efficiently carried out.

THE MANAGER OF AXIS-REIT

The Manager has the general power over the assets of Axis-REIT. The Manager's main responsibility is to manage the assets and liabilities of Axis- REIT for the benefit of the Unitholders.

The primary role of the Manager is to set the strategic direction of Axis-REIT and make recommendations to the Trustee on acquisitions, divestments and enhancements in line with the agreed strategy.

The Manager is also responsible for the risk management of Axis-REIT. Its other main functions are listed below:

- 1) Using its best endeavours to carry on and conduct its business in a proper and efficient manner, and conduct all transactions of Axis-REIT in a transparent manner and at arms length.
- 2) Preparing an annual review for the Board of Directors which may contain proposals and forecasts on net income, Distribution Per Unit, capital expenditure, sales and valuations frequency, explanations on variances to previous forecasts, written reports on the future potential of rentals in the portfolio of properties owned by Axis-REIT and the underlying assumptions, operational costs and any other assumptions.
- 3) Ensuring compliance to all legislation, rules and guidelines issued by the Securities Commission and Bursa Malaysia Securities Berhad, and compliance of any tax rulings issues by the Inland Revenue Department.
- 4) Attending to all queries from Unitholders.
- 5) Supervising the Property Manager, who performs the facilities-management, lease and marketing management, project-management services and fit-out management services.

Axis-REIT is externally managed by the Manager and as a result has no employees. The Manager appoints experienced and well-qualified personnel to handle its day-to-day operations. All Directors and Employees of the Manager are remunerated by the Manager, and not by Axis-REIT.

Axis REIT Managers Berhad is the appointed manager of Axis-REIT in accordance with the terms of the Deed dated 15 June 2005. The Deed outlines the circumstances under which the Manager can be retired.

BOARD OF DIRECTORS

The Board of Directors of the Manager ("the Board") oversees the management and corporate governance of the Manager including the establishment of Key Performance Indicators ("KPI's") for management and the monitoring achievement of the same. All Board Members participate in matters relating to corporate governance, business operations, risk management, financial performance and the nomination and review of Directors.

The Board meets regularly at least once a quarter, to discuss and approve the release of the quarterly, half-year and annual results, review acquisitions and disposals, the annual budget, capital expenditure requirements, performance of the manager and Axis-REIT against the previously approved budget. When necessary the Board meets to review and approve acquisitions or disposals for recommendation to the Trustee.

The Board has reviewed an operational audit conducted by KPMG on 26 Jan 2006 and has instructed the management to adopt all recommendations and have them in place in accordance with the stipulated timetable. This will result in the Manager having in place an effective set of internal controls which sets out approval limits for capital expenditure, investments and divestments, bank borrowings, cheque signatories, risk management amongst others.

Changes to regulations, policies, guidelines and accounting policies are monitored closely. The Directors are briefed at Board meetings of any changes to current practices at regular Board meeting, specially convened meetings or via circularized board papers.

BOARD COMPOSITION

As of 31 December 2005 the Board currently comprises six members, 1/3 (two) of whom are independent directors in compliance with the Securities Commission REIT Guidelines.

The following principles guide the Board's composition;

- 1) The Chairman of the Board should be an independent non-executive director,
- 2) The Board should comprise directors with a broad range of commercial experiences including expertise in fund-management and the property market, and
- 3) 1/3 of its members should be independent directors.

The composition of the Board is reviewed annually to ensure that it has the best mix of expertise and experience.

During the Period the Board has met a total of four times. The most recent was on 20 January 2006 to approve the Financial Accounts and Distribution for the Period.

CHAIRMAN & EXECUTIVE DIRECTOR

The Chairman and Executive Director's positions are held by separate persons in order to maintain an effective segregation of duties.

The Chairman ensures that members of the Board work together with the management in a constructive manner to address strategy, business operations and enterprise issues.

The Executive Director has full executive responsibilities over the execution of the agreed business direction and of all operational decisions of managing Axis-REIT.

With 1/3 of the Board being independent directors, it enables the management from benefiting from their external and objective perspective of issues that appear before the Board. This promotes a healthy and professional relationship between the Board and the management.

BOARD REMUNERATION

The remuneration of the Directors is paid by the Manager and not from Axis-REIT.

COMMITTEES

The Board has established the following committees to assist in the discharging of its duties. The committees are:

- > The Executive Committee
- > The Audit Committee
- > The Nomination and Remuneration Committee

THE EXECUTIVE COMMITTEE

The Executive Committee was appointed by the Board on 22 March 2005. It operates under the delegated authority from the Board and is represented by Non executive Directors and the Executive Director. Its members for the Period are:

- > Dato Abas Carl Gunnar bin Abdullah - *Non executive director*
- > Mr. Stephen Tew Peng Hwee - *Non executive director*
- > Mr. Lim Kian Thiam - *Non executive director*
- > Mr. Stewart LaBrooy - *Executive Director*

This committee oversees the day-to day activities of the Manager on behalf of the Board including:

- 1) Approve for presentation to the Board of all acquisitions, investments and disposals;
- 2) Approve and make recommendations to the Board for all financing offers and banking facilities;
- 3) Recommend to the Board of changes in gearing limits and new Unit issues and
- 4) Forward a report on all Executive Committee meetings to all Board members

The Executive Committee has met formally a total of five times during the period. However there have been several informal meetings held between members of the Committee during the period.

AUDIT COMMITTEE

The Audit Committee was appointed by the Board on 22 March 2005. It comprises three members, two of whom (including the Chairman) are independent non-executive directors of the Board.

The composition of the committee is

- > Dato' Abdul Azim Zabidi – Chairman and independent non executive director
- > Dato' Salleh Bajuri – independent non executive director
- > Mr. Lim Kian Thiam – non executive director

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Managers internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports. The Audit Committee is also responsible for the appointment of the external and internal auditors.

The Audit Committee's responsibilities also include:

- 1) Reviewing external audit reports to ensure that where deficiencies in internal control have been identified, appropriate and prompt remedial action is taken by management;
- 2) Monitoring legislation regulated by Securities Laws (as defined in section 2(1) of the SCA), the SC Guidelines on REITs, the Listing Requirements of Bursa Securities, the Rules of the Depository and taxation laws and rulings
- 3) Reviewing Internal Audit reports pertaining to risk management, the operational manual compliance and internal controls ensuring that changes recommended and agreed on are promptly implemented by the management;

- 4) Reviewing and approving the financial statements and audit report for quarterly, half year and annual reports and reporting to the Board and
- 5) Monitoring the procedures established for related party transactions to ensure compliance is strictly adhered to as laid out in the Securities Guidelines for REITs.

The Audit Committee has reviewed the non audit functions (Tax and Operational Audit) carried by the appointed external auditor's group, KPMG, and is satisfied that such services will not in any way prejudice the independence and objectivity of the external auditors.

The Audit committee meets four times a year after the end of every quarter in the financial year.

The Audit Committee meets with the auditors four times a year and can elect to do so without the presence of the management.

THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was appointed by the Board on 22 March 2005. It comprises three members who are:

- > Dato' Abdul Azim Zabidi - *Chairman and Independent non executive director*
- > Dato' Salleh Bajuri - *Independent non executive director*
- > Dato' Abas Carl Gunnar bin Abdullah - *Non executive director*

The responsibilities of the Committee also include:

- 1) To establish and recommend to the Board the policy framework in determining the remuneration of members of the Board, the Executive Director, members of executive management and to review changes to the policy from time to time, so as to ensure that the Company attracts and retains the high-calibre directors/ executive management who are needed to run Axis-REIT successfully.
- 2) To recommend to the Board, candidates for directorships proposed by management and, within the bounds of practicability, by other senior executive or any director or shareholder.
- 3) To recommend to the Board, directors to fill seats on Board Committees.
- 4) To recommend to the Board for the continuation (or not) in service of executive director(s) and Directors who are due for retirement by rotation.
- 5) To determine appropriate training for Directors and review the fulfillment of such training.

INTERNAL AUDIT

The audit committee has approved the appointment of an independent internal auditor to conduct internal audits during the year. This will commence for the financial year 2006.

The scope of the internal audit is to provide risk assessment service and compliance audits in order to ensure internal controls are aligned to the business strategies as laid out by the Board.

TRADING IN AXIS-REIT UNITS

In general the company encourages the directors and employees of the Manager to hold Units, but prohibits them from dealing in the Units:

- 1) During the period commencing one month before the public announcement of Axis-REIT's quarterly, half year and annual results, and ending one market day after the announcement and
- 2) At any time it is in possession of price sensitive price information.

Subject to compliance with Section 14.08 and 14.09 of the Bursa Malaysia Listing Requirements.

In addition the Manager will announce through the Company Secretary the particulars of the holdings of the Directors within two market days after the date they acquire or dispose of any Units, as the case may be.

RISK ASSESMENT AND MANAGEMENT OF BUSINESS RISK

Effective risk management is a fundamental part of Axis-REIT's business strategy in order to ensure a steady flow of distributions to Unitholders and protecting their interests and value.

The Manager is aware that the most likely risk will arise when making property investment decisions, and as such the Manager has established a procedure to be followed in the acquisition process. In accordance with this policy, the Manager ensures a comprehensive due diligence is carried out in relation to the proposed investment and the risk factors in making such a decision are suitably addressed.

The Board meets quarterly and more often if required to assess the performance of the Manager and Axis-REIT against established and approved budgets. The Board also assess the risk factors that the assets of Axis-REIT are exposed to, examines liability management and act on comments submitted by the auditors or the Audit Committee.

The Board and the Executive Committee reviews and approves all investment decisions.

The management meets regularly to review compliance to operational manuals established as well discuss continuous disclosure issues.

DEALINGS WITH CONFLICTS OF INTEREST

The Manager has established the following procedures to deal with potential conflicts of interest issues which it (including its directors, executive officers and employees) may encounter in managing Axis-REIT:

- 1) The Manager will be a dedicated manager to Axis-REIT and will not manage any other real estate investment trust or be involved in any other real property business; all Executive Officers will be employed by the Manager.
- 2) The entry into any related party transaction must be approved by a majority vote of directors, including those of the independent directors.
- 3) The Board shall have 1/3 of its members as independent directors.
- 4) In respect of matters where the directors have a direct or indirect interest in any related party transaction they will abstain from voting at any Board meeting.

The directors of the Manager are under a fiduciary duty to Axis-REIT to act in the best interest in relation to decisions affecting Axis-REIT when they are voting as a member of the Board. In addition, the directors, the executive director and the executive officers of the Manager are expected to act with honesty and integrity at all times.

DEALING WITH RELATED PARTY TRANSACTIONS

The Manager will comply with all requirements as laid out in the SC Guidelines on REITs on Related Party Transactions.

The Manager will establish procedures that will ensure that such transactions are undertaken in full compliance to the Guidelines and on an arm's length basis and on normal commercial terms, which are no more favourable than those extended to unrelated third parties. The Manager would have to demonstrate to the Audit Committee that such transactions (whether they be for the purchase of services or property) would be taken on normal commercial terms, which may include in the case of the purchase of services, the obtaining of quotations from parties unrelated to the manager, or in the case of purchase of property, the obtaining of valuations from an independent valuer.

In dealing with one or more of any Related Party Transactions, the Manager is required to obtain the approvals from the relevant parties such as the Securities Commission, Trustee or Unit Holder's (as the case may be) as provided under the Deed, SC Guidelines on REITs, listing requirements by Bursa Malaysia Securities Bhd and other applicable laws. To obtain the necessary approvals the Manager would also need to submit to the relevant parties such as the Securities Commission, Trustee or Unit Holder's, all the necessary recommendation and documentation provided for under the Deed, SC Guidelines on REITs, listing requirements by Bursa Malaysia Securities Bhd and other applicable laws.

All Related Party Transactions are subject to regular periodic review by the Audit Committee.

The Audit Committee plans to review Internal Audit reports to ensure that guidelines and procedures established are complied with in relation to Related Party Transactions. If a member of the Audit Committee has an interest in a transaction he is to abstain from participating in the review and approval process in relation that transaction.

COMMUNICATION WITH UNITHOLDERS

The listing rules of Bursa Malaysia Securities Berhad require that a listed entity discloses to the market matters that could have a material effect on the price of the entity's securities.

The Manager has established a strong culture of continuous disclosure and transparent communication with Unit holders and the investment community.

The Manager achieves this through timely and full disclosure of all material information relating to Axis-REIT by way of public announcements on the Bursa Malaysia Securities Bhd website.

The Manager has also conducted regular briefings for analysts and fund managers, as well as the media. At these briefings the Manager presented the latest acquisitions of Axis-REIT as well as discussed the business outlook of the industry.

The manager has also actively participated in various seminars on REITs further advancing the understanding of the asset class.

OTHER INFORMATION

Relationship

There were no family relationship among the Directors and/or major unitholders

Conflict of Interest

None of the Directors has any conflict of interests with Axis-REIT

Conviction for Offences

None of the Directors has been convicted for any offences other than traffic offences within the past ten (10) years.

MEMBERS OF THE RESPECTIVE COMMITTEES

	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	EXECUTIVE COMMITTEE
Dato' Abdul Azim Mohd Zabidi	C	C	
Dato' Mohamed Salleh Bajuri	M	M	
Dato' Abas Carl Gunnar		M	C
Lim Kian Thiam	M		M
Stephen Tew Peng Hwee			M
George Stewart LaBrooy			M

C - Chairman, M - Member

MEETING ATTENDANCE

	BOARD MEETINGS (No of meetings held - 3)	AUDIT COMMITTEE (No of meetings held - 2)	NOMINATION & REMUNERATION COMMITTEE (No of meetings held - 2)	EXECUTIVE COMMITTEE (No of meetings held - 4)
Dato' Abdul Azim Mohd Zabidi	3	2	1	
Dato' Mohamed Salleh Bajuri	2	2	1	
Dato' Abas Carl Gunnar	3		1	4
Lim Kian Thiam	3	2		4
Stephen Tew Peng Hwee	3			4
George Stewart LaBrooy	3			4

DIRECTORS REMUNERATION

	FEES	SALARIES & OTHER EMOLUMENTS	TOTAL (RM)
Executive Directors	0	439,950	439,950
Non-Executive Directors	210,000	23,250	233,250

Range of Remuneration - RM	Executive	Non-Executive
50,000 and below	-	4
50,001 - 100,000	-	1
100,001 - 150,000	-	-
150,001 - 200,000	1	-
200,001 - 250,000	-	-
250,001 - 300,000	1	-



Investor Relations

The Manager is pleased to report that since the listing of Axis-REIT, its objective is to provide Unitholders with open and transparent communications through the Bursa Malaysia website, press briefings, seminars and investor and analyst briefings.

We are in the process of setting up our website www.axis-reit.com.my which is planned to be fully operational in 2006. Through it the investing public will be able to receive e-mail alerts and up to date information on announcements of the Fund.

We will continue to generate more awareness and interest in REITs particularly by our active participation in local seminars and briefings to International Investors.

CONTACT INFORMATION

To find out more about Axis-REIT please contact:

Executive Director - Stewart LaBrooy

Tel : +603 - 7958 4882

Fax : +603 - 7957 6881

E mail : info@axis-reit.com.my

THE UNIT REGISTRAR

Symphony Share Registrars Sdn Bhd

Level 26 Menara Multi-Purpose

Capital Square

No 8 Jalan Munshi Abdullah

50100 Kuala Lumpur

Tel : 03 - 2721 2222

Email : ssrs@symphony.com.my

Website : www.symphony.com.my

BURSA MALAYSIA INVESTOR RELATIONS

Email : enquiries@bursamalaysia.com

Tel : (603) 2034 7000

Fax : (603) 2732 0069

PROPOSED CORPORATE TIMETABLE FOR AXIS-REIT

JANUARY 2006

- > Announcement of Income Distribution to Unitholders and entitlement date for 2005
- > Announcement of unaudited result for the period ended 31 December 2005

FEBRUARY 2006

- > Payment of Income distribution to Unitholders
- > Release of Audited Results for the period ended 31 Dec 2005

APRIL 2006

- > Announcement of unaudited 2006 1st Quarter results

JULY 2006

- > Announcement of unaudited 2006 2nd Quarter results
- > Announcement of Interim Income Distribution to Unitholders and entitlement date for 1st half year distribution 2006

AUGUST 2006

- > Payment of Interim Income distribution to Unitholders

OCTOBER 2006

- > Announcement of unaudited 2006 3rd Quarter results

JANUARY 2007

- > Announcement of unaudited results for the year ending 31 Dec 2006
- > Announcement of Income Distribution to Unitholders and entitlement date for 2006

FEBRUARY 2007

- > Payment of Income distribution to Unitholders
- > Release of Audited Results for the year ending 31 Dec 2006

FREQUENTLY ASKED QUESTIONS

1) How often does Axis-REIT makes any income distribution?

Semi annually. Income distributions are payable no later than 28 February (for final year end distribution) and 31 August (for interim half year) each year. However, in certain circumstances such as the issuance of new units by Axis-REIT during the year, it may be necessary to make a special income distribution at different periods in order to attribute income distribution to existing Unitholders to avoid any income dilution from the enlarged Unitholders' capital.

2) How is this income distribution paid?

Payments are made via cheques to each unit holder with an attached Distribution Tax Voucher detailing entitlement and gross/net amount payable.

3) Are there different types of income distribution?

Yes. At the Trust level, the source from which income is distributed could be derived from:-

- a) Current year's realised income before taxation;
- b) Current year's tax exempt income, if any;
- c) Portion of 'Accumulated Retained Earnings' that have been taxed;
- d) Portion of 'Accumulated Retained Earnings' that consist of tax exempt income;

4) What is the tax treatment of Unitholders?

Income of a REIT (where subject to income tax), will be liable to tax at the rate of 28% (prevailing rate). However, the income which is distributed to unit holders in the same period, will not be subject to income tax at the REIT's level. Instead, unit holders will be taxed at their respective tax rates on the income distributed in the same period.

Income which were undistributed and taxed in the previous years at the REIT's level are also taxable at the unit holders' level but the tax paid by the REIT is imputed to be the tax paid by the beneficiaries ("imputed tax").

At the unit holder level there is a need to differentiate between resident unit holder and non-resident (foreign) unit holders. Based on current tax legislations, the tax treatment is as follows:-

Income of the REIT distributed in the same basis period:-

> Resident unitholders

Individuals and other non-corporate unit holders would be subject to income tax at scale rates. The prevailing scale rates range from 1% to 28%. As for the corporate unit holders, they would be taxed at the corporate tax rate (the prevailing rate is 28%) on distributions of income from the REIT to the extent of an amount equivalent to their share of the total taxable income of the REIT. From Year of Assessment 2004 onwards, corporate unit holders with paid-up capital in the form of ordinary shares of RM2.5 million and below will be subject to a tax rate of 20% on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the prevailing rate of 28% is still applicable.

> Non resident (Foreign) unitholders

Non-resident unit holders would be subject to Malaysian income tax at the prevailing rate of 28% and this tax will be collected through a withholding tax mechanism, i.e. withholding tax of 28% would be deducted on the income distributed to non-resident Unitholders.

Income of the REIT which was not distributed in the previous years:-

> **Resident and non resident unitholders**

This income would have been subject to income tax at the REIT's level at the rate of 28% in previous years and such income distributed from the REIT will carry a tax credit proportionate to each unit holder's share of the total taxable income in respect of the tax paid by the REIT.

Resident unit holders would be subject to income tax at scale rates, i.e. range from 1% to 28%. Non-resident unit holders would be subject to Malaysian income tax at the prevailing rate of 28%. Both resident and non-resident unit holders will be entitled to utilise the tax credit as a set off against the tax payable by them. No other withholding tax will be imposed on such income distribution of the REIT.

5) How do I calculate my distribution?

For the financial period ended 31 December 2005, the distribution was 4.7 sen per unit.

ASSUMPTION	DISTRIBUTION TO RESIDENT UNITHOLDER	DISTRIBUTION TO NON-RESIDENT UNITHOLDER (28% TAXED AT SOURCE)
10,000 Axis-REIT Units	RM 470.00	RM 338.40

6) What is my Distribution yield?

UNITHOLDER	DISTRIBUTION (SEN)	ANNUALIZED DISTRIBUTION YIELD BASED ON IPO PRICE OF RM 1.25	ANNUALIZED DISTRIBUTION YIELD BASED ON CLOSING PRICE OF RM 1.73 ON 31 DECEMBER 2005
Resident	4.70	9.2%	6.65%
Foreign	3.384	6.63%	4.8%

7) Where can I view the Trust Deed of Axis-REIT?

The Deed is available for inspection at the principal place of business of the Manager and at the principal place of business of the Trustee, OSK Trustee Berhad.

8) What are the total number of Axis-REIT Units currently in issue?

A total of 205,901,000 Units are in circulation as at 31 December 2005.

9) When can new Units be issued?

The Manager may from time to time recommend an increase in the number of Units by way of rights issue or bonus issue to existing Unitholders in proportion to their holding of Units, or by way of placement to any person, as consideration issue for subscription or such other methods as may be accepted by the SC. The issue of Units are to finance acquisitions for Axis-REIT or to balance the debt-equity matrix of the Fund. The prior approvals of the SC and the Trustee are required for any increase in the size of the REIT through the creation of further Units. The prior approval of the Unitholders by way of ordinary resolution or otherwise will also be required for the creation of further Units where stipulated in the Deed or under the applicable laws and requirements.

10) What are my rights as a Unitholder?

The key rights of Unitholders include rights to:

- > receive income and other distributions attributable to the Units held;

- > receive the fund reports of Axis-REIT; and

- > participate in the termination of Axis-REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Axis-REIT less any liabilities, in accordance with their proportionate interests in Axis-REIT.

11) How can the Trust Deed be amended?

Save where an amendment to the Deed has been approved by a resolution of not less than 2/3 of all Unitholders for the time being (or such other majority as may be required under the SC Guidelines on REITs) passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Deed, no amendment may be made to the provisions of the Deed unless the Trustee certifies, in its opinion, that such amendment does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders.

12) Under what circumstances can a Meeting of Unitholders be called?

Under the applicable law and requirements and the provisions of the Deed, Axis-REIT will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or 1/10th in number of Unitholders (whichever is lesser) request a meeting to be convened.

Any decision to be made by resolution of Unitholders shall be made by ordinary resolution, unless a special resolution is required by the applicable laws and requirements and/or the Deed.

At least 14 days' notice of every meeting (other than a meeting convened to pass a special resolution, which requires at least 21 day's notice) shall be given to the Unitholders in the manner provided in the Deed. The quorum at a meeting shall be as follows:

- a) where an ordinary resolution only is to be proposed, at least five persons holding or representing by proxy at least 10% of all the Units and carrying the right to vote at the meeting; and
- b) where a special resolution is to be proposed, at least five persons holding or representing by proxy at least 15% of all the Units and carrying the right to vote at the meeting.

Voting at a meeting shall be by a show of hands provided that a poll shall be taken in any case where:

- a) it is required by the Deed or by law that the question be decided by a majority which is to be measured by a percentage of the votes of those present; or
- b) it is demanded either before or immediately after any question is put to a show of hands by Unitholders present, holding (or representing by proxy) between them not less than 5% of the Units issued.

13) Can the Manager vote at Unitholders' meetings?

No. Neither the Manager nor its related corporations or associated persons (as defined in the Deed) shall be entitled to vote in respect of any matter and shall not be counted in a quorum, unless otherwise permitted by the SC.



Financial Statements

For the period ended 31 December 2005

Statement By The Manager	35
Statutory Declaration	36
Trustee Report	37
Report Of The Auditors	38
Balance Sheet	39
Income Statement	40
Statement Of Changes In Net Asset Value	41
Cash Flow Statement	42
Notes To The Financial Statements	43

Statement by the Manager

In the opinion of the Directors, the financial statements set out on pages 39 to 51 are drawn up in accordance with the provisions of the Deed dated 15 June 2005, Securities Commission's Guidelines on Real Estate Investment Trust, applicable securities laws and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of Axis Real Estate Investment Trust at 31 December 2005 and of the results of their operations and cash flows for the period ended on that date.

For and on behalf of the Manager,

Axis REIT Managers Berhad,

Signed in accordance with a resolution of the Directors:

STEPHEN TEW PENG HWEE

GEORGE STEWART LABROOY

Kuala Lumpur,

Date: 21 February 2006

Statutory Declaration

I, **George Stewart LaBrooy**, the Director of Axis REIT Managers Berhad primarily responsible for the financial management of Axis Real Estate Investment Trust, do solemnly and sincerely declare that the financial statements set out on pages 39 to 51, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Petaling Jaya on 21 February 2006.

GEORGE STEWART LABROOY

Before me:

Trustee Report

To the Unitholders of Axis Real Estate Investment Trust (Established in Malaysia)

We have acted as Trustee of Axis Real Estate Investment Trust ("Axis-REIT") for the financial period ended 31 December 2005. In our opinion, Axis REIT Managers Berhad ("the Manager") has managed Axis-REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deed dated 15 June 2005, other provisions of the Deed, the Securities Commission Act, 1993, the applicable Guidelines on Real Estate Investment Trusts and other applicable laws during the financial period then ended.

We have also ensured the following:

- (a) the procedures and processes employed by the Manager to value and price the units of Axis-REIT are adequate and that such valuation/pricing is carried out in accordance with the Deed and other regulatory requirements; and
- (b) the creation of units are carried out in accordance with the Deed and other regulatory requirements.

We confirm that the recommended net income distribution of 4.70 sen per unit for the financial period is in line with and is reflective of the objectives of Axis-REIT.

For and on behalf of the Trustee,
OSK Trustees Berhad

Ong Eu Jin
Chief Operating Officer

Kuala Lumpur,

Date: 21 February 2006

Report of the Auditors

To the Unitholders of Axis Real Estate Investment Trust (Established in Malaysia)

We have audited the financial statements set out on pages 39 to 51. The preparation of the financial statements is the responsibility of the Directors of Axis REIT Manager Berhad ("the Manager") of Axis Real Estate Investment Trust ("Axis-REIT").

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Securities Commission's Guidelines on Real Estate Investment Trust and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Manager as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements of Axis-REIT are properly drawn up in accordance with the provisions of the Deed dated 15 June 2005, Securities Commission's Guidelines on Real Estate Investment Trust, applicable securities laws and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of Axis-REIT at 31 December 2005 and the results of its operations and cash flows for the period ended on that date.

KPMG

Firm Number: AF 0758

Chartered Accountants

Seow Yoo Lin

Partner

Approval Number: 1497/02/07(J)

Kuala Lumpur,

Date: 21 February 2006

Balance Sheet

As at 31 December 2005

	NOTE	2005 RM'000
Investments		
Investment properties	3	332,200
Deposits placed with licensed banks	4	4,350
		<hr/> 336,550
Other assets		
Trade and other receivables	5	2,799
Cash and bank balances		222
Tax recoverable		61
		<hr/> 3,082
Total assets		<hr/> 339,632
Liabilities		
Trade and other payables	6	12,104
Borrowings	7	40,000
Provisions for income distribution	8	9,677
		<hr/> 61,781
Total liabilities		<hr/> 61,781
Net asset value ("NAV")		<hr/> 277,851
Financed by:		
Unitholders' funds		
Unitholders' capital	9	234,892
Undistributed income		341
Revaluation reserve	10	42,618
		<hr/> 277,851
Units in circulation ('000)		<hr/> 205,901
NAV per unit (RM)		
- before income distribution		1.396
- after income distribution		<hr/> 1.349

The notes set out on pages 43 to 51 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statement

For the period from 3 August 2005 (date of commencement) to 31 December 2005

	NOTE	3.8.2005 to 31.12.2005 RM'000
Gross revenue	11	13,761
Property expenses	12	(2,300)
Net rental income		11,461
Interest income		328
Total income		11,789
Manager's fees		794
Trustee's fees		57
Auditor's fees		40
Tax agent's fees		10
Administrative expenses		98
Interest expense		738
Total expenses		1,737
Income before taxation		10,052
Tax expense	14	(34)
Net income for the period		10,018
Net income for the period is made up as follows:		
Realised		10,018
Unrealised		-
		10,018
Earnings per unit - (sen)	15	4.87
Earning per unit (before manager's fee)		
- Gross (sen)		5.27
- Net (sen)		5.25
Net income distribution		
Proposed final income distribution of 4.70 sen payable on 28 February 2006	16	9,677
Final income distribution per unit		
- Gross (sen)	16	4.70
- Net* (sen)	16	4.70

* Withholding tax of 28% will be deducted for distributions made to non-resident Unitholders.

The notes set out on pages 43 to 51 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes In Net Asset Value

For the period from 3 August 2005 (date of commencement) to 31 December 2005

	UNITHOLDERS' CAPITAL RM'000	NON- DISTRIBUTABLE REVALUATION RESERVE RM'000	DISTRIBUTABLE UNDISTRIBUTED INCOME RM'000	TOTAL RM'000
At 3 August 2005	-	-	-	-
Operations for the period from 3 August 2005 to 31 December 2005				
Net income for the period	-	-	10,018	10,018
Revaluation reserve (Note 10)	-	42,618	-	42,618
Increase in net assets resulting from operations	-	42,618	10,018	52,636
Unitholders' transactions				
Creation of Units	241,083	-	-	241,083
Distribution to Unitholders (Note 16))	-	-	(9,677)	(9,677)
Listing expenses (Note 17)	(6,191)	-	-	(6,191)
Increase in net assets resulting from Unitholders' transactions	234,892	-	(9,677)	225,215
At 31 December 2005	234,892	42,618	341	277,851
	Note 9			

The notes set out on pages 43 to 51 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statement

For the period from 3 August 2005 (date of commencement) to 31 December 2005

3.8.2005 TO

31.12.2005

RM'000

Cash flows from operating activities

Income before taxation	10,052
Adjustments for:	
Interest expense	738
Interest income	(328)
Operating profit before working capital changes	10,462
(Increase)/Decrease in working capital:	
Trade and other receivables	(2,799)
Trade and other payables	12,104

Cash generated by operating activities

Tax paid	(95)
----------	------

Net cash generated by operating activities

19,672

Cash flows from investing activities

Interest income	328
Increase in pledged deposits placed with licensed banks	(450)
Purchase of investment properties	(182,082)

Net cash used in investing activities

(182,204)

Cash flows from financing activities

Interest paid	(738)
Listing expenses	(6,191)
Proceeds from issue of Units	133,583
Proceeds from borrowings	40,000

Net cash generated by financing activities

166,654

Net increase in cash and cash equivalents

4,122

Cash and cash equivalents at beginning of period

-

Cash and cash equivalents at end of period

4,122

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

2005

RM'000

Cash and bank balances	222
Deposits with licensed bank (excluding deposits pledged)	3,900
	4,122

The notes set out on pages 43 to 51 form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. GENERAL

Axis Real Estate Investment Trust ("Axis-REIT") is a Malaysia-domiciled real estate investment trust constituted pursuant to the deed dated 15 June 2005 (the "Deed") between Axis REIT Managers Berhad (the "Manager") and OSK Trustees Berhad (the "Trustee"). The Deed is regulated by the Securities Commission Act, 1993, the Securities Commission's Guidelines on Real Estate Investment Trusts, the Listing Requirement of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings. Axis-REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under the provisions of Clause 26 of the Deed.

Axis-REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 3 August 2005.

The principal activity of Axis-REIT is to invest in a diverse portfolio of properties with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

Axis-REIT has entered into several service agreements in relation to the management of Axis-REIT and its property operations. The fee structure of these services is as follows:

(a) Property management fees

The Property Manager, Axis Management Sdn. Bhd. is entitled to a property management fee in respect of the management of the investment properties owned by Axis-REIT, as provided in the Deed. The fee is based on a certain graduated scale as provided in the provisions of the revised Valuers, Appraisers and Estate Agents Act, 1981 as required by the Securities Commission's Guidelines on Real Estate Investment Trust. The property management fees are payable monthly in arrears.

(b) Manager's fees

Pursuant to the Deed, the Manager is entitled to receive a fee of up to a maximum of 1.00% per annum of the Net Asset Value of Axis-REIT, calculated based on the monthly accrual basis and payable monthly in arrears. The Manager's fees for the period ended 31 December 2005 of RM794,177 is 0.7% of the monthly net asset value.

(c) Trustee's fees

Pursuant to the Deed, the Trustee is entitled to receive a fee of 0.05% per annum of the Net Asset Value of Axis-REIT calculated based on the monthly accrual basis and payable monthly in arrears. The Trustee's fees for the period ended 31 December 2005 is RM56,727.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by Axis-REIT.

(a) Basis of accounting

The financial statements of Axis-REIT are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Deed, Securities Commission's Guidelines on Real Estate Investment Trust, Securities Commission Act, 1993 and applicable approved accounting standards in Malaysia.

(b) Investment properties

The freehold and leasehold properties are considered as investment properties which are held to earn rentals or for capital appreciation or both.

Investment properties are stated at cost. No depreciation is provided on investment properties. It is Axis-REIT's practice to appraise the investment properties at least once every year, by independent professional valuers based on open market value, and to maintain these properties in such condition that the residual value is high so that any depreciation, if applicable, would be insignificant. Any surplus arising there from will be incorporated in the financial statements. The related maintenance expenditure is dealt with in the income statement.

(c) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(d) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consists of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value and are presented net of bank overdrafts and pledged deposits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

(e) Liabilities

Borrowings and trade and other payables are stated at cost.

(f) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

Provisions for income distribution

Provisions for income distribution is recognised when any distribution declared, determined or publicly recommended by the Directors of the Manager and approved by the Trustee but not distributed at the balance sheet date.

(g) Impairment

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(h) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(i) Revenue

i) Rental income

Rental income consists of rental income from letting of lots, car park and other associated income, is recognised on a straight-line basis over the term of rent.

ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(j) Expenses

i) Property expenses

Property expenses consist of property management fees, quit rents and assessment, and other property outgoings in relation to investment properties where such expenses are the responsibility of Axis-REIT.

Property manager fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1(a).

ii) Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred.

iii) Listing expenses

Listing expenses represent expenses incurred for the listing of Axis-REIT on the Main Board of Bursa Malaysia Securities Berhad. The expenses are deducted directly against the Unitholders' fund.

3. INVESTMENT PROPERTIES

DESCRIPTION OF PROPERTY	TENURE OF LAND	TERM OF LEASE YEAR	REMAINING TERM OF LEASE YEAR	LOCATION	EXISTING USE	OCCUPANCY RATES AS AT		VALUATION RM'000	ACQUISITION COST RM'000	PERCENTAGE OF VALUATION TO NET ASSET VALUE %
						31 DECEMBER	%			
Axis Business Park *#	Leasehold	99	55	Petaling Jaya	Office & Warehouse	100		93,000	84,600	33.5
Axis Plaza *	Freehold	-	-	Shah Alam	Office & Warehouse	93.4		26,000	22,500	9.3
Crystal Plaza *	Leasehold	99	54	Shah Alam	Commercial	100		65,000	56,400	23.4
Infinite Centre *	Leasehold	99	60	Petaling Jaya	Office & Warehouse	100		32,000	25,450	11.5
Kompleks Kemajuan **	Leasehold	99	60	Petaling Jaya	Office & Warehouse	72.8		36,200	29,192	13.0
Menara Axis *#	Leasehold	99	60	Petaling Jaya	Commercial	100		80,000	71,440	28.8
Investment properties								332,200	289,582	

* The properties were valued on 24 June 2005 by Colliers, Jordan Lee & Jaafar Sdn. Bhd., an independent firm of professional valuers using the comparison, the cost and the investment methods of valuation.

** The property was valued on 22 November 2005 by C H Williams Talhar & Wong Sdn. Bhd., an independent firm of professional valuers using the comparison and investment methods of valuation.

The properties are charged to financial institution for banking facilities granted to Axis-REIT (see Note 7).

4. DEPOSITS PLACED WITH LICENSED BANKS**2005
RM'000**

Deposits placed with licensed banks	4,350
-------------------------------------	-------

Included in fixed deposits is RM450,000 pledged for banking facilities granted to Axis-REIT (Note 7).

5. TRADE AND OTHER RECEIVABLES**2005
RM'000**

Trade receivables	938
Other receivables, deposits and prepayments	183
Deposits and professional fees paid for the purchase of a property (Note 24)	1,678
	2,799

6. TRADE AND OTHER PAYABLES**2005
RM'000**

Trade payables	169
Other payables and accrued expenses	899
Tenants' deposits	
- payable within 12 months	953
- payable after 12 months	10,083
	12,104

Included in other payables and accrued expenses is amount due to the Manager and the Trustee of RM169,503 and RM11,531 respectively which are unsecured, interest free and payable monthly in arrears.

7. BORROWINGS**2005
RM'000**

Revolving credit - secured	40,000
----------------------------	--------

The revolving credit is secured by way of fixed charges over certain leasehold land and buildings (Note 3), deposits with licensed banks (Note 4) and bear interest rate ranging from 4.40% to 4.45% per annum.

TERMS AND DEBT REPAYMENT SCHEDULE

	TOTAL	UNDER	1 - 2	2 - 5
	RM'000	1 YEAR	YEARS	YEARS
	RM'000	RM'000	RM'000	RM'000
Revolving credit	40,000	40,000	-	-

8. PROVISIONS FOR INCOME DISTRIBUTION**2005
RM'000**

Balance at 3 August 2005 (date of commencement)	-
Provisions made during the period	9,677
	9,677
Balance at 31 December 2005	9,677

9. UNITHOLDERS' CAPITAL

	2005 NUMBER OF UNITS '000
Authorised:	
At 3 August 2005 (date of commencement)/ 31 December 2005	205,901

	2005 RM'000
Issued and fully paid up:	
At 3 August 2005 (date of commencement)	-
Issue of new Units:	
- 107,501,000 Units of RM1.00 each	107,501
- 17,000,000 Units of RM1.25 each	21,250
- 81,400,000 Units of RM1.38 each	112,332
Listing expenses (Note 17)	(6,191)

At 31 December 2005	234,892

As at 31 December 2005, the Manager did not hold any Units in Axis-REIT. However, the Directors of the Managers and related parties held Units in Axis-REIT as follows:

	2005 NUMBER OF UNITS '000	MARKET VALUE RM'000
The Manager's Directors' and substantial shareholders' direct Unitholdings in Axis-REIT:		
Dato' Abas Carl Gunnar bin Abdullah	124	215
Stephen Tew Peng Hwee	70	121
The Manager's Directors' direct Unitholdings in Axis-REIT:		
Alex Lee Lao	200	346
Dato' Abdul Azim Mohd Zabidi	200	346
Dato' Mohammed Salleh Bajuri	250	433
The Manager's substantial shareholders' direct Unitholdings in Axis-REIT:		
Baiduri Kemas Sdn. Bhd.	30,750	53,198
Crystal Properties Sdn. Bhd.	24,900	43,077
Prestigious Landmarks Sdn. Bhd.	34,670	59,979
The Manager's related parties' direct Unitholdings in Axis-REIT:		
Paridah binti Mohd Nor (spouse of Dato' Mohammed Salleh Bajuri)	100	173
Infinite Centre Sdn. Bhd.	7,130	12,335
Kasturi Gemilang Sdn. Bhd.	1,950	3,374
PAMS Holdings Sdn. Bhd.	150	260
PAMS Corporation Sdn. Bhd.	50	87
The Manager's Directors' indirect Unitholdings in Axis-REIT:		
Dato' Abas Carl Gunnar bin Abdullah*	32,700	56,571
Dato' Mohammed Salleh Bajuri**	300	519
Lim Kian Thiam***	99,400	171,962
Stephen Tew Peng Hwee****	97,450	168,589

* Deemed interested by virtue of his shareholdings in Axis Equities Sdn. Bhd.

** Deemed interested by virtue of his shareholdings in PAMS Holdings Sdn. Bhd. and PAMS Corporation Sdn. Bhd., and also interest held by his spouse

*** Deemed interested by virtue of his shareholdings in Axis Equities Sdn. Bhd., Pet Resins (M) Sdn. Bhd., Salperton Holdings Sdn. Bhd., Infinite Centre Sdn. Bhd. and Pet Films (M) Sdn. Bhd.

**** Deemed interested by virtue of his shareholdings in Pet Resins (M) Sdn. Bhd., Salperton Holdings Sdn. Bhd. and Infinite Centre Sdn. Bhd.

The market value is determined by multiplying the number of Units with the market price of RM1.73 as at 31 December 2005.

10. REVALUATION RESERVE

This represents the net surplus arising from the revaluation of investment properties in accordance with the policy outlined in Note 2(b) and is not distributable by way of cash dividends.

	VALUATION RM'000	ACQUISITION COST RM'000	REVALUATION RESERVE RM'000
Axis Business Park	93,000	84,600	8,400
Axis Plaza	26,000	22,500	3,500
Crystal Plaza	65,000	56,400	8,600
Infinite Centre	32,000	25,450	6,550
Kompleks Kemajuan	36,200	29,192	7,008
Menara Axis	80,000	71,440	8,560
	<hr/> 332,200	<hr/> 289,582	<hr/> 42,618

11. GROSS REVENUE

	3.8.2005 TO 31.12.2005 RM'000
Gross rental income	12,320
Car park income	1,007
Other income	434
	<hr/> 13,761

12. PROPERTY EXPENSES

	3.8.2005 TO 31.12.2005 RM'000
Assessment	333
Service contracts and maintenance	547
Property management fees	320
Property management reimbursements	133
Utilities	530
Others	437
	<hr/> 2,300

13. EMPLOYEE INFORMATION

Axis-REIT does not have any employee, hence no information is disclosed.

14. TAX EXPENSE

**3.8.2005 TO
31.12.2005
RM'000**

Current tax expense	34

Reconciliation of effective tax expense	
Profit before taxation	10,052

Income tax using Malaysian tax rate	2,815
Non-deductible expenses	16
Effect of tax exempt income	(87)
Effect of income distribution exempted from tax	(2,710)

Tax expense	34

15. EARNINGS PER UNIT

The calculation of earnings per Unit is based on net income for the period of RM10,018,111 to the number of units in circulation during the period of 205,901,000.

16. DISTRIBUTION TO UNITHOLDERS

Distribution to Unitholders is from the following sources:

**3.8.2005 TO
31.12.2005
RM'000**

Net rental income	11,395
Interest income - non-tax exempt	19

	11,414
Less: Expenses	(1,737)

	9,677

Gross provision for distribution per Unit (sen)	4.70

Net provision for distribution per Unit (sen)	4.70

17. LISTING EXPENSES

**3.8.2005 TO
31.12.2005
RM'000**

Brokerage and commissions	3,124
Professional fees	1,784
Miscellaneous expenses	1,283

	6,191

These expenses are deducted directly against the Unitholders' funds. Included in the professional fees are non-audit fees paid and payable to auditors of Axis-REIT amounting to RM155,000 for acting as independent reporting accountants with respect to the issuance and placement of additional Units in Axis-REIT.

18. PORTFOLIO TURNOVER RATIO**3.8.2005 TO
31.12.2005**

Portfolio Turnover Ratio ("PTR") (times)

0.53

The calculation of Portfolio Turnover Ratio ("PTR") is based on the average of total acquisitions and total disposals of investments in Axis-REIT for the period to the average net asset value during the period calculated on a weekly basis.

19. MANAGEMENT EXPENSE RATIO**3.8.2005 TO
31.12.2005**

Management expense ratio ("MER") (%)

0.88

The calculation of MER is based on total fees of Axis-REIT incurred, including Manager's fees, Trustee's fees, audit fees, tax agent's fees and administrative expenses, to the average net asset value during the period. Since the average net asset value is calculated on a weekly basis, comparison of the MER of Axis-REIT with other real estate investment trusts which uses different basis of calculation may not be an accurate comparison.

20. CAPITAL COMMITMENT

As at 31 December 2005, Axis-REIT has a capital commitment amounted RM14,490,000 in respect of the acquisition of a property (Note 24).

21. SIGNIFICANT RELATED PARTY TRANSACTIONS**3.8.2005 TO
31.12.2005
RM'000**

Property management fees paid/payable to Property Manager

98

Acquisitions cost of a property payable to a related company of the

Directors of the Manager

47

These transactions have been entered into in the normal course of business.

22. FINANCIAL INSTRUMENTS

Financial risks management objectives and policies

Exposure to credit, interest rate and liquidity risk arises in the normal course of Axis-REIT's business. Axis-REIT has written risk management policies and guidelines which sets out their overall business strategies and its general risk management philosophy.

Credit risk

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of financial asset.

Interest rate risk

Axis-REIT's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Liquidity risk

The Manager monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance Axis-REIT's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the Securities Commission's Guidelines on Real Estate Investment Trust concerning limits on total borrowings.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature:

			2005		
	EFFECTIVE		WITHIN	1-5	AFTER
	INTEREST	TOTAL	1 YEAR	YEARS	5 YEARS
	RATE	RM'000	RM'000	RM'000	RM'000
	%				
Financial assets					
Deposits with licensed banks	2% - 3.7%	4,350	4,350	-	-
Financial liabilities					
Revolving credit	4.40% - 4.45%	40,000	40,000	-	-

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

23. COMPARATIVE FIGURES

No comparative figures are presented as this is the first financial statement prepared by Axis-REIT.

24. SUBSEQUENT EVENTS

On 2 December 2005, Axis-REIT entered into a deed of novation and a supplemental agreement with Evergreen Landmark Sdn. Bhd. to purchase a property from Juta Bina Sdn. Bhd. for a total purchase price of RM16,100,000. The acquisition of the property is expected to be completed by June 2006.



Unitholders' Statistics

ANALYSIS OF UNITHOLDINGS AS AT 31 DECEMBER 2005

ANALYSIS OF UNITHOLDINGS

SIZE OF HOLDINGS	NUMBER OF UNITHOLDERS	%	NUMBER OF UNITS HELD	%
1 - 99	1	0.08	50	0.00
100 - 1,000	326	26.81	295,450	0.14
1,001 - 10,000	567	46.63	2,607,000	1.27
10,001 - 100,000	179	14.72	6,514,000	3.16
100,001 to less than 5% of issued units	140	11.51	106,164,500	51.56
5% and above of issued units	3	0.25	90,320,000	43.87
Total	1,216	100.00	205,901,000	100.00

30 LARGEST UNITHOLDERS

(per Record of Depositors)

NAME	NO. OF SHARES HELD	%
1. Prestigious Landmarks Sdn Bhd	34,670,000	16.84
2. Baiduri Kemas Sdn Bhd	30,750,000	14.93
3. Crystal Properties Sdn Bhd	24,900,000	12.09
4. Employees Provident Fund Board	7,400,000	3.59
5. Infinite Centre Sdn Bhd	7,130,000	3.46
6. Universal Trustee (Malaysia) Berhad SBB Equity Income Fund	5,139,000	2.50
7. Citigroup Nominees (Asing) Sdn Bhd Exempt an for American International Assurance Company Limited	4,500,000	2.19
8. HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt SG For Employees Provident Fund	4,419,000	2.15
9. Universal Trustee (Malaysia) Berhad SBB Retirement Balanced Fund	3,223,300	1.57
10. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	2,900,000	1.41
11. AMMB Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad for HLG Penny Stock Fund	2,459,000	1.19
12. CIMB Real Estate Sdn Bhd	2,250,000	1.09
13. CIMSEC Nominees (Asing) Sdn Bhd CIMB-Mapletree Management Sdn Bhd For Mapletree Dextra Pte Ltd	2,250,000	1.09
14. Malaysia Nominees (Tempatan) Sendirian Bhd Great Eastern Life Assurance (Malaysia) Berhad	2,241,000	1.09

30 LARGEST UNITHOLDERS (continued)
(per Record of Depositors)

	NAME	NO. OF SHARES HELD	%
15.	SBB Nominees (Tempatan) Sdn Bhd Aviva Insurance Berhad	2,000,000	0.97
16.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Equity Income Fund	2,000,000	0.97
17.	Kasturi Gemilang Sdn Bhd	1,950,000	0.95
18.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for Prudential Assurance Malaysia Berhad	1,864,600	0.91
19.	Asia life (M) Berhad As beneficial Owner	1,857,000	0.90
20.	AMMB Nominees (Tempatan) Sdn Bhd AMTRUSTEE Berhad for Pacific Pearl Fund	1,789,800	0.87
21.	Allianz Life Insurance Malaysia Berhad	1,770,400	0.86
22.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Dividend Select Fund	1,560,000	0.76
23.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Dynamic Fund	1,495,900	0.73
24.	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad	1,470,100	0.71
25.	Amanah Raya Nominees (Tempatan) Sdn Bhd Kumpulan Wang Am	1,352,000	0.66
26.	Amanah Raya Nominees (Tempatan) Sdn Bhd PB Balanced fund	1,250,000	0.61
27.	Malaysian Assurance Alliance Berhad As Beneficial Owner (Growth Fund)	1,200,000	0.58
28.	MCIS Zurich Insurance Berhad	1,070,000	0.52
29.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Neoh Gim Chin	1,000,000	0.49
30.	Malaysian Nominees (Tempatan) Sendirian Berhad Overseas Assurance Corporation (Malaysia) Berhad	990,000	0.48
	Total	158,851,100	77.15

SUBSTANTIAL UNITHOLDERS
(per Record of Depositors)

	NAME	NO. OF UNITS HELD	% OF UNITS HELD
	Prestigious Landmarks Sdn Bhd	34,670,000	16.84
	Baiduri Kemas Sdn Bhd	30,750,000	14.93
	Crystal Properties Sdn Bhd	24,900,000	12.09
	Total	90,320,000	43.86



Glossary

ADSB	: Axis Development Sdn Bhd (Company No. 255676-V), being the holding company of the Manager
Axis-REIT / the Fund	: Axis Real Estate Investment Trust
Bursa Securities / the Exchange	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
Deed	: The deed dated 15th June 2005 constituting Axis-REIT executed between the Trustee and the Manager
DPU	: Distribution per Unit
GAV	: Gross Asset Value
Gross Revenue	: Gross rental income and other income earned from the properties including license fees, car park income, utilities and miscellaneous income
MER	: Management expenses ratio
Manager	: Axis REIT Managers Berhad (Company No. 649450-W), being the management company of Axis-REIT
NAV	: Net asset value
Net Lettable Area	: Consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building
OMV	: Open market value
PTR	: Portfolio Turnover Ratio
Property Management Company	: Axis Management Sdn Bhd (Company No. 391004-P)
REIT(s)	: Real estate investment trust(s)
RM and sen	: Ringgit Malaysia and sen, respectively
Revaluation Reserve	: The difference between the valuation of a property, as determined by a registered valuer, and the actual price paid REIT.
SC	: Securities Commission
SCA	: Securities Commission Act, 1993
SC Guidelines on REITs	: Guidelines on Real Estate Investment Trusts issued by the SC on 3 January 2005
Sq. ft.	: Square feet
Sqm	: Square metres
Symphony Share Registrars	: Symphony Share Registrars Sdn Bhd (Company No. 378993-D) (formerly known as Malaysian Share Registration Services Sdn Bhd)
Trustee	: OSK Trustees Berhad (Company No. 573019-U) being the Trustee of Axis-REIT
Unit(s)	: Undivided interest(s) in Axis-REIT as constituted by the Deed
Unitholder(s)	: Holder(s) of the Units

Corporate Directory

MANAGER

Axis REIT Managers Berhad

Manager's Principal Place of Business

Suite 6.04 Penthouse
Wisma Academy
4A Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7958 4882
Fax : 03-7957 6881

Manager's Registered Office

Suite 11.1A Level 11
Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03-2031 1988
Fax : 03-2031 9788

BOARD OF DIRECTORS OF THE MANAGER

Dato' Abdul Azim Mohd Zabidi
Independent Non-Executive Chairman

George Stewart LaBrooy
Executive Director

Dato' Abas Carl Gunnar bin Abdullah
Non-Independent Non-Executive Director

Lim Kian Thiam
Non-Independent Non-Executive Director

Stephen Tew Peng Hwee
Non-Independent Non-Executive Director

Dato' Mohamed Salleh Bajuri
Independent Non-Executive Director

Alex Lee Lao
Alternate to Dato' Abas Carl Gunnar bin Abdullah

Khoo Cheang Ee
Alternate to Lim Kian Thiam

AUDIT COMMITTEE

Dato' Abdul Azim Mohd Zabidi (Chairman)
Dato' Mohamed Salleh Bajuri
Lim Kian Thiam

EXECUTIVE COMMITTEE

George Stewart LaBrooy
Lim Kian Thiam
Stephen Tew Peng Hwee
Dato' Abas Carl Gunnar bin Abdullah

NOMINATION AND REMUNERATION COMMITTEE

Dato' Abdul Azim Mohd Zabidi (Chairman)
Dato' Mohamed Salleh Bajuri
Dato' Abas Carl Gunnar bin Abdullah

COMPANY SECRETARY OF THE MANAGER

Yeoh Chong Keat
(Membership number: MIA2736)
4 Jalan 12/19
46200 Petaling Jaya
Selangor Darul Ehsan

PROPERTY MANAGEMENT COMPANY

Axis Management Sdn Bhd
Wisma MINC
36 Jalan Datuk Sulaiman
Taman Tun Dr. Ismail
60000 Kuala Lumpur

TRUSTEE

OSK Trustees Berhad
6th Floor Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Tel : 03-2333 8333
Fax : 03-2175 3288
Email : OSK_Trustees@osk.com.my
Website : www.osktrustees.com.my

PRINCIPAL BANKERS OF THE FUND

Malayan Banking Berhad
3rd Floor Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur

Bumiputra-Commerce Bank Berhad
1401B Tingkat 14
Menara Choy Fook On
Jalan Yong Shook Lin
46050 Petaling Jaya
Selangor Darul Ehsan

AUDITORS

KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

TAX AGENTS

KPMG Tax Services Sdn Bhd
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Email : ssrs@symphony.com.my
Website : www.symphony.com.my

BURSA MALAYSIA STOCK NUMBER

AXREIT 5106



Global REITs - An Overview

The Global Real Estate Investment Trust, or REIT, market has grown exponentially over the past few years. Today the global market is rapidly approaching USD 600 Billion in size and have provided investors with annualized returns of 12.7% versus Global equities of 8.1%. More and more countries have now embraced a tax efficient property listing structure to encourage private commercial property investment. There have been several key factors driving this growth. Global investors have become increasingly disillusioned by poorly performing equity markets and have been eager to access investments offering lower risks and steadier returns.

In a global population which is rapidly ageing, these investors are also slowly becoming acutely aware of the growing need to save for longer and increasingly underfunded retirement periods. More and more countries are discovering the benefits of REITs. They offer tax transparency, liquidity, improved corporate structures, simpler tax structures, easier access to all forms of capital including unsecured debt, and greater overall property market efficiency, and are altering their laws to create REIT-like vehicles to realise these benefits.

The Asian Real Estate market enjoys the strongest growth prospects of all the regional property markets. It is estimated Asia (Ex-Australia) contains approximately USD1,400 Billion of investment grade property, approximately the same as the US. The current total market capitalisation of the REIT sector in Asia is approaching USD 110Billion and rapidly increasing with over USD 13.6 Billion raised through new issues in 2005.

The Australian market, along with the US market, is the most developed REIT market in the world. The Listed Property Trust status was originally created in 1971, although in their current form since 1985, and is characterised as being one of the most open regimes available. There are no restrictions on developments or on gearing, as long as the LPT pays all of its earnings out as dividends to shareholders. In the Australian LPT sector there are over 25 LPTs (ASX) with a total market capitalisation of around AUD 86 Billion.

Since the listing of the 'LINK REIT', launched by the Hong Kong Housing Authority on 25th November 2005, 2 more REITs have since been launched. All three REITs have attracted an astonishing amount of investor interest. The real estate sector is a massive part of the listed Hong Kong stock market, with over 50 listed property companies with a total market capitalisation approaching USD 80 Billion. The potential is clear and the size of the listed sector augurs well for REITs in Hong Kong now that tax transparency issues and the current legislative structure have been resolved.

Japan's Investment Trust Law was enacted in 2000 to create J-REITs. There has been huge growth in JREITs recently with one REIT being added almost every month. There are now 29 listed J-REITs with total assets approaching USD 26 Billion.. The yield advantage that J-REITs offer domestic investors over domestic bonds has been cited as one of the strongest factors influencing the impressive growth of the sector to date, as they offer a current 2% yield advantage over Japanese Government bonds, although this has fallen from around a 4 to 5% gap since the sector was launched in 2001.

Singapore currently has 7 listed REITs with a market capitalisation of approximately USD 6.4 Billion. There are expected many more new launches in 2006. The S-REIT system was created in Singapore in 2002 and allows offshore investments, some development exposure and some limited gearing.

Other Asian markets are well placed to benefit from a similar tax efficient structure. Taiwan has launched 2 REITs and Thailand has its first REIT in place. South Korea already has a structure in place (RETF and CR-REIT) although there are currently no listed REITs yet, and Philippines, China and India are now planning to introduce guidelines for REITs to be established in their countries.



AXIS REIT MANAGERS BERHAD

(Company Number 649450-W)
(Incorporated in Malaysia under the Companies Act, 1965)

Suite 6.04 Penthouse, Wisma Academy, 4A Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : +603-7958 4881 / 7958 4882 / 7958 4886 | Fax : +603-7957 6881 | E-mail: info@axis-reit.com.my | Website: www.axis-reit.com.my



INFINITE CENTRE



AXIS PLAZA



AXIS BUSINESS PARK (BLOCK B)



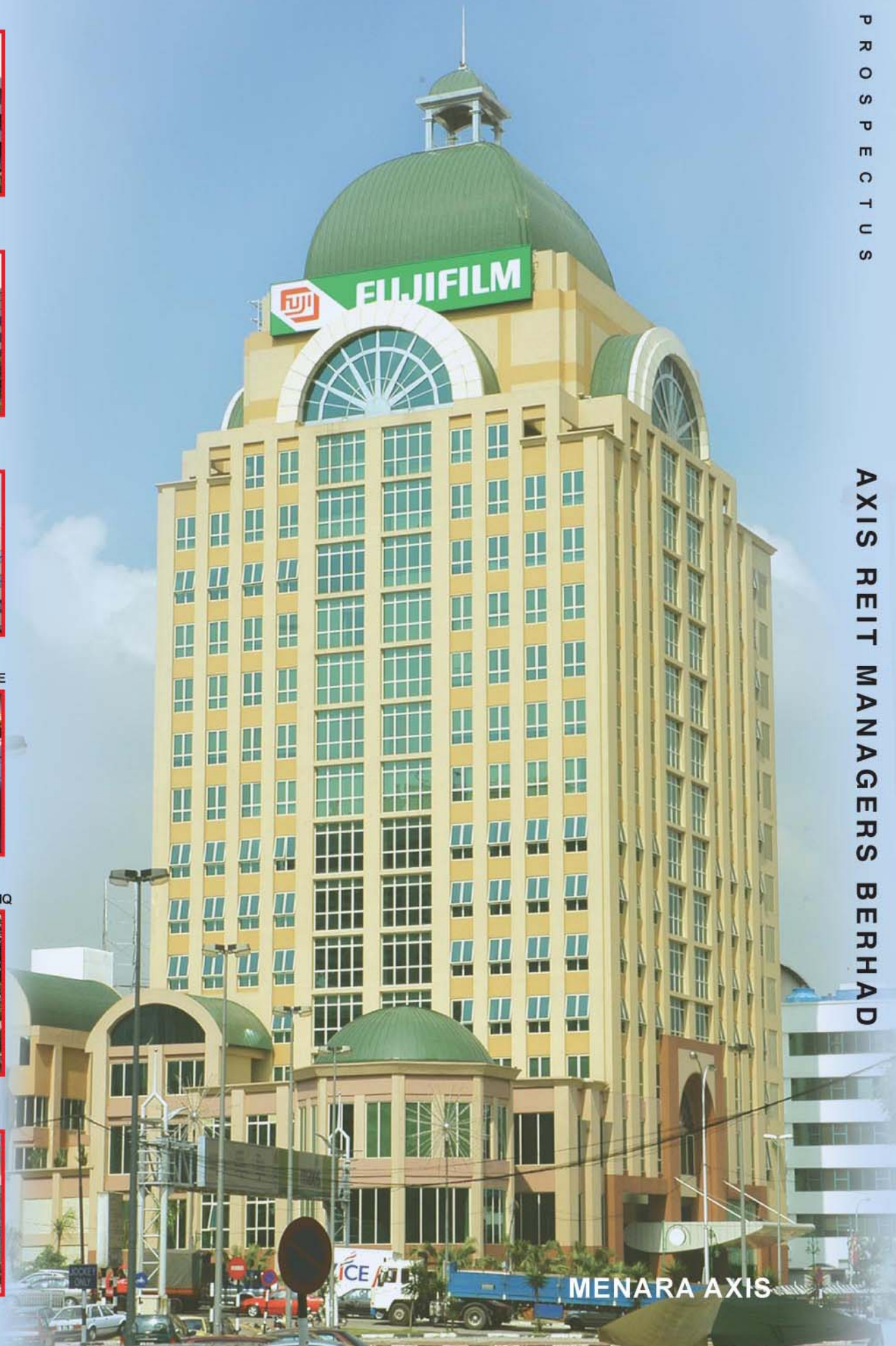
AXIS BUSINESS PARK BLOCK D & E



AXIS BUSINESS PARK –FUJI XEROX HQ



CRYSTAL PLAZA



MENARA AXIS

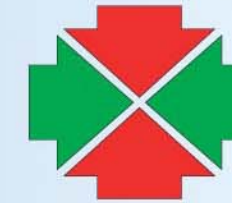
P R O S P E C T U S

AXIS REIT MANAGERS BERHAD

AXIS REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted under the laws of Malaysia)

PUBLIC OFFERING BY



AXIS REIT MANAGERS BERHAD

(Company Number 649450-W)
(Incorporated in Malaysia under the Companies Act, 1965)

as manager of Axis Real Estate Investment Trust ("Axis-REIT"), which is making an offering of 98,400,400 new units representing undivided interest in Axis-REIT ("Issue Units") comprising:

- (i) 15,000,000 Issue Units made available for application by the Malaysian public at the retail price of RM1.25* per Issue Unit payable in full upon application;
- (ii) 2,000,000 Issue Units to eligible directors and employees of Axis REIT Managers Berhad and Axis Development Sdn Bhd at the retail price of RM1.25* per Issue Unit payable in full upon application; and
- (iii) 81,400,000 Issue Units made available for application by institutional and selected investors at the institutional price to be determined by way of bookbuilding

in conjunction with the listing of Axis-REIT on the Main Board of Bursa Malaysia Securities Berhad

* The retail price will be subject to a refund in the event that the final retail price is less than RM1.25 per Issue Unit. The final retail price will equal the lower of:

- (i) the retail price of RM1.25 per Issue Unit; or
- (ii) 95% of the institutional price, to be determined by way of bookbuilding

Trustee



OSK TRUSTEES BERHAD

(formerly known as OSK-Signet Trustees Berhad)

(Company Number 573019-U)

(Incorporated in Malaysia under the Companies Act, 1965 and registered as a trust company under the Trust Companies Act, 1949)

Adviser, Sole Bookrunner, Lead Manager and Managing Underwriter



Aseambankers Malaysia Berhad
(Company No. 15938-H)

Financial Adviser



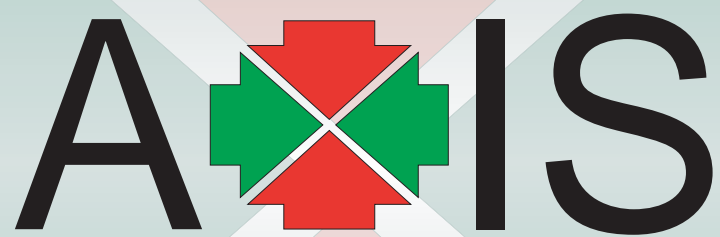
Symphony Capital Sdn Bhd
(Company Number 608184-X)

Underwriter



Mayban Securities Sdn Bhd
(Company No. 165630-M)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT YOUR PROFESSIONAL ADVISER



REAL ESTATE INVESTMENT TRUST

This overview section is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus. Words and expressions not defined herein have the same meaning as in the main body of this Prospectus, unless the context requires otherwise.

• OVERVIEW OF AXIS-REIT

- Listed REITs represent a new investment opportunity in Malaysia.
- Axis-REIT is the first REIT in Malaysia launched and to be listed after the introduction of the revised SC Guidelines on REITs.

• REAL ESTATE PORTFOLIO

- Axis-REIT's real estate portfolio consists of five commercial, office and office/industrial real estate, with an open market value of RM296 million and an aggregate Net Lettable Area (as at 1 June 2005) of 981,147 sqf. (See overleaf for details of these properties)
- The following table sets out certain information with respect to each of the Subject Properties:

Subject Property	Net Lettable Area ¹ (sqf)	Average rental rates ³ (RM/sqf)	Occupancy Rate ¹ (%)	OMV ² (RM'mil)
Axis Business Park	340,233	2.33	100.0	93
Menara Axis	171,967	3.52	99.0	80
Crystal Plaza	200,386	2.79	100.0	65
Infinite Centre	150,388	1.79	100.0	32
Axis Plaza	118,173	1.76	93.4	26
Total / Average	981,147	-	99.0⁴	296

(1) As at 1 June 2005

(2) As appraised by Colliers, Jordan Lee & Jaafar Sdn Bhd as at 1 September 2004

(3) Based on occupied rental rates for the month of May 2005

(4) The average occupancy rate is calculated based on the total net lettable area of the Subject Properties

• THE MANAGER

- Axis REIT Managers, will be responsible for the management and administration of Axis-REIT and the implementation of Axis-REIT's strategies.
- Each of the key team members has over 10 years of experience in the property industry.
- The primary objectives of the Manager are to provide Unitholders with distribution of income and achieve long-term growth in the NAV per Unit of the Fund.

• SELECTED FINANCIAL DATA

DIVIDEND DISTRIBUTION

- The Manager intends to distribute at least 95% of the distributable income of Axis-REIT for the 3 FYEs 31 December 2007.
- In the absence of unforeseen circumstances, the Manager will be in a position to propose a dividend of 3.76 sen per Unit based on 205,901,000 Units issued, representing 95% of total distributable income for the FYE 31 December 2005.
- The forecast and projected dividend distribution for the FYE 31 December 2005, 2006 and 2007 are set out below:

	Forecast FYE2005	Projection FYE2006	Projection FYE2007
Distribution per Unit (sen)	3.76 ^	10.79	11.16
Gross Yield at Retail Price	8.02%*	8.63%	8.93%

* Annualised yield

^ For the FYE 31 December 2005, the distribution reflects the profit forecast of Axis-REIT for a period of 4 1/2 months

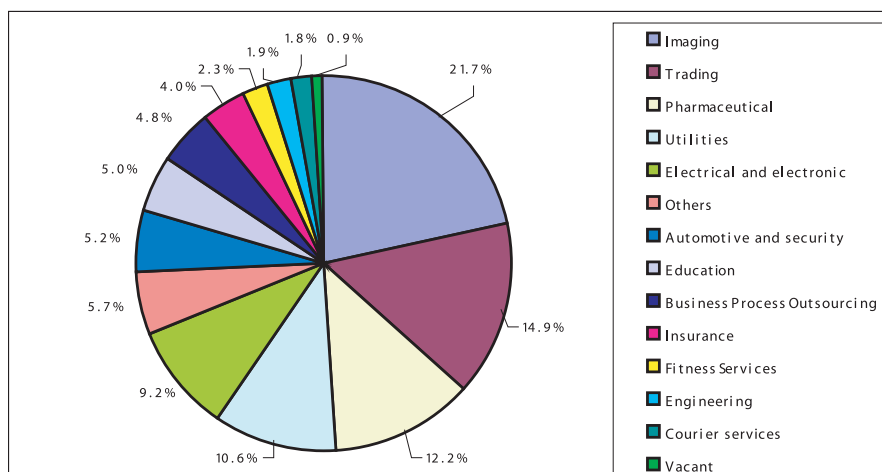
TAX TRANSPARENCY

- Investors who are qualifying tax residents of Malaysia will receive their income distributions without having tax deducted at source, for which they must subsequently pay income tax at their applicable individual or corporate tax rate. Non-resident Unitholders will be subject to withholding tax of 28% on the income distributed.

QUALITY TENANT BASE

- The Subject Properties enjoy a diversified and high quality tenant base with tenants involved in a variety of business and trades. The business sectors of the Subject Properties' tenants are shown below:

**Tenant Sectors by Net Lettable Area
(as at 1 June 2005*)**



Note:

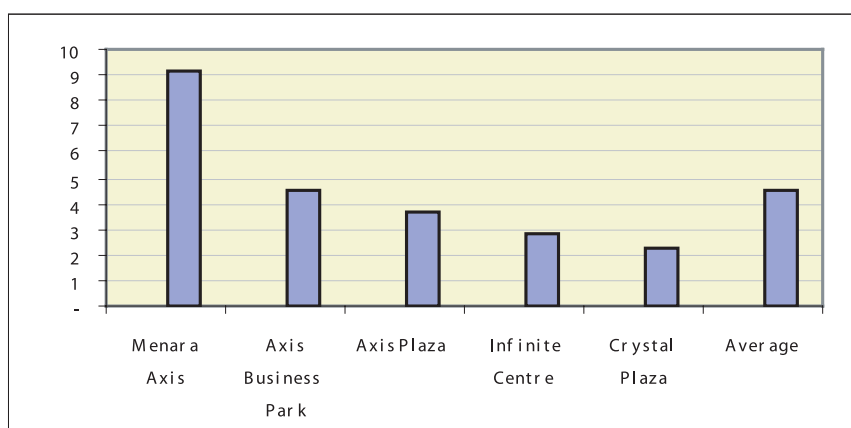
* The chart above is computed based on the committed tenancies as at 1 June 2005

- Key tenants of the Subject Properties include multinational corporations and prominent local companies such as Fuji Xerox Asia Pacific Pte Ltd, Zuellig Pharma Sdn Bhd, Johnson & Johnson Sdn Bhd, Honeywell Engineering Sdn Bhd, Fuji Photo Film (M) Sdn Bhd, Sportathlon (M) Sdn Bhd (operator of Fitness First), Philips Malaysia Sdn Bhd, American International Assurance Co Ltd, DHL Worldwide Express Sdn Bhd, Tenaga Nasional Berhad group of companies, Scope International (M) Sdn Bhd, U.C.I. Education Sdn Bhd, Konica Minolta Business Solutions (M) Sdn Bhd, Pharmaniaga Marketing Sdn Bhd, CSE Cobra AP Sdn Bhd, Electrolux group of companies and Ricoh (Malaysia) Sdn Bhd.

LONG TERM LEASES

- As at 1 June 2005, the weighted average lease period of the Subject Properties' are shown below:

**Weighted average lease period by Net Lettable Area
(as at 1 June 2005)**



CONSERVATIVE CAPITAL STRUCTURE

- The present SC Guidelines on REITs restricts the borrowing of a REIT to 35% of total asset value. Axis-REIT will have an initial level of borrowing of 18.6% of total asset value. By adopting an initial conservative capital structure, the Manager believes that Axis-REIT maintains operating flexibility when considering future acquisition opportunities and capital expenditure requirements

• **OVERVIEW OF SUBJECT PROPERTIES**

(Note : Information marked with an asterisk (*) is based on data for the month of May 2005)



Axis Business Park

No 10 Jalan Bersatu 13/4, 46200 Petaling Jaya, Selangor Darul Ehsan

Description

- 4-blocks of purpose built office cum warehouse building, with 425 car park bays:
 - a 5 storey purpose built office cum warehouse building incorporating 2 levels of basement car parks;
 - a 5 storey purpose built office building incorporating 1 level basement car park;
 - a double-storey warehouse building with a mezzanine floor; and
 - a 3 storey office annexe
- Strategically located in the centre of Petaling Jaya's Section 13 industrial area
- Accessible from Kuala Lumpur city centre via the Federal Highway or Lebuhraya SPRINT with alternative roads through Jalan Damansara, Jalan Dato Abu Bakar and Jalan 12/18



Tenure

Leasehold expiring in 2060

Core tenants as at 1 June 2005

Fuji Xerox Asia Pacific Pte Ltd, Zuellig Pharma Sdn Bhd, Johnson & Johnson Sdn Bhd and Honeywell Engineering Sdn Bhd

Average rental rate*

RM2.33 per sqf

Occupancy rate as at 1 June 2005

100.0%

Menara Axis

No 2 Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan

Description

- 14-storey office tower and 6-storey dome structure with total 250 car park bays
- Strategically located within the established industrial and commercial area of Section 51A, Petaling Jaya
- Accessible from Kuala Lumpur city centre via the Federal Highway or alternatively, via Lebuhraya Damansara-Puchong. LRT Station located about 100 metres from Menara Axis



Tenure

Leasehold expiring in 2065

Core tenants as at 1 June 2005

Fuji Photo Film (M) Sdn Bhd, Sportathlon (M) Sdn Bhd (operator of Fitness First), Phillips Malaysia Sdn Bhd, American International Assurance Co Ltd and DHL Worldwide Express Sdn Bhd

Average rental rate*

RM3.52 per sqf

Occupancy rate as at 1 June 2005

99.0%



Crystal Plaza

No 4 Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan

Description

- 6-storey office complex and a basement car park with 199 car park bays
- Strategically located within the established industrial and commercial area of Section 51A, Petaling Jaya
- Accessible from Kuala Lumpur city centre via the Federal Highway or alternatively, via Lebuhraya Damansara-Puchong and LRT Station. LRT Station located about 100 metres from Crystal Plaza

Tenure

Leasehold expiring in 2059

Core tenants as at 1 June 2005

Tenaga Nasional Berhad group of companies, Scope International (M) Sdn Bhd and U.C.I Education Sdn Bhd

Average rental rate*

RM2.79 per sqf

Occupancy rate as at 1 June 2005

100.0%

Infinite Centre

Lot 1 Jalan 13/6, 46200 Petaling Jaya, Selangor Darul Ehsan

Description

- 4-level industrial complex with 223 car park bays
- Strategically located in the centre of Petaling Jaya's Section 13 industrial hub
- Accessible from the Kuala Lumpur city centre via Federal Highway or alternatively, via Jalan Damansara.

Tenure

Leasehold expiring in 2065

Core tenants as at 1 June 2005

Konica Minolta Business Solutions (M) Sdn Bhd and Pharmaniaga Marketing Sdn Bhd

Average rental rate*

RM1.79 per sqf

Occupancy rate as at 1 June 2005

100.0%



Axis Plaza

Lot 5 Jalan Penyair U1/44, Off Jalan Glenmarie, Temasya Industrial Park, Batu Tiga, 40150 Shah Alam, Selangor Darul Ehsan

Description

- 5-level warehouse cum office building and 2 levels of basements car park with 225 car park bays
- Strategically located along the Federal Highway within an industrial scheme known as Temasya Industrial Park, which is near the prominent and established industrial development of Glenmarie Industrial Park

Tenure

Freehold

Core tenants as at 1 June 2005

CSE Cobra AP Sdn Bhd, Electrolux group of companies and Ricoh (Malaysia) Sdn Bhd

Average rental rate*

RM1.76 per sqf

Occupancy rate as at 1 June 2005

93.4%



RESPONSIBILITY STATEMENTS:

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS OF AXIS DEVELOPMENT SDN BHD ("ADSB") (BEING THE HOLDING COMPANY OF AXIS REIT MANAGERS BERHAD (THE "MANAGER")), AND THE DIRECTORS OF THE MANAGER OF AXIS-REIT AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS OF ADSB AND THE DIRECTORS OF THE MANAGER HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT FORECAST AND PROJECTIONS INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECAST AND PROJECTIONS HAVE BEEN PREPARED BASED ON THE ASSUMPTIONS MADE BY THEM.

ASEAMBANKERS MALAYSIA BERHAD AND SYMPHONY CAPITAL SDN BHD, BEING THE ADVISER AND FINANCIAL ADVISER RESPECTIVELY, ACKNOWLEDGE THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC OFFERING AND ARE SATISFIED THAT ANY PROFIT FORECAST AND PROJECTIONS (FOR WHICH THE DIRECTORS OF ADSB AND THE DIRECTORS OF THE MANAGER ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

DISCLAIMERS:

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF THE PUBLIC OFFERING AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC OFFERING. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE MANAGER OR ADSB AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE VALUATION APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE USED FOR THE PURPOSE OF THE PROPOSAL SUBMITTED TO AND APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT OF THE SC ON THE VALUE OF THE SUBJECT PROPERTIES (AS DEFINED HEREIN) FOR ANY OTHER PURPOSES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED AND LODGED WITH THE SC. YOU MAY OBTAIN A COPY OF THIS PROSPECTUS FROM THE WEBSITE OF BURSA MALAYSIA SECURITIES BERHAD AT WWW.BURSA.MALAYSIA.COM.

ADDITIONAL STATEMENTS:

AN APPLICATION WILL BE MADE TO BURSA MALAYSIA SECURITIES BERHAD FOR PERMISSION TO DEAL IN AND FOR THE LISTING OF AND QUOTATION FOR ALL THE UNITS OF AXIS-REIT ALREADY ISSUED AS WELL AS THE ISSUE UNITS (AS DEFINED HEREIN) WHICH ARE THE SUBJECT OF THIS ISSUE. SUCH PERMISSION WILL BE GRANTED WHEN AXIS-REIT HAS BEEN ADMITTED TO THE OFFICIAL LIST OF BURSA SECURITIES. ACCEPTANCE OF APPLICATIONS FOR THE ISSUE UNITS WILL BE CONDITIONAL UPON PERMISSION BEING GRANTED TO DEAL IN AND QUOTATION FOR ALL THE ISSUED UNITS OF AXIS-REIT. MONIES PAID IN RESPECT OF ANY APPLICATION FOR THE ISSUE UNITS ACCEPTED WILL BE RETURNED IF THE SAID PERMISSION IS NOT GRANTED. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF AXIS-REIT OR ITS UNITS.

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

THE INTERNET IS NOT A FULLY SECURED MEDIUM. YOUR INTERNET APPLICATION FOR THE ISSUE UNITS OF THE RETAIL OFFERING MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR MALAYSIAN ISSUING HOUSE SDN BHD, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, I.E. TO THE EXTENT THAT THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES.
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS NOT INTENDED TO BE AND WILL NOT BE ISSUED, CIRCULATED OR DISTRIBUTED AND THE PUBLIC OFFERING (AS DEFINED HEREIN) WILL NOT BE MADE OR DEEMED TO BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE MADE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. THE PUBLIC OFFERING TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA.

THE MANAGER WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE PUBLIC OFFERING, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH. IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE PUBLIC OFFERING WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE PUBLIC OFFERING WOULD BE IN COMPLIANCE WITH THE TERMS OF THE PUBLIC OFFERING AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. THE MANAGER WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE PUBLIC OFFERING IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, THE MANAGER RESERVES THE RIGHT, IN ITS ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF THE MANAGER BELIEVES THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THE PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE PUBLIC OFFERING OR YOU ARE OR MIGHT BE SUBJECTED TO. NEITHER THE MANAGER NOR THE ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE PUBLIC OFFERING SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

INDICATIVE TIMETABLE

The indicative timing of events is as follows:

	Tentative dates
Opening of the Retail Offering and Institutional Offering	30 June 2005
Closing of the Retail Offering	14 July 2005*
Closing of the Institutional Offering	14 July 2005
Price Determination Date	18 July 2005
Balloting of applications for the Issue Units	19 July 2005
Allotment of Issue Units to successful applicants	26 July 2005
Listing of Axis-REIT on the Main Board of Bursa Securities	29 July 2005

Note:

- * *The Retail Offering and Institutional Offering will open and close at the times and dates as stated above or such further dates as the Directors of Axis REIT Managers and the Managing Underwriter (in respect of the Retail Offering) and the Sole Bookrunner (in respect of the Institutional Offering) at their absolute discretion may mutually decide. Should the closing date of the Retail Offering or Institutional Offering be changed, the dates for the price determination, balloting, allotment of Issue Units and the listing would be changed accordingly (where relevant). Any change to the closing date of the Retail Offering will be published in a widely circulated daily English newspaper in Malaysia.*

[The rest of this page is intentionally left blank]

DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Prospectus and the Application Forms:

Act	: Companies Act, 1965
ADA(s)	: Authorised Depository Agent(s)
ADA Code	: ADA (Broker) Code
ADSB	: Axis Development Sdn Bhd (<i>Company No. 255676-V</i>), being the holding company of the Manager
Application Form(s)	: Printed application form(s) for the application of the Issue Units accompanying this Prospectus
Ascambankers	: Ascambankers Malaysia Berhad (<i>Company No. 15938-H</i>)
ATM	: Automated teller machine
Authorised Financial Institution(s)	: The authorised financial institution(s) participating in the Internet Application, with respect to payments for the 15,000,000 Issue Units made available for application by the Malaysian public
Axis Business Park	: The leasehold land held under PN12419 Lot No. 91 Seksyen 13 Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with 4 blocks of purpose built office cum warehouse building with basement car park comprising 425 car park bays and 2 refuse chambers
Axis Management / Property Management Company	: Axis Management Sdn Bhd (<i>Company No. 391004-P</i>)
Axis Plaza	: The freehold land held under H.S.(D) 102141 P.T. No. 15952 Mukim Damansara, Daerah Petaling, Negeri Selangor together with a 5-storey individually-designed warehouse-cum-office building with a 2-storey basement car park comprising 225 car park bays and 2 guardhouses
Axis-REIT / the Fund	: Axis Real Estate Investment Trust
Axis REIT Managers / the Manager	: Axis REIT Managers Berhad (<i>Company No. 649450-W</i>), being the management company of Axis-REIT
BNM	: Bank Negara Malaysia
Bursa Securities / the Exchange	: Bursa Malaysia Securities Berhad (<i>Company No. 635998-W</i>)
CDS	: Central Depository System
Crystal Plaza	: The leasehold land held under H.S.(D) 29797 P.T. No. 45 Seksyen 14, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with a 6-storey purpose built office building with a basement car park comprising 199 car park bays, 2 guardhouses and a Tenaga Nasional Berhad sub-station
Deed	: The deed dated 15 June 2005 constituting Axis-REIT executed between the Trustee and the Manager

DEFINITIONS (Continued)

Depository	: Bursa Malaysia Depository Sdn Bhd (<i>Company No. 165570-W</i>)
Electronic Application(s)	: Electronic application(s) for the Units through a Participating Financial Institution's ATM
Electronic Prospectus	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
FIC	: Foreign Investment Committee
Final Retail Price	: The final price per Issue Unit to be paid by investors pursuant to the Retail Offering as determined in accordance with Section 3.6 of this Prospectus
FYE(s)	: Financial year(s) ended / ending
Infinite Centre	: The leasehold land held under PN 3704 Lot No. 61 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with a 4-storey industrial complex with a lower ground floor car park comprising 223 car park bays, a single-storey canteen, a guardhouse and Tenaga Nasional Berhad sub-station
Institutional Offering	: 81,400,000 Issue Units offered to institutional and selected investors at the Institutional Price
Institutional Price	: The price per Issue Unit to be paid by investors pursuant to the Institutional Offering as determined in accordance with Section 3.6 of this Prospectus
Internet Participating Financial Institution	: Participating organisations in the Internet Application which presently comprises only Malayan Banking Berhad and CIMB Securities Sdn Bhd
Internet Application	: Application for the 15,000,000 Issue Units made available for application by the Malaysian public through eShare application via www.maybank2u.com.my or www.eipocimb.com
Issue Units	: The 98,400,000 new Units which are the subject of the Public Offering
Market Day	: Any day on which Bursa Securities is open for trading in securities
Menara Axis	: The leasehold land held under PN 6871 Lot No. 309 Seksyen 14, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor together with a 14-storey purpose built office building with a basement car park comprising 250 car park bays
MER	: Management expenses ratio
MIH	: Malaysian Issuing House Sdn Bhd (<i>Company No. 258345-X</i>)
NAV	: Net asset value
Net Lettable Area	: Consists of the total gross floor area less the common areas, such as corridors, amenities area and management offices of the building
OMV	: Open market value

DEFINITIONS (Continued)

OSK Trustees / the Trustee	: OSK Trustees Berhad (<i>Company No. 573019-U</i>) (formerly known as <i>OSK-Signet Trustees Berhad</i>), being the Trustee of Axis-REIT
Participating Financial Institution(s)	: Participating financial institution(s) for Electronic Applications as listed in Section 14.5 of this Prospectus
Price Determination Date	: Tentatively 18 July 2005, the date on which the Institutional Price and Final Retail Price shall be determined
Public Offering	: Offering of 98,400,000 Issue Units comprising the Retail Offering and Institutional Offering
Real Estate Assets	: Real estate and single-purpose companies which are types of authorised investments as described in Section 6.5 of this Prospectus
REIT(s)	: Real estate investment trust(s)
Retail Offering	: 17,000,000 Issue Units offered to Malaysian citizens, companies, co-operatives, societies and institutions and eligible directors and employees of the Manager and ADSB at the Retail Price
Retail Price	: The initial price of RM1.25 per Issue Unit to be fully paid by applicants in accordance with Section 3.6 of this Prospectus
RM and sen	: Ringgit Malaysia and sen, respectively
SC	: Securities Commission
SCA	: Securities Commission Act, 1993
SC Guidelines on REITs	: Guidelines on Real Estate Investment Trusts issued by the SC on 3 January 2005
sqf	: Square feet
sqm	: Square metres
Subject Properties	: Collectively, the properties to be acquired by Axis-REIT from the Vendors, namely: (a) Axis Business Park; (b) Menara Axis; (c) Crystal Plaza; (d) Infinite Centre; and (e) Axis Plaza
Symphony Share Registrars	Symphony Share Registrars Sdn Bhd (<i>Company No. 378993-D</i>)
Underwriter	: Mayban Securities Sdn Bhd (<i>Company No.165630-M</i>)
Underwriting Agreement	: The underwriting agreement dated 20 June 2005 entered into between Axis REIT Managers, the Underwriter and the Managing Underwriter
Unit(s)	: Undivided interest(s) in Axis-REIT as constituted by the Deed
Unitholder(s)	: Holder(s) of the Units

DEFINITIONS (*Continued*)

- Vendors : The Vendors of the Subject Properties, namely:
- (a) Baiduri Kemas Sdn Bhd (*Company No. 326391-V*), in respect of Axis Business Park;
 - (b) Prestigious Landmarks Sdn Bhd (*Company No. 255683-M*), in respect of Menara Axis;
 - (c) Crystal Properties Sdn Bhd (*Company No. 250242-M*), in respect of Crystal Plaza;
 - (d) Infinite Centre Sdn Bhd (*Company No. 316486-W*), in respect of Infinite Centre; and
 - (e) Kasturi Gemilang Sdn Bhd (*Company No. 249023-D*), in respect of Axis Plaza

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to person shall include corporations.

Any reference in the Prospectus to any enactment or guideline is a reference to the enactment or guideline as for the time being amended or re-enacted.

Any reference to a time of day in the Prospectus shall be referenced to Malaysian time, unless otherwise stated.

The terms “tenant” and “lessee”, and “tenancy” and “lease” respectively, are used inter-changeably in this Prospectus and do not denote any duration of the tenancy or lease, unless specifically stated.

Any discrepancies in the tables included in this Prospectus between the listed amounts and totals thereof are due to rounding.

[The rest of this page is intentionally left blank]

TABLE OF CONTENTS

	PAGE
1. CORPORATE DIRECTORY	1
2. SUMMARY INFORMATION	4
2.1 Axis-REIT	4
2.2 The Manager and Property Management Company of Axis-REIT	6
2.3 The Trustee of Axis-REIT	6
2.4 Fees, charges and expenses of Axis-REIT	6
2.5 Ownership of Units by Vendors	7
2.6 Principal statistics relating to the Subject Properties	9
2.7 Financial information	10
2.8 Principal statistics relating to the Public Offering	11
2.9 Risk factors	11
3. PARTICULARS OF THE PUBLIC OFFERING	13
3.1 Preliminary	13
3.2 Opening and closing of application lists	14
3.3 Units	15
3.4 Details of the Public Offering	15
3.5 Clawback and reallocation	16
3.6 Basis of arriving at the issue price and the refund mechanism	16
3.7 Purposes of the Public Offering	17
3.8 Use of proceeds	17
3.9 Brokerage, commissions and estimated listing expenses	17
3.10 Salient terms of the Underwriting Agreement	18
4. RISK FACTORS	21
4.1 Risks relating to Axis-REIT's operations	21
4.2 Risks relating to the Real Estate Assets	24
4.3 Risks relating to an investment in the Units	28
5. INTRODUCTION TO REITs	31
5.1 Overview of REITs	31
5.2 The regulatory framework	32
5.3 Benefits of investing in REITs	32
5.4 Risks of investing in REITs	33
5.5 Comparison with other forms of investments	36
5.6 Investor profile	37
5.7 Performance indicators and benchmarks	37
6. DETAILED INFORMATION AXIS-REIT	39
6.1 The formation and structure of Axis-REIT	39
6.2 Investment objectives	45
6.3 Strategy	46
6.4 Distribution policy	49
6.5 Authorised investments and gearing level	49
6.6 Subject Properties	50
6.7 Industry overview	66
7. FINANCIAL INFORMATION ON AXIS-REIT	71
7.1 Historical financial information	71
7.2 Future financial information	71
8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT	84
8.1 Corporate profile of the Manager	84
8.2 Financial highlights of the Manager	84
8.3 Board of Directors of the Manager	84

TABLE OF CONTENTS (Continued)

	PAGE
8.4	Operational structure of the Manager.....87
8.5	Management team of the Manager.....89
8.6	Manager's fees90
8.7	Duties and obligations of Manager90
8.8	Retirement, removal or replacement of Manager.....91
8.9	Powers of Manager to remove or replace the Trustee.....91
8.10	Property Management Company.....92
8.11	Registrar95
8.12	Relationship between Axis REIT Managers, Axis Management and the Vendors95
8.13	Potential conflicts of interests96
9.	THE TRUSTEE OF AXIS-REIT97
9.1	History and business97
9.2	Financial highlights.....97
9.3	Board of Directors.....98
9.4	Key management team.....98
9.5	Trustee's responsibility statement.....99
9.6	Trustee's fees99
9.7	Duties and obligations of Trustee99
9.8	Retirement, removal or replacement of Trustee100
9.9	Powers of Trustee to remove or replace the Manager.....101
10.	TAXATION OF AXIS-REIT102
11.	VALUATION CERTIFICATE106
12.	ADDITIONAL INFORMATION120
12.1	General.....120
12.2	Expenses and commissions.....123
12.3	Material litigation.....123
12.4	Material contracts.....124
12.5	Consents.....124
12.6	Directors' declaration.....124
12.7	Documents available for inspection125
13.	SALIENT TERMS OF THE DEED.....126
14.	PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING.....133
14.1	Opening and closing of applications133
14.2	Methods of application.....133
14.3	Procedures for application.....133
14.4	Applications using Application Form134
14.5	Applications using Electronic Application.....138
14.6	Applications using Internet Application142
14.7	Application and acceptance.....148
14.8	CDS accounts.....149
14.9	Notice of allotment.....150
14.10	List of ADAs.....151

1. CORPORATE DIRECTORY

Manager	:	Axis REIT Managers Berhad
Manager's Principal Place of Business	:	Suite 6.04 Penthouse Wisma Academy 4A Jalan 19/1 46300 Petaling Jaya Selangor Darul Ehsan Tel: 03-7958 5928 Fax: 03-7958 3882
Manager's Registered Office	:	Suite 11.1A Level 11 Menara Weld 76 Jalan Raja Chulan 50200 Kuala Lumpur Tel: 03-2031 1988 Fax: 03-2031 9788
Board of Directors of the Manager	:	Dato' Abdul Azim Mohd Zabidi <i>Independent Non-Executive Chairman</i> George Stewart LaBrooy <i>Executive Director</i> Dato' Abas Carl Gunnar bin Abdullah <i>Non-Independent Non-Executive Director</i> Lim Kian Thiam <i>Non-Independent Non-Executive Director</i> Stephen Tew Peng Hwee <i>Non-Independent Non-Executive Director</i> Dato' Mohamed Salleh Bajuri <i>Independent Non-Executive Director</i> Alex Lee Lao <i>Alternate to Dato' Abas Carl Gunnar bin Abdullah</i> Khoo Cheang Ee <i>Alternate to Lim Kian Thiam</i>
Audit Committee	:	Dato' Abdul Azim Mohd Zabidi <i>(Chairman)</i> Dato' Mohamed Salleh Bajuri Lim Kian Thiam
Executive Committee	:	George Stewart LaBrooy Lim Kian Thiam Stephen Tew Peng Hwee Dato' Abas Carl Gunnar bin Abdullah

1. CORPORATE DIRECTORY (Continued)

Company Secretary of the Manager	:	Yeo Chong Keat (Membership number: MIA2736) 4 Jalan 12/19 46200 Petaling Jaya Selangor Darul Ehsan
Property Management Company	:	Axis Management Sdn Bhd Wisma MINC 36 Jalan Datuk Sulaiman Taman Tun Dr. Ismail 60000 Kuala Lumpur
Trustee	:	OSK Trustees Berhad (Formerly known as OSK-Signet Trustees Berhad) 20 th Floor Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel: 03-2162 4388 Fax: 03-2161 6159 Email: OSK_Trustees@osk.com.my Website: www.osktrustees.com.my
Principal Bankers of the Fund	:	Malayan Banking Berhad 3 rd Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Bumiputra-Commerce Bank Berhad 1401B Tingkat 14 Menara Choy Fook On Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan
Solicitors	:	Zaid Ibrahim & Co Level 19 Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Auditors / Reporting Accountants	:	KPMG Wisma KPMG Jalan Dungun Damansara Heights 50490 Kuala Lumpur
Tax Consultants	:	KPMG Tax Services Sdn Bhd Wisma KPMG Jalan Dungun Damansara Heights 50490 Kuala Lumpur

1. CORPORATE DIRECTORY (Continued)

Valuers	:	Colliers, Jordan Lee & Jaafar Sdn Bhd Level 6 Block G (North) Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur
Adviser, Sole Bookrunner, Lead Manager and Managing Underwriter	:	Ascambankers Malaysia Berhad 33 rd Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur
Financial Adviser	:	Symphony Capital Sdn Bhd Level 17 Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Underwriter	:	Mayban Securities Sdn Bhd Level 7 MaybanLife Tower Dataran Maybank 1 Jalan Maarof 59000 Kuala Lumpur
Registrar	:	Symphony Share Registrars Sdn Bhd Level 26 Menara Multi-Purpose Capital Square No 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2721 2222 Email: ssrs@symphony.com.my Website: www.symphony.com.my
Issuing House	:	Malaysian Issuing House Sdn Bhd 27 th Floor Menara Multi-Purpose Capital Square No 8 Jalan Munshi Abdullah 50100 Kuala Lumpur
Listing sought	:	Main Board of Bursa Securities

2. SUMMARY INFORMATION

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION ON AXIS-REIT. YOU SHOULD READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN THE ISSUE UNITS AND IF NECESSARY, CONSULT YOUR OWN PROFESSIONAL ADVISERS.

YOU SHOULD BE AWARE THAT THE RENTAL YIELDS OF THE SUBJECT PROPERTIES AS WELL AS OTHER REAL ESTATE THAT AXIS-REIT MAY INVEST IN THE FUTURE ARE NOT EQUIVALENT TO THE YIELD OF THE UNITS AND THAT THE CURRENT RENTAL RECEIPTS AND YIELDS OF THE SUBJECT PROPERTIES MAY NOT BE SUSTAINABLE.

YOU SHOULD ALSO NOTE THAT THE VALUE OF THE SUBJECT PROPERTIES (INCLUDING OTHER INVESTMENTS THAT AXIS-REIT MAY HAVE IN THE FUTURE), UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.

2.1 AXIS-REIT

Axis-REIT, constituted by the Deed dated 15 June 2005, is a REIT formed to own and invest primarily in commercial, office and office/industrial real estate. The primary objectives of the Fund are:

- (a) to provide Unitholders with distribution of income; and
- (b) to achieve long-term growth in the NAV per Unit of the Fund.

The salient features of the Fund are set out below:

Fund category	REIT
Fund type	Growth and income
Growth strategy	The Manager intends to achieve the primary objectives of the Fund by implementing investment and growth strategies which include strategies for organic growth and selective acquisitions of additional real estates. The details of the Fund's growth strategies are set out in Section 6.3 of this Prospectus
Approved size of Fund	205,901,000 Units
Authorised investments	At least 75% of the total assets of Axis-REIT must be invested in Real Estate Assets, real estate-related assets or liquid assets out of which at least 50% must be invested in Real Estate Assets and the balance 25% may be invested in any other authorised investments. For details of the authorised investments, please refer to Section 6.5 of this Prospectus
Retail Price	RM1.25 per Issue Unit. The Final Retail Price shall be the lower of the Retail Price or 95% of Institutional Price determined in accordance with Section 3.6 of this Prospectus
FYE	31 December
Distribution policy	Semi-annually in arrears, all (or such lower percentage as determined by the Manager in its absolute discretion) of the distributable income of Axis-REIT. For the 3 FYEs 31 December 2007, Axis REIT Managers intends to distribute 95% of the distributable income of Axis-REIT.

2. SUMMARY INFORMATION (Continued)

	Based on the forecast earnings before taxation of approximately RM8.2 million for the FYE 31 December 2005 (which reflects Axis-REIT's operations for a period of 4 ½ months) and a distribution of 95% of forecast earnings before taxation, the Directors of Axis REIT Managers anticipate that, in the absence of unforeseen circumstances, the Manager will be in a position to propose a dividend of 3.76 sen per Unit for the FYE 31 December 2005 based on 205,901,000 Units in issue
Borrowing limitations	Up to 35% of the total asset value of the Fund at the time the borrowing is incurred Upon completion of the Public Offering, Axis-REIT will have an initial gearing of approximately RM61.9 million representing 18.6% of its forecast total asset value of approximately RM332.5 million as at 15 August 2005
Revaluation policy	The real estate shall be revalued at least once every 3 years from the date of the last valuation
No redemption by Unitholders	Unitholders have no right to request the Manager to repurchase their Units while the Units are listed and not suspended for more than 90 consecutive Market Days
Minimum initial investment	Minimum of 100 Units
Minimum additional investment	Multiples of 100 Units
Investor profile	Suitable for investors who understand the risks related to the real estate industry and expect to benefit from the periodic distribution of income and long-term growth of the Fund
Form	The Units will be issued in registered form and shall be constituted by the Deed
Board lot	100 Units per board lot
Quotation	Main Board of Bursa Securities

For further details on the salient terms of the Fund, please refer to Sections 6 and 13 of this Prospectus.

Upon completion of the Public Offering, Axis-REIT will own a portfolio of five commercial, office and office/industrial real estate comprising the Subject Properties with an aggregate Net Lettable Area of 981,147 sqf. As at 1 June 2005, the Subject Properties had an average occupancy rate of approximately 99.0%. The tenants of the Subject Properties consist of a mixture of domestic and international corporations operating in various industries.

For further details on the Subject Properties, please refer to Section 6.6 of this Prospectus.

2. SUMMARY INFORMATION *(Continued)*

2.2 THE MANAGER AND PROPERTY MANAGEMENT COMPANY OF AXIS-REIT

Axis-REIT is managed and administered by Axis REIT Managers. The Manager intends to achieve the objectives of the Fund by ensuring Axis-REIT continues to acquire and invest primarily in commercial, office and office/industrial real estate.

Axis REIT Managers was incorporated in Malaysia under the Act on 16 April 2004 as a private limited company under the name of Axis REIT Managers Sdn Bhd. Following its conversion to a public limited company on 3 August 2004, the company assumed its present name. The present authorised share capital of Axis REIT Managers is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM1,200,000 comprising 1,200,000 ordinary shares are issued and fully paid-up. The principal activity of Axis REIT Managers is to manage and administer REIT.

For further details on Axis REIT Managers, please refer to Section 8.1 of this Prospectus.

Axis REIT Managers has on 27 May 2005 appointed Axis Management as the property management company to undertake the property management functions of the Fund. Axis Management was incorporated in Malaysia under the Act on 19 June 1996 and was acquired by ADSB on 16 May 2005 to provide property management services. The present authorised share capital of Axis Management is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, all of which are issued and fully paid-up. Prior to its appointment as the property management company for the Fund, Axis Management has no prior experience in the property management industry. However, Axis Management comprises 8 executives who have vast experiences in property management industry.

For further details on Axis Management, please refer to Section 8.10 of this Prospectus.

2.3 THE TRUSTEE OF AXIS-REIT

The trustee of Axis-REIT is OSK Trustees who acts as custodian for all the assets of Axis-REIT and who shall carry out its duties in accordance with the Deed for the benefit of the Unitholders.

OSK Trustees was incorporated in Malaysia under the Act on 6 March 2002. It is registered as a trust company under the Trust Companies Act, 1949. The present authorised share capital of OSK Trustees is RM5,000,000 comprising 500,000 ordinary shares of RM10.00 each, of which 400,000 are currently issued and credited as partially paid-up to RM5.00 each. The principal activity of OSK Trustees is the provision of private and corporate trustee services.

For further details on OSK Trustees, please refer to Section 9 of this Prospectus.

2.4 FEES, CHARGES AND EXPENSES OF AXIS-REIT

THERE ARE FEES, CHARGES AND EXPENSES INVOLVED AND YOU ARE ADVISED TO CONSIDER THE SAME BEFORE INVESTING IN AXIS-REIT.

The following is a summary of fees, charges and expenses that you may incur (directly or indirectly) when you invest in Axis-REIT:

Manager's fee	Up to 1% per annum of the NAV of the Fund, payable monthly in arrears. For the FYE 31 December 2005, a manager's fee of 0.7% per annum shall be payable by Axis-REIT based on the NAV of the Fund. For further details on the annual manager's fee, please refer to Section 8.6 of this Prospectus.
----------------------	---

2. SUMMARY INFORMATION (Continued)

Trustee's fee	0.05% per annum of the NAV of the Fund, payable monthly in arrears. For further details on the annual Trustee's fees, please refer to Section 9.6 of this Prospectus.
A list of the Fund's expenses directly / indirectly related to the Fund	<ul style="list-style-type: none"> ➤ Property Management Company's fee ➤ Auditor's fees; ➤ Valuation fees; ➤ Other relevant professional fees; ➤ Interest expense; ➤ Printing, posting and general expenses that are directly related and necessary for the administration of the Fund; and ➤ Property operating expenses. <p>For further details on the permitted charges to the Fund, please refer to Section 13 of this Prospectus.</p>
Any other fees payable directly / indirectly by a Unitholder	Nil (save for the usual costs related to the trading of the Units)

2.5 OWNERSHIP OF UNITS BY VENDORS

Prior to the date of this Prospectus, there are only 1,000 Units in circulation, all of which are held by the Manager as promoter units. All of these Units will be disposed of by the Manager on the Market Day immediately following the listing of Axis-REIT.

The interests of the Vendors and other related persons deemed interested in the Units after the Public Offering and acquisitions of the Subject Properties by the Fund are as follows:

	<-----Direct----->		<-----Indirect^----->	
	No of Units	%	No of Units	%
Baiduri Kemas Sdn Bhd	34,000,000	16.5	-	-
ADSB	-	-	34,000,000 ¹	16.5 ¹
T.S Property Development Sdn Bhd	-	-	34,000,000 ²	16.5 ²
Pet Resins (M) Sdn Bhd	-	-	34,000,000 ²	16.5 ²
Suasa Tinggi (M) Sdn Bhd	-	-	34,000,000 ²	16.5 ²
Axis Equities Sdn Bhd	-	-	36,500,000 ³	17.7 ³
Lim Kian Thiam	200,000 [@]	0.1 [@]	107,500,000 ⁴	52.2 ⁴
Dato' Abas Carl Gunnar bin Abdullah	200,000 [@]	0.1 [@]	36,500,000 ⁵	17.7 ⁵
Mazlan bin Harun	-	-	34,000,000 ⁶	16.5 ⁶
Prestigious Landmarks Sdn Bhd	36,350,000	17.7	-	-
Salperon Holdings Sdn Bhd	-	-	61,850,000 ⁷	30.1 ⁷
Stephen Tew Peng Hwee	200,000 [@]	0.1 [@]	105,000,000 ⁸	51.1 ⁸
Cattadeo Holdings Sdn Bhd	-	-	61,850,000 ⁹	30.1 ⁹

2. SUMMARY INFORMATION (Continued)

	<-----Direct----->		<-----Indirect [^] ----->	
	No of Units	%	No of Units	%
Abdul Rasheed bin Abdul Kader	-	-	61,850,000 ¹⁰	30.1 ¹⁰
Crystal Properties Sdn Bhd	25,500,000	12.4	-	-
Infinite Centre Sdn Bhd	9,150,000	4.4	-	-
Ling King Wa	-	-	9,150,000 ¹¹	4.4 ¹¹
Kasturi Gemilang Sdn Bhd	2,500,000	1.2	-	-
Pet Films (M) Sdn Bhd	-	-	2,500,000 ¹²	1.2 ¹²

Notes:

@ Assuming full subscription of the Issue Units offered to them under the Retail Offering

[^] For illustration purposes, the deemed interests of the related persons of the Vendors are ascertained by extending the application of Section 6A(4) of the Act to the Issue Units

¹ Deemed interested through its shareholdings in Baiduri Kemas Sdn Bhd

² Deemed interested through its shareholdings in ADSB

³ Deemed interested through its shareholdings in T.S Property Development Sdn Bhd and Kasturi Gemilang Sdn Bhd

⁴ Deemed interested through his shareholdings in Axis Equities Sdn Bhd, Pet Resins (M) Sdn Bhd, Salperton Holdings Sdn Bhd, Infinite Centre Sdn Bhd and Pet Films (M) Sdn Bhd

⁵ Deemed interested through his shareholdings in Axis Equities Sdn Bhd

⁶ Deemed interested through his shareholdings in Suasat Tinggi (M) Sdn Bhd

⁷ Deemed interested through its shareholdings in Prestigious Landmarks Sdn Bhd and Crystal Properties Sdn Bhd

⁸ Deemed interested through his shareholdings in Pet Resins (M) Sdn Bhd, Salperton Holdings Sdn Bhd and Infinite Centre Sdn Bhd

⁹ Deemed interested through its shareholdings in Salperton Holdings Sdn Bhd

¹⁰ Deemed interested through his shareholdings in Cattadeo Holdings Sdn Bhd

¹¹ Deemed interested through her shareholdings in Infinite Centre Sdn Bhd

¹² Deemed interested through its shareholdings in Kasturi Gemilang Sdn Bhd

For further details on the ownership of Units by the Vendors as part of the purchase consideration for the acquisitions of the Subject Properties, please refer to Section 6.1.4 of this Prospectus.

2. SUMMARY INFORMATION *(Continued)*

2.6 PRINCIPAL STATISTICS RELATING TO THE SUBJECT PROPERTIES

Subject Property	Net Lettable Area ¹ (sqft)	Average rental rate ² (RM/sqft)	Occupancy rate ¹ (%)	Net income ³ (RM'000)	OMV ⁴ (RM'000)	Land lease expiry (Year)
Axis Business Park	340,233	2.33	100.0	8,885	93,000	2060
Menara Axis	171,967	3.52	99.0	2,014	80,000	2065
Crystal Plaza	200,386	2.79	100.0	5,046	65,000	2059
Infinite Centre	150,388	1.79	100.0	2,164	32,000	2065
Axis Plaza	118,173	1.76	93.4	1,694	26,000	Freehold
Total / Average	981,147	-	99.0⁵	19,803	296,000	-

Notes:

¹ As at 1 June 2005

² Based on occupied rental rates for the month of May 2005

³ For the FYE 31 December 2004. Net income represents the audited profit before tax (excluding depreciation and interest expenses) of the respective Vendors

⁴ As appraised by the Valuer

⁵ The average occupancy rate is calculated based on the total Net Lettable Area of the Subject Properties

For further details on the Subject Properties, please refer to Section 6.6 of this Prospectus.

[The rest of this page is intentionally left blank]

2. SUMMARY INFORMATION *(Continued)*

2.7 FINANCIAL INFORMATION

As Axis-REIT is a newly established fund, there is no historical financial information prepared since its establishment. The Directors of Axis REIT Managers forecast the distribution to Unitholders for the FYE 31 December 2005[@] as follows:

	RM'000
Gross rental income	12,471
Interest income	411
Gross income	12,882
Less:	
Property operating expenses	
• Quit rent and assessment	(321)
• Utilities	(373)
• General property maintenance	(779)
• Insurance	(161)
• Property Management Company's fee	(251)
• Property Management Company's allowable disbursements	(65)
• Others	(312)
Non-property expenses:	
• Manager's fee	(692)
• Trustee's fee	(49)
• Interest expense	(1,161)
• Others	(567)
Earnings before taxation	8,151
Taxation	(243)
Earnings after taxation	7,908
Distribution to Unitholders	7,743
(95% of earnings before taxation)	
Number of Units in issue ('000)	205,901
Retail Price per Unit (RM)	1.25
Distribution per Unit (sen)	3.76
Dividend yield (%)	8.02 [*]
MER (%)	1.33 ^{1*}

Notes:

[@] The Public Offering and the acquisitions of the Subject Properties are assumed to be completed on 15 August 2005. Accordingly, the profit forecast for the FYE 31 December 2005 reflects Axis-REIT's operations for a period of 4 ½ months

^{*} Others include licencing fee, equipment lease expenses and agency fees

^{*} Annualised

¹ The MER provides a measure by which investors can assess and compare the outgoing expenses incurred by the Fund. These expenses are deducted from the Fund prior to the computation of the distributable income of the Fund

For further details of the financial information, please refer to Section 7 of this Prospectus.

2. SUMMARY INFORMATION *(Continued)*

2.8 PRINCIPAL STATISTICS RELATING TO THE PUBLIC OFFERING

	<u>Units</u>
<i>Fund size approved by the SC</i>	205,901,000
<i>Units in circulation as at the date of this Prospectus</i> 1,000 Units at RM1.00 each	1,000
<i>To be issued pursuant to the acquisitions of the Subject Properties</i> 107,500,000 Units at RM1.00 each	107,500,000
<i>To be issued pursuant to the Public Offering</i>	98,400,000
	<hr/> 205,901,000 <hr/>
<i>Forecast NAV per Unit as at 31 December 2005</i>	RM1.27 [*]

Note:

- ^{*} The forecast NAV of approximately RM260.8 million as at 31 December 2005 is based on the Public Offering of 98,400,000 Units at the Retail Price of RM1.25 per Unit

There is only one class of Units in Axis-REIT. The Issue Units, provided that application monies are paid in full, will rank pari passu in all respects with the other existing issued Units of Axis-REIT and the Issue Units will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.

For further details on the Public Offering, please refer to Section 3 of this Prospectus.

2.9 RISK FACTORS

An investment in the Issue Units to be listed on the Main Board of Bursa Securities involves a certain degree of risk. You should therefore rely on your own evaluation and are advised to carefully consider the following summary of risk factors (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the Issue Units:

2.9.1 Risks relating to Axis-REIT's operations

- Economic, political and regulatory risks;
- Conflicts relating to the acquisitions of Subject Properties from the Vendors;
- Potential conflicts of interest between Axis-REIT, the Manager and ADSB and competition between Axis-REIT and ADSB;
- Risks associated with bank borrowings;
- Limitations on borrowings;
- Operating history;
- Dependence on key personnel;
- Investment policies of Axis-REIT may change;
- The Manager may not be able to successfully implement its investment strategy; and
- Difficulty in varying Axis-REIT's portfolio.

2. SUMMARY INFORMATION *(Continued)*

2.9.2 Risks relating to Real Estate Assets

- Location of Subject Properties;
- Dependence on key tenants;
- Most of the leases of the Subject Properties are for a period of up to 3 years, which may expose the Subject Properties to high lease expiries;
- Gross rental income and the value of the Subject Properties may be affected by a number of factors;
- Increase in operating and other expenses;
- Insurance coverage;
- Compulsory acquisition by the government;
- Non-registration of the transfer of the Subject Properties;
- Non-registration of discharge of charge for the Subject Properties; and
- Subsequent disposal of the Subject Properties.

2.9.3 Risks relating to an investment in the Units

- Distributions to Unitholders will be subject to cash availability;
- No prior market for Units;
- No redemption of Units;
- Future dilution of the NAV of the Units;
- Failure or delay in the listing of Axis-REIT;
- Effects of possible sale of a substantial number of Units by Vendors;
- Taxation;
- Market price of Units after the Public Offering;
- Profit forecast, profit projections and forward-looking statements; and
- Distribution forecast and projections.

For further details on the risk factors, please refer to Section 4 of this Prospectus.

[The rest of this page is intentionally left blank]

3. PARTICULARS OF THE PUBLIC OFFERING

3.1 PRELIMINARY

This Prospectus is dated 30 June 2005. A copy of this Prospectus has been registered and lodged with the SC.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Units as prescribed securities. Consequently, the Units issued through this Prospectus will be deposited directly with the Depository and any dealings in these Units will be carried out in accordance with the aforesaid act and the rules of the Depository.

An application will be made to Bursa Securities within three (3) Market Days from the issuance of this Prospectus for admission of the Units to the Official List of the Main Board of Bursa Securities and for permission to deal in and for the listing of and quotation for the Units, wherein the Issue Units are the subject of this Prospectus. The Units will be admitted to the Official List of the Main Board of Bursa Securities and official listing and quotation will commence after the receipt of, *inter-alia*, confirmation from the Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment will be despatched to all the successful applicants.

Acceptance of application for the Issue Units will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for the Units on the Main Board of Bursa Securities. Accordingly, monies paid in respect of any application accepted will be returned without interest if the said permission is not granted within six (6) weeks from the date of this Prospectus (or such longer period as may be specified by the SC) provided that the Manager is notified by or on behalf of Bursa Securities within the aforesaid timeframe.

Pursuant to the Listing Requirements of Bursa Securities, there must be at least 25% of the listed Units held by a minimum number of one thousand (1,000) Unitholders holding not less than one hundred (100) Units at the point of listing. In the event that the above requirement is not met pursuant to the Public Offering, the Manager may not be allowed to proceed with the listing of the Units on the Main Board of Bursa Securities. In such event, your money paid for the application will be returned without interest.

The completion of the Retail Offering and Institutional Offering are inter-conditional. The success of the Public Offering is also conditional upon gross proceeds of at least RM98.4 million being raised. If the Retail Offering and Institutional Offering are not completed and/or less than RM98.4 million proceeds being raised from the Public Offering, your money paid for the application will be returned within ten (10) Market Days from the date Axis REIT Managers becomes liable to do so, without interest. Thereafter, the Fund shall be terminated in accordance to the Deed.

You are required to have a CDS Account. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for the Issue Units.

In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form.

In the case of an application by way of Electronic Application, you shall furnish your CDS Account number to the Participating Financial Institutions by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Application require you to do so. A corporation or institution cannot apply for the Issue Units by way of Electronic Application.

In the case of an application by way of an Internet Application, you shall furnish your CDS Account number to the Internet Participating Financial Institutions by way of keying in your CDS Account number if the instructions on the screen at which you enter your Internet Application require you to do so. A corporation or institution cannot apply for the Issue Units by way of Internet Application.

3. PARTICULARS OF THE PUBLIC OFFERING *(Continued)*

No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Public Offering and if given or made, such information or representation must not be relied upon as having been authorised by the Manager, the Trustee or its Adviser. Neither the delivery of this Prospectus nor any issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of Axis-REIT since the respective dates stated herein.

You should note that the distribution of this Prospectus and the sale of the Issue Units are subject to Malaysian laws. The Manager, the Trustee, the Adviser and Financial Adviser take no responsibility for the distribution of this Prospectus and the sale of the Issue Units outside Malaysia. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for or an offer to sell any Issue Units in any jurisdiction in which such invitation or offer is not authorised or lawful or to any persons to whom it is unlawful to make such an invitation or offer.

You should rely on your own evaluation to assess the merits and risks of the investment. In considering the investment, if you are in any doubt as to the action to be taken you should consult your professional advisers immediately.

3.2 OPENING AND CLOSING OF APPLICATION LISTS

Applications will be accepted from 10.00 a.m. on 30 June 2005 and will remain open until 5.00 p.m. on 14 July 2005 or such period or periods as the Directors of Axis REIT Managers and the Managing Underwriter (in respect of the Retail Offering) and the Sole Bookrunner (in respect of the Institutional Offering) at their absolute discretion may mutually decide. **Late applications will not be accepted.**

Event	Tentative Dates
Opening of the Retail Offering and Institutional Offering	30 June 2005
Closing of the Retail Offering	14 July 2005
Closing of the Institutional Offering	14 July 2005
Price Determination Date	18 July 2005
Balloting of applications for the Issue Units	19 July 2005
Allotment of Issue Units to successful applicants	26 July 2005
Listing of Axis-REIT on the Main Board of Bursa Securities	29 July 2005

Should the closing date of the Retail Offering or Institutional Offering be changed, the dates for the price determination, balloting, allotment of Issue Units and the listing would be changed accordingly (where relevant). Any change to the closing date of the Retail Offering will be published in a widely circulated daily English newspaper in Malaysia.

3. PARTICULARS OF THE PUBLIC OFFERING (Continued)

3.3 UNITS

	Units
<i>Fund size approved by the SC</i>	205,901,000
<i>Units in circulation as at the date of this Prospectus</i>	1,000
1,000 Units at RM1.00 each	
<i>To be issued pursuant to the acquisitions of the Subject Properties</i>	107,500,000
107,500,000 Units at RM1.00 each	
<i>To be issued pursuant to the Public Offering</i>	98,400,000
	205,901,000
<i>Forecast NAV per Unit as at 31 December 2005</i>	RM1.27*

Note:

* The forecast NAV of approximately RM260.8 million as at 31 December 2005 is based on the Public Offering of 98,400,000 Units at the Retail Price of RM1.25 per Unit

There is only one class of Units in Axis-REIT. The Issue Units, provided that full application monies are paid in full, will rank pari passu in all respects with the other existing issued Units of Axis-REIT and the Issue Units will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.

At any meeting of Unitholders of the Fund, each Unitholder shall be entitled to vote in person or by proxy. On a show of hands, every person present who is a Unitholder or representative or proxy of a Unitholder, shall have one vote, whereas on a poll, every Unitholder present in person or by proxy shall have one vote for each Unit held by him. A proxy need not be a Unitholder. However, Axis REIT Managers and any party related to it shall not exercise their voting rights in any Unitholders' meeting, unless otherwise permitted by the SC and/or any other relevant authorities.

3.4 DETAILS OF THE PUBLIC OFFERING

The Public Offering is subject to the terms and conditions of this Prospectus, and upon acceptance, is expected to be allocated in the manner described below subject to the clawback and re-allocation provisions as set out in Section 3.5 herein:

- (a) *Retail Offering at the Retail Price of RM1.25 per Issue Unit payable in full upon application and subject to refund in the event that the Final Retail Price is less than RM1.25 per Issue Unit*
- (i) 15,000,000 Issue Units will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% will be set aside strictly for Bumiputera applicants; and
 - (ii) 2,000,000 Issue Units have been reserved for application by eligible directors and employees of Axis REIT Managers and ADSB.

Any Issue Units not subscribed for under paragraph (ii) above will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions.

3. PARTICULARS OF THE PUBLIC OFFERING *(Continued)*

(b) *Institutional Offering at an Institutional Price payable in full upon application and determined by way of bookbuilding*

81,400,000 Issue Units will be made available for application by institutional and selected investors.

The Issue Units in respect of paragraph (a) above have been fully underwritten.

The completion of the Retail Offering and Institutional Offering are inter-conditional. The success of the Public Offering is conditional upon gross proceeds of at least RM98,400,000 being raised, which will be used, *inter-alia*, to part finance the acquisitions of the Subject Properties (Please refer to Section 3.8 below).

If the Retail Offering and the Institutional Offering are not completed and/or less than RM98.4 million proceeds is being raised from the Public Offering, your money paid for the application will be returned within ten (10) Market Days from the date Axis REIT Managers becomes liable to do so, without interest. Thereafter, the Fund shall be terminated in accordance to the Deed.

3.5 CLAWBACK AND REALLOCATION

The allocation of Issue Units between Retail Offering and Institutional Offering is subject to adjustment. In the event the Retail Offering is over-subscribed and there is a corresponding under subscription in the Institutional Offering, Issue Units may be clawed back from the Institutional Offering and reallocated to the Retail Offering and vice-versa. The clawback and reallocation shall not apply in the event of an oversubscription in both the Retail Offering and Institutional Offering.

3.6 BASIS OF ARRIVING AT THE ISSUE PRICE AND THE REFUND MECHANISM

Upon application, you are required to pay the Retail Price of RM1.25 per Issue Unit. The Retail Price of RM1.25 per Issue Unit was determined by the Manager based on the recommendation of the Managing Underwriter. The Retail Price is subject to the Final Retail Price.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date, which is expected to be on or about 18 July 2005, and will be the **lower of**:

- (a) the Retail Price of RM1.25 per Issue Unit; or
- (b) 95% of the Institutional Price.

The Institutional Price will be determined by the Manager in consultation with the Sole Bookrunner on the Price Determination Date. The Institutional Price will be determined using a process known as "bookbuilding" in which prospective investors will be invited to bid for the Issue Units by specifying the number of Units they would be prepared to acquire at different prices. Among the factors that will be taken into consideration in determining the Institutional Price are the demand for the Issue Units as well as the prevailing market conditions.

You should be aware that the Final Retail Price will not in any event be greater than the Retail Price of RM1.25 per Issue Unit. If your application is successful and the Final Retail Price is lower than the Retail Price, a refund of the difference will be made without interest and despatched by ordinary mail to you within ten (10) Market Days of the final ballot at your own risk. In addition, you will also be given a written notice of the Final Retail Price and the Institutional Price together with your notice of allotment.

The Final Retail Price and Institutional Price will be published in a widely circulated English daily newspaper in Malaysia within two (2) Market Days after the Price Determination Date.

3. PARTICULARS OF THE PUBLIC OFFERING *(Continued)*

3.7 PURPOSES OF THE PUBLIC OFFERING

The purposes of the Public Offering are as follows:

- (a) to raise proceeds to part finance the acquisitions of the Subject Properties;
- (b) to provide you with an alternative investment instrument for real estate as well as to enable you to invest in a real estate portfolio at a discount to its appraised value;
- (c) to provide you with distribution of income and potential capital appreciation on your investment in the Units of the Fund;
- (d) to further enhance the development of the real estate market in Malaysia through the listed REIT which is more liquid given that the Units are readily tradable on the Exchange as compared to the underlying assets of the REIT which are relatively illiquid; and
- (e) to obtain a listing of and quotation for the Units of Axis-REIT on the Main Board of Bursa Securities.

3.8 USE OF PROCEEDS

The total indicative gross proceeds arising from the Public Offering of RM123,000,000 (assuming the Final Retail Price and Institutional Price is RM1.25 per Issue Unit) will accrue entirely to the Fund and shall be used in the following manner:

	RM
Part funding for the acquisition of the Subject Properties	90,957,000
Working capital	26,608,000
Estimated listing expenses	5,435,000
	<u>123,000,000</u>

The proceeds for the funding of acquisitions of the Subject Properties and listing expenses are expected to be used within five (5) Market Days after the listing of Axis-REIT. The remaining proceeds of RM26,608,000 is expected to be used within twelve (12) months from the date of listing of Axis-REIT. If the actual proceeds are higher than RM123,000,000, the additional proceeds raised will be invested by the Manager at its discretion subject to the provisions of the Deed and SC Guidelines on REITs.

For further details of the acquisitions of the Subject Properties, please refer to Section 6.6 of this Prospectus.

3.9 BROKERAGE, COMMISSIONS AND ESTIMATED LISTING EXPENSES

(a) Brokerage

Brokerage relating to the 15,000,000 Issue Units made available for application by the Malaysian public under the Retail Offering is payable by the Fund at the rate of 1.0% of the Final Retail Price in respect of successful applications which bear the stamps of Aseambankers, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

3. PARTICULARS OF THE PUBLIC OFFERING (*Continued*)

(b) Commissions

The Managing Underwriter and Underwriter have agreed to underwrite the 17,000,000 Issue Units to be issued pursuant to the Retail Offering at a managing underwriting commission and underwriting commission of 0.5% and 1.5% respectively of the Retail Price of RM1.25 for each Issue Unit being underwritten, payable by the Fund.

The Fund will also bear the management and selling commission and fees payable to the Lead Manager / Sole Bookrunner at the rate of 2.125% of the Institutional Price for each Issue Unit pursuant to the Institutional Offering, subject to the clawback and reallocation provisions as set out in Section 3.5 of this Prospectus.

(c) Estimated listing expenses

The listing expenses are estimated to be RM5,435,000, of which the details are as follows:

	RM
Professional fees ¹	1,750,000
Regulatory fees	250,000
Advertisement and printing expenses	500,000
Brokerage and commissions	2,774,688
Contingencies ²	160,312
	<u>5,435,000</u>

Notes:

¹ Professional fees include fees to advisers, legal adviser, reporting accountants and valuers

² Contingencies expenses may include additional expenses relating to the redemption of the Subject Properties that Axis-REIT may have to bear

If the actual listing expenses is less than the estimated amount of RM5,435,000, the remaining sum shall be used as working capital purposes.

3.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

An underwriting agreement was entered into between Axis REIT Managers, the Managing Underwriter and the Underwriter on 20 June 2005 to severally but not jointly underwrite up to 17,000,000 Issue Units under the Retail Offering ("Underwritten Units") subject to the clawback and reallocation, for an underwriting commission of 1.5% of the Retail Price multiplied by the Issue Units underwritten. Further under the Underwriting Agreement, Axis REIT Managers will pay the Managing Underwriter a managing underwriting fee of 0.5% of the Retail Price multiplied by the Issue Units underwritten.

Subject to certain conditions precedent, each of the Underwriter and Managing Underwriter has agreed to underwrite the subscription for a certain number of Underwritten Units of the Retail Offering.

The salient terms of the Underwriting Agreement are set out below:

- (a) The Underwriting Agreement is conditional upon the fulfilment of several conditions on or before the closing of the Retail Offering ("Closing Date"), which include the following main conditions:

3. PARTICULARS OF THE PUBLIC OFFERING *(Continued)*

- (i) the admission of Axis-REIT to the Official List of the Main Board of Bursa Securities and the listing of and quotation for 205,901,100 Units in Axis-REIT having been approved in principle by Bursa Securities; and
 - (ii) Axis REIT Managers being able to raise the minimum gross proceeds of RM98,400,000 from the total subscription of the Issue Units under the Public Offering, including the Underwritten Units as underwritten in accordance with the provisions of the Underwriting Agreement.
- (b) If any of the conditions precedent is not satisfied on or before the Closing Date, any of the Underwriters may terminate the Underwriting Agreement by written notice to Axis REIT Managers and the Managing Underwriter not later than three (3) Market Days from the Closing Date.
- (c) the Underwriter may by notice in writing to the Managing Underwriter require the Managing Underwriter to terminate the Underwriting Agreement and its commitment to underwrite the Underwritten Units by giving written notice to Axis REIT Managers not later than three (3) Market Days from the Closing Date, if any of the following events shall occur:
 - (i) any breach by Axis REIT Managers of any of its representations, warranties, undertakings or material obligations which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriters within such number of days as stipulated in the notice given by the Managing Underwriter to Axis REIT Managers; or
 - (ii) matters have arisen or been discovered which would, if the Public Offering were made at that time, render any statement in the Prospectus materially untrue, incorrect, inaccurate or misleading or constitute a material omission therefrom; or
 - (iii) if, in the reasonable opinion of all the Underwriters:
 - (aa) there shall have been any material adverse change, or development (whether or not permanent) involving a prospective change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of Axis REIT Managers and/or Axis-REIT, whether or not arising in the ordinary course of business except as disclosed in the Prospectus; or
 - (bb) there shall have occurred, happened or come into effect any event beyond the reasonable control of the Underwriters by reasons of Force Majeure (as defined hereafter) which would have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms or which would have or can reasonably be expected to have, a material adverse effect on the success of the Public Offering. "Force Majeure" is defined to include, amongst others, war, hostilities, riot, earthquake, sabotage, epidemic and acts of God which are unpredictable; or
 - (cc) there shall have occurred any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates as would in the reasonable opinion of the Underwriters have a material adverse effect on the success of the Public Offering and its distribution or sale (whether in the primary or in respect of dealings on the secondary market); or

3. PARTICULARS OF THE PUBLIC OFFERING *(Continued)*

- (dd) there shall have been any government requisition or other occurrence of any nature whatsoever which in the reasonable opinion of the Underwriters would have or can reasonably be expected to have, a material adverse effect on the success of the Public Offering; or
 - (ee) there shall have been any change in law, regulation, directive, policy or ruling in any jurisdiction which would have or can reasonably be expected to have, a material and adverse effect on the success of the Public Offering or which has or is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (ff) the suspension of trading of securities on the Bursa Securities for 3 consecutive Market Days or more; or
 - (iv) Axis REIT Managers has withheld any information from the Managing Underwriter, which would have or can reasonably be expected to have, a material and adverse effect on the success of the Public Offering; or
 - (v) the Institutional Offering is stopped or delayed for any reason whatsoever; or
 - (vi) the Placement Agreement is not executed within 2 Market Days from the Closing Date (or such other date as may be mutually agreed in writing between Axis REIT Managers and the Managing Underwriter) or after such execution, the Placement Agreement be terminated for any reason whatsoever; or
 - (vii) the listing of and quotation for the Units do not take place within three (3) months from the date of the Prospectus.
- (d) Axis REIT Managers has made several representations, warranties and undertakings under the Underwriting Agreement to and for the benefit of the Underwriters. Upon any material misrepresentation or material breach of such warranties or failure to perform the undertakings in any material respects coming to the notice of the Underwriter, that Underwriter shall be entitled (but not bound), by notice to Axis REIT Managers, following prior consultation with Axis REIT Managers, to elect to treat such material misrepresentation or material breach or material failure as releasing and discharging it from its obligations under the Underwriting Agreement.

[The rest of this page is intentionally left blank]

4. RISK FACTORS

YOU SHOULD RELY ON YOUR OWN EVALUATION AND ARE ADVISED TO CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) WHICH MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF AXIS-REIT IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE APPLYING FOR THE ISSUE UNITS.

AS INVESTMENT IN A COLLECTIVE INVESTMENT SCHEME IS MEANT TO PRODUCE RETURNS OVER THE LONG-TERM, YOU SHOULD NOT EXPECT TO OBTAIN SHORT-TERM GAINS.

YOU SHOULD BE AWARE THAT THE PRICE OF THE UNITS MAY FALL OR RISE. YOU SHOULD ALSO NOTE THAT YOU MAY NOT FULLY OR AT ALL RECOUP YOUR ORIGINAL INVESTMENT.

4.1 RISKS RELATING TO AXIS-REIT'S OPERATIONS

4.1.1 Economic, political and regulatory risks

Given the nature of the property industry, Axis-REIT's operations are closely linked to the economic performance of Malaysia. Any adverse developments in the political and economic environment and uncertainties in Malaysia can materially and adversely affect the financial performance of the Fund. These include the risks of war, global economic downturn and unfavourable changes in the Government's policies such as changes in rates of tax, methods of taxation or introduction of new regulations.

4.1.2 Conflicts relating to the acquisitions of Subject Properties from the Vendors

The Subject Properties will be acquired from the Vendors, which have common directors and major shareholders with ADSB and the Manager. The Manager has engaged Colliers, Jordan Lee & Jaafar Sdn Bhd, an independent registered property valuer, to appraise the value of the Subject Properties, summaries of which are included in Section 11 of this Prospectus.

In addition to the acquisitions of the Subject Properties, the Manager may, on behalf of Axis-REIT, acquire other assets from parties related to it in the future. Accordingly, potential conflicts of interest may arise. There can be no assurance that the terms and conditions with respect to future acquisition of properties from parties related to the Manager including negotiations with respect to the properties acquired, the purchase price of the properties and other terms and conditions related to the purchase of the properties (in particular with respect to the representations, warranties and/or indemnities agreed to or not agreed to, as the case may be) will not be adverse to Axis-REIT. In such cases, the Manager intends to continue to obtain appraisals by independent parties and comply with all other requirements applicable to such transactions as set out in the Deed as well as the requirements set out in the SC Guidelines on REITs.

4.1.3 Potential conflicts of interest between Axis-REIT, the Manager and ADSB and competition between Axis-REIT and ADSB

ADSB is principally a property investment holding company. Four out of the six members of the Board of Directors of the Manager (excluding the Alternate Directors) are directors of ADSB. In addition, the Manager has appointed a wholly-owned subsidiary of ADSB, Axis Management, as the property management company of Axis-REIT's Subject Properties.

As a result, the strategies and activities of Axis-REIT may be influenced by the overall interest of ADSB. There can be no assurance that conflicts of interest will not arise between Axis-REIT and ADSB in the future, which may include acquisitions of properties as well as competition for tenants.

4. RISK FACTORS (Continued)

Further, in line with the Manager's acquisition strategies, Axis-REIT may in the future acquire properties which are presently owned by ADSB or its group of companies or its related corporations or in varying its portfolio of properties, Axis-REIT may in the future dispose properties to ADSB or its group of companies or its related corporations.

However, in accordance to the Deed, the prior approval of the Trustee is required for all acquisitions and disposals of Real Estate Assets by the Fund, including related party transactions. In the event that the related party transactions exceed the allowable premiums/discounts for the proposed acquisitions/disposals, Unitholders' approval are also required for such related party transactions and the Manager, its related corporation and associated persons are not allowed to vote on such transactions. Related corporation shall have the meaning given in Section 6 of the Act and associated persons shall have the meaning given in Section 3 of the Securities Industry Act, 1983.

4.1.4 Risks associated with bank borrowings

Upon completion of the acquisitions of the Subject Properties and the Public Offering, Axis-REIT is expected to have an indebtedness of approximately RM61.9 million ("Indebtedness") arising from the borrowings taken to part finance the acquisitions of the Subject Properties. The Indebtedness represents approximately 18.6% of Axis-REIT's forecast total asset value as at 15 August 2005 amounting to RM332.5 million. The Indebtedness will be secured against Axis Business Park and Menara Axis.

For further details on the Indebtedness, please refer to Section 6.6.1 of this Prospectus.

If Axis-REIT is unable to meet its payment obligations under the terms of the Indebtedness, the abovementioned Subject Properties may be foreclosed by the lenders with a consequent loss of income and asset value to Axis-REIT. The ability of Axis-REIT to meet its future payment obligations (in relation to the Indebtedness) and payment of distributions will be dependent on its future financial performance and operational cash flows.

In addition to the above, Axis-REIT may not be able to refinance the Indebtedness or that the terms of such refinancing may not be as favourable as the terms of its existing Indebtedness. Axis-REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise affect its operations and ability to make distributions to Unitholders. Such covenants may restrict Axis-REIT's ability to acquire properties or undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits.

Furthermore, as at the date of this Prospectus, Axis-REIT's Indebtedness is short term in nature. If prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, the interest expense relating to such refinanced Indebtedness would increase, which would adversely affect Axis-REIT's cash flow and the amount of distribution it could make to Unitholders.

Similarly for future bank borrowings, if Axis-REIT is unable to make payment obligations, properties of Axis-REIT that are charged to secure such borrowings may be foreclosed by the lenders or forced sale at an undesirable value.

The Manager will endeavour to maintain the cash flow of the Fund at a manageable level, taking into account the cash flow, level of debts and distributions to Unitholders.

4.1.5 Limitations on borrowings

Under the SC Guidelines on REITs, Axis-REIT is only permitted to borrow up to 35% of its total asset value of the Fund at the time the borrowing is incurred. Based on the Indebtedness (as set out in Section 4.1.4 above), the Indebtedness represents approximately 18.6% of Axis-REIT's forecast total asset value as at 15 August 2005 amounting to RM332.5 million. Axis-REIT's ability to incur further borrowings may therefore be limited.

4. RISK FACTORS (Continued)

Limitation on borrowings may have the following business consequences:

- (a) an inability to fund capital expenditure requirements by bank borrowings in relation to Axis-REIT's existing portfolio or in relation to future acquisition of properties by Axis-REIT;
- (b) cash flow shortages which Axis-REIT might otherwise be able to resolve by borrowing funds; and
- (c) a decline in the total asset value of the Fund may cause the borrowing limit to be exceeded thus affecting the Fund's ability to incur further borrowings.

Notwithstanding the above, the Manager may source other means of funding such as internally generated funds or through new issuance of Units. Further, a portion of the distributable income of Axis-REIT would be set aside for contingency purposes. The Board of Directors of the Manager is of the opinion that the working capital raised from the Public Offering will be sufficient for Axis-REIT for a period of 12 months from the date of listing of the Fund.

4.1.6 Operating history

Axis-REIT was established on 16 June 2005 and the Manager was incorporated on 16 April 2004. Whilst several of the Directors and key management of the Manager have been managing the Subject Properties previously, the acquisitions of the Subject Properties by Axis-REIT will only be completed on or about 4 August 2005. As such, neither Axis-REIT nor the Manager has operating histories or past performance which may be evaluated by investors to assess their likely future performance.

One of the Subject Properties, Menara Axis, was officially opened in October 2004. Prior to that, Menara Axis has no track record in relation to its occupancy rate and tenancy profile. For detailed information on Menara Axis, please refer to Section 6.6.4 of this Prospectus.

4.1.7 Dependence on key personnel

The success of Axis-REIT will depend to a significant extent upon the continued service and performance of the Directors and key management team of Axis REIT Managers. A majority of the Directors and each of the key team members has over 10 years' experience in the property industry. The loss of any key members of the Manager's Board of Directors or key management could adversely affect Axis-REIT's business, results of operations and financial conditions.

The Manager believes that proactive development of managerial talent within the organisation and a management succession plan in place are essential for continued success and performance of Axis-REIT.

4.1.8 Investment policies of Axis-REIT may change

Upon completion of the Public Offering, the investment portfolio of Axis-REIT shall only consist of the Subject Properties. Axis-REIT may, after taking into consideration of the emerging risks as discussed in Section 4 of this Prospectus, change its investment policies in future. There is no assurance that the new investment policies will result in a better distribution of income to Unitholders and no assurance of capital growth in such investment. Nevertheless, the investment policies of the Fund will at all times be subject to the requirements as set out in Section 6.5 of this Prospectus.

4. RISK FACTORS (Continued)

4.1.9 The Manager may not be able to successfully implement its investment strategy

The Manager's investment strategy is to invest in a portfolio of commercial, office and office/industrial real estate in Malaysia with the primary objective to achieve long-term growth in NAV per Unit. Although the Manager will endeavour to attain such objective, there is no assurance that the investment strategy can be implemented successfully. The Manager may not be able to implement its strategy if there is a limited availability of such real estate for sale, increased competition amongst potential buyers of such real estate, changes to law or regulations which may adversely affect the operating environment or if the Manager is unable to source financing at favourable terms.

4.1.10 Difficulty in varying Axis-REIT's portfolio

Real Estate Assets, particularly high value properties, are relatively illiquid. Such lack of liquidity may affect the Manager's ability to vary Axis-REIT's investment portfolio or liquidate part of these assets in response to changes in economic and property market condition.

4.2 RISKS RELATING TO REAL ESTATE ASSETS

4.2.1 Location of Subject Properties

The Subject Properties are located in Klang Valley. As such, the Subject Properties are exposed to the economic and real estate conditions in Klang Valley including the oversupply or reduced demand of commercial, office and office/industrial real estate. Further, there are other commercial, office and office/industrial real estate located in Klang Valley that compete with the Subject Properties in attracting tenants.

Whilst the Subject Properties to be acquired are all located in Klang Valley, it is not the Fund's policy to confine future acquisitions within Klang Valley.

4.2.2 Dependence on key tenants

Axis-REIT's financial condition and results of operations and ability to make distributions may be adversely affected by the bankruptcy, insolvency or downturn in the business of its key tenants, including the decision by a key tenant not to renew its lease or to terminate its lease before it expires. Each of the Subject Properties, has one or more tenants that occupy 10.0% or more of the Net Lettable Area of the respective Subject Properties and some tenants account for significant percentages of the rental income of Axis-REIT. The Manager expects that Axis-REIT will continue to be dependent upon these tenants for a significant portion of its revenue. The loss of one of the Subject Properties' key tenants could result in periods of vacancy, which could adversely affect Axis-REIT's rental income. In addition, substitute tenants on satisfactory terms may not be found in a timely manner or at all, or if found the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than current leases.

Notwithstanding the above, the tenant mix of the Subject Properties comprises tenants from diversified industries such as pharmaceutical, trading, utilities and services and most of the major tenants (contributing 10.0% or more of the respective Subject Properties' gross income) have existing long-term leases with the Vendors.

4. RISK FACTORS (Continued)

4.2.3 Most of the leases of the Subject Properties are for a period of up to 3 years, which may expose the Subject Properties to high lease expiries

Most of the leases are for a period of up to 3 years with an option to renew for another term of 3 years, which is the general practice of the rental leases in Malaysia property market. This may result in each of the Subject Properties experiencing a number of lease expiry cycles every year. Approximately 29.3% and 11.9% of the Subject Properties' leases based on the Net Lettable Area will expire in 2005 and 2006 respectively.

The occurrence of such significant lease expiry rates exposes Axis-REIT to risks such as the increase in the vacancies rates following the expiry of leases, which in turn decreases the gross rental income of Axis-REIT and the new agreed leases may not be as favourable as the previous leases. Such risks could have a material adverse effect on the financial performance and distributions of Axis-REIT.

4.2.4 Gross rental income and the value of the Subject Properties may be affected by a number of factors

The gross rental income of Axis-REIT and the value of the Subject Properties may be affected by a number of factors, including:

- (a) vacancies following expiry or termination of leases that lead to a decrease in the occupancy rates and gross rental income of Axis-REIT;
- (b) the Manager's ability to collect rent from tenants on a timely basis or at all;
- (c) tenants seeking for protection under the bankruptcy laws could result in delays of rental payments or inability to pay rental at all or termination of leases prior to expiry;
- (d) tenants that breached the terms and conditions of the leases that result in termination of leases or non-payment of rental;
- (e) the rental rates and the terms of the renewed leases being less favourable than the current leases; and
- (f) changes in statutory laws, regulations or government policies which may affect the value of the Subject Properties.

4.2.5 Increase in operating and other expenses

Axis-REIT's ability to make distributions to the Unitholders could be affected if its operating and other expenses increase without a corresponding increase in revenue or tenant reimbursements of operating and other costs.

Factors which could increase operating and other costs include, amongst others:

- (a) inflation;
- (b) increases in payroll expenses and energy costs;
- (c) increases in property taxes and other statutory charges;
- (d) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- (e) increases in sub-contracted service costs;
- (f) increases in property management cost and management fee;

4. RISK FACTORS (Continued)

- (g) increase in insurance premiums; and
- (h) defects affecting the properties which need to be rectified, leading to unforeseen capital expenditure.

In this respect, the Manager intends to minimise the operating expenses for each of the Subject Properties by, *inter-alia*, taking advantage of the economies of scale through integration of resources.

4.2.6 Insurance coverage

The Subject Properties could suffer physical damage caused by fire, flood, earthquake or other causes or Axis-REIT may suffer public liability claim, which may result in losses (including loss of rent), and may not be fully compensated by insurance. In addition, certain types of risks (such as war risk and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, Axis-REIT could lose capital invested in the affected property as well as anticipated future revenue from that property. Axis-REIT would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

4.2.7 Compulsory acquisition by the government

Pursuant to the provisions of the Land Acquisition Act 1960, the State Authority (i.e. the Ruler or the Yang di-Pertua Negeri of the State, as the case may be) has the power to acquire any land, whether in whole or in part, (including the Subject Properties) which is needed:

- (a) for any public purpose;
- (b) by any person or corporation for any purpose which in the opinion of the State Authority is beneficial to the economic development of Malaysia or any part thereof or to the public generally or any class of the public; or
- (c) for the purpose of mining or for residential, agricultural, commercial, industrial or recreational purposes or any combination of such purposes.

The amount of compensation assessed to be awarded pursuant to any acquisition is based on the following considerations:

- (a) the market value as determined in accordance with section 1 of the First Schedule of the Land Acquisition Act 1960;
- (b) any increase, which shall be deducted from the total compensation, in the value of the other land of the person interested likely to accrue from the use to which the land acquired will be put;
- (c) the damage, if any, sustained or likely to be sustained by the person interested at the time the Land Administrator takes possession of the land, by reason of the acquisition injuriously affecting his other property, whether movable or immovable, in any other manner;
- (d) if, in consequence of the acquisition, the person interested is or will be compelled to change his residence or place of business, the reasonable expenses, if any, incidental to such change; and
- (e) where only part of the land is to be acquired, any undertaking by the State Authority, or by the Government, person or corporation on whose behalf the land is to be acquired, for the construction or erection of roads, drains, walls, fences or other facilities benefiting any part of the land left unacquired provided that the undertaking is clear and enforceable.

4. RISK FACTORS (Continued)

The amount of such compensation may be:

- (a) less than the market price of the Subject Properties upon the sale of the Subject Properties in the open market; and
- (b) less than the purchase consideration of the Subject Properties to be satisfied by the Trustee.

As at 21 June 2005 (being the latest practicable date prior to the registration of this Prospectus), none of the Vendors have received any notice of intended acquisition in relation to the Subject Properties or any part thereof.

If any of the Subject Properties becomes affected by any notice of acquisition or intended acquisition under the Land Acquisition Act 1960 before the date of presentation of the transfer of the Subject Properties, the Vendors must give notice thereof to the Trustee within 14 Market Days of receipt of such written notice and in such an event, the Trustee has the option, within 14 Market Days of receipt of such written notice, to either terminate or proceed with the conditional sale and purchase agreements.

If the Trustee terminates the conditional sale and purchase agreements, and subject to the Trustee withdrawing any private caveat lodged, the conditional sale and purchase agreements shall be null and void and be of no further effect and neither party shall have any further claims against the other party, save for any antecedent breach. In the event that the Trustee elects to proceed with the purchase of the Subject Properties and subject to the Trustee satisfying the purchase consideration for the Subject Properties, all compensation awarded and paid on such acquisition will be paid to or held on trust by the Vendors for the Trustee.

4.2.8 Non-registration of the transfer of Subject Properties

Pursuant to the terms of the conditional sale and purchase agreements for the acquisitions of the Subject Properties, the statutory form of transfer instruments are to be presented at the relevant land registry/land office for registration no later than 5 Market Days from listing of Axis-REIT on the Main Board of Bursa Securities.

While every effort will be made to ensure that the transfer instruments in respect of the Subject Properties are fit for registration and that there are no evident restraints on dealings with the Subject Properties prior to the presentation of the transfer instruments in order to minimise any risk of non-registration, there is no conclusive evidence or proof that the Subject Properties have been transferred to the Trustee until the issue documents of title to the Subject Properties are duly endorsed with the name of the Trustee as transferee and such titles are returned by the relevant land registry/land office.

Currently, the registration process for any type of land dealing at the land registry/land office could take a number of months to complete with the issue documents of title duly returned. However, the date of registration of the change of ownership of the Subject Properties would be the date of presentation of the instrument of transfers at the relevant land registry/land office, regardless of when the issue documents of title are eventually returned.

Given the nature of property transactions in Malaysia, the risk of non-registration is not unique to REITs.

4. RISK FACTORS (Continued)

To mitigate the risk of non-registration of the Subject Properties in favour of the Trustee, the conditional sale and purchase agreements for the acquisitions of the Subject Properties provide that upon completion, the respective Vendors will hold the Subject Properties as bare trustee for the Trustee and will do all such acts and things to give effect to any dealing with the Subject Properties by the Trustee as beneficial owner of the Subject Properties on behalf of Axis-REIT, including granting the Trustee a power of attorney in order to effectively deal with the Subject Properties as the owner of the Subject Properties on behalf of Axis-REIT in accordance with applicable laws. The Trustee will also be entitled to all rental income generated by the Subject Properties and any rental income received by the Vendors will be held by the Vendors on trust for the Trustee and immediately paid over to the Trustee.

4.2.9 Non-registration of discharge of charge for the Subject Properties

All the Subject Properties are currently charged by the Vendors to various financial institutions as security for bank borrowings granted to the Vendors. These existing charges will be discharged through a redemption procedure. Pursuant to the terms of the conditional sale and purchase agreements for the acquisitions of the Subject Properties, if the discharge of charge for any existing charge cannot be registered for any reasons whatsoever, then the Trustee shall release the existing chargee from its undertaking to refund the redemption sum provided that the existing chargee shall have issued its acknowledgment that the existing chargee's security documents for the loan facilities granted to the Vendor shall be deemed to be discharged or released despite the non-registration of the discharge of charge. The existing chargee will not be in a position to enforce the provisions of the charge after the existing chargee has executed the discharge of charge and delivered the original issue document of title, duplicate charge and the security documents in respect of the Subject Properties to the Vendors. It must be noted that private caveat will not prohibit the registration of discharge of charge on the Subject Properties.

4.2.10 Subsequent disposal of the Subject Properties

The consideration paid for the Subject Properties was arrived at based on a discount to their respective appraised values as determined by Colliers, Jordan Lee & Jaafar Sdn Bhd, the independent valuer. The methods of valuation of the real estate generally may include a subjective determination of certain factors relating to the relevant real estate, such as their relative market positions, their financial and competitive strengths and their physical conditions. The appraised values of the Subject Properties determined by the independent valuer do not guarantee a scale for any part or the whole of the Subject Properties at their appraised value at present or in the future. The price at which Axis-REIT may sell any part or the whole of the Subject Properties in the future may be lower than their purchase price.

4.3 RISKS RELATING TO AN INVESTMENT IN THE UNITS

4.3.1 Distributions to Unitholders will be subject to cash availability

The net operating profit that Axis-REIT earns from its real estate investments depends on, amongst other factors, the amount of rental income received, and the level of property, operating and other expenses incurred. If the Subject Properties or other real estate, which Axis-REIT may invest in do not generate sufficient net operating profit and cash flow, Axis-REIT's ability to make distributions will be adversely affected.

No assurance can be given that the level of distributions will be maintained or increase over time, that there will be contractual increases in rent under the leases of the Subject Properties or that the receipt of rental income in connection with expansion of the Subject Properties or future acquisitions of real estate will increase Axis-REIT's cash available for distribution to Unitholders.

4. RISK FACTORS (Continued)

4.3.2 No prior market for Units

Prior to the Public Offering, there has been no public market for the Units. There can be no assurance that an active market for the Units will develop upon listing or, if it develops, that such a market will be sustained. There is also no assurance that the market price of the Units will not decline below the Final Retail Price. The market price of the Units could be subject to significant fluctuations due to various external factors and events, including the liquidity of the Units in the market, the general market conditions, the property industry and broad market fluctuations.

It may be difficult to assess Axis-REIT's performance against either domestic or international benchmarks. There can be no assurance that an active market for REITs will develop in Malaysia.

4.3.3 No redemption of Units

Unitholders have no right to request the Manager to redeem their Units while the Units are listed on Bursa Securities and not suspended for more than 90 consecutive Market Days. It is intended that Unitholders may only deal in their listed Units through trading on Bursa Securities.

4.3.4 Future dilution of the NAV of the Units

The Deed provides that the Manager shall determine the unit price of any new issues of Units based on market-based principles, i.e. the issue price of new Units in the future may be at or below the then current NAV of Axis-REIT. In the event that new Units are issued at less than NAV, the NAV of existing Units may be diluted.

4.3.5 Failure or delay in the listing of Axis-REIT

The listing of the Fund is exposed to the risk that it may fail or be delayed should the following events occur:

- (a) the Managing Underwriter and Underwriter exercise their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder; or
- (b) gross proceeds of less than RM98,400,000 being raised; or
- (c) the Fund is unable to meet the public spread requirement of at least 25% of the issued Units of the Fund being held by a minimum of 1,000 public Unitholders holding not less than 100 Units each.

4.3.6 Effects of possible sale of a substantial number of Units by Vendors

Following the Public Offering, Axis-REIT will have 205,901,000 Units listed on the Main Board of Bursa Securities, of which 107,500,000 Units will be held by the Vendors. These Units, which form part of the purchase consideration for the Subject Properties, are not subject to any moratorium period. If the Vendors sell or are perceived as intending to sell a substantial amount of Units, the market price of the Units may be adversely affected.

4.3.7 Taxation

Pursuant to the Finance Act 2004, a REIT is exempted from tax on income distributed to unitholders in the same basis period in order to intensify efforts to convert illiquid assets into liquid assets, thereby enabling real estate companies to utilise the income from the sale of existing real estate for the development of new projects. The tax treatment granted allows Malaysian tax resident individuals or Malaysian tax resident incorporated companies to receive their distributions free of tax deducted at source but taxed subsequently at their prevailing income tax rates on such income. For non-resident unitholders, the tax payable at 28% will be withheld by the REIT.

4. RISK FACTORS (Continued)

However, the tax ruling introduced, either in part or in a whole, may be revoked or amended in the future. In the event that the tax ruling is either revoked or amended, a REIT will be subjected to tax on its distributable income whereby distributions to unitholders will be made after tax is deducted at source.

4.3.8 Market price of Units after the Public Offering

The Final Retail Price of the Issue Units may not be indicative of the market price of the Units after completion of the Public Offering. The market price of the Units after the Public Offering may trade at prices below the Final Retail Price.

The market price of the Units after the Public Offering will depend on many factors including:

- (a) the perceived prospects of Axis-REIT's business and investments and Malaysia's commercial, office and office/industrial real estate market;
- (b) significant differences between Axis-REIT's audited financial results and those set out in Section 7.2 of this Prospectus;
- (c) analysts' recommendations or projections;
- (d) interest rates;
- (e) yield on risk-free securities, alternative investments or savings instruments;
- (f) liquidity of the Units;
- (g) market value of Axis-REIT's assets; and
- (h) the future size and liquidity of the Malaysian REIT market.

4.3.9 Profit forecast, profit projections and forward-looking statements

This Prospectus contains profit forecast and projections made by the Directors of the Manager and ADSB that are based on assumptions which are deemed to be reasonable at this point in time. However, there can be no assurance that the profit forecast and projections contained herein will be realised. As the actual results may be materially different from those forecast and projections, you are advised to read and understand the assumptions and uncertainties underlying the profit forecast and projections.

In addition, certain forward-looking statements regarding the Fund are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. The inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by the Manager and ADSB or its advisers that the plans and objectives of the Fund will be achieved.

4.3.10 Distribution forecast and projections

As set out in Section 7.2.1 of this Prospectus, Axis-REIT is expected to distribute 95% of the distributable income to Unitholders for the 3 FYEs 31 December 2007. The distributions forecast and projections have been prepared based on assumptions which are deemed by the Directors of the Manager and ADSB to be reasonable at this point in time. However, there can be no assurance that the actual distribution to Unitholders, will be the same as the forecast and projected distributable income presented in this Prospectus.

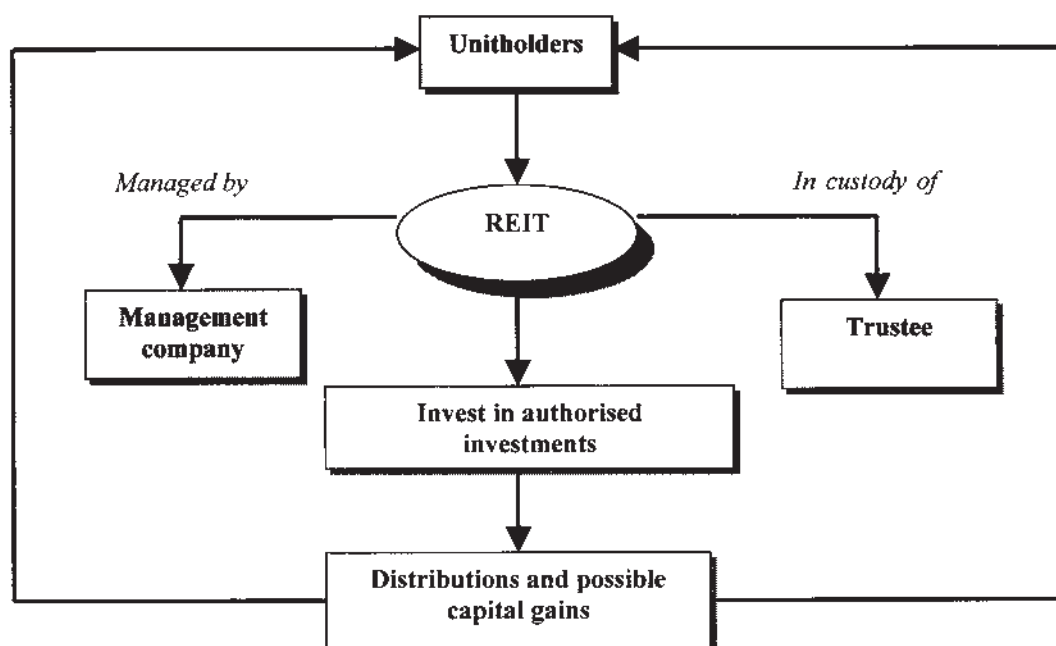
5. INTRODUCTION TO REITs

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY AN INTRODUCTION TO REITs IN GENERAL. THIS SECTION DOES NOT PURPORT TO IDENTIFY OR SUGGEST ALL REITs ARE ASSOCIATED WITH THE SAME RISKS AND BENEFITS (WHICH MAY NOT BE EXHAUSTIVE), AS HIGHLIGHTED HEREIN. THEREFORE, YOU SHOULD READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS, IN PARTICULAR, SECTION 4 OF THIS PROSPECTUS BEFORE DECIDING TO INVEST IN THE ISSUE UNITS.

5.1 OVERVIEW OF REITs

A REIT is a collective investment scheme where funds from investors are pooled and invested towards a specified goal as set out in the investment objective of the fund. In addition, a REIT is a fund that invests (via funds raised from investors) in a portfolio of real estate assets or real estate-related assets. These real estates generate income from rent collected from tenants, which is then, net of expenses, distributed to investors at regular intervals. A REIT may be listed or unlisted.

A REIT may be illustrated as a tripartite relationship between the manager, the trustee and the unitholders governed by a deed registered with the SC. The tripartite relationship between the manager, the trustee and the unitholders in a REIT is illustrated below:



A REIT is constituted by a deed entered into between the manager and the trustee. The deed sets out the manner in which the scheme is to be administered, the valuation and pricing of units, the keeping of proper accounts and records, the collection and distribution of income, the rights of unitholders, the duties and responsibilities of the manager and trustee with regard to the operations of the scheme, and the protection of unitholders' interests.

5. INTRODUCTION TO REITs (Continued)

A brief description of the parties in a REIT is as follows:

The manager:

The manager is appointed to manage and administer the REIT in accordance with the objectives and investment policy of the REIT. The manager is obliged to administer the REIT in accordance with the deed, the SCA and SC Guidelines on REITs, and to administer the REIT in an efficient and proper manner that will ensure high standards of integrity and fair dealing in managing the REIT to the interest of unitholders, to exercise due care, skill and diligence as well as effectively employ the resources and procedures necessary for the proper performance of the REIT.

The trustee:

The trustee is appointed for the unitholders and acts as the custodian for all the assets of the REIT. The trustee, therefore, must act to ensure that the manager adheres strictly to the provisions of the deed, particularly with regard to the creation of units, the exercise of investment powers of the REIT, collection and distribution of income, proper record keeping of administrative, investment and unitholders' transactions and in upholding unitholders' interests.

The unitholders:

The interest of a unitholder in the REIT is an equitable interest of a beneficiary of a trust, subject to the terms of the deed. Unitholders shall be entitled to receive the distributions of the fund and such other rights as provided in the deed.

5.2 THE REGULATORY FRAMEWORK

In Malaysia, REITs are governed and regulated by the SC. The SC is empowered to ensure compliance with the SCA and the SC Guidelines on REITs. The SCA and SC Guidelines on REITs govern the operations and administration of REITs and serve to protect the interest of unitholders. The trustee and the manager including its officers and directors, must comply with the SCA, SC Guidelines on REITs and all other relevant laws and requirements.

A REIT is also governed by the deed, which incorporates the covenants required under the SCA and the SC Guidelines on REITs.

The appointments of the manager, including its directors, and the trustee are subject to the approval of the SC.

5.3 BENEFITS OF INVESTING IN REITs

(a) Diversification

A REIT enables investors to diversify their investments by providing them the opportunity to pool their resources for the purchase of a diversified portfolio of authorised investments. Further, investors in a REIT can usually access a broader range of real estate than they could invest on their own.

(b) Liquidity

In a listed REIT, investments are generally readily convertible into cash as they are traded on a stock exchange and investors may purchase more units or dispose all or part of their units on any market day on the stock exchange.

5. INTRODUCTION TO REITs (Continued)

(c) Affordability

REITs provide investors an entry into the real estate market via participation and investment in units of the REITs, which requires a smaller capital outlay relative to purchasing similar real estate on their own.

(d) Long run inflation hedge

REITs may provide a hedge against inflation as when inflation rises, the value of real estate and real estate securities can be expected to similarly increase.

(e) Stable returns

REITs typically have relatively stable cash flows since almost all of its revenue is generated by rentals under the terms of lease agreements with its tenants, which typically are for specific durations.

(f) Professional management

REITs provide investors an opportunity to buy into real estate that is managed by experienced and professional persons.

(g) Potential capital appreciation

In addition to distributing income at regular intervals, REITs also provide an opportunity for capital appreciation via any increase in the values of real estate held in its portfolio.

(h) Ownership of large investment grade real estate

REITs allow retail investors to participate in the real estate market. Subject to the quality of the real estate, investors in a REIT are essentially akin to holding stakes in large investment grade real estate, which may otherwise have been impossible for a retail investor.

5.4 RISKS OF INVESTING IN REITs

REITs are exposed to a variety of risks associated with investments of, management of, and returns from the REITs.

(a) General risk

➤ **Economic, political and regulatory risks**

The performance of the real estate industry is closely linked to the economic environment. Any adverse developments in the political and economic environment and uncertainties in Malaysia can materially and adversely affect the property industry and hence the financial performance of REIT. These include the risks of war, global economic downturn and unfavourable changes in the Government's policy such as changes in rates of tax, methods of taxation or introduction of new regulations.

5. INTRODUCTION TO REITs *(Continued)*

➤ **Fund management risk**

There is a risk that the manager may not adhere to the investment mandate of REIT. Poor management of REIT may jeopardise the investment of unitholders through loss of their capital invested.

In addition, the selection of real estate, which makes up the assets of the REIT is a subjective process. Real estate selected by the investment manager may yield a higher or lower return than the overall real estate market.

➤ **Loans financing risk**

Investors who take end-financing loans to finance the purchase of units in REITs must be prepared to accept gearing risks, including but not limited to being forced to provide additional funds to top up their loan margins account when the price of units goes down, or suffer the higher cost of financing when interest rates trend upwards. In addition, the returns on REITs are not guaranteed and may not be earned evenly over time.

➤ **Risk of non-compliance**

There is the risk that the manager and others associated with the fund will not comply with the deed of the fund, the law that governs the fund, or the internal policies, procedures and controls, all of which may affect the investment of unitholders.

(b) **Investment risk**

➤ **Dividend distribution not guaranteed**

The net operating profit earned by a REIT depends on, amongst others, the amount of rental income received, and the level of property, operating and other expenses incurred. If real estate owned by a REIT do not generate sufficient net operating profit and cash flow, the REIT's ability to make dividend distributions will be adversely affected.

➤ **Capital market risk**

The price of a REIT is subject to the volatility as well as the liquidity of the equity market. The equity market is influenced by many factors, including but not limited to economic growth, interest rates, capital flows and monetary and fiscal policies.

➤ **Risk associated with borrowings**

Significant fluctuations in interest rates may have an adverse impact on the financial performance of REITs and may lower income distribution to unitholders. There is an inverse correlation between the interest rates and the distributable income to unitholders.

➤ **Insurance risk**

Real estate held by REITs could suffer physical damage caused by fire, flood, earthquake or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, certain types of risks (such as war and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

➤ **Risk relating to investments in real estate**

The yields of the real estate may be adversely affected by a number of factors, including but not limited to:

- (a) vacancies following expiry or termination of leases that lead to reduced occupancy rates which reduce the REIT's income;
- (b) the manager's ability to provide adequate management and maintenance;
- (c) inadequacy of insurance cover for the real estate;
- (d) changes in tax regulations;
- (e) the manager's ability to collect rent from tenants on a timely basis or at all;
- (f) tenants seeking the protection of bankruptcy or insolvency laws which could result in delays in receipt of rent payments, inability to collect rentals at all or the termination of the tenant's lease, or which could hinder delay the sale of a real estate;
- (g) the terms on which lease renewals and new leases are agreed being less favourable than existing leases;
- (h) poor cost control resulting in higher operating and other expenses without a corresponding increase in revenue;
- (i) unexpected expenses incurred due to changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies and defects affecting the real estate which need to be rectified, leading to unforeseen capital expenditure;
- (j) amendment or revocation of the present tax incentives for REITs; and
- (k) competition for tenants from other real estate which may affect rental levels and occupancy rates.

➤ **Risk relating to investment in other authorised investments**

Subject to the investment limits prescribed by the SC for the time being, apart from real estate, REITs are permitted to invest in any of the following:

- (a) single-purpose companies;
- (b) real estate-related assets;
- (c) liquid assets;
- (d) non-real estate related assets; and
- (e) asset backed securities.

Where REITs invest in stock market related investments, the following risks become key considerations:

➤ **Market risks**

Stock prices may fluctuate in response to activities of the individual companies, general market sentiment, economic conditions and political and social environment. Such fluctuations in the investment portfolio will cause the NAV of the REIT or prices of units to fall as well as rise.

➤ **Particular stock risk**

Any major price fluctuations of a particular stock invested by REIT may affect its NAV and thus impact (adversely or favourably) on its unit prices. This impact may, however, be minimised through the process of portfolio diversification by fund managers.

➤ **Liquidity risk**

If a REIT has a large portfolio of stocks that are illiquid, such stocks may be sold at a discount to its fair value, hence affecting the value of the REIT. The liquidity risk may be minimised through the process of stock selection and portfolio diversification by fund managers.

Where REITs invest in debt-related investments, the following risks become key considerations:

➤ **Interest rate risk**

Generally bond prices and interest rates move inversely. If interest rate rise and bond (or bond fund) prices fall, the value of investment will be lower and the NAV of REIT will be reduced.

➤ **Credit risk**

In the event the issuer of the debt instrument is unable to make timely payment of interest and principal, the value of the debt instrument may reduce accordingly, thereby reducing the NAV of the REIT.

5.5 COMPARISON WITH OTHER FORMS OF INVESTMENTS

All investments carry some form of risk-return trade-off. Some of the investment alternatives are as follows:

Cash and fixed deposits

Fixed deposits generally provide a fixed rate of return and can provide a stable stream of income. The range of deposit products available is quite extensive, ranging from simple overnight deposits at a cash rate, to more long term, structured deposits, like a two-year fixed deposit. Whilst deposits with a licensed financial institution can be considered almost risk free, there still exists a risk of default. Cash and fixed deposits do not present any opportunity for capital gain, and depending on the inflation rate, may not provide a positive real return.

Investment in bonds

Investments in bonds generally provide a fixed rate of return and can provide a stable stream of interest income. Bond prices move inversely to its yield to maturity. Bond investors are subject to a number of risks, including credit risk and interest rate risk. Bonds are generally less risky than shares but riskier than cash or fixed deposits.

Direct investment in real estate

Investments in real estate can provide a regular and stable stream of income and capital gains. However, such investment typically requires a large capital outlay, and is therefore generally available only to high net worth individuals, corporations or institutions. Movements in real estate prices can be cyclical and depending on the timing of the investment, can result in capital losses. Large capital outlays also limit the ability to diversify risk. Further, investments in real estate are generally less liquid than investments in marketable shares or bonds and may be difficult to exit in a timely manner.

5. INTRODUCTION TO REITs (Continued)

Investment in shares

Investment in shares is subject to market risk and specific risks associated with a company or business and may result in either capital gains or losses. Share prices can be volatile, and may not always reflect the fundamental value of a company. Investment in shares may or may not provide a regular stream of dividends. Shares are generally more risky than bonds or fixed deposits.

Financial derivative products

Financial derivative products are used to manage investors' exposure to unexpected price fluctuations in, amongst others, the commodity, equity and bond markets and derives its value from an underlying instrument such as interest rates, indices and share prices. As these underlying instruments can be volatile at times, this form of investment has very high investment risks. Financial derivative products can also provide an avenue to earn very high returns (losses) without large capital outlays.

In summary, risk and return comparison for the various investments may be summarised as follows:

Types of investment	Risk level	Expected return level
Cash	Low	Low
Fixed deposit		
Bonds	↓	↓
REITs		
Direct investment in real estate		
Investment in shares		
Financial derivative products	High	High

5.6 INVESTOR PROFILE

Investments in REITs are generally less risky than direct investments in real estate, investments in shares and investments in financial derivatives. Investments in REITs are generally riskier than investments in bonds or fixed deposits. REITs may appeal to a conservative to moderate investor with a long-term investment horizon who seeks regular distribution of income and long-term capital growth.

5.7 PERFORMANCE INDICATORS AND BENCHMARKS

It may be difficult to assess REIT's performance against domestic benchmarks as there are presently only three (3) property trust funds listed in the mid-nineties. As at the date hereof, no REIT has been listed under the revised SC Guidelines on REITs.

In general, the Kuala Lumpur Composite Index is the most widely followed and used for performance benchmarking for listed securities. The Kuala Lumpur Composite Index is deemed an appropriate indicator and benchmark for evaluating performance of listed REITs as it is readily available to most investors and generally the preferred benchmark for all Malaysian-centric equity funds. In addition, the EMAS Index, which indicates the overall performance of listed company on the Main Board and Property Sector Index, would also be practical for the same.

To obtain the latest information on the said indices, investors may refer to the Bursa Malaysia website, www.bursamalaysia.com under Market Information Section. Other pertinent information such as daily stocks performance by sectors and individual counter could also be obtained.

5. INTRODUCTION TO REITs (*Continued*)

In addition, investors must consider and familiarise with the following performance indicators of REITs:

- (i) **MER:** the ratio of expenses incurred in operating a REIT to the NAV of the REIT. Expenses are an important factor to be considered in choosing a REIT for investment, as the annual expenses of operating the REIT would normally take up a substantial portion of its gross income. Hence, MER allows you to make comparisons on the expenses incurred by other REITs in assessing whether such expenses of a particular REIT are excessive.
- (ii) **Average annual return:** the percentage change in a REIT's price (after adjusting for distributions payout) for the period to the number of years under review. This indicator allows investors to compare the annualised return of the REIT with other forms of investment which is most often expressed in '*per cent per annum*'.
- (iii) **Distribution yield:** the ratio of the distribution paid to unitholders from the REIT's income to the price paid for the units of the REIT.

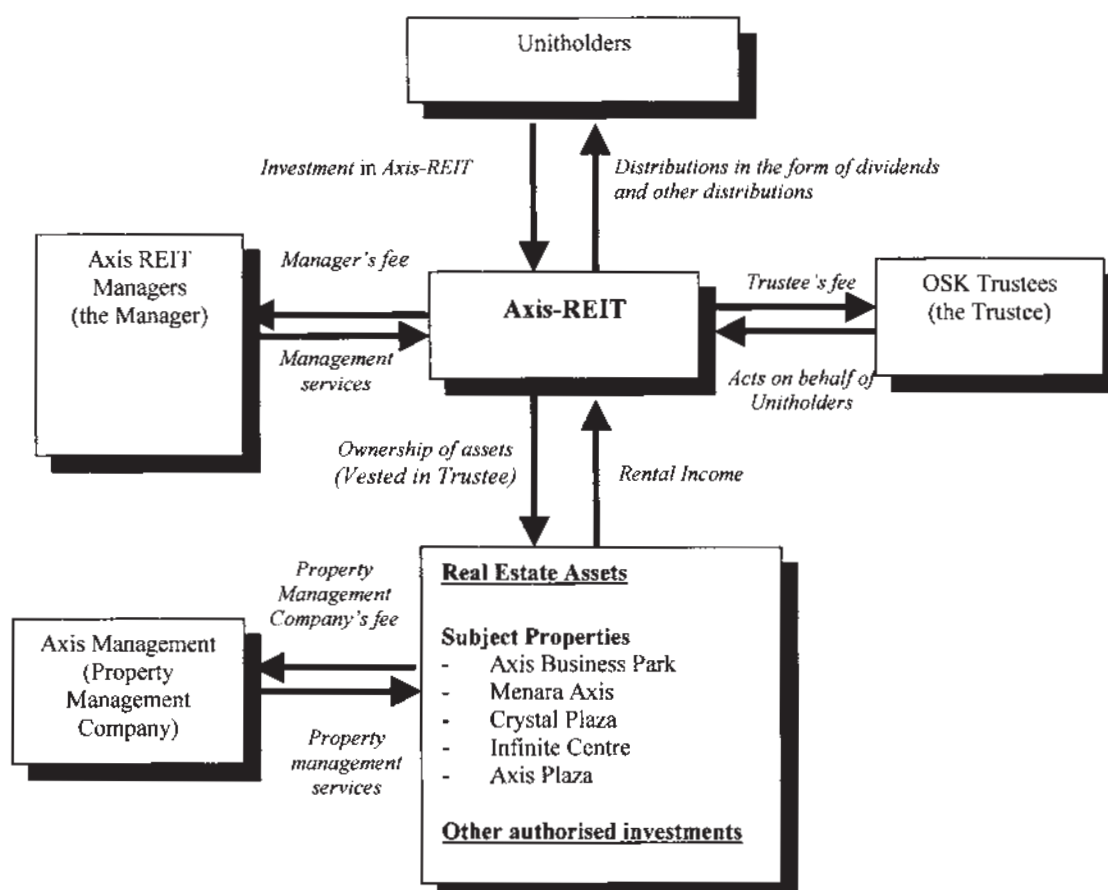
[The rest of this page is intentionally left blank]

6. DETAILED INFORMATION ON AXIS-REIT

6.1 THE FORMATION AND STRUCTURE OF AXIS-REIT

6.1.1 The structure of Axis-REIT

The following diagram illustrates the structure of Axis-REIT and indicates the relationships between Axis-REIT, the Manager, the Property Management Company, the Trustee and the Unitholders:



The Fund is generally suitable for investors who understand the risk related to the real estate industry and expect to benefit from long term growth of the Fund and to receive distribution of income.

THERE ARE FEES, CHARGES AND EXPENSES INVOLVED IN THE ADMINISTRATION OF THE FUND, INCLUDING BUT NOT LIMITED TO MANAGER'S FEES, PROPERTY MANAGEMENT FEES AND TRUSTEE'S FEE. YOU ARE ADVISED TO CONSIDER THE FEES, CHARGES AND EXPENSES BEFORE INVESTING IN THE FUND.

6.1.2 The Deed

Axis-REIT is constituted by the Deed and is principally regulated by the SCA and the SC Guidelines on REITs.

The Deed was executed on 15 June 2005 between Axis REIT Managers as the manager of Axis-REIT and OSK Trustees as the trustee of Axis-REIT to act in their respective capacities. The Deed was registered and lodged with the SC on 16 June 2005 and 20 June 2005 respectively.

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

The terms and conditions of the Deed are binding on each Unitholder and persons claiming through such Unitholder as if such Unitholder were a party to the Deed and as if the Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Deed and an authorisation by each Unitholder to do all such acts or things as the Deed may require the Manager and/or the Trustee to do.

6.1.3 The Units and Unitholders

Each Unit represents an undivided interest in Axis-REIT. A Unitholder has no equitable or proprietary interest in any of the assets of Axis-REIT and is not entitled to the transfer to it of any assets (or any part thereof) or of any estate or interest in any asset (or any part thereof) of Axis-REIT. A Unitholder's right is limited to the right to require due administration of Axis-REIT in accordance with the provisions of the Deed including, without limitation, by suit against the Trustee or the Manager.

6.1.4 Issue of Units

- (a) Upon the registration of the Deed with the SC, Axis REIT Managers lodged with the Trustee the sum of RM1,000 to be held upon trust as application monies for 1,000 initial Units ("Promoter Units"). These Promoter Units shall be disposed of on the Market Day immediately following the listing of Axis-REIT on the Main Board of Bursa Securities.

Upon the listing of Axis-REIT on the Main Board of Bursa Securities, the size of the Fund will be 205,901,000 Units. Further details of the said Units are set out in Section 3.3 of this Prospectus.

- (b) In addition to the Issue Units which are the subject of this Prospectus (Retail Offering and Institutional Offering), the Manager may from time to time (following the listing of the Units on the Main Board of Bursa Securities) recommend an increase in the number of Units including by way of rights issue or bonus issue of Units to existing Unitholders in proportion to their holding of Units, by way of placement to any person, as consideration issue for subscription or such other methods as may be accepted by the SC.
- (c) 107,500,000 Units will be issued to the Vendors as part consideration for the acquisitions of the Subject Properties. The Manager may only offer Units to vendors of authorised investments as consideration (in whole or in part) for future authorised investments proposed to be acquired by Axis-REIT at a price determined by the Manager and approved by the Trustee if, amongst others, the terms and conditions of such acquisition are approved by an ordinary resolution of the Unitholders, neither the Manager nor the person to whom the Units are to be issued nor any associated person of that person votes in relation to the above resolution and the acquisition of such authorised investments is approved by the SC and any other relevant authorities (where required).

The interests of the Vendors and other related persons deemed interested in the Units after the Public Offering and acquisitions of the Subject Properties are as follows:

	<-----Direct----->		<-----Indirect----->	
	No of Units	%	No of Units	%
Baiduri Kemas Sdn Bhd	34,000,000	16.5	-	-
ADSB	-	-	34,000,000 ¹	16.5 ¹
T.S Property Development Sdn Bhd	-	-	34,000,000 ²	16.5 ²
Pet Resins (M) Sdn Bhd	-	-	34,000,000 ²	16.5 ²

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

	<-----Direct----->		<-----Indirect [^] ----->	
	No of Units	%	No of Units	%
Suasa Tinggi (M) Sdn Bhd	-	-	34,000,000 ²	16.5 ²
Axis Equities Sdn Bhd	-	-	36,500,000 ³	17.7 ³
Lim Kian Thiam	200,000 [@]	0.1 [@]	107,500,000 ⁴	52.2 ⁴
Dato' Abas Carl Gunnar bin Abdullah	200,000 [@]	0.1 [@]	36,500,000 ⁵	17.7 ⁵
Mazlan bin Harun	-	-	34,000,000 ⁶	16.5 ⁶
Prestigious Landmarks Sdn Bhd	36,350,000	17.7	-	-
Salperton Holdings Sdn Bhd	-	-	61,850,000 ⁷	30.1 ⁷
Stephen Tew Peng Hwee	200,000 [@]	0.1 [@]	105,000,000 ⁸	51.1 ⁸
Cattadeo Holdings Sdn Bhd	-	-	61,850,000 ⁹	30.1 ⁹
Abdul Rasheed bin Abdul Kader	-	-	61,850,000 ¹⁰	30.1 ¹⁰
Crystal Properties Sdn Bhd	25,500,000	12.4	-	-
Infinite Centre Sdn Bhd	9,150,000	4.4	-	-
Ling King Wa	-	-	9,150,000 ¹¹	4.4 ¹¹
Kasturi Gemilang Sdn Bhd	2,500,000	1.2	-	-
Pet Films (M) Sdn Bhd	-	-	2,500,000 ¹²	1.2 ¹²

Notes:

[@] Assuming full subscription of the Issue Units offered to them under the Retail Offering

[^] For illustration purposes, the deemed interests of the related persons of the Vendors are ascertained by extending the application of Section 6A(4) of the Act to the Issue Units

¹ Deemed interested through its shareholdings in Baiduri Kemas Sdn Bhd

² Deemed interested through its shareholdings in ADSB

³ Deemed interested through its shareholdings in T.S Property Development Sdn Bhd and Kasturi Gemilang Sdn Bhd

⁴ Deemed interested through his shareholdings in Axis Equities Sdn Bhd, Pet Resins (M) Sdn Bhd, Salperton Holdings Sdn Bhd, Infinite Centre Sdn Bhd and Pet Films (M) Sdn Bhd

⁵ Deemed interested through his shareholdings in Axis Equities Sdn Bhd

⁶ Deemed interested through his shareholdings in Suasa Tinggi (M) Sdn Bhd

⁷ Deemed interested through its shareholdings in Prestigious Landmarks Sdn Bhd and Crystal Properties Sdn Bhd

⁸ Deemed interested through his shareholdings in Pet Resins (M) Sdn Bhd, Salperton Holdings Sdn Bhd and Infinite Centre Sdn Bhd

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

- ⁹ *Deemed interested through its shareholdings in Salperton Holdings Sdn Bhd*
- ¹⁰ *Deemed interested through his shareholdings in Cattadeo Holdings Sdn Bhd*
- ¹¹ *Deemed interested through her shareholdings in Infinite Centre Sdn Bhd*
- ¹² *Deemed interested through its shareholdings in Kasturi Gemilang Sdn Bhd*

6.1.5 Suspension of issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Requirements of Bursa Securities, suspend the issue of Units during:

- (a) any period when Bursa Securities (otherwise than for public holidays) or during which dealings are restricted or suspended;
- (b) the existence of any state of affairs which, in the opinion of the Manager and the Trustee might seriously prejudice the interests of the Unitholders as a whole or of the assets of the Axis-REIT;
- (c) any breakdown in the means of communication normally employed in determining the NAV of Axis-REIT or the current price thereof on Bursa Securities, or when for any reason the net asset value of Axis-REIT cannot be promptly and accurately ascertained;
- (d) any period when remittance of money which will or may be involved in the realisation of any assets of Axis-REIT or in the payment for such asset of Axis-REIT cannot, in the opinion of the Manager, be carried out at normal rates of exchange;
- (e) in relation to any general meeting of the Unitholders, the period of 48 hours before such general meeting or any adjournment thereof;
- (f) any period where the issuance of Units is suspended pursuant to any order or direction issued by Bursa Securities or any other authorised regulatory body; or
- (g) when the business operations of the Manager or the Trustee in relation to Axis-REIT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing of the same by the Manager or the Trustee (provided the prior written approval of the other is obtained) and shall terminate on the day following the first Market Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing of the same by the Manager or the Trustee (provided the prior written approval of the other is obtained).

In the event of any suspension while Axis-REIT is listed on Bursa Securities, the Manager shall ensure that immediate announcement of such suspension is made to Bursa Securities.

6.1.6 Rights and liabilities of Unitholders

- (a) Each Unit in Axis-REIT is of equal value and represents an undivided interest in the Fund. Units in Axis-REIT shall confer on the Unitholder the rights (amongst others) to receive any income distribution of the Fund, the right to participate in accordance with the Deed in any increase in the value of any of the investments comprised in the assets of Axis-REIT and such other rights, benefits, entitlements and privileges as are conferred on them or attached to them by the provisions of the Deed.

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

- (b) The prior approval of Unitholders (by ordinary resolution in a meeting) is required for the following transactions:
- (i) sale or disposal of any Real Estate Assets of the Fund exceeding 50% of the total asset value of the Fund (except on termination of the Fund);
 - (ii) acquisition of Real Estate Assets from, or disposal of Real Estate Assets to a related corporation or associated person of the Manager which is proposed to be transacted at a price which is:
 - more than the value of the Real Estate Assets as assessed by an independent valuer, in the case of an acquisition; and
 - less than 90% of the value of the Real Estate Assets as assessed by an independent valuer, in the case of a disposal; and
 - (iii) disposal of Real Estate Assets to a related corporation or associated person of the Manager where the value of the proposed transaction exceeds 5% of the total asset value of the Fund (on a per-transaction basis).

In transactions involving a related corporation or associated person of the Manager (as set out in (ii) and (iii) above), any person who may directly or indirectly benefit from proposed transaction shall not vote on such transaction.

- (c) Without limiting the generality of Section 6.1.3 above, each Unitholder acknowledges and agrees that:
- (i) it will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the assets of the Fund or any part of the assets of the Fund and waives any rights it may otherwise have to such relief;
 - (ii) if the Trustee or the Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction; and
 - (iii) damages or compensation is an adequate remedy for such breach or threatened breach.
- (d) A Unitholder may not:
- (i) interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee;
 - (ii) exercise any right in respect of the assets of the Fund or any part of the assets of the Fund or lodge any caveat or other notice affecting the assets of the Fund or any part of the assets of the Fund; and
 - (iii) require that any assets of the Fund or any part of the assets of the Fund be transferred to a Unitholder.
- (e) The liability of a Unitholder is limited to the amount payable for any Unit.

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

6.1.7 Amendments to the Deed

All modifications to the Deed must be made through a supplementary deed and will take effect only upon registration of the supplementary deed with the SC. However, the Trustee may together with the Manager in making (by way of supplementary deed) any modification, addition to or deletion from the Deed (unless otherwise directed by the SC) without the sanction of any resolution of a meeting of Unitholders if such alteration, modification, addition or deletion is, in the opinion of the Trustee, necessary or expedient to comply with applicable laws and requirements, made to correct a manifest error or is of a formal, technical or administrative nature, necessary or expedient for the purpose of complying with any ruling issued by the Malaysian taxation authorities relating to taxation of the REIT and/or the Unitholders or in any other circumstances not materially adverse to the interest of the Unitholders and not likely to become so.

If in the opinion of the Trustee any such alteration, modification, addition or deletion referred to above may materially or adversely affect the rights of Unitholders then such, modification, addition or deletion may only be effected with the consent of a resolution of not less than 2/3 of all Unitholders for the time being, given (or such other majority as may be required under the SC Guidelines on REITs) at a meeting duly convened and held.

Notice of the execution of any supplementary deed containing a short summary of its effect shall be sent by the Manager to the Unitholders as soon as practicable after the supplementary deed is registered with the SC, unless the effect of the supplementary deed is not in the opinion of the Manager (with the consent of the Trustee) of material significance.

6.1.8 Meeting of Unitholders

At least 14 days' notice in writing of any meeting (other than a meeting convened to pass a special resolution) of Unitholders shall be given by the Trustee. In the case of a meeting convened to pass a special resolution, a circular specifying the place, date and hour of meeting and the general nature of the business to be transacted and containing such or any further information as the Trustee may think fit and the terms of any resolution to be proposed shall be given at least 21 days' prior to any meeting of the Unitholders.

The Trustee shall cause at least 14 days' notice (21 days in the case of a special resolution to be passed) to be given by advertisement in a newspaper published daily and circulating generally throughout Malaysia, and in writing to Bursa Securities of any meeting of the Unitholders.

6.1.9 Termination of Axis-REIT

Trustee shall terminate Axis-REIT where:

- (a) if at a duly convened meeting of Unitholders a special resolution is passed that Axis-REIT be terminated; or
- (b) the Manager is in liquidation or where the Trustee is of the opinion that the Manager has ceased to carry on business or has, to the prejudice of the Unitholders, failed to comply with any provision or covenant of the Deed or contravened any provisions of any relevant laws, guidelines or regulatory requirements, and at a meeting duly summoned in accordance with Section 110 of the SCA, a special resolution is passed that Axis-REIT be terminated; or
- (c) the Manager notifies the Trustee in writing that less than 100,000,000 Units (or such minimum number permitted by the SC and Bursa Securities) are held by Unitholders and recommends that Axis-REIT be terminated; or

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

- (d) if at any time during the life of Axis-REIT, the Manager, after consultation with the Trustee, is of the opinion that changes in the economic climate or taxation law have caused or are likely to cause Unitholders to be detrimentally affected, the Manager requests the Trustee to summon a meeting of Unitholders and place a special resolution before such a meeting, setting out the action they recommend at the meeting to endorse to meet such changes, and the meeting decides to terminate Axis-REIT; or
- (e) if the Manager determines that termination of Axis-REIT is appropriate in the event the quotation of Axis-REIT's Units is suspended for 90 consecutive Market Days or more, or if the Axis-REIT is delisted; or
- (f) if Axis-REIT is unable to list on the Main Board of Bursa Securities within 3 months from the date of this Prospectus.

For further information on the format and structure of the Fund, please refer to Section 13 of this Prospectus.

6.1.10 Reporting requirements of Axis-REIT

- (a) Within 2 months of each financial year end, the Manager shall issue the Annual Report (with the Trustee's report and auditors' report) to the SC and Bursa Securities and send a copy of the same by post to each Unitholder (without charge). Further, additional copies of the Annual Report shall be sent to Unitholders upon the request of the same by such Unitholder within 2 months after the request is received and upon payment of a reasonable sum as may be determined by the Manager and the Trustee.
- (b) The Manager must provide the SC with an interim fund report and send a copy of the same by post to each Unitholder (without charge), containing all information as required under the SC Guidelines on REITs.
- (c) The Manager shall publish at least 2 fund reports in each financial year of Axis-REIT to enable Unitholders to evaluate the performance of the Fund during the relevant financial year and the Trustee shall ensure that the Manager does so.
- (d) The Manager must provide Bursa Securities with financial reports which are prepared on a quarterly basis at no later than 2 months after the end of each quarter in a financial year, of which such quarterly report must contain all information as required under the Listing Requirements of Bursa Securities.

6.2 INVESTMENT OBJECTIVES

Axis-REIT, constituted by the Deed dated 15 June 2005, is a REIT formed to own and invest primarily in commercial, office and office/industrial real estate. The primary objectives of the Fund are:

- (a) to provide Unitholders with distribution of income; and
- (b) to achieve long-term growth in the NAV per Unit of the Fund.

Should there be any material change to the primary investment objectives of the Fund, the prior approval of the Unitholders is required by way of a resolution of not less than 2/3 of all Unitholders, given (or such other majority as may be required under the SC Guidelines on REITs) at a meeting duly convened and held.

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

6.3 STRATEGY

The Manager intends to achieve the primary objectives of the Fund through implementing its investment and growth strategies. The Manager's investment strategy is to invest in a portfolio of commercial, office and office/industrial real estate in Malaysia.

In achieving the above, the Manager plans to adopt a combination of the following strategies:

- Organic growth strategy
- Acquisition growth strategy
- Financing strategy

6.3.1 Organic growth strategy

The Manager's organic growth strategy entails actively managing the Subject Properties to maximise returns through the maintenance and/or improvement of occupancy levels and net property income. In achieving the above, the Manager has identified the following key areas which it will focus on:

(a) Proactive asset management

The Manager intends to maximise income and distributions to Unitholders by:

- setting and achieving optimal rental and expense benchmarks for each Subject Property;
- maximising Net Lettable Area to maximise net property income without compromising the comfort of the existing tenants;
- minimising rental arrears and bad debts. The tenants of the Subject Properties have been carefully selected to minimise default in rental payments. For the past 3 FYEs 31 December 2004, the level of bad debts accruing to the Subject Properties is insignificant;
- adopting a strict expense strategy to maintain its expenses within the annual budgeted amount. Further, periodic reviews will be conducted to monitor expenses against budgeted amount;
- addressing all key operational issues to ensure alignment with the strategy; and
- regularly reviewing the portfolio to ensure that the Subject Properties and other Real Estate Assets are consistent with Axis-REIT's investment strategy.

(b) Maintain high occupancy levels and maximising tenant retention

Save for Menara Axis which is newly constructed, the Subject Properties have, in the past 3 years maintained high occupancy rates.

The Manager considers such well-maintained occupancy rates of the Subject Properties to be primarily attributable to the following competitive advantages of the Subject Properties:

- **Location.** All the Subject Properties are strategically located within Shah Alam and Petaling Jaya, Selangor and are easily accessible via major expressways including the Federal Highway, Lebuhraya Utara-Selatan and Lebuhraya Damansara Puchong. In addition, Crystal Plaza and Menara Axis are also situated within walking distance from an LRT station.

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

- **Product offering.** The Subject Properties provide features that suit many tenants' requirements. One of the distinct features in some of the Subject Properties is the building floor plan which is rectangular in shape with large floor plate's design. The Manager believes that presently many tenants have a preference for such design as it allows them to occupy an entire floor, saving time and renovation costs vis-à-vis having offices in different floors. Another added feature of some of the Subject Properties is the provision of warehouse facilities as temporary storage area for tenants.
- **Tenant care orientated.** The management of the Subject Properties had, over the years, developed close relationships with the tenants. Emphasis has been put into the maintenance of the buildings, expedient responses to tenants' request and regular contacts. The turnover of tenants of the Subject Properties for the past 3 FYEs 31 December 2004 are as follows:

Subject Properties	For the past 3 FYEs 31 December 2004	
	New tenant(s)	Outgoing tenant(s)
Axis Business Park	8	2
Menara Axis*	Not applicable	Not applicable
Crystal Plaza	6	3
Infinite Centre	3	3
Axis Plaza	4	2

Note:

- * The construction of Menara Axis was only completed in February 2004.

The Manager will continue to pursue and enhance such practices.

(c) Leasing opportunities

The Manager will seek to lease out existing vacant space and closely manage lease renewals and new leases to minimise the impact of lease expiries and non-renewals. This may be achieved through:

- early leasing negotiations with existing tenants with upcoming leases expiries to minimise vacancy rates;
- collaboration with real estate agents to seek new tenants; and
- early leasing negotiations to sign up new tenants.

(d) Asset enhancements

The Manager believes that opportunities exist to improve distributions per Unit from asset enhancements. Any future asset enhancements will be based on an assessment of the feasibility and profitability of its asset enhancement opportunities and the estimated impact on the distributions to Unitholders.

(e) Minimisation of property operating expenses

A key component of the Manager's operating strategy is to ensure that operating expenses for each Subject Property are minimised, without compromising the quality of services and facilities provided, by taking advantage of the economies of scale via integration of resources created from operating a portfolio of real estate.

6. DETAILED INFORMATION ON AXIS-REIT (*Continued*)

The following strategies shall be adopted by the Manager:

- creating an annual maintenance budget for all the Subject Properties. Monthly reviews of the actual operating expenses will be conducted through the implementation of a cost control management system where the operating expenses will be itemised. As such, any variances from the budgeted amount and unusual operating expenses can be detected quickly; and
- outsourcing services such as maintenance and repair works, cleaners and security will be negotiated on a collective basis for the Subject Properties.

6.3.2 Acquisition growth strategy

The acquisition growth strategy entails selectively acquiring additional real estate that provide attractive cash flows and yields, together with the potential growth in distribution per Unit and NAV per Unit. In the long term, the Manager will seek to capitalise on opportunities in the Malaysian real estate sector through real estate acquisitions that provide such criteria. The Manager presently intends to focus its investments on commercial, office and office/industrial real estate in Malaysia.

In evaluating acquisition opportunities, the Manager will focus on the following investment criteria:

- **Yield enhancements.** The Manager will seek to acquire real estate that are expected to at least maintain or enhance the value of the Units.
- **Occupancy and tenant characteristics.** The Manager will seek to acquire real estate with existing strong, or with the potential for higher rental and tenant retention rates relative to competing real estate in their respective markets. In addition, tenant credit quality will be evaluated in order to estimate delinquency probability. Rental rates and occupancy trends will also be evaluated prior to the acquisitions of new real estate.
- **Location.** The Manager will assess real estate for convenient access to major roads and public transportation, similar to the Subject Properties.
- **Value-adding opportunities.** The Manager may also seek to acquire real estate which are below its replacement cost with the goal of improving value through active property management, selective renovation or other enhancements.
- **Length of land lease.** The Manager will actively seek real estate with long leasehold tenure and freehold land.
- **Building and facilities specifications.** The Manager will examine specifications such as compliance with building and zoning codes, and age of buildings.

The Manager intends to hold the Subject Properties on a long-term basis. In the future, if the Manager considers that any of the Subject Properties has reached a stage that afford a limited scope for income growth and/or its value has been maximised, the Manager may consider disposing the property and use the portion of the proceeds attributable to the cost of the property to invest in new real estate with better potential for growth. The remaining portion of the proceeds attributable to the capital gains derived from the disposal may be distributed to Unitholders.

6.3.3 Financing strategy

The Manager will operate in accordance with the Deed and SC Guidelines on REITs whereby the maximum level of debt of the Fund will not exceed 35% of the total asset value at the time the borrowing is incurred. Upon completion of the acquisitions of the Subject Properties, Axis-REIT will have an outstanding indebtedness of approximately RM61.9 million, representing approximately 18.6% of the forecast total asset value of approximately RM332.5 million as at 15 August 2005.

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

The Manager intends to use a combination of debt and equity to fund future acquisitions and property enhancements. The Manager, if it deems appropriate and in compliance with the SC Guidelines on REITs, may also adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings.

The funding of any acquisitions or asset enhancement works undertaken may be through borrowings, although, in the event the limit of 35% is reached, funding may be through a private placement of additional Units, a rights issue or an issuance of new units to vendors in the case of acquisitions. Such asset enhancement works will only be undertaken following consideration of market conditions and the estimated impact on net income.

6.4 DISTRIBUTION POLICY

In accordance to the Deed, the distribution policy of Axis-REIT is to distribute all (or such lower percentage as determined by the Manager in its absolute discretion) of the distributable income to Unitholders in cash within 2 months after the books closure date. Axis-REIT will distribute such distributable income (if any) on a semi-annual basis (or such other intervals as the Manager may determine) to Unitholders, except for the first distribution which will be for the period from the date of listing to 31 December 2005 and the final distribution which shall end on the date of termination of Axis-REIT.

Barring any unforeseen circumstances, it is the intention of the Manager to distribute at least 95% of the distributable income of Axis-REIT for the 3 FYEs 31 December 2007, as set out under Section 7.2.1 of this Prospectus.

Based on the forecast earnings before taxation of approximately RM8.2 million for the FYE 31 December 2005 and a distribution of 95% of forecast earnings before taxation, the Directors of Axis REIT Managers anticipate that, in the absence of unforeseen circumstances, the Manager will be in a position to propose a dividend of 3.76 sen per Unit for the FYE 31 December 2005 based on 205,901,000 Units in issue.

Any moneys payable to a Unitholder pursuant to its entitlement of the Fund's distribution which remain unclaimed after a period of 1 year shall be accumulated in a special account and lodged with the Registrar of Unclaimed Moneys by the Manager or the Trustee. The Trustee shall maintain a record of all unclaimed moneys at its principal place of business in accordance with the provisions of the Unclaimed Moneys Act, 1965.

In addition to the above, the Manager may, pursuant to the Deed, purchase, sell or otherwise dispose of, reconstruct, exchange, vary, modify or otherwise change any investment forming part of the assets of the Fund in the interest of the Unitholders and it shall have the discretion on whether to reinvest or distribute the proceeds from any disposal of any assets of the Fund.

6.5 AUTHORISED INVESTMENTS AND GEARING LEVEL

The investments of Axis-REIT are limited to:

- (a) at least 75% of the total asset value of the REIT must be invested in Real Estate Assets, real estate-related assets or liquid assets out of which at least 50% must be invested in Real Estate Assets; and
- (b) the balance 25% may be invested in any other authorised investments.

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

The list of authorised investments of Axis-REIT is as follows:

- (a) Real estate (which is physical land and those human made items which are attached to the land) and including real estate which is being developed (to the extent permitted by the SC Guidelines on REITs);
- (b) Single-purpose companies being unlisted companies whose principal assets comprise real estate;
- (c) real estate-related assets which include units of other REITs, listed securities of and issued by property companies, listed or unlisted debt securities of and issued by property companies and mortgage-backed securities;
- (d) liquid assets which include cash, deposits with licensed institutions and any other instrument capable of being converted into cash within 7 days as approved by the Trustee;
- (e) non-real estate assets being listed shares issued by non-property companies;
- (f) asset-backed securities; and
- (g) any other investment not covered by items (a) to (f) above but specified as a permissible investment in the SC Guidelines on REITs or otherwise permitted by the SC.

The Real Estate Assets shall be revalued at least once every 3 years from the last valuation date or as the SC Guidelines on REITs may stipulate. All valuations will be conducted on the bases and methods, which are in accordance with Asset Valuation Guidelines issued by the SC.

Upon completion of the Public Offering, the investment portfolio of Axis-REIT shall only consist of the Subject Properties.

In the event Axis-REIT diversifies its investment portfolio to other authorised investments (other than Real Estate Assets), the bases of valuation for such investment shall be carried out in accordance with the provisions of the Deed and the SC Guidelines on REITs.

In accordance with the Deed and the SC Guidelines on REITs, the total borrowings of the Fund shall not exceed 35% of the total asset value of the Fund (or such other level permitted under the SC Guidelines on REITs from time to time) at the time the borrowings are incurred. Axis-REIT will have an initial gearing level of 18.6% of its forecast total asset value as at 15 August 2005 upon the completion of the Public Offering.

For the management strategies to be employed by the Manager to manage the financing risks of Axis-REIT, please refer to Section 6.3 of this Prospectus.

6.6 SUBJECT PROPERTIES

6.6.1 Acquisitions by Axis-REIT

On 17 June 2005, OSK Trustees (as trustee of Axis-REIT) entered into the conditional sale and purchase agreements with each of the Vendors for the acquisitions of the Subject Properties from the Vendors for a total purchase consideration of RM260,390,000 ("Acquisitions").

The said purchase consideration shall be satisfied as follows:

- (a) issuance of 107,500,000 new Units in Axis-REIT to the Vendors at the issue price of RM1.00 per Unit ("Consideration Units"); and

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

- (b) cash payment amounting to RM152,890,000 to be collectively raised from the Public Offering and from new borrowings.

Details of the number of Units to be issued to each of the respective Vendors and their respective cash consideration pursuant to the Acquisitions are as follows:

Vendors	Subject Properties	Value of Units to be issued RM	Amount of cash to be paid RM	Purchase consideration RM
Baiduri Kemas Sdn Bhd	Axis Business Park	34,000,000	50,600,000	84,600,000
Prestigious Landmarks Sdn Bhd	Menara Axis	36,350,000	35,090,000	71,440,000
Crystal Properties Sdn Bhd	Crystal Plaza	25,500,000	30,900,000	56,400,000
Infinite Centre Sdn Bhd	Infinite Centre	9,150,000	16,300,000	25,450,000
Kasturi Gemilang Sdn Bhd	Axis Plaza	2,500,000	20,000,000	22,500,000
Total		107,500,000	152,890,000	260,390,000

As at the date of this Prospectus, the Subject Properties are charged to various financial institutions for financing facilities obtained by the Vendors.

Axis-REIT has in place two short-term financing facilities amounting up to RM95.0 million ("Facilities"). The Facilities agreements were entered into by the Trustee on behalf of Axis-REIT with Bumiputera-Commerce Bank Berhad and Malayan Banking Berhad on 24 June 2005 respectively. The prescribed rates for the Facilities range from 0.5% to 1.0% per annum above cost of funds of the respective banks. Axis Business Park and Menara Axis shall be pledged as securities for the Facilities.

Prior to the listing of Axis-REIT on the Main Board of Bursa Securities, Axis REIT Managers expects to drawdown approximately RM61.9 million to part finance the Acquisitions.

Upon completion of the Acquisitions, Axis Business Park and Menara Axis shall remain charged as securities for the Facilities while the existing charges in respect of Crystal Plaza, Infinite Centre and Axis Plaza shall be discharged upon full payment of the redemption amount.

The principal terms of the conditional sale and purchase agreements for the Subject Properties are summarised below:

- (a) The Subject Properties acquired under each conditional sale and purchase agreement comprises:
- (i) a freehold interest in the land for Axis Plaza and a 99-year leasehold interest in each of the lands for Infinite Centre expiring 24 March 2065, for Crystal Plaza expiring 9 June 2059, for Menara Axis expiring 29 August 2065 and for Axis Business Park expiring 13 January 2060;
 - (ii) all buildings on each of the Subject Properties;

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

- (iii) interests in all leases and tenancies which will be novated to the Trustee on completion of the Acquisitions; and
 - (iv) all conditions of title and restrictions-in-interests affecting each of the Subject Properties.
- (b) Specific representations and warranties about the Subject Properties, tenancies and leases are made by each of the Vendors of the Subject Properties.
- (c) The conditional sale and purchase agreements for the Acquisitions are interdependent and the Trustee is not obliged to complete the purchase of any one of the Subject Properties unless the purchase of all the Subject Properties are completed under the respective conditional sale and purchase agreements.
- (d) The Acquisitions are conditional upon the following main conditions:
 - (i) the approval of the directors and shareholders of the Vendors of each of the Subject Properties and the Trustee, which were obtained on 13 June 2005;
 - (ii) the approval of Bursa Securities for the listing of the Fund;
 - (iii) the approval of several tenants of Menara Axis, which were obtained by 4 January 2005 and notifications to the equipment lessors of Crystal Plaza, Menara Axis, Axis Plaza and Axis Business Park ("Equipment Lessors"), which were sent on 27 May 2005; and
 - (iv) the Trustee certifying that all conditions precedent under all the conditional sale and purchase agreements for the Acquisitions are satisfied and the Acquisitions are ready for completion.
- (e) Completion of the Acquisitions will take place by the date falling within 5 Market Days from the date of listing of the Fund.
- (f) On completion:
 - (i) the novation of all existing tenancies and leases in favour of the Trustee shall be effective immediately and the respective Vendors of the Subject Properties will pay over all security and utilities deposits paid to the Vendors;
 - (ii) the assignment to the Trustee of all rentals due and payable under the existing tenancies and leases shall be effective immediately;
 - (iii) the respective Vendors of the Subject Properties will immediately pay over to the Trustee, all security deposits, utilities deposits and rental received from the existing tenants and lessees and held upon trust by the respective Vendors for the Trustee;
 - (iv) the transfer of all rights, interests and obligations of the relevant Vendors in and under the equipment lease agreements entered into with the Equipment Lessors, to the Trustee shall be effective immediately;
 - (v) the respective Vendors of the Subject Properties will deliver to the Trustee all relevant documents, agreements, licences, permits, approvals, consents, plans and drawings in respect of the Subject Properties;

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

- (vi) the respective Vendors will hold the Subject Properties as bare trustee for the Trustee and acknowledge that the Trustee is the rightful beneficial owner of the Subject Properties on behalf of Axis-REIT;
- (vii) the respective Vendors will grant a Power of Attorney to the Trustee to enable the Trustee to deal with the Subject Properties as owner in accordance with applicable laws;
- (viii) the respective Vendors will do all such acts as the Trustee may reasonably require in order to effectively deal with the Subject Properties; and
- (ix) the respective Vendors will hold all rentals on trust for the Trustee and immediately pay over the same to the Trustee.

Legal possession of the Subject Properties will be delivered to the Trustee on completion.

- (g) The sale and purchase agreement for the acquisition of Infinite Centre contains a revenue guarantee provision which essentially has its Vendor guaranteeing to the Trustee that the total income in respect of Infinite Centre will not be less than RM3,300,000 per year for a total period of 3 years commencing from the date immediately following completion. In the event that the total income in respect of Infinite Centre falls below RM3,300,000 for any one year, its Vendor will pay to the Trustee such difference within 7 days from the call for payment for the differential sum by the Trustee, failing which its Vendor shall pay to the Trustee interest on such difference at the rate of 8% per annum calculated on a day to day basis on the amount so due and payable until full payment or settlement thereof.

6.6.2 Overview of the Subject Properties

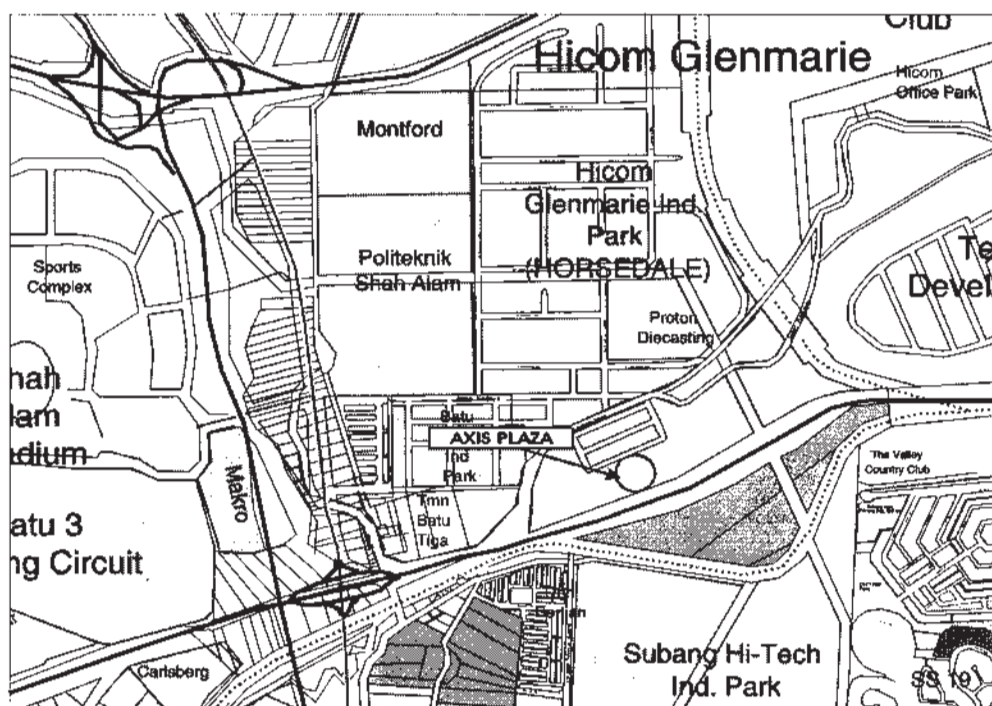
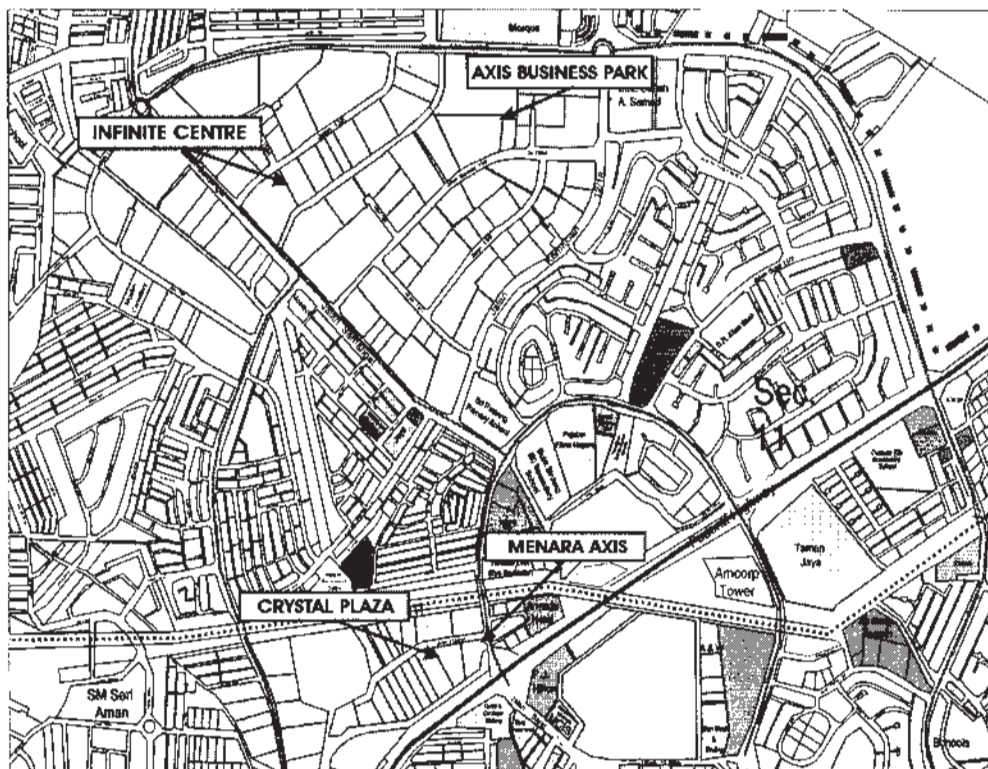
Axis-REIT's initial property portfolio consists of five (5) properties as set out below:

- Axis Business Park;
- Menara Axis;
- Crystal Plaza;
- Infinite Centre; and
- Axis Plaza.

[The rest of this page is intentionally left blank]

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

Location map of the Subject Properties



6. DETAILED INFORMATION ON AXIS-REIT (Continued)

As at 1 June 2005, the Subject Properties has a total Net Lettable Area of 981,147 sqf with an average occupancy rate of 99.0%.

The Subject Properties have a diverse domestic and foreign tenant base operating in a range of industries including pharmaceuticals, trading, utilities and services. For the FYE 31 December 2004, the ten largest tenants contributed approximately 72.9% of the total gross rental income (inclusive of service charge income) of the Subject Properties.

The aggregate purchase consideration for the Subject Properties of RM260,390,000 was arrived at based on willing seller-willing buyer, after taking into consideration of the earnings potential and discount of approximately 12.0% to the aggregate appraised value of the Subject Properties of RM296.0 million, as determined by the independent valuer, Colliers, Jordan Lee & Jaafar Sdn Bhd. For details of the valuation undertaken by Colliers, Jordan Lee & Jaafar Sdn Bhd, please refer to Section 11 of this Prospectus.

(a) Gross income, outgoings and net income

The total gross income of the Subject Properties for the FYE 31 December 2004 is approximately RM26.2 million with Axis Business Park, being the largest contributor to the total gross income of the Subject Properties (representing approximately 39.1% of the total gross income for that period).

The gross income, outgoings and net income of each of the Subject Properties for the FYE 31 December 2004 is as set out below:

Subject Property	As at 1 June 2005	<----- For the FYE 31 December 2004 ----->					
	Net Lettable Area (sqf)	Gross income (RM'000)	(%)	Outgoings* (RM'000)	(%)	Net income@ (RM'000)	(%)
Axis Business Park	340,233	10,222	39.1	1,337	21.1	8,885	44.9
Menara Axis ¹	171,967	3,813	14.6	1,799	28.3	2,014	10.2
Crystal Plaza	200,386	7,056	27.0	2,010	31.7	5,046	25.5
Infinite Centre	150,388	2,882	11.0	718	11.3	2,164	10.9
Axis Plaza	118,173	2,179	8.3	485	7.6	1,694	8.5
Total	981,147[^]	26,152	100.0	6,349	100.0	19,803	100.0

Notes:

* Outgoings of the Subject Properties include, amongst others, autopay machine expenses, insurance, quit rent and assessment, repair and maintenance, security charges, water and electricity and finance lease interest but excludes depreciation and interest expenses.

¹ The construction of Menara Axis was completed in February 2004.

@ Net income represents the audited profit before tax (excluding depreciation and interest expenses) of the respective Vendors

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

^a *The differential in the above Net Lettable Area as compared to the Net Lettable Area as at 1 September 2004 (being the date of the valuation report) of 978,057 sqf are mainly due to carving out additional space for leasing to some of the new and existing tenants such as corridors and washrooms*

The rental rates for the Subject Properties are generally fixed in advance for the whole tenure of the lease period and any extension of lease are subject to review and renegotiation based on the then prevailing market rental rate. The lease agreements for the Subject Properties generally do not provide for any rent reviews during the lease period with the exception of certain long-term leases.

(b) Occupancy

The average occupancy rate based on the total Net Lettable Area for the Subject Properties as at 1 June 2005 is approximately 99.0%. Construction of Menara Axis was completed in February 2004. The occupancy rate of Menara Axis was 99.0% as at 1 June 2005.

The occupancy rates for each of the Subject Properties as at 1 June 2005 are as set out below:

Property	Occupancy rate as at 1 June 2005 (%)
Axis Business Park	100.0
Menara Axis	99.0
Crystal Plaza	100.0
Infinite Centre	100.0
Axis Plaza	93.4
Average occupancy rate*	99.0

Note:

^a *Based on total Net Lettable Area of the Subject Properties.*

[The rest of this page is intentionally left blank]

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

(c) Tenant profile

The major tenants of each of the Subject Properties (representing 10% or more to the respective Subject Properties' gross rental income) for the FYE 31 December 2004[@] are set out below:

Subject Property	Sector ¹	Lease expiry ²	Lease period (years)	Net Lettable Area (sqf)	% of respective Subject Properties' Net Lettable Area (%)	% of respective Subject Properties' gross rental income ³ (%)
Axis Business Park						
Fuji Xerox Asia Pacific Pte Ltd	Marketing	31 January 2011	6.5	182,187	53.6	63.5
Zuellig Pharma Sdn Bhd	Pharmaceuticals	30 November 2005	3	95,910	28.2	21.9
Menara Axis						
Fuji Photo Film (M) Sdn Bhd	Imaging	30 April 2019	15	30,448	17.7	37.4
Philips Malaysia Sdn Bhd	Electrical and Electronics	18 April 2007	3	23,788	13.8	18.7
Sportathlon (M) Sdn Bhd	Fitness Services	5 June 2007	3	22,142	12.9	16.4
Crystal Plaza						
Tenaga Nasional Berhad group of companies	Utilities	30 September 2007	3	106,039	53.0	47.4
Scope International (M) Sdn Bhd	Business process outsourcing	15 April 2007	2	35,345	17.7	19.1
U.C.I Education Sdn Bhd	Education	31 July 2005	3	36,171	18.1	14.2
Infinite Centre						
Konica Minolta Business Solutions (M) Sdn Bhd	Trading	31 December 2007	3	33,537	22.7	27.9
Axis Plaza						
CSE Cobra AP Sdn Bhd	Automotive and security	31 May 2005*	3	48,056	40.7	49.6

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

Subject Property	Sector ¹	Lease expiry ²	Lease period (years)	Net Lettable Area (sqf)	% of respective Subject Properties' Net Lettable Area (%)	% of respective Subject Properties' gross rental income ³ (%)
Electrolux group of companies	Electrical and home appliances / trading	30 June 2008	3	20,355	17.2	25.8
City-Link Express Sdn Bhd	Logistics	31 March 2006	2	13,733	11.6	11.7
Ricoh (Malaysia) Sdn Bhd	Trading	31 August 2007	3	32,873	27.8	12.3

Notes:

[@] The major tenants listed in the above table only include major tenants that are still existing tenants of the respective Subject Properties.

¹ Based on the general understanding of the business activities conducted by the tenants, the Manager has categorised the tenants' business activities into the above industrial sectors. The business activities of the tenants may be different from and/or in addition to those industrial sectors disclosed above.

² The lease expiry represents the latest date of expiry for tenants who have more than one lease agreement.

³ Gross rental income includes rental income and service charges (where applicable) of the respective Subject Properties.

^{*} The tenancy of CSE Cobra AP Sdn Bhd is in the midst of renewal

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

(d) Lease expiries and renewals

Most of the leases are for a period of up to 3 years with an option to renew for another term of 3 years. Shorter or longer-term leases may be negotiated and accommodated on a case-to-case basis.

Set out below are information on the number of tenants (for each of the Subject Properties) which have renewed their expired tenancies during the FYE 31 December 2004:

	(A)	(B)	(C)	(D)	(C) / (A)	(D) / (B)
Subject Property	Number of leases expired	Expired lease area (sqf)	No of leases renewed	Total renewed area (sqf)	Renewal rate by no of leases (%)	Renewal rate by expired leased area (%)
Axis Business Park	5	72,525	4	36,880	80	51
Menara Axis	-	-	-	-	-	-
Crystal Plaza	6	71,039	3	41,000	50	58
Infinite Centre	5	44,595	-	-	-	-
Axis Plaza	1	7,794	-	-	-	-

(e) Lease management

Upon commencement of each lease, tenants of the Subject Properties typically pay the first month rental in advance as well as a security deposit equivalent to 3 months rental and a utility deposit in the amount specified in the respective agreements. Thereafter, tenants shall pay the rent on a monthly basis.

Prior to engaging in lease negotiations, the background of all prospective tenants is researched. With regard to a tenant who is late in rental payment, a reminder letter will be sent in the same month the payment is not received. If the tenant has difficulty in payment after 30 days from the reminder date, the Manager will meet the tenant to determine the reasons for late payment and a repayment plan is drafted if required. No further action is taken if the tenant follows the repayment plan. Difficult tenants will not be permitted to renew their tenancies when it is due for renewal.

(f) Expansion and renovation of the Subject Properties

As most of the Subject Properties have completed substantial refurbishments in recent years, the Manager does not foresee any major capital expenditure to be incurred by the Fund in the immediate future.

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

6.6.3 Axis Business Park

The details of Axis Business Park are as follows:

Vendor	:	Baiduri Kemas Sdn Bhd
Postal Address	:	No 10 Jalan Bersatu 13/4 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
Description	:	Axis Business Park comprises 4 blocks of purpose built office cum warehouse building as detailed below: <ul style="list-style-type: none">- a 5 storey purpose built office cum warehouse building incorporating 2 levels of basement car parks (collectively known as "Block B");- a 5 storey purpose built office building incorporating 1 level basement car park (collectively known as "Block C");- a double-storey warehouse building with a mezzanine floor ("Block D");- a 3 storey office annexe ("Block E");- 2 refuse chambers; and- it has total car park bays of 425 lots
Category of land use	:	Industrial
Age of building	:	Block B – About 2 years Block C – About 6 years Block D – About 28 years Block E – About 8 years
Tenure	:	Leasehold interest for 99 years expiring on 13 January 2060
Existing use	:	Office and warehouses
Net lettable area (as per Valuation Report)	:	Block B – 88,062 sqf Block C – 182,187 sqf Block D and E – 69,704 sqf
Forecast gross rental income (2005)	:	RM3,896,091 (For the FYE 31 December 2005, the forecast gross rental income reflects a period of 4 ½ months only)
Purchase price	:	RM84,600,000
Appraised value	:	RM93,000,000
Date of valuation	:	1 September 2004. Axis Business Park shall be revalued at least once every 3 years and the next valuation shall be conducted sometime in 2007

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

- Encumbrances* : (i) Charge created vide Presentation No. 46810/2003 in favour of Malayan Banking Berhad of 14th Floor Menara Maybank No.100 Jalan Tun Perak, 50050 Kuala Lumpur and registered on 31 July 2003; and
- (ii) Charge created vide Presentation No. 46811/2003 in favour of Malayan Banking Berhad of 14th Floor Menara Maybank No.100 Jalan Tun Perak, 50050 Kuala Lumpur and registered on 31 July 2003.

Following the completion of the acquisition by the Fund, Axis Business Park shall be discharged from the above encumbrances.

Other registered interests : Nil

Note:

* *Axis Business Park shall be pledged as security against the Facilities obtained by the Fund.*

Axis Business Park is strategically located in the centre of Petaling Jaya's Section 13 industrial area. Axis Business Park is predominantly surrounded by industrial premises and purpose built office/industrial buildings. Some of the few notable office buildings in the vicinity include Colgate Palmolive, Dutch Lady Milk Industries, Mulpha International, Auto Bavaria, Tan Chong Motor and F&N Dairies.

Axis Business Park is accessible from Kuala Lumpur city centre via the Federal Highway or Lebuhraya SPRINT with alternative roads through Jalan Damansara, Jalan Dato Abu Bakar and Jalan 12/18.

6.6.4 Menara Axis

The details of Menara Axis are as follows:

Vendor	: Prestigious Landmarks Sdn Bhd
Postal Address	: No 2 Jalan 223 46100 Petaling Jaya Selangor Darul Ehsan Malaysia
Description	: The Menara Axis was completed in February 2004 and officially opened in October 2004. It consists of a 14 storey office tower, a 6 storey dome structure, a concourse level and a basement car park. It has 250 car park bays.
Category of land use	: Building
Age of building	: Less than one year
Tenure	: Leasehold interest for 99 years expiring on 29 August 2065
Existing use	: Commercial building
Net lettable area (as per Valuation Report)	: 172,298 sqf

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

Forecast gross rental income (2005)	:	RM3,350,338 (For the FYE 31 December 2005, the forecast gross rental income reflects a period of 4 ½ months only)
Purchase price	:	RM71,440,000
Appraised value	:	RM80,000,000
Date of valuation	:	1 September 2004. Menara Axis shall be revalued at least once every 3 years and the next valuation shall be conducted sometime in 2007.
Encumbrances*	:	<ul style="list-style-type: none">- Charge created vide Presentation No. 4586/1997 Jilid 6 Folio 158 in favour of Arab-Malaysian Merchant Bank Berhad of 22nd Floor Bangunan Arab-Malaysian No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur and registered on 3 February 1997- Private Caveat created vide Presentation No. 23387/2004 by Bumiputra-Commerce Bank Berhad of No. 1401B, Tingkat 14, Menara Choy Fook Onn, No. 1B, Jalan Yong Shook Lin, 46050 Petaling Jaya and registered on 21 June 2004

Following the completion of the acquisition by the Fund, Menara Axis shall be discharged from the above encumbrances.

Other registered interests : Nil

Note:

* *Menara Axis shall be pledged as security against the Facilities obtained by the Fund.*

Menara Axis is strategically located within the established industrial and commercial area of Section 51A, Petaling Jaya with prominent landmarks within the immediate vicinity include Crystal Plaza, Armada Hotel, PJ Hilton, Wisma MCIS Zurich, Stamford College and Menara PKNS.

Menara Axis is also located within walking distance from Petaling Jaya new town where government office buildings such as Jabatan Pengangkutan Jalanraya and Pejabat Pendaftaran Malaysia are located.

Menara Axis is accessible from Kuala Lumpur city centre via the Federal Highway or alternatively, via Lebuhraya Damansara-Puchong. Menara Axis further benefited from the Asia Jaya Putra LRT station which is located about 100 metres from Menara Axis.

Owing to the strategic location, Menara Axis attracts tenants of the service sectors such as American International Assurance Co Ltd, Fuji Photo Film (M) Sdn Bhd, Sportathlon (M) Sdn Bhd which operates Fitness First, DHL Worldwide Express Sdn Bhd and Philips Malaysia Sdn Bhd.

6.6.5 Crystal Plaza

The details of Crystal Plaza are as follows:

Vendor	:	Crystal Properties Sdn Bhd
Postal Address	:	No 4 Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan Malaysia

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

Description	:	The Crystal Plaza is a 6-storey office complex with twin lift lobby per floor, a basement car park, 2 guardhouses and a Tenaga Nasional Berhad sub-station. It has 199 car park bays.
Category of land use	:	Building
Age of building	:	About 9 years
Tenure	:	Leasehold interest for 99 years expiring on 9 June 2059
Existing use	:	Commercial building
Net lettable area (as per Valuation Report)	:	199,925 sqf
Forecast gross rental income (2005)	:	RM2,903,533 (For the FYE 31 December 2005, the forecast gross rental income reflects a period of 4 ½ months only)
Purchase price	:	RM56,400,000
Appraised value	:	RM65,000,000
Date of valuation	:	1 September 2004. Crystal Plaza shall be revalued at least once every 3 years and the next valuation shall be conducted sometime in 2007.
Encumbrances	:	<p>(i) Private caveat created vide Presentation No. 19309/1995 Jilid 42 Folio 85 by Arab-Malaysian Merchant Bank Berhad of 22nd Floor Bangunan Arab-Malaysian No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur and registered on 3 July 1995 but withdrawal of private caveat lodged on 24 August 2004 vide Presentation No. 34027/2004;</p> <p>(ii) Charge created vide Presentation No. 37278/1995 Jilid 74 Folio 117 in favour of Arab-Malaysian Merchant Bank Berhad of 22nd Floor Bangunan Arab-Malaysian No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur and registered on 18 August 1995; and</p> <p>(iii) Charge created vide Presentation No. 37279/1995 Jilid 74 Folio 118 in favour of Arab-Malaysian Merchant Bank Berhad of 22nd Floor Bangunan Arab-Malaysian No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur and registered on 18 August 1995.</p> <p>Following the completion of the acquisition by the Fund, Crystal Plaza shall be discharged from the above encumbrances.</p>
Other registered interests	:	Nil

Crystal Plaza is situated next to Menara Axis.

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

6.6.6 Infinite Centre

The details of Infinite Centre are as follows:

Vendor	:	Infinite Centre Sdn Bhd
Postal Address	:	Lot 1 Jalan 13/6 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
Description	:	The Infinite Centre is a 4-level industrial complex with a lower ground floor car park, a single-storey canteen, a guardhouse and a Tenaga Nasional Berhad sub-station. It has 223 car park bays.
Category of land use	:	Nil
Age of building	:	18 years
Tenure	:	Leasehold interest for 99 years expiring on 24 March 2065
Existing use	:	Office and warehouse
Net lettable area (as per Valuation Report)	:	147,708 sqf
Forecast gross rental income (2005)	:	RM1,303,081 (For the FYE 31 December 2005, the forecast gross rental income reflects a period of 4 ½ months only)
Purchase price	:	RM25,450,000
Appraised value	:	RM32,000,000
Date of valuation	:	1 September 2004. Infinite Centre shall be revalued at least once every 3 years and the next valuation shall be conducted sometime in 2007.
Encumbrances		Charge created vide Presentation No. 24758/1995 Jilid 51 Folio 158 in favour of Arab-Malaysian Bank Berhad of 22 nd Floor Bangunan Arab-Malaysian No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur and registered on 12 June 1995. Following the completion of the acquisition by the Fund, Infinite Centre shall be discharged from the above encumbrances.
Other registered interests	:	Lease of part of the land by Lembaga Letrik Negara Tanah Melayu of No. 129, Jalan Bangsar for 30 years (expiring on 14 November 2016) vide Presentation No. 7970/1987 Jilid 3 Folio 16 and registered on 24 June 1987.

Infinite Centre is strategically located in the centre of Petaling Jaya's Section 13 industrial hub, which is a central location for its tenants' distribution network. Properties within the immediate vicinity comprise mainly industrial land, purpose-built detached factories and individually designed industrial premises such as the premises of Dutch Lady Milk Industries, Colgate Palmolive, Diethelm and Sin Chew Jit Poh.

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

Infinite Centre is accessible from the Kuala Lumpur city centre via Federal Highway or alternatively, via Jalan Damansara.

6.6.7 Axis Plaza

The details of Axis Plaza are as follows:

Vendor	:	Kasturi Gemilang Sdn Bhd
Postal Address	:	Lot 5 Jalan Penyair U1/44 Off Jalan Glenmarie Temasya Industrial Park Batu Tiga 40150 Shah Alam Selangor Darul Ehsan
Description	:	The Axis Plaza is a 5-level warehouse cum office building with 2 levels of basements car park and 2 guardhouses. It has 225 car park bays.
Category of land use	:	Industrial
Age of building	:	About 7 years
Tenure	:	Freehold
Existing use	:	Office and warehouse
Net lettable area (as per Valuation Report)	:	118,173 sqf
Forecast gross rental income (2005)	:	RM1,018,423 (For the FYE 31 December 2005, the forecast gross rental income reflects a period of 4 ½ months only)
Purchase price	:	RM22,500,000
Appraised value	:	RM26,000,000
Date of valuation	:	1 September 2004. Axis Plaza shall be revalued at least once every 3 years and the next valuation shall be conducted sometime in 2007.
Encumbrances	:	(i) Charge created vide Presentation No. 35539/1997 Jilid 72 Folio 189 in favour of Arab-Malaysian Bank Berhad of 22 nd Floor Bangunan Arab-Malaysian No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur and registered on 23 July 1997; and (ii) Charge created vide Presentation No. 35540/1997 Jilid 72 Folio 190 in favour of Arab-Malaysian Bank Berhad of 22 nd Floor Bangunan Arab-Malaysian No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur and registered on 23 July 1997. Following the completion of the acquisition by the Fund, Axis Plaza shall be discharged from the above encumbrances.
Other registered interests	:	Nil

6. DETAILED INFORMATION ON AXIS-REIT (Continued)

Axis Plaza is strategically located along the Federal Highway within an industrial scheme known as Temasya Industrial Park, which is near the prominent and established industrial development of Glenmarie Industrial Park. Properties in the immediate vicinity comprise mainly purpose-built factories, warehouses and terraced factories. Prominent industrial premises include LUX, BMW, Toshiba, National Panasonic, Shah Alam Stadium, Glenmarie Golf and Country Club and Pan Pacific Glenmarie Resort.

Access to Axis Plaza is easily available from the Federal Highway.

6.7 INDUSTRY OVERVIEW

Axis-REIT is established in Malaysia as a REIT and constituted by the Deed dated 15 June 2005. The Fund was established with the objective of investing in commercial, office and office/industrial real estate and with a view to provide Unitholders with distribution of income via rental income from its portfolio of real estate. As such, the prospects of Axis-REIT may be mainly linked to the performance of the Malaysian economy and the Malaysian property market.

6.7.1 Overview and outlook of the Malaysian economy

With the more robust growth in global trade and domestic demand, the momentum of economic growth in Malaysia, which began in the second half of 2003 gathered pace in 2004. Real gross domestic product ("GDP") increased by 7.1% in 2004 (2003: 5.3%), the fastest growth since 2000. The economy benefited from the rapid growth of global trade in manufacturing and higher prices for primary commodities. Although global growth moderated somewhat in the second half of 2004, the Malaysian economy remained resilient with stronger domestic demand providing the impetus for sustained expansion. The private sector was the main force of economic expansion, while the Government continued with fiscal consolidation. The improvement in the economy was reflected by positive growth across all sectors except construction.

The prospects for the Malaysian economy in 2005 remain sound. Real GDP is expected to expand by 5% to 6%. The sustained global growth, the modest downturn in the global semiconductor industry as well as relatively favourable prices for primary commodities are expected to provide support to export growth. Private sector would remain as the main driver of growth, as the Government remains committed to optimising expenditure in order to strengthen the fiscal position. With the core inflation projected to remain low in 2005 (1.8%), monetary policy is able to remain supportive of the further expansion in private sector activities.

(Source: Bank Negara Malaysia Annual Report 2004)

The Malaysian economy remained resilient despite a moderation in global economic activities amidst high oil prices and the continued downcycle of the global semiconductor industry. Real GDP growth of the Malaysian economy remained favourable and was within expectations, expanding by 5.7% in the first quarter of 2005. During the first quarter of 2005, Malaysia continued to be one of the strong economic performers in the region.

Going forward, the near-term outlook for Malaysia remains favourable despite some signs of moderating growth in the global economy and rising prices. Global growth is nevertheless still expected to be strong, supported by continued growth in consumer and investment demand.

(Source: Bank Negara Malaysia First Quarter Report 2005)

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

6.7.2 Overview and outlook of the property market industry in Malaysia

In tandem with the growth economy, property transactions increased sharply by 20.1% in the first half of 2004 (January-June 2003: -4.6%). All property sub-sectors recorded higher number of transactions, ranging from 14% (industrial) to 38.6% (development land). The residential sub-sector continued to spearhead growth of the property market, contributing 65.5% of the total transactions (136,224), followed by the agriculture (19.2%), commercial (8.1%), development land (4.5%) and industrial sub-sectors (2.6%). In terms of value, the market expanded strongly by 41.8% to RM28,119 million during the same period (January-June 2003: RM19,832 million).

In the non-residential sub-sector, the occupancy rate for purpose-built offices improved to 81.7% in the first six months of 2004 (January-June 2003: 79%) due to less new office space available. The total existing space in the first half of 2004 was 13,362,028 sqm (approximately 143.8 million sqf) which is 2.4% higher than the corresponding period of 2003. Among the new office buildings available in the Klang Valley are Menara Marinara, Menara Axis and Yayasan Tun Razak Building. Rentals for purpose-built offices for the 1st half of 2004 were stable in tandem with the improved occupancy rate.

Total existing space within shopping complexes stood at 6,907 million sqm (approximately 74,319.3 million sqf) as at end-June 2004, representing an increase of 8.3% (530,500 sqm equivalent to approximately 5.7 million sqf) compared to the same corresponding period last year. Meanwhile, the occupancy rate improved to 79.4% as at end-June 2004 in line with expansion in business activities. New retail locations in 2004 include the extension of One Utama, Prima Jusco, Giant Kelana Jaya and Alamanda Putrajaya in the Klang Valley as well as Travillion @ Padungan in Kuching, Sarawak.

In general, the take-up rates of office and retail outlets in prime commercial locations have been good, following bullish business and consumer sentiments. In addition, a total of 123 industrial units and 2,920 shop units were completed, increasing existing stocks by 1.1% and 3.9% respectively.

(Source: Economic Report 2004/2005)

Pursuant to the Finance Act 2004, which was gazetted in December 2004, the following are the tax treatment to be enjoyed by REITs:

- (i) REIT to be exempted from tax on income distributed to its unitholders whereas the undistributed income will be taxed at 28%;
- (ii) Income distributed to unitholders will be taxed at their respective tax rates. However, for non-resident unitholders, the tax payable at 28% will be withheld by REIT; and
- (iii) The accumulated income that has been taxed and subsequently distributed is eligible for tax credit in the hand of unitholders.

Further, REITs enjoys stamp duty exemptions on all instruments of transfer of real property to it. In addition, property owners who sell their properties to REITs are also exempted from real property gains tax. However, the filing obligations imposed under the Stamp Act 1949 and the Real Property Gains Tax Act 1976, are still required to be adhered to.

(Source: Finance Act 2004)

6.7.3 Overview and outlook of the property market in Selangor

Year 2004 saw a further improvement in Selangor property market, albeit at a slower pace, as shown by increases in demand indicators and softened movements of property supplies and competitive prices of residential properties. On the demand side, the market observed increases in the volume and value of transactions, moderate sales performance in the primary market and manageable numbers of unsold units from new launches. The market recorded moderate activities on the supply side as lower construction starts in the incoming supply and building plan approvals in the new planned supply were recorded. All Houses Price Index (IHRM) for Selangor stood at 114.1 points for 2004, which was higher than the 108.7 points recorded in 2003.

In 2004, the volume of transactions increased by 10.7% to record 53,001 transactions, while the value increased by 29.2% to RM18.09 billion. These increases were higher than the 3.1% and 21.2% growths in the volume and value of transactions recorded respectively in 2003.

Growth in the volume of transactions was broad base with all sub-sectors having registered increase of between 7.3% and 33.2% in 2004. The increase was led by the development land sub-sector and followed by the commercial property sub-sector with a 31.5% increase. The industrial, agricultural and residential property sub-sectors increased by 21.3%, 9.3% and 7.3% respectively. Likewise, the value of transactions registered growths of between 21.7% and 46.8% in 2004, led by the development land sub-sector and followed by the industrial property sub-sector with a 44.4% increase.

Purpose-Built Office Sector

The performance of the office market strengthened further as evidenced by the upswing in the average occupancy level particularly for the private buildings, lower available space, and rental growth in selected purpose-built office buildings. The market however, remained cautious as no new building construction start and plan approval was registered in 2004. On the other hand, the development scenario could be translated as a promising prospect for the sub-sector in the coming year as more vacant space in the market will be absorbed should the economy sustain.

Average occupancy rate in the state improved by 7.3% to 83.1% in 2004 from 75.8% achieved in 2003. Private office buildings managed to secure a 7.5% increase to 81.3% in 2004, while public office buildings recorded a marginal 2.1% increase to 98.1%. The annual take up space was significant i.e. at more than 154,000 sqm (approximately 1.6 million sqf) in 2004 compared to less than 94,000 sqm (approximately 1.0 million sqf) in 2003 and thus leaving lower available space in the market. As at the end of 2004, there was slightly more than 310,000 sqm (approximately 3.3 million sqf) of office space in the market as against more than 435,000 sqm (approximately 4.7 million sqf) of vacant space last year.

In Petaling Jaya, the occupancy levels of purpose-built office buildings continued its upward trend to record an 80.4% average occupancy rate in 2004. Phileo Damansara 1 secured a substantial 54.3% increase to achieve a 98.0% occupancy rate, due to competitive rental level of RM14.00 to RM16.15 per sqm (approximately RM1.30 to RM1.50 per sqf) in 2004. In addition, the fly-over constructed across Jalan Damansara had provided efficient ingress and egress into this area.

In 2004, Shah Alam secured a 91.7% average occupancy rate for purpose-built office, as Plaza Masalam managed to attract additional tenants among government departments to obtain full occupancy. IOI Square in Sepang obtained 65.0% occupancy for its 40,525 sqm (approximately 436,130 sqf) space after a government department occupied the space in the second half of 2004.

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

Rentals of purpose-built office space in the state remained at 2003 levels but marginal increases of up to 6.5% in 2004 were observed in a few selected buildings. In Petaling Jaya, rentals of office space in prominent building in prime commercial centres remained at between RM22.60 and RM37.67 per sqm (approximately RM2.10 to RM3.50 per sqf), as recorded by TH Uptown 3 and Amcorp Cyfine Tower A & B respectively. Menara Yayasan Selangor, among the well-performed buildings managed to secure full-occupancy and attained a 2.9% rental increase to register RM27.98 to RM30.13 per sqm (approximately RM2.60 to RM2.80 per sqf) rentals. Menara Merai secured a 4.3% rental growth, while 19 storey Damansara Uptown 1, 15 storey Damansara Uptown 2, and 12 storey Damansara Uptown 5, each recorded a 4.7% rental increase. Plaza Perangsang in Shah Alam, Intan Millennium Square Block B in Klang, and Wisma Metro Kajang registered 4.5%, 6.5%, and 5.7% rental growths respectively.

Industrial Property Sector

Selangor was the driver of the country's industrial property market sub-sector by contributing 38.8% of the total transactions in 2004. The performance of the state industrial property sub-sector remained upbeat and recorded further increases in the volume and value of transactions, moderated numbers in the incoming supply and sustained price levels with some upward trends. In tandem with the stronger manufacturing sector performance (particularly in the first nine months of the year), the volume and value of transactions grew by 21.3% and 44.4% respectively. The total transactions for the year 2004 stood at 3,030 worth RM3.03 billion. Petaling District led the state's industrial property sub-sector as shown by its 39.1% (1,186) and 46.6% (RM1.41 billion) contributions to the volume and value of transactions respectively.

Industrial overhang units in the state were marginal. As at the end of 2004, the overhang units were reduced further to 45 factories and another 248 units under construction remained unsold after nine months of launch.

On the supply front, completion for the year was 317 units, which brought the existing stock to 31,447 units. The incoming supply declined to 4,236 units, although units under the construction starts increased to 239 units. The planned supply was reduced to 2,495 units as starts outpaced the new planned supply of 136 units.

Prices of industrial properties were generally mixed in the year 2004 with some increases recorded for selected types and locations, while other areas recorded price decreases. In Petaling District, prices of industrial units were on the upward trend. Prices of single storey terraced factory in Taman Industrial Puchong and Bandar Baru Sri Damansara increased by 6.5% and 9.0% respectively. Likewise, one and a-half storey terraced in Bandar Baru Sri Damansara, SIME UEP Industrial Area, Bandar Bukit Puchong and Taman Sri Serdang recorded 5.0%, 7.9%, 7.5% and 4.3% increases respectively from the year 2003.

(Source: Property Market Report 2004)

6.7.4 Prospects of Axis-REIT

The Manager believes that the liberalisation introduced under the revised SC Guidelines on REITs (which were issued on 3 January 2005) coupled with the tax exemption of REITs gazetted in December 2004, will encourage the growth of listed REITs in the country.

The prospects of Axis-REIT are mainly dependent on the growth of the Malaysian economy, the property market as well as the development of REITs in Malaysia. The Subject Properties to be acquired by the Fund are all strategically located in Klang Valley with considerably high occupancy rates. Moving forward, the Manager believes that such occupancy rates of the Subject Properties are sustainable.

6. DETAILED INFORMATION ON AXIS-REIT *(Continued)*

With the experienced management team of the Manager in the property industry, cost-effective property management, portfolio optimisation and maintaining close relationship with tenants, the Manager believes that Axis-REIT will be able to improve its earnings in the future.

[The rest of this page is intentionally left blank]

7. FINANCIAL INFORMATION OF AXIS-REIT

7.1 HISTORICAL FINANCIAL INFORMATION

Axis-REIT is a newly established fund. Save for the Subject Properties to be acquired, Axis-REIT has not had any portfolio of real estate since its establishment. As such, no historical financial information have been prepared for the Fund since its establishment.

7.2 FUTURE FINANCIAL INFORMATION

7.2.1 Profit forecast, projections and assumptions

Barring any unforeseen circumstances, the Directors of Axis REIT Managers forecast and project that the distribution to Unitholders for the 3 FYEs 31 December 2007 will be as follows:

FYE 31 December	Forecast 2005 [@] RM'000	←-----Projections -----→ 2006 2007 RM'000 RM'000	
Gross rental income	12,471	33,489	34,254
Interest income	411	1,177	1,207
Gross income	12,882	34,666	35,461
Less:			
Property operating expenses			
- Quit rent and assessment	(321)	(904)	(904)
- Utilities	(373)	(1,015)	(1,035)
- General property maintenance	(779)	(1,969)	(2,009)
- Insurance	(161)	(161)	(161)
- Property Management Company's fee	(251)	(671)	(687)
- Property Management Company's allowable disbursements	(65)	(302)	(306)
- Others	(312)	(224)	(211)
Non-property expenses:			
- Manager's fee	(692)	(1,861)	(1,867)
- Trustee's fee	(49)	(133)	(133)
- Interest expense	(1,161)	(3,277)	(3,587)
- Others	(567)	(758)	(375)
Earnings before taxation	8,151	23,391	24,186
Taxation	(243)	(480)	(384)
Earnings after taxation	7,908	22,911	23,802
Distribution to Unitholders (95% of earnings before taxation)	7,743	22,221	22,977
Number of Units in issue ('000)	205,901	205,901	205,901
Retail Price per Unit (RM)	1.25	1.25	1.25
Distribution per Unit (sen)	3.76	10.79	11.16
Dividend yield (%)	8.02 [*]	8.63	8.93
MER (%)	1.33 ^{1*}	1.05 ¹	0.91 ¹

7. FINANCIAL INFORMATION OF AXIS-REIT (Continued)

Notes:

[@] The Public Offering and the acquisitions of the Subject Properties are assumed to be completed on 15 August 2005. Accordingly, the profit forecast for the FYE 31 December 2005 reflects Axis-REIT's operations for a period of 4 ½ months

* Others include licencing fee, equipment lease expenses and agency fees

^ Annualised

¹ The MER provides a measure by which investors can assess and compare the outgoing expenses incurred by the Fund. These expenses are deducted from the Fund prior to the computation of the distributable income of the Fund.

MER is based on the following computation:

<i>Fees of the Fund</i>	X	100
<i>Average value of the Fund for the year calculated on a daily basis</i>		

Where:

Fees = All expenses to be charged to the Fund for the 3 FYEs 31 December 2007 which include the Manager, Trustee, valuation and auditor fees and printing, posting and general expenses are as follows:

2005	2006	2007
RM	RM	RM
1,308,432	2,751,762	2,375,538

Average value of the Fund = The forecast and projected NAV of the Fund as at 31 December 2005, 2006 and 2007 are as follows:

2005	2006	2007
RM	RM	RM
260,840,901	261,530,185	262,355,146

For the information of the prospective investors, as at the date of establishment of the Fund, the MER is nil.

For details of the principal bases and assumptions upon which the above profit forecast and projections have been prepared, please refer to Section 7.2.2 of this Prospectus.

[The rest of this page is intentionally left blank]

7. FINANCIAL INFORMATION OF AXIS-REIT *(Continued)*

7.2.2 Reporting Accountants' letters on the profit forecast and projections

[Prepared for inclusion in the Prospectus]



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

Telephone +60 (3) 2095 3388
Fax +60 (3) 2095 0971
Internet www.kpmg.com.my

The Board of Directors
Axis REIT Managers Berhad
Axis Development Sdn. Bhd.
11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur

24 June 2005

Dear Sirs

Reporting accountants' letter on the profit forecast for the period ending 31 December 2005

We have reviewed the profit forecast of Axis Real Estate Investment Trust ("Axis-REIT") for the period ending 31 December 2005 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecast. The profit forecast has been prepared for the inclusion in the Prospectus dated 30 June 2005 in connection with the flotation of Axis-REIT on the Main Board of Bursa Malaysia Securities Berhad ("Prospectus").

The flotation scheme entails the following transactions:

- i. Acquisitions of the following Subject Properties by OSK Trustees Berhad (formerly known as OSK-Signet Trustees Berhad) ("the Trustee"), who entered into the acquisition transactions as Trustee for Axis-REIT, for a total purchase consideration of RM260.39 million ("Acquisitions"):

<i>Vendors</i>	<i>Subject Properties</i>	<i>Consideration RM</i>
Baiduri Kemas Sdn. Bhd.	Axis Business Park	84,600,000
Prestigious Landmarks Sdn. Bhd.	Menara Axis	71,440,000
Crystal Properties Sdn. Bhd.	Crystal Plaza	56,400,000
Infinite Centre Sdn. Bhd.	Infinite Centre	25,450,000
Kasturi Gemilang Sdn. Bhd.	Axis Plaza	22,500,000
		<hr/> 260,390,000 <hr/>



- ii. Initial public offering of 98,400,000 units in Axis-REIT for subscription at the initial issue price of RM1.25 per unit ("Initial Public Offering"); and
- iii. The listing of and quotation for the entire issued units in Axis-REIT, to be listed on the Main Board of Bursa Malaysia Securities Berhad ("Listing").

The forecast has been prepared for the above purposes and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors of Axis REIT Managers Berhad ("the Management Company") and Axis Development Sdn. Bhd. ("ADSB") and is presented on a basis consistent with the generally accepted accounting principles. The Directors of the Management Company and ADSB are solely responsible for the preparation and presentation of the profit forecast and the assumptions on which the profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore is uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of the Management Company and ADSB, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of the Management Company and ADSB and are presented on a basis consistent with the generally accepted accounting principles.

Yours faithfully

KPMG
Firm No. AF 0758
Chartered Accountants

Seow Yoo Lin
Partner

Approval Number: 1497/02/07(J)

7. FINANCIAL INFORMATION OF AXIS-REIT (Continued)

Axis Real Estate Investment Trust ("Axis-REIT")

**Profit forecast and assumptions for the
period ending 31 December 2005**

The Directors of the Management Company and ADSB forecasted that in the absence of unforeseen circumstances, the profit after taxation of Axis-REIT for the period ending 31 December 2005 will be as follows:

	<i>2005 RM'000</i>
Profit before taxation	8,151
Less: Tax expense	(243)
Profit after taxation	<u>7,908</u>

The principal bases and assumptions made by the Directors of the Management Company and ADSB upon which the profit forecast have been prepared are set out below:

- i. Rental income is recognised in the income statement when it accrues and it is based on the assumptions that there is no forfeiture of existing tenancy agreements and tenancy agreements expiring in the forecast period will be renewed at revised rental rates. Upon expiry of the agreement, rates will be revised upward ranging from 15% to 20%.

All draft tenancy agreements as at the date of this letter, will be signed with no revision made on the spaces occupied and rental rates. There will be an increase in the occupancy rates prior to the completion of the Acquisitions as follows:

<i>Subject Properties</i>	<i>At 1 June 2005</i>	<i>At 1 Jan 2006</i>
Axis Business Park	100%	100%
Menara Axis	99%	99%
Infinite Centre	100%	100%
Crystal Plaza	100%	100%
Axis Plaza	93%	100%

- ii. Income from service charges, signage rental and car park rental are recognised in the income statement when accrued and is assumed to generate the following income on an annual basis:

<i>Subject properties</i>	<i>Service charge income RM'000</i>	<i>Signage rental income RM'000</i>	<i>Car park rental income RM'000</i>
Axis Business Park	-	-	746
Menara Axis	122	450	435
Crystal Plaza	22	-	520
Infinite Centre	112	-	102
Axis Plaza	-	-	238

7. FINANCIAL INFORMATION OF AXIS-REIT (Continued)

- iii. Interest income is recognised in the income statement when it accrues and will be recognised based on 3% of month-end balance of cash and cash equivalents (before interest income).
- iv. Allowance for doubtful debt is provided on specific identifications basis. The allowance of RM150,000 in 2005 is sufficient to cover potential bad debts.
- v. Axis property manager's fee is forecasted at RM315,963 for the period ending 31 December 2005 and this amount will be allocated to each property based on the percentage of property value.
- vi. Operating expenses except for quit rent, assessment and insurance will be subject to inflation of 2% per annum.
- vii. Agency fee for the period ending 31 December 2005 is forecasted at RM188,818. Other general expenses are forecasted at RM112,500.
- viii. Assessment expense is payable every half year. For the period ending 31 December 2005, assessment expense will be half of the usual annual amount as the first half payment is assumed to be borne by the respective vendors.
- ix. The Subject Properties are not depreciated but they are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.
- x. The Trustee's fee amounts to 0.05% per annum of month-end balance of the net asset of Axis-REIT.
- xi. The Manager's fee amounts to 0.7% per annum of month-end balance of the net asset of Axis-REIT.
- xii. Facility fee for the bank borrowing of RM61,933,000 is 0.4% of the borrowed amount, which amounts to RM247,732. An annual interest rate of 5% will be charged to Axis-REIT for bank borrowings and it is expected that no principal repayment would be made during the forecast period. Axis-REIT is expected to incur additional charges of RM364,665 to secure this facility which comprise of the following expenses:

Expenses	RM'000
Stamp duty	310
Loan documentation	50
Other charges	5
	<hr/>
	365
	<hr/>

Both facility fee of RM247,732 and other charges of RM364,665 are amortised over 12 months period from the date completion of Acquisition.

7. FINANCIAL INFORMATION OF AXIS-REIT (Continued)

- xiii. The percentage of income distributed is 95% of net profit before taxation
- xiv. The Malaysian statutory tax rate will be maintained at the present rate of 28%. Further to the Finance Act 2004, all distributable incomes that are distributed to unit holders within the same financial year will not be subject to tax. Further, Axis-REIT would have to withhold 28% of the distributions made to foreign unit holders and remit this to the Inland Revenue Board ("IRB").
- xv. There will be no material contingent liabilities arising during the forecast period which may materially affect the forecast. Axis-REIT will not be subject to any material litigation or proceedings which could have a material adverse impact on Axis-REIT's business, operating results and financial condition.
- xvi. There will be no material changes in the wages, administrative and overhead expenses other than those planned.
- xvii. There will be no material changes in present legislation or government regulations, rates and duties, levies and taxes, which will adversely affect the operations of Axis-REIT or the markets in which it operates.
- xviii. Demand for services rendered and the prices currently experienced are not expected to change significantly and the forecasted business volume will be achieved.
- xix. Axis-REIT will not be affected by industrial disputes or any other abnormal factors or changes affecting operations or sales at its forecast levels or disrupt its planned operations.
- xx. There will be no adverse economic and political conditions which will materially affect the activities of Axis-REIT.
- xxi. There will be no material changes in the existing accounting, management and operational policies of Axis-REIT.
- xxii. There will be no material changes in the current principal activities, composition and structure of Axis-REIT apart from the Acquisitions.
- xxiii. Axis-REIT was established on 16 June 2005.
- xxiv. The Listing and Acquisitions will be completed on 15 August 2005.



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

P.O. Box 10047
50702 Kuala Lumpur
Malaysia

Tel + (603) 2095 3388
Fax + (603) 2095 0971
Email: info@kpmg.com.my

www.kpmg.com.my

The Board of Directors
Axis REIT Managers Berhad
Axis Development Sdn. Bhd.
11.1A, Level 11
Menara Weld
76, Jalan Raja Chulan
50200 Kuala Lumpur

24 June 2005

Dear Sirs

Reporting accountants' letter on the profit projections for the years ending 31 December 2006 and 31 December 2007

We have reviewed the profit projections of Axis Real Estate Investment Trust ("Axis-REIT") for the years ending 31 December 2006 and 31 December 2007 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of projections. The profit projections have been prepared for the inclusion in the Prospectus dated 30 June 2005 in connection with the submission to the Securities Commission in connection with the flotation of Axis-REIT on the Main Board of Bursa Malaysia Securities Berhad.

The flotation scheme entails following transactions:

- i. Acquisitions of the following Subject Properties by OSK Trustees Berhad (formerly known as OSK-Signet Trustees Berhad) ("the Trustee"), who entered into the acquisition transactions as Trustee for Axis-REIT, for a total purchase consideration of RM260.39 million ("Acquisitions"):

<i>Vendors</i>	<i>Subject Properties</i>	<i>Consideration RM</i>
Baiduri Kemas Sdn. Bhd.	Axis Business Park	84,600,000
Prestigious Landmarks Sdn. Bhd.	Menara Axis	71,440,000
Crystal Properties Sdn. Bhd.	Crystal Plaza	56,400,000
Infinite Centre Sdn. Bhd.	Infinite Centre	25,450,000
Kasturi Gemilang Sdn. Bhd.	Axis Plaza	22,500,000
		<hr/> 260,390,000 <hr/>



KPMG, a partnership established under the
Malaysian law, is the Malaysian member
firm of KPMG International, a Swiss cooperative



- ii. Initial public offering of 98,400,000 units in Axis-REIT for subscription at the initial issue price of RM1.25 per unit ("Initial Public Offering"); and
- iii. The listing of and quotation for the entire issued units in Axis-REIT, to be listed on the Main Board of Bursa Malaysia Securities Berhad ("Listing").

The projections have been prepared for the above purposes and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the profit projections are, in all material respects, properly prepared on the basis of the assumptions made by the Directors of Axis REIT Managers Berhad ("the Management Company") and Axis Development Sdn. Bhd. ("ADSB") and are presented on a basis consistent with the generally accepted accounting principles. The Directors of the Management Company and ADSB are solely responsible for the preparation and presentation of the profit projections and the assumptions on which the profit projections are based.

Projections, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which projections are based, such information is generally future oriented and therefore are uncertain.

We should emphasise that the projections cover an extended future period of time for which there are inherent risks and, therefore, should be treated with caution. Due to the extended period of time, there is an inherent limitation on the ability of the Directors of the Management Company and ADSB to make best-estimate assumptions. The Directors of the Management Company and ADSB in preparing the projections have, therefore, out of necessity, based them on assumptions about future events and actions which are not necessarily expected to take place. Thus, actual results are likely to be different from the projections since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors of the Management Company and ADSB, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit projections; and

7. FINANCIAL INFORMATION OF AXIS-REIT (Continued)



- (ii) in our opinion, the profit projections, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of the Management Company and ADSB and are presented on a basis consistent with the generally accepted accounting principles.

Yours faithfully

A stylized signature of the KPMG firm, written in black ink.

KPMG
Firm No. AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Seow Yoo Lin'.

Seow Yoo Lin
Partner

Approval Number: 1497/02/07(J)

7. FINANCIAL INFORMATION OF AXIS-REIT (Continued)

Axis Real Estate Investment Trust ("Axis-REIT")

Profit projections and assumptions for the years ending 31 December 2006 and 31 December 2007

The Directors of the Management Company and ADSB projected that in the absence of unforeseen circumstances, the profit after taxation of Axis-REIT for the years ending 31 December 2006 and 31 December 2007 will be as follows:

	< -- Year ending 31 December -- >	
	2006	2007
	RM'000	RM'000
Profit before taxation	23,391	24,186
Less: Tax expense	(480)	(384)
Profit after taxation	22,911	23,802
	=====	=====

The principal bases and assumptions made by the Directors of the Management Company and ADSB upon which the profit projections have been prepared are set out below:

- i. Rental income is recognised in the income statement when it accrues and it is based on the assumptions that there are no forfeiture of existing tenancy agreements and tenancy agreements expiring in the projection years will be renewed at revised rental rates. Upon expiry of the agreement, rates will be revised upward ranging from 15% to 20%.

All draft tenancy agreements as at the date of this letter, will be signed with no revision made on the spaces occupied and rental rates. There will be an increase in the occupancy rates prior to the completion of the Acquisitions as follows:

Subject Properties	At 1 June 2005	At 1 Jan 2006
Axis Business Park	100%	100%
Menara Axis	99%	99%
Infinite Centre	100%	100%
Crystal Plaza	100%	100%
Axis Plaza	93%	100%

- ii. Income from service charges, signage rental and car park rental are recognised in the income statement when accrued and is assumed to generate the following income on an annual basis:

Subject properties	Service charge income RM'000	Signage rental income RM'000	Car park rental income RM'000
Axis Business Park	-	-	746
Menara Axis	122	450	435
Crystal Plaza	22	-	520
Infinite Centre	112	-	102
Axis Plaza	-	-	238

7. FINANCIAL INFORMATION OF AXIS-REIT (Continued)

- iii. Interest income is recognised in the income statement when it accrues and will be recognised based on 3% of month-end balance of cash and cash equivalents (before interest income).
- iv. Axis property manager's fee is projected at RM973,424 and RM992,893 for the years ending 31 December 2006 and 31 December 2007 respectively, and this amount will be allocated to each property based on the percentage of property value.
- v. Operating expenses except for quit rent, assessment and insurance will be subject to inflation of 2% per annum.
- vi. Agency fee for the years ending 31 December 2006 and 31 December 2007 is projected at RM24,085 and RM11,340 respectively. Other general expenses are estimated at RM300,000 per annum.
- vii. Assessment expense is payable every half year.
- viii. The Subject Properties are not depreciated but they are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.
- ix. The trustee's fee amounts to 0.05% per annum of month-end balance of the net asset of Axis-REIT.
- x. The manager's fee amounts to 0.7% per annum of month-end balance of the net asset of Axis-REIT.
- xi. An annual interest rate ranging from 5% to 6% will be charged to Axis-REIT for bank borrowings of RM61,933,000 and it is expected that no principal repayment would be made during the projection years. The remaining facility fee of RM382,748 will be fully amortised during the year ending 31 December 2006.
- xii. The percentage of income distributed is 95% of net profit before taxation.
- xiii. The Malaysian statutory tax rate will be maintained at the present rate of 28%. Further to the Finance Act 2004, all distributable incomes that are distributed to unit holders within the same financial year will not be subject to tax. Further, Axis-REIT would have to withhold 28% of the distributions made to foreign unit holders and remit this to the Inland Revenue Board ("IRB").
- xiv. There will be no material contingent liabilities arising during the projection years which may materially affect the projections. Axis-REIT will not be subject to any material litigation or proceedings which could have a material adverse impact on Axis-REIT's business, operating results and financial condition.
- xv. There will be no material changes in the wages, administrative and overhead expenses other than those planned.

7. FINANCIAL INFORMATION OF AXIS-REIT (Continued)

- xvi. There will be no material changes in present legislation or government regulations, rates and duties, levies and taxes, which will adversely affect the operations of Axis-REIT or the markets in which it operates.
- xvii. Demand for services rendered and the prices currently experienced are not expected to change significantly and the projected business volume will be achieved.
- xviii. Axis-REIT will not be affected by industrial disputes or any other abnormal factors or changes affecting operations or sales at its projected levels or disrupt its planned operations.
- xix. There will be no adverse economic and political conditions which will materially affect the activities of Axis-REIT.
- xx. There will be no material changes in the existing accounting, management and operational policies of Axis-REIT.
- xxi. There will be no material changes in the current principal activities, composition and structure of Axis-REIT apart from the Acquisitions.
- xxii. Axis-REIT was established on 16 June 2005.
- xxiii. The Listing and Acquisitions will be completed on 15 August 2005.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT

8.1 CORPORATE PROFILE OF THE MANAGER

Axis REIT Managers was incorporated in Malaysia under the Act on 16 April 2004 as a private limited company under the name of Axis REIT Managers Sdn Bhd. Following its conversion to a public limited company on 3 August 2004, the company assumed its present name. The present authorised share capital of Axis REIT Managers is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which RM1,200,000 comprising 1,200,000 ordinary shares are fully paid-up. The principal activity of Axis REIT Managers is to manage and administer REITs. Save for Axis-REIT, Axis REIT Managers is not managing any other funds.

Presently, Axis REIT Managers has an experienced team of 8 executives and 2 non-executives, who have various backgrounds and expertise in the property industry and the corporate sector. Each of the key team members, which include the Executive Director, Chief Financial Officer and Investment and Business Development Manager, has over 10 years of experience in the property industry. The profiles of the key management team are as set out in Section 8.5 of this Prospectus.

8.2 FINANCIAL HIGHLIGHTS OF THE MANAGER

Axis REIT Managers was incorporated on 16 April 2004 and set out below is a summary of Axis REIT Managers' past audited financial performance for the period from 16 April 2004 (being the date of incorporation) to 31 December 2004:

RM	Audited 16 April 2004 to 31 December 2004
Issued and partially paid-up capital	1,200,000
Shareholders' funds	978,210
Turnover	-
Pre-tax loss	(21,790)
After tax loss	(21,790)

8.3 BOARD OF DIRECTORS OF THE MANAGER

The principal role of the Board of Directors of Axis REIT Managers is to ensure that the management and administration of the Fund is managed in a proper and efficient manner for the benefit of the Unitholders. The Board of Directors sets strategic direction by means of making recommendations to the Trustee on acquisition, divestment or enhancement of the assets for the better performance of the Fund in line with its overall strategy. Further, the Board shall ensure proper corporate governance is observed at all times in the conduct of business of the Manager. Board meetings shall be held formally once every quarter of the year and more frequently should circumstances require.

The profiles of the Board of Directors of Axis REIT Managers are as follows:

Dato' Abdul Azim Mohd Zabidi has been the Independent Non-Executive Chairman of Axis REIT Managers since 15 March 2005. He is a Fellow of the Chartered Institute of Secretaries and Administrators, United Kingdom and holds a Masters of Arts in Business Law from the London Guildhall University. He is currently the Chairman of Bank Simpanan Nasional, a position he has held since 1999. Prior to that, he was with Commerce Asset-Holding Berhad as Group General Manager of Commerce Asset Managers Sdn Bhd from 1995 to 1999. He held the position of General Manager in Amanah Property Trust Managers Bhd (formerly known as Commerce Property Trust Managers Bhd) from 1993 to 1995. He is also a director of a number of public and private companies, amongst others, Pica (M) Corporation Bhd, Wijaya Baru Global Bhd, M3nergy (Malaysia) Bhd, Wang-Zheng Bhd, OSK Ventures International Bhd and Kumpulan Europlus Bhd.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT
(Continued)

George Stewart LaBrooy has been the Director of Axis REIT Managers since 25 October 2004 and was appointed by the Board of Directors of Axis REIT Managers as Executive Director on 22 March 2005. He graduated with a Bachelor of Engineering (Hons) and a Post Graduate Diploma in Business Studies from the University of Sheffield in 1973 and 1974, respectively. Currently, he is a member of the Institute of Engineers, Malaysia. From 1983 to 1991, he worked as a General Manager in Kee Huat Industries Bhd, a company involved in manufacturing of electrical products and subsequently joined Jotun Powder Coatings (M) Sdn Bhd as a General Manager from 1991 to 1995. He joined Axis Equities Sdn Bhd (a major shareholder of ADSB) in 1995 during which he participated in overseeing two building projects namely the build and lease of the Blondal headquarters in Shah Alam and the construction of Axis Plaza, adjacent to the Blondal headquarters. He was also instrumental in setting up the property management division in ADSB and was actively involved in the successful tenanting of real estate owned by the shareholders of ADSB. In November 2003, he spearheaded the project to identify suitable properties owned by common shareholders of ADSB to be injected into a REIT. He is also a director of a number of private companies which is involved in property development and property investment.

Dato' Abas Carl Gunnar bin Abdullah has been a Non-Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is also the Managing Director of ADSB since 1999. He graduated with a Diploma in Chemistry from the University of Gothenburg, Sweden in 1980 and a Diploma in Marketing from the University of Oslo, Norway in 1981. From 1985 to 1993, he was the Managing Director in Jotun Powder Coatings (M) Sdn Bhd (formerly known as Corro-Coat (M) Sdn Bhd). In 1989 he embarked on a build and lease project with the multinational APV Hills & Mills. In 1992 he teamed up with Stephen Tew Peng Hwee and Lim Kian Thiam to build Crystal Plaza. He is also a director of a number of private companies which are involved in property development and property investment.

Lim Kian Thiam has been a Non-Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is a member of the Malaysian Institute of Certified Public Accountants since 1978 and has been a Council Member since 1988. He also serves in its Executive Committee, Administration Finance & Accounting Committee and chairs its Public Affairs Committee. Since 1989, he has purpose built many buildings in Klang Valley for multinationals and local multinational companies. He is also the Founder and Chairman of Victoria Investments & Properties Pty Ltd and Jayaland Corporation Pty Ltd, both based in Melbourne, Australia since 1994. Victoria Investments & Properties Pty Ltd has been involved in the purchase, value-add and subsequent sale of real estate in excess of A\$200 million, including commercial office buildings, industrial warehouse, a bulky goods display and retail centre, a suburban retail shopping centre and residential land. Jayaland Corporation Pty Ltd is currently developing a sustainable township with 8,000 homes on its 737 hectares site, situated 26 kilometres west of Melbourne city centre. He is also a director of a number of private companies in Malaysia and Australia which are involved in property investment.

Stephen Tew Peng Hwee has been a Non-Independent Non-Executive Director of Axis REIT Managers since 25 October 2004. He graduated with a Diploma from the Institute of Marketing, United Kingdom in 1982. He is the Immediate Past President of the Malaysian Institute of Estate Agents and served as a board member of the Board of Valuers, Appraisers and Estate Agents from 1998 - 2004. He started his career as a Real Estate Agent 20 years ago and today owns the real estate firm Hectares & Stratas. Together with Lim Kian Thiam and other investors, he has over the past 15 years purpose built for investment income, many buildings which have housed multinationals. In 1992 he teamed up with Lim Kian Thiam and Dato' Abas Carl Gunnar bin Abdullah to build Crystal Plaza. He is also a director of a number of private companies which are investment holding companies.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT
(Continued)

Dato' Mohamed Salleh Bajuri has been an Independent Non-Executive Director of Axis REIT Managers since 15 March 2005. He is a Chartered Accountant by profession, and a member of the Malaysian Institute of Accountants since 1986. Between 1988 and 1992, he was a General Manager in Malayan Banking Bhd. Subsequently, he joined JB Securities Sdn Bhd as a Managing Director from 1992 to 1995. He is also a director of a number of public and private companies, amongst others, Asian Pac Holdings Bhd, Seacera Tiles Bhd, Eden Enterprises (M) Bhd, Harbour Link Group Bhd, Scal Polymer Industries Bhd, LKT Industrial Bhd and YCS Corporation Bhd. He is presently the Group Executive Director of CRSC Holdings Bhd, which is involved in property development and hotel operations.

Alex Lee Lao has been an Alternate Director to Dato' Abas Carl Gunnar bin Abdullah of Axis REIT Managers since 22 March 2005. A qualified Chemical Engineer, he is currently a Director of D&L Industries Inc. Manila, where he has had over 30 years of experience in the manufacturing, marketing and distribution in industries such as colours, chemicals, adhesive, aerosol, paint, ink, paper, textiles, rubber, powder coating, soap, detergent, plastic and allied products and food and beverages. He is also a director of a number of private companies which are involved in property development and property investment.

Khoo Cheang Ee has been an Alternate Director to Lim Kian Thiam since 15 March 2005 and was appointed as the Investment and Business Development Manager of Axis REIT Managers on 16 May 2005. He is a member of the Institute of Approved Company Secretaries since 1994. From 1987 to 1997, he was a Director of Magnet Management Sdn Bhd. Thereafter, he joined IBMS (M) Sdn Bhd as a Financial Controller from 1997 to 2002, which is involved in providing administrative services. Prior to joining Axis REIT Managers, he was the Financial Controller of KTG Management Sdn Bhd, which is also involved in providing administrative services. He is also a director of a number of private companies which are involved in property development and property investment.

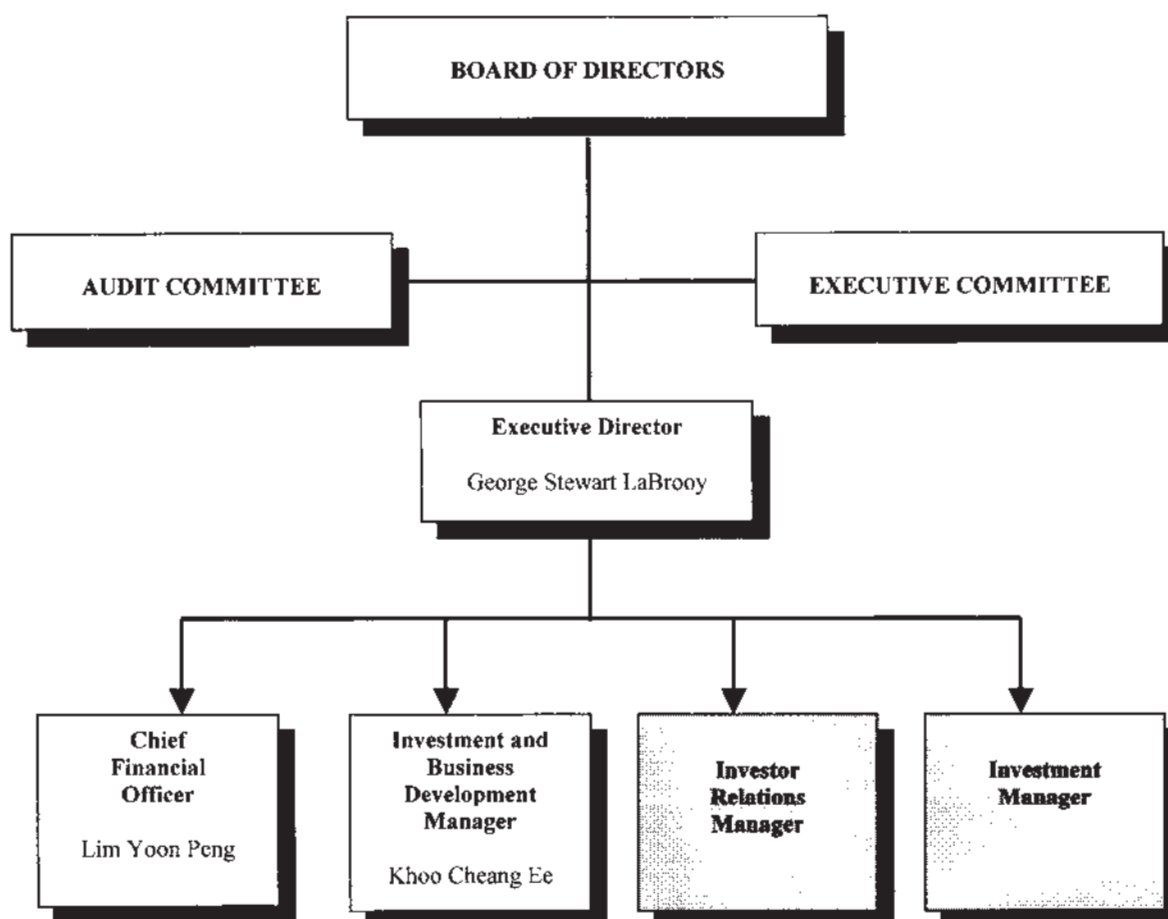
[The rest of this page is intentionally left blank]


8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT
(Continued)

8.4 OPERATIONAL STRUCTURE OF THE MANAGER

As Manager of the Fund, Axis REIT Managers shall, subject to the provisions of the Deed and SC Guidelines on REITs, carry out all activities that may be deemed necessary for the management of the Fund and its business.

The following diagram sets out the operational structure of Axis REIT Managers:



 To be outsourced

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT

(Continued)

The profiles of the above management team of Axis REIT Managers are set out in Section 8.5 of this Prospectus and the functions of the management team of Axis REIT Managers are summarised below:

Executive Director

The Executive Director of Axis REIT Managers is responsible for the day-to-day operations of Axis REIT Managers and together with the Executive Committee shall determine the strategy of Axis-REIT. The Executive Director shall also work with the other members of Axis REIT Managers' management team to operate and manage Axis-REIT in achieving the Fund's objectives in accordance with the Deed, SCA and SC Guidelines on REITs. In addition, the Executive Director will be responsible for planning the future strategic development and growth of Axis-REIT.

Chief Financial Officer

The Chief Financial Officer is mainly responsible for financial matters relating to Axis-REIT, in particular the financial performance and indicators of the investments of Axis-REIT.

The key role of the Chief Financial Officer includes, amongst others, the following:

- preparing annual budgets for the Fund and the management and operation of the Fund;
- projection of rental returns, accounting for rental collections and the operating expenses incurred in the course of managing and operating all the investments of Axis-REIT;
- monitoring any outstanding rents;
- managing all tax affairs of Axis-REIT;
- account preparation, capital management, performance analysis and reporting and corporate treasury functions and ongoing financial market analysis;
- determining whether it is appropriate for Axis-REIT to institute, defend, conduct, settle, discontinue or compromise legal proceedings; and
- ensuring regulatory, legal and corporate compliance in relation to the portfolio of investments, including but not limited to legal support on acquisitions, disposals and leasing, due diligence, compliance with the Deed and/or other applicable laws in relation to a REIT and maintenance of appropriate licences and regulatory approvals.

Investment and Business Development Manager

The key responsibility of the Investment and Business Development Manager is to identify and evaluate potential acquisitions with a view to enhance Axis-REIT's portfolio or divestments where a real estate is no longer strategic or fails to enhance the Fund's portfolio and yield attractiveness.

The key role of the Investment and Business Development Manager includes, amongst others, the following:

- develop a business plan for assets of the Fund in the short, medium and long term with a view to maximising income of the Fund;

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT (Continued)

- purchase, transfer, acquire, hire, lease, license, exchange, dispose of, convey, surrender or otherwise deal with any authorised investment in furtherance of the investment policy and prevailing investment strategy (as detailed under Section 6.5 of this Prospectus); and
- manage and supervise the services of the Property Management Company or any other service providers appointed by the Manager or Trustee in relation to the management of the Fund or its assets.

Investor Relations Manager

The Investor Relations Manager is responsible for communication and liaison with Unitholders, analysts and potential investors.

The role of the Investor Relations division includes, amongst others, the following:

- providing customer service to Unitholders;
- maintaining continuous disclosure and communication to Unitholders, public and potential investors; and
- together with the officers of Axis REIT Managers, promote and market Axis-REIT to investors and the media through regular communications and road show.

Investment Manager

The Investment Manager will focus on the management of the Fund's investment in real estate-related assets and non-real estate assets. The Manager believes that there is no immediate need to appoint an Investment Manager at this stage given that the current focus of the Fund is on Real Estate Assets. However, should there be a change in the focus of investment of the Fund, a suitable Investment Manager shall be appointed to oversee the management of such investments. Such Investment Manager shall be duly appointed by Axis REIT Managers, approved by the Trustee and licensed under the Securities Industry Act, 1983. The said appointment shall in any case comply with the SC Guidelines on REITs.

8.5 MANAGEMENT TEAM OF THE MANAGER

There are a total of 8 executives in Axis REIT Managers including 3 key management personnel, namely George Stewart LaBrooy, being the Executive Director, Khoo Cheang Ee, being the Alternate Director to Lim Kian Thiam as well as the Investment and Business Development Manager of Axis REIT Managers. They are part of the management of Axis REIT Managers. The profile of the other management team member is as follows:

Lim Yoon Peng has been the Chief Financial Officer of Axis REIT Managers since 16 May 2005. Prior to joining Axis REIT Managers, he spent four years as the Financial Controller cum Company Secretary of Victoria Investments & Properties Pty Ltd of Australia and was responsible for the financial management, accounting, tax planning, statutory compliance and company secretarial matters for a group of companies involved in property investments and development in Melbourne, Australia. Prior to that, he was the Finance Manager of Rangkaian Cipta Sdn Bhd, a property development company. He has more than 25 years of financial management, accounting and business management experience and had held senior positions in various multinational companies including Lonrho Plc (United Kingdom) and Pacific Dunlop Group (Australia). He is qualified in the field of accounting, having been a Fellow Member of The Chartered Association of Certified Accountants, United Kingdom since 1985 and a member of Malaysian Institute of Accountants since 1988 and National Institute of Accountants, Australia since 1997.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT *(Continued)*

8.6 MANAGER'S FEES

The Manager is entitled to receive a fee of up to a maximum of 1% per annum of the NAV of Axis-REIT, calculated based on the monthly accrual basis and will be paid to the Manager monthly in arrears. There will be no payment due to the Manager by way of remuneration for its services upon the subscription for or sale of a Unit and upon any distribution of income and capital otherwise.

Any increase in the maximum permitted level of the Manager's fees must be approved by the Trustee and an ordinary resolution of the Unitholders passed at a Unitholders' meeting convened in accordance with the Deed.

For the FYE 31 December 2005, the Manager's fee is forecast to be approximately RM0.7 million, representing 0.7% per annum of the NAV of Axis-REIT.

Save for the expenses incurred for the general overheads and costs for services which the Manager is expected to provide, or falling within the normal expertise of the Manager, the Manager has the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by it that are directly related and necessary to the business of the Fund. For further details of the related fees, charges, expenses and outgoings, please refer to Section 13 of this Prospectus.

8.7 DUTIES AND OBLIGATIONS OF THE MANAGER

The Manager shall subject to the provisions of the Deed carry out all activities as it may deem necessary for the management of the Fund and its business. The Manager shall, in managing the Fund, undertake primary management activities in relation to the Fund, including but not limited to overall strategy, new acquisition and disposal analysis, marketing and communications, individual asset performance and business planning, market performance analysis and other activities as provided under the Deed.

In addition, the Manager covenants with the Trustee and each of the Unitholders, inter-alia, the following:

- (a) to carry on and conduct its business in a proper, diligent and efficient manner and ensure that the Fund is carried on and conducted in a proper, diligent and efficient manner and in accordance with the Deed and applicable laws and requirements as well as acceptable and efficacious business practices in the unit trust industry;
- (b) to act with due care, skill and diligence in managing the Fund and effectively employ the resources and procedures necessary for the proper performance of the Fund;
- (c) to observe high standards of integrity and fair dealing in managing the Fund to the best and exclusive interest of the Unitholders;
- (d) not to take on, lease or otherwise acquire, except for the purposes of operating the Fund and those entered into in the ordinary course of business, any immovable property or any interest therein; and
- (e) any other duties and obligations as provided under the Deed.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT
(Continued)

8.8 RETIREMENT, REMOVAL OR REPLACEMENT OF MANAGER

8.8.1 Retirement

The Manager may retire upon giving 6 months' written notice to the Trustee (or such shorter period as may be agreed upon with the Trustee) and then the Trustee shall appoint in writing any other corporation as management company in its stead subject to the approval of the SC and in accordance with the Deed.

8.8.2 Removal

In accordance to the Deed, the Trustee has the powers to remove or replace the Manager, details of which are set out in Section 9.9 of this Prospectus.

8.8.3 Replacement

If the Manager is removed from its appointment under the Deed by the Trustee, then the Manager shall have the right to nominate a new management company (duly approved as aforesaid) and which shall not be a related company of the Manager, within 14 days of its removal for consideration by the Trustee from the effective date of removal the Manager shall be released from the Deed and the trusts (but without prejudice to liability for antecedent breach) and will be entitled to call upon the Trustee (insofar as it is able so to do) to execute a deed confirming such release and indemnifying the Manager against any claims which are not caused by or a result of or arising from or are in respect of any fraud or dishonesty on the part of the Manager or any existing or antecedent neglect default breach of trust or breach of duty imposed by statute or rule of law on the part of the Manager. Any such release or discharge shall not affect any consequential liability of the Manager to the Unitholders which may have accrued before the Manager's removal.

8.9 POWERS OF MANAGER TO REMOVE OR REPLACE THE TRUSTEE

The Manager shall as soon as practicable after becoming aware of any of the following events take all reasonable steps to remove the Trustee from its appointment under the Deed and appoint by way of deed a replacement trustee who is eligible to be appointed to act as trustee under the SCA and who has been approved by the SC if the Trustee:

- (a) has ceased to exist;
- (b) is not validly appointed;
- (c) is not eligible to be appointed or to act as trustee pursuant to Section 99 of the SCA;
- (d) fails or refuses to act as trustee in accordance with the provisions or covenants of the Deed or the provisions of the SCA;
- (e) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Trustee has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (f) is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Act or any securities laws.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT *(Continued)*

8.10 PROPERTY MANAGEMENT COMPANY

Axis REIT Managers has on 27 May 2005 appointed Axis Management as the property management company to undertake the property management functions of the Fund.

As the Property Management Company of Axis-REIT, Axis Management is entitled to an annual property management fee based on the following:

- 5.0% of the gross annual rental income on the 1st RM30,000;
- 3.0% of the gross annual rental income on the residue up to RM100,000; and
- 2.0% of the gross annual rental income on the residue over RM100,000,

payable monthly in arrears. Axis Management is also entitled to disbursements from the Fund provided that such disbursements are allowable to be charged to the Fund under the Valuers, Appraisers and Estate Agents Act 1981 and its rules ("VAEA Act") and that the disbursements shall not exceed 1% of the gross annual rental income of Axis-REIT. The disbursements that are allowable under the VAEA Act are the cost of printing, plans, copies of documents, lithography, travelling and other expenses actually incurred by the Property Management Company. For avoidance of doubt, the employment costs of Axis Management do not form part of the disbursements to be charged to the Fund.

For the 3 FYEs 31 December 2007, the Property Management Company's fees including disbursements represent approximately 3% of the forecast and projected gross rental income of Axis-REIT.

The property manager of Axis Management is its Executive Director, Lin Eng Lee, who has been granted a special authority by the Board of Valuers, Appraisers and Estate Agents under Section 22 of the VAEA Act to act as the property manager of the Fund. In addition, Axis Management has been granted 3 months grace period from 27 June 2005 to restructure the company's shareholding to comply with Section 23 of the VAEA Act. An announcement shall be made to Bursa Securities upon the completion of the shareholding restructuring of Axis Management.

Axis Management was incorporated in Malaysia under the Act on 19 June 1996. Presently, Axis Management is a wholly-owned subsidiary of ADSB. Upon completion of the abovementioned shareholding restructuring, Axis Management shall cease to be a subsidiary of ADSB. The present authorised share capital of Axis Management is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, all of which are issued and fully paid-up.

ADSB has since 16 May 2005, redeployed the entire property management staff of ADSB to Axis Management. Presently, the company's staff strength comprises 8 experienced executives managing the Subject Properties. Prior to its appointment as the property management company for the Fund, Axis Management has no prior experience in the property management industry. However, Axis Management comprises 8 executives who have vast experiences in property management industry. The profiles of the key personnel of Axis Management are set out in Section 8.10.2 below.

8.10.1 Operational structure

As the Property Management Company of the Fund, Axis Management shall carry out the following functions:

(a) Facility management

- assisting the Manager in the implementation of organic growth strategies;
- preparing budgets and maintaining the financial records of the Subject Properties;
- advising on insurance matters; and
- ensuring compliance with building and safety regulations.

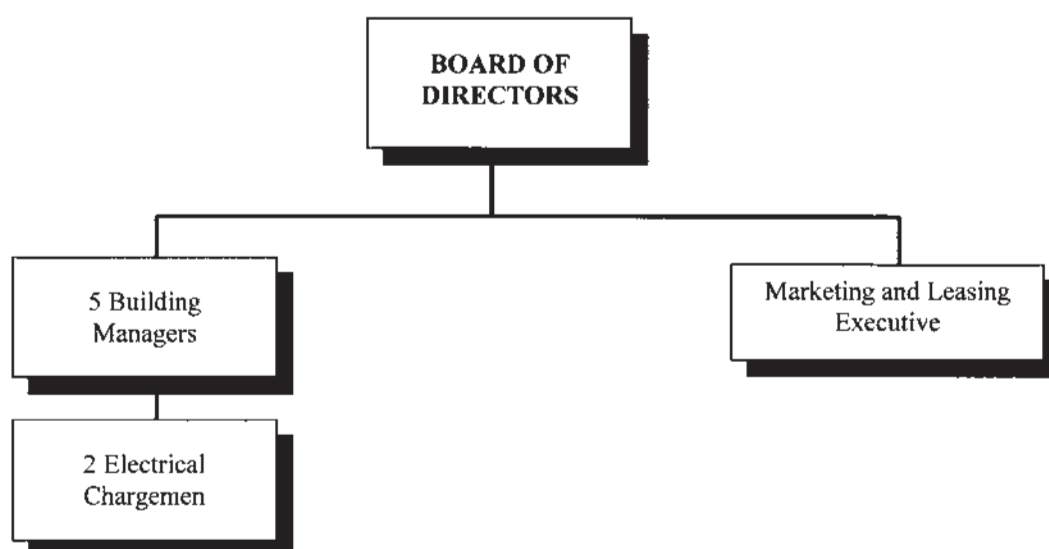
(b) Lease management and tenant care

- maintaining regular meetings with existing tenants;
- monitoring the terms of lease agreements and administering rental collections; and

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT (Continued)

- securing prospective tenants that fits the profiles of the Subject Properties.
- (c) *Fit out management*
 - co-ordinating tenants' fitting out requirements;
 - keeping records of all tenants' fitting out; and
 - supervising and inspecting building maintenance work.
- (d) *Project management*
 - managing and monitoring the upgrading, refurbishment, retrofitting and renovation works of the Subject Properties.

The following diagram sets out the operational structure of the Property Management Company:



8.10.2 Key personnel of the Property Management Company

The profiles of the key personnel of Axis Management are as follows:

Lin Eng Lee has been appointed as the Property Manager and Executive Director of Axis Management since 18 May 2005. He graduated with a Bachelor of Science (Hons) in Civil Engineering from University of Newcastle-Upon-Tyne, England in 1980. Prior to his appointment as Executive Director of Axis Management, he was the General Manager of ADSB since 1995. During his tenure in ADSB, he was responsible for the various aspects of the property management functions for ADSB's portfolio of properties, which include the Subject Properties. Prior to joining ADSB, Lin Eng Lee was the General Manager of JOSU Development Sdn Bhd where he managed the overall planning of 80 acres Taman Perkasa residential township development in Kuching, the implementation of a joint-venture bungalow development with SIMA Development Sdn Bhd in Air Keroh, Malacca and maintenance of company owned properties which include office buildings, residential quarters and workshops. Between 1984 to 1994, Lin Eng Lee was with Shamelin Holdings Sdn Bhd and Zainuddin Radzi Dan Rakan-Rakan. During that period, he managed the overall implementation of the financial rescue scheme of Shamelin Holdings Sdn Bhd as well as the overall supervision of constructions works of Taman Shamelin Perkasa New Township. He has also been involved in designing and over seeing the construction of various land structures and building infrastructures in his earlier engagements.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT
(Continued)

Lin Eng Lee has been granted a special authority by the Board of Valuers, Appraisers and Estate Agent under Section 22 of the VAEA Act to act as property manager of the Fund. He will be responsible for overseeing the management/operations of the Subject Properties. He is the liaison person with Axis REIT Managers and will assist the Manager in the implementation of organic growth strategies to enhance the performance of the Subject Properties.

Jackie Law Chong Lian has been the Marketing and Leasing Executive of Axis Management since 16 May 2005. She holds a Diploma in Business Administration from Malaysian Institute of Training & Development. Prior to her appointment in Axis Management, she was with ADSB since 1994. During that tenure, she was the Project Coordinator and Operations Executive of ADSB from 1994 to 2002 and the Marketing and Leasing Executive of ADSB from 2002. She was responsible for, amongst others, monitoring projects costs, working with consultants of development projects undertaken by the ADSB group of companies and liaising with banks and authorities. She was also involved in structuring the terms of tenancies and negotiating for new tenancies and renewals.

As Marketing and Leasing Executive of Axis Management, she is responsible for marketing and leasing the Subject Properties as well as maintaining good landlord-tenant relationships.

Tan Seong Seng has been a Building Manager of Axis Management since 16 May 2005. He holds a Diploma in Civil Engineering from the Federal Institute of Technology in Malaysia. Prior to that, he was the Senior Building Manager of ADSB. He has been with ADSB since 1997 when he first joined as a Site Supervisor for the construction of Axis Business Park and subsequently Menara Axis. He possesses more than 20 years experience in the field of property construction, wide experience in fit out and project management as well as facilities maintenance.

As a Building Manager of Axis Management, he is responsible for the day-to-day operations of one of the Subject Properties. He reports directly to the Executive Director of Axis Management and his job scope includes, supervision and inspection of building maintenance, fit outs, outsourced services, car park services and advising the Executive Director of Axis Management on matters relating to operations of the Subject Properties.

Ra Ganapathy Supermaniam has been a Building Manager of Axis Management since 13 June 2005. He holds a Bachelor of Surveying (Hons) (Property Management) from University Technology Malaysia. He possesses 7 years experience of working in the field of property management. From 1999 to 2003, he was a Building Manager for Sistem Hospital Awasan Taaraf Sdn Bhd whereby he was responsible for facilities management. Prior to joining Axis Management, he was the Building Manager for Azmi & Co Building Services Sdn Bhd from 2004 to 2005, where he was involved in a construction project.

As a Building Manager of Axis Management, he is responsible for the day-to-day operations of one of the Subject Properties. He reports directly to the Executive Director of Axis Management and his job scope includes, supervision and inspection of building maintenance, fit outs, outsourced services, car park services and advising the Executive Director of Axis Management on matters relating to operations of the Subject Properties.

Ling So Ching has been a Building Manager of Axis Management since 16 May 2005. He has worked for the ADSB group of companies since 1990. He holds a Malaya Certificate of Education from Han Chiang High School of Penang. From 1990 to 1998, he was a Senior Site Supervisor of most of the projects of ADSB group of companies and was responsible for the supervision of the development of Crystal Plaza and subsequently the 100 acres Axis Premier Industrial Park in Shah Alam. He subsequently was appointed as a Building Manager of ADSB in 1998. In total, he possesses more than 15 years experience in the field of property construction, facilities maintenance and a wide experience in fit out and project management.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT *(Continued)*

As a Building Manager of Axis Management, he is responsible for the day-to-day operations of one of the Subject Properties. He reports directly to the Executive Director of Axis Management and his job scope includes, supervision and inspection of building maintenance, fit outs, outsourced services, car park services and advising the Executive Director of Axis Management on matters relating to operations of the Subject Properties.

Aw Poh Yoon has been a Building Manager of Axis Management since 16 May 2005. He was also a Building Manager of ADSB since January 2005. He holds a Lower Certificate of Education from ACS Melaka. Prior to joining ADSB, he has nearly 30 years experience in facility maintenance in a number of corporations since 1976, which include National Semi Conductor Sdn Bhd, U.H. Industries Sdn Bhd, Mintye Industries Sdn Bhd and Datapuri Sdn Bhd.

As a Building Manager of Axis Management, he is responsible for the day-to-day operations of one of the Subject Properties. He reports directly to the Executive Director of Axis Management and his job scope includes, supervision and inspection of building maintenance, fit outs, outsourced services, car park services and advising the Executive Director of Axis Management on matters relating to operations of the Subject Properties.

Tan Beng Hock has been a Building Manager of Axis Management since 16 May 2005. He was also a Building Manager of ADSB since 2004. He holds a Sijil Rendah Pelajaran certificate from La Salle School, Klang, after which he trained for two years at the Technical Training Institute of Electrical and Mechanical Engineering in Brickfields. Prior to joining ADSB, he was in charge of the facility maintenance in a number of corporations since 1996, which include LFD Manufacturing Sdn Bhd, CCM Pharma (M) Sdn Bhd, Nacto Group and Malayan Pharmaceutical Sdn Bhd

As a Building Manager of Axis Management, he is responsible for the day-to-day operations of one of the Subject Properties. He reports directly to the Executive Director of Axis Management and his job scope includes, supervision and inspection of building maintenance, fit outs, outsourced services, car park services and advising the Executive Director of Axis Management on matters relating to operations of the Subject Properties.

8.11 REGISTRAR

Symphony Share Registrars was incorporated in Malaysia under the Act on 7 March 1996 as a private limited company under the name of Scans Registration Services Sdn Bhd. It changed its name to Malaysian Share Registration Services Sdn Bhd on 12 March 1998. Symphony Share Registrars assumed its present name on 26 June 2004. The present authorised share capital of Symphony Share Registrars is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which 2,000,000 are currently issued and credited as fully paid-up. Symphony Share Registrars is principally involved in the provision of share registration services.

As registrar for Axis-REIT, Symphony Share Registrars shall be managing certain administrative and depository compliance related matters for Axis-REIT. Symphony Share Registrars has been operating in the company secretarial and registrar industry for the past 9 years, serving close to 400 clients, ranging from public listed companies and private companies operating in various types of industries.

8.12 RELATIONSHIP BETWEEN AXIS REIT MANAGERS, AXIS MANAGEMENT AND THE VENDORS

Save for Axis REIT Managers and Axis Management which are wholly owned subsidiaries of ADSB, and Baiduri Kemas Sdn Bhd which is a 82.2%-owned subsidiary of ADSB, none of the Vendors are directly related to Axis REIT Managers, Axis Management or ADSB.

8. PARTICULARS OF THE MANAGEMENT AND ADMINISTRATION OF AXIS-REIT (Continued)

Save as disclosed below, there is no relationship between the Directors of Axis REIT Managers and the Vendors:

Directors of Axis REIT Managers	Directorship in Vendors	Major shareholder in Vendors
George Stewart LaBrooy	Baiduri Kemas Sdn Bhd, Prestigious Landmarks Sdn Bhd, Crystal Properties Sdn Bhd and Kasturi Gemilang Sdn Bhd	Baiduri Kemas Sdn Bhd
Lim Kian Thiam	Baiduri Kemas Sdn Bhd, Infinite Centre Sdn Bhd and Kasturi Gemilang Sdn Bhd	All Vendors
Stephen Tew Peng Hwee	Baiduri Kemas Sdn Bhd, Prestigious Landmarks Sdn Bhd, Crystal Properties Sdn Bhd and Infinite Centre Sdn Bhd	Baiduri Kemas Sdn Bhd, Prestigious Landmarks Sdn Bhd, Crystal Properties Sdn Bhd and Infinite Centre Sdn Bhd
Dato' Abas Carl Gunnar bin Abdullah	Baiduri Kemas Sdn Bhd, Prestigious Landmarks Sdn Bhd, Crystal Properties Sdn Bhd and Kasturi Gemilang Sdn Bhd	Baiduri Kemas Sdn Bhd and Kasturi Gemilang Sdn Bhd
Alex Lee-Lao	Baiduri Kemas Sdn Bhd, Crystal Properties Sdn Bhd and Kasturi Gemilang Sdn Bhd	-
Khoo Cheang Ee	Alternate Director to Lim Kian Thiam in Baiduri Kemas Sdn Bhd	-

Save for Dato' Abas Carl Gunnar bin Abdullah who is a Director in both Axis REIT Managers and Axis Management, none of the Directors of Axis REIT Managers are Directors in Axis Management.

Upon completion of the shareholding restructuring of Axis Management as set out in Section 8.10 above, Axis Management shall cease to be a subsidiary of ADSB.

8.13 POTENTIAL CONFLICTS OF INTERESTS

In accordance to the Deed, the prior approval of the Trustee is required for all acquisitions and disposals of Real Estate Assets of the Fund, including related party transactions. In the event that the related party transactions exceed the allowable premiums/discounts for the proposed acquisitions/disposals, Unitholders' approval are also required for such related party transactions and the Manager, its related corporation and associated persons are not allowed to vote on such transactions. Related corporation shall have the meaning given in Section 6 of the Act and associated persons shall have the meaning given in Section 3 of the Securities Industry Act, 1983.

Further, the Deed also provides that the Manager and any of its delegates should avoid conflicts of interests arising or if conflicts of interests arise, the Manager should ensure that such transactions are on terms that are not more favourable than to independent parties and at arm's length basis to such related parties.

9. THE TRUSTEE OF AXIS-REIT

9.1 HISTORY AND BUSINESS

OSK Trustees was incorporated in Malaysia under the Act on 6 March 2002. It is registered as a trust company under the Trust Companies Act, 1949 and is also registered with the SC to conduct unit trust business. The present authorised share capital of OSK Trustees is RM5,000,000 comprising 500,000 ordinary shares of RM10.00 each, of which 400,000 are currently issued and credited as partially paid-up of RM5.00 each in OSK Trustees.

The principal activity of OSK Trustees is the provision of private and corporate services. OSK Trustees has been in the trustee business for three (3) years. As at 1 June 2005, OSK Trustees' staff strength comprises 12 executives and management staff.

OSK Trustees undertakes all types of trustee business allowed under the Trust Companies Act 1949, ranging from private trustee services to corporate trustee services. OSK Trustees offers private trustee services such as estate planning services (will writing, custodian, executor/trustee services), trustee of charitable trust, trustee of insurance trust, guardian of property for minors, attorney/agent for executor, administrator or trustee and trustee of private purpose trusts and corporate trustee services such as trustee for private debt securities, trustee for unit trusts funds, trustee for golf clubs/associations, trustee for time sharing schemes, trustee for provident and retirement funds, trustee/manager for sinking funds, stakeholders, trustee for property trust funds. With regards to corporate trustee services, as at 1 June 2005, OSK Trustees is acting as trustee for the issuance of private debt securities for 11 different companies and as stakeholder for 10 different matters.

9.2 FINANCIAL HIGHLIGHTS

The following is a summary of OSK Trustees' past audited financial performance for the period from 6 March 2002 (being the date of incorporation) to 31 December 2002 and the audited financial performance for the 2 FYEs 31 December 2004:

RM	Audited for the FYE 31 December 2004	Audited for the FYE 31 December 2003	Audited 6 March 2002 to 31 December 2002
Issued and partially paid-up capital	700,000	500,000	500,000
Shareholders' funds	148,340	126,353	453,100
Turnover	422,839	117,318	3,000
Pre-tax loss	(178,013)	(323,985)	(46,900)
After tax loss	(178,013)	(326,747)	(46,900)
Net earnings/loss per share	(1.27)	(3.27)	(0.47)
Net dividend per share	-	-	-

9. THE TRUSTEE OF AXIS-REIT *(Continued)*

9.3 BOARD OF DIRECTORS

The details of the Directors of OSK Trustees as at 1 June 2005 are as follows:

Name	Directorship
Dato' Nik Mohamed bin Nik Yahya	Non-Independent Non-Executive Chairman
Tony Foo San Kan	Independent Non-Executive Director
Ong Yin Suen	Non-Independent Non-Executive Director

9.4 KEY MANAGEMENT TEAM

The profiles of the key management team of OSK Trustees are as follows:

Ong Eu Jin is the Chief Operating Officer of OSK Trustees. He is a qualified advocate and solicitor holding a Bachelor of Laws (Honours) degree from Thames Valley University, United Kingdom, the Certificate of Legal Practice from the Legal Profession Qualifying Board, a Master of Business Administration degree from Heriot-Watt University, Scotland and a Master of Laws degree from University of Malaya where his areas of study include securities regulations and selected issues in civil litigation. Prior to his engagement with OSK Trustees, he has been appointed as an in-house legal counsel and has practiced as an advocate and solicitor in Malaysia. His professional experience and expertise is primarily in the areas of litigation, corporate and trust law.

Azhar Iskandar Bin Hew is the Vice-President of OSK Trustees. He holds a Bachelor of Laws (Honours) degree from the University of London, United Kingdom. Prior to his engagement with the company, he headed the Training & Development Department at Rockwills Corporation Sdn Bhd, having trained thousands of estate planners from various financial institutions in Malaysia, Singapore and Hong Kong on will writing, private trust services and estate planning services. He is currently a facilitator for estate planning with a leading financial planning education provider and Technical Advisor for OSK Wealth Planners Sdn Bhd. He is also an approved facilitator of Securities Industry Development Centre to conduct Trust Planning Training for OSK Securities Berhad to award CPE points. He was the Legal Executive at Rockwills and also a law lecturer at a private college in Kuala Lumpur. He has gained substantial experience from his prior engagements in the drafting of wills and trust, as well as lecturing various areas in law such as contract, company, family, succession and trust. His current scope of work includes advising on legal aspects and compliance matters regarding Private Trust and Corporate Trust such as Insurance Trust, Business Continuation Trust, Asset Distribution Trust, Private Debt Securities, REIT, and Estate Planning services. He also conducts training in Estate Planning and Private Trust for estate planners associated with the company. He is a regular writer for Smart Investor on the area of estate planning and private trust.

Justin Lee is the Legal Counsel of OSK Trustees. He is a qualified advocate and solicitor, and holds a Bachelor of Laws (Honours) degree from University of Cardiff, Wales and the Certificate of Legal Practice from the Legal Profession Qualifying Board. He was in legal practice for five years prior to his engagement with OSK Trustees Berhad. His professional experience is primarily in the areas of litigation and corporate law. Justin is responsible for advising on risk management, compliance and general legal matters of the company.

Tan Boon Chyi is the Senior Associate, Corporate Trustee Services of OSK Trustees. She holds a Diploma in Accounting (LCCI). Her current responsibilities include administration of REIT and operational matters of private debt securities. Prior to joining OSK Trustees, she was a senior officer in Pacific Mutual Fund Berhad where she had five years of experience in operational procedures, processes and policies of the unit trust funds. She was responsible for handling all necessary communication and reports between trustees, the Employees Provident Fund and the SC.

9. THE TRUSTEE OF AXIS-REIT (Continued)

Jacqueline Tan Khim Khim is the Associate, Corporate Trustee Services of OSK Trustees. She holds a Bachelor of Laws degree from the University of Newcastle upon Tyne, United Kingdom. Prior to joining the company, she was a para-legal cum legal assistant to both the Managing Partners in Messrs Awang, Lai, Sandhu & Co, a legal firm in Miri, Sarawak. Her responsibilities in the aforesaid practice include the preparation of various legal documents pertaining to conveyancing and litigation. Her current scope of work includes conducting research on legal issues and advising on legal aspects and compliance matters regarding Private Debt Securities and REITs.

9.5 TRUSTEE'S RESPONSIBILITY STATEMENT

The Trustee has given its willingness to assume the position as trustee of Axis-REIT and all the obligations in accordance with the Deed, all relevant laws, guidelines and rules, and also its willingness to provide an indemnity to the Manager for the benefit of the Unitholders of Axis-REIT for any loss incurred as a result of any non-performance of the Trustee.

9.6 TRUSTEE'S FEES

In accordance with the Deed, the Trustee is entitled to receive a fee of 0.05% per annum of the NAV of Axis-REIT calculated based on the monthly accrual basis and will be paid to the Trustee monthly in arrears. There will be no payment due to the Trustee by way of remuneration for its services upon the subscription for or sale of a Unit and upon any distribution of income and capital otherwise.

The Trustee's fee may only be varied upwards with the prior approval of the Unitholders by way of an ordinary resolution.

Save for the expenses incurred for the general overheads and costs for services which the Trustee is expected to provide, or falling within the normal expertise of the Trustee, the Trustee has the right to be reimbursed the fees, costs, charges, expenses and outgoings incurred by it that are directly related and necessary to the business of the Fund. For further details of the related fees, charges, expenses and outgoings, please refer to Section 13 of this Prospectus.

9.7 DUTIES AND OBLIGATIONS OF TRUSTEE

Without affecting any powers the Trustee has under the provisions of the Deed or under law, the Trustee (or written recommendation of the Manager) shall be deemed to have full and absolute powers in relation to the assets of the Fund as provided under the Deed.

The Trustee is responsible for the safe custody of the assets of the Fund. Any authorised investment forming part of the assets of the Fund, whether in bearer or registered form, is to be paid or transferred to or to the order of the Trustee forthwith on receipt by the Manager and be dealt with as the Trustee may think proper for the purpose of providing for the safe custody of the same.

In addition, the Trustee has covenanted with the Manager and each of the Unitholders inter-alia, as follows:

- (a) to safeguard the interests of the Unitholders and to actively monitor the administration of the Fund by the Manager to ensure that the interests of Unitholders are upheld at all times.
- (b) to exercise all due care, skill, diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of the Unitholders in accordance with the Deed and the applicable laws and requirements;

9. THE TRUSTEE OF AXIS-REIT (Continued)

- (c) to at all times, through proper and adequate supervision, ensure that the Fund is managed and administered by the Manager in accordance with the Fund's objectives, the Deed and applicable laws and requirements. In ensuring compliance with the requirements and safeguarding the interests of the Unitholders, the Trustee covenants to conduct independent reviews and not only depend on the submission of information by the Manager. It covenants to exercise reasonable diligence in monitoring the function of the Manager in accordance with the provisions of the Deed and to do everything in its power to ensure that the Manager remedies any breach known to the Trustee of the provisions or covenants of the Deed, unless the Trustee is satisfied that the breach will not materially prejudice the Unitholders' interests; and
- (d) to perform the other duties and obligations as set out in the Deed.

9.8 RETIREMENT, REMOVAL OR REPLACEMENT OF TRUSTEE**9.8.1 Retirement**

The Trustee may retire upon giving 6 months' written notice to the Manager (or such shorter period as may be agreed upon with the Manager) whereupon the Manager shall within 3 months after becoming aware of the intention of the Trustee to retire, appoint by way of a deed, a replacement trustee who is eligible to be appointed to act as trustee under the SCA and who has been approved by the SC.

9.8.2 Removal and replacement

The Manager shall as soon as practicable after becoming aware of any of the following events take all reasonable steps to remove the Trustee from its appointment under the Deed and appoint by way of deed a replacement Trustee which is eligible to be appointed to act as trustee under the SCA and who has been approved by the SC if the Trustee:

- (a) has ceased to exist;
- (b) is not validly appointed;
- (c) is not eligible to be appointed or to act as trustee pursuant to Section 99 of the SCA;
- (d) fails or refuses to act as trustee in accordance with the provisions or covenants of the Deed or the provisions of the SCA;
- (e) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Trustee has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (f) is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Act or any securities law.

The Trustee may be removed on the grounds that the Trustee is in breach of its obligations under the Deed and the Trustee has failed to remedy despite the request from the Manager to remedy the breach and another Trustee (which is eligible to be appointed to act as Trustee under the SCA and duly approved by the SC) appointed if the Unitholders decide on such removal and replacement by a special resolution passed at the duly convened meeting which is requisitioned by the Unitholders in the manner provided in the Deed.

9. THE TRUSTEE OF AXIS-REIT (Continued)

9.9 POWERS OF TRUSTEE TO REMOVE OR REPLACE THE MANAGER

If the Manager:

- (a) has ceased to exist;
- (b) is not validly appointed;
- (c) is not eligible to be appointed or to act as management company pursuant to section 98 of the SCA;
- (d) fails or refuses to act as management company in accordance with the provisions or covenants of the Deed or the provisions of the SCA;
- (e) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Manager has not ceased to act under the appointment, or a petition is presented for the winding up of the Manager (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Manager becomes or is declared to be insolvent);
- (f) is under investigation for conduct that contravenes the Act or any securities law;
- (g) is required to be removed by the SC or is required to be removed pursuant to the provisions of the SC Guidelines on REITs; or
- (h) is required to be removed by the Unitholders by way of a special resolution passed at a meeting of Unitholders convened for that purpose on the grounds that the Manager is in breach of its obligations under the Deed and the Manager has failed to remedy the breach despite the request from the Trustee to remedy the breach;

the Trustee shall as soon as practicable after becoming aware of any of the above events take all reasonable steps to remove the Manager from its appointment under the Deed and appoint by way of deed a replacement management company which is eligible to be appointed to act as management company under the SCA and which has been approved by the SC.

[The rest of this page is intentionally left blank]

[Prepared for inclusion in the Prospectus]



KPMG Tax Services Sdn. Bhd.
(Co. No. 96860-M)
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

P.O. Box 10047
50702 Kuala Lumpur
Malaysia

Tel + (603) 2095 3388
Fax + (603) 2095 2177
Email: info@kpmg.com.my

www.kpmg.com.my

Private and confidential

The Board of Directors
Axis Reit Managers Berhad
Suite 6.04 Penthouse
Wisma Academy
4A Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan

24 June 2005

Dear Sirs

Re: Taxation of the REIT and Unit Holders

This letter has been prepared for inclusion in the Prospectus dated 30 June 2005 to be issued in connection with the offer of units in the Axis Real Estate Investment Trust ("the REIT").

The purpose of this letter is to provide prospective purchasers of units in Axis REIT with an overview of the Malaysian tax consequences of acquisition, ownership and disposal of these units.

The Malaysian tax position is based on the interpretation of the Malaysian tax laws and provisions as they stand at present. Please note that these interpretations of the Malaysian tax laws and provisions may be subject to change, possibly with a retrospective effect.

All prospective investors should not treat the contents of this letter as advice relating to taxation matters and are advised to consult their own professional advisers concerning their respective investments. Particularly prospective purchasers that are not Malaysian tax residents, should take into account the tax laws of their respective countries of residence and the existence of any tax treaty which their country of residence may have with Malaysia.

Taxation of the REIT

The REIT is treated as a unit trust for Malaysian tax purposes. The taxation of the REIT is therefore governed principally by Sections 61 and 63C of the Income Tax Act, 1967 ("the Act").

Income of a REIT, where subject to income tax, will be subject to tax, at the rate of 28% (prevailing rate). Effective from year of assessment 2005, income of a REIT, which is distributed to unit holders in the same basis period, will not be subject to income tax. Instead, unit holders will be taxed at their respective tax rates on the income distributed in the same period. Non-resident unit holders will be subject to withholding tax of 28% on the income distributed.



KPMG Tax Services Sdn. Bhd., a company incorporated under the Malaysian Companies Act 1965, is the Malaysian member firm of KPMG International, a Swiss cooperative



Income which were undistributed and taxed in the previous years are also taxable at the unit holders' level but the tax paid by the REIT is imputed to be the tax paid by the beneficiaries ("imputed tax").

Capital gains from the realisation of investments by the REIT will not be subject to income tax.

Taxable dividend income earned by the REIT would have suffered a tax deduction at source at the prevailing rate of 28%. The tax deducted will be available for set off either wholly or partly against the tax liability of the REIT. Any excess over the tax liability will be refundable to the REIT.

Interest income or profit earned by the REIT from the following are exempt from tax:-

- any savings certificates issued by the Government; or
- securities or bonds issued or guaranteed by the Government; or
- debentures, other than convertible loan stock, approved by the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia; or
- bonds or securities issued by Pengurusan Danaharta Nasional Berhad; or
- bonds other than convertible loan stocks, issued by any company listed in Malaysia Exchange of Securities Dealing and Automated Quotation Berhad; or
- a bank or financial institution licensed under the Banking and Financial Institutions Act 1989 or Islamic Banking Act 1983.

Income received by the REIT from sources outside Malaysia will be exempt from tax.

Pursuant to Stamp Duty (Exemption) (No 4) Order 2004, all instruments of transfer of real property to a REIT approved by the Securities Commission are exempted from stamp duty. This would result in savings for the REIT, which in turn may be applied to income producing activities for the benefit of the unit holders.

Taxation of Unit Holders

Income of the REIT distributed in the same basis period

Resident Unit Holders

Unit holders are taxed on an amount equivalent to their share of the total taxable income of the REIT, to the extent that this is distributed to them.

Individuals and other non-corporate unit holders who are resident in Malaysia will be subject to income tax at scale rates. The prevailing scale rates range from 1% to 28%.



Corporate unit holders, resident or non resident in Malaysia, would be taxed at the corporate tax (the prevailing rate is 28%) on distributions of income from the REIT to the extent of an amount equivalent to their share of the total taxable income of the REIT. From Year of Assessment 2004, corporate unit holders with paid-up capital in the form of ordinary shares of RM2.5 million and below will be subject to a tax rate of 20% on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the prevailing rate of 28% is still applicable.

Taxable dividends distributed by the REIT to the Unit Holders, would have corresponding tax credits, which may be set off against the Unit Holders' tax liability.

Non-Resident Unit Holders

Unit holders who are not resident in Malaysia, for tax purposes, will be subject to Malaysian income tax (the prevailing rate is 28%). Non-resident unit holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.

Income of the REIT which was not distributed in the previous years

Resident and Non-Resident Unit Holders

Such income would have been subject to income tax at the REIT level at the rate of 28%. The income distribution from the REIT will carry with it a tax credit proportionate to each unit holder's share of the total taxable income in respect of the tax paid by the REIT. Unit holders who are not resident in Malaysia, for tax purposes, will be subject to Malaysian income tax (the prevailing rate is 28%).

Both resident and non-resident unit holders will be entitled to utilise the tax credit as a set off against the tax payable by them. No other withholding tax will be imposed on the income distribution of the REIT.

Tax Exempt Income and Capital Gain

The distribution of tax-exempt income received by the REIT (other than income exempted at the REIT level due to distributions of profits in the same basis period) will not be subject to tax in the hands of the unit holders. In the case of corporate unit holders, distribution from foreign exempt income can be further paid out to its shareholders.

Units split by the REIT will be exempted from tax in the hands of the unit holders.



Any gains realised by the unit holders (other than financial institutions, insurance companies and those dealing in securities) from the transfers or redemptions of the units are treated as capital gains which are not subject to income tax.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chew Theam Hock', written in a cursive style.

Chew Theam Hock
Director

11. VALUATION CERTIFICATE

[Prepared for inclusion in the Prospectus]



ISO 9001 : 2000
Certification No. 1250

Our Ref. : PJ040304, KL040942, KL040943,
KL040945 & KL041219

24 JUN 2005

The Board of Directors
AXIS DEVELOPMENT SDN BHD /
AXIS REIT MANAGERS BERHAD
Suite 6.04 Penthouse
Wisma Academy
No. 4A, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

VALUATION OF :

1. **MENARA AXIS, NO. 2, JALAN 223, 46100 PETALING JAYA, SELANGOR DARUL EHSAN**
2. **CRYSTAL PLAZA, NO. 4, JALAN 51A/223, 46100 PETALING JAYA, SELANGOR DARUL EHSAN**
3. **AXIS BUSINESS PARK, NO. 10, JALAN 13/4, 46200 PETALING JAYA, SELANGOR DARUL EHSAN**
4. **INFINITE CENTRE, LOT 1, JALAN 13/6, 46200 PETALING JAYA, SELANGOR DARUL EHSAN, AND**
5. **AXIS PLAZA, LOT NO. 5, JALAN PENYAIR U1/44, OFF JALAN GLENMARIE, TEMASYA INDUSTRIAL PARK, BATU TIGA, 40150 SHAH ALAM, SELANGOR DARUL EHSAN**

(Hereinafter referred to as the "Subject Properties")

Instructions

We have been instructed by Axis Development Sdn. Bhd. to ascertain the Market Values (as defined herein) in the leasehold interest (for Menara Axis, Crystal Plaza, Infinite Centre and Axis Business Park) and freehold interest (for Axis Plaza) of the Subject Properties for the purpose of the proposed acquisitions of the Subject Properties by Axis Real Estate Investment Trust ("Axis-REIT") pursuant to the listing exercise of Axis-REIT on the Main Board of Bursa Malaysia Securities Berhad ("Proposed Acquisitions").

We are pleased to certify that we have conducted five formal valuation reports and valued the legal interests in the Subject Properties as at the date of Valuation on September 1, 2004 for each individual property.

**International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents •
Project & Property Managers • Plant & Machinery Valuers • Auctioneers**

Managing Director: P. TANJANG PERAGASAM, FISM, FRICS, Chairman: CHIN LAI SUI, FISM, FRICS, LEH (Hons) CLP Executive Director: THOU SENG CHOON, FRICS, IRRV, ACTARF, FRCN,
Director: ADVISOR: JAAFAH ISMAIL, FISM, FRICS

李 子 鑑 意 化 估 計 師	LEE YUN TSIR B.Sc. (Hons), MISM, THING KIM KOK MISM, FRICS, A. SUBRAMANIAM B.Sc. (Hons), FISM, JEROME HONG BOON PENG, MISM(M), MRS. N. SEW KOK KONG B.Sc. (Hons), MISM, LEF THIAM SENG, MISM, CHIN KIM CHOY, MISM, Dip Est. Mgmt. (U.K.), LIM CHANG MEE FISM, FRICS, BA. (Hons), B.Sc. (Hons),	高 利 國 際 地 產 估 價 門
	LEE YUN TSIR B.Sc. (Hons), MISM, THING KIM KOK MISM, FRICS, A. SUBRAMANIAM B.Sc. (Hons), FISM, JEROME HONG BOON PENG, MISM(M), MRS. N. SEW KOK KONG B.Sc. (Hons), MISM, LEF THIAM SENG, MISM, CHIN KIM CHOY, MISM, Dip Est. Mgmt. (U.K.), LIM CHANG MEE FISM, FRICS, BA. (Hons), B.Sc. (Hons),	
Malayan:	Level 6, Block G North, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-20955811 (10 Lines) Fax: 03-20955843	
Headquarters:	Agency Division: CIPC, Nos. 109 & 209, Block C, Pusat Dagangan Phileo Damansara 1, No. 9 Jalan 16/1, 46350 Petaling Jaya. Tel: 03-26000220 Fax: 03-26500230	
Other Offices:	Perak: Suites 1, 2 & 3, Tingkat Kedua, Laboon House, Jalan Dato Sagor, 30000 Ipoh, Perak Darul Ridzuan. Tel: 05-2414826 (3 Lines) Fax: 05-25556363 N. Sembilan: 9A, Kompleks Negeri, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7658590 & 7658990 Fax: 06-7637956 P. Jaya: 30A, Jalan Yong Shook Lin, 46200 Petaling Jaya, Selangor Darul Ehsan. Tel: 03-29565811 Fax No: 03-29555843 Selangor: No. 43, Jalan Kepayang, Off Jalan Meru, "Klang Financial Square", 41050 Klang, Selangor Darul Ehsan. Tel: 03-33420860 (3 Lines) Fax No: 03-33421388 Johor: Suite 326, 3rd Floor, Par Global Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim. Tel: 07-2232299 Fax: 07-2245899 Melaka: No. 208, Jalan Melaka Raya 2, Taman Melaka Raya, 75000 Melaka. Tel: 06-2835522 (4 Lines) Fax: 06-2837635 Penang: No. 26, Lebuh Light, 10200 Pulau Pinang. Tel: 04-2637749 & 2637750 Fax: 04-2647644 Miri: Lot 585, 1st Floor North Yit Seng Road, P.O. Box 986, 98008 Miri, Sarawak. Tel: 085-428713 & 428714 Facsimile: 085-428715 Pahang: 11, Jalan Gambut 2, 25000 Kuantan, Pahang Darul Makmur. Tel: 09-5177568 Fax: 09-5142146	
Other Colliers Offices		

Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas Argentina, Canada, Mexico, Venezuela and United States Of America.

PJ040304, KL040942, KL040943, KL040945 & KL041219

This Certificate has been prepared for inclusion in the Prospectus of Axis-REIT to be dated 30 June 2005 in conjunction with the admission of Axis-REIT to the Official List of the Main Board of Bursa Malaysia Securities Berhad and listing of and quotation for 205,901,000 units comprising 107,500,000 units to be issued pursuant to Proposed Acquisitions, 98,400,000 units to be issued pursuant to the public offering and 1,000 units as promoter units.

Valuations

All the valuation reports have been prepared based on the Guidelines on Asset Valuations issued by the Securities Commission and professional standards prescribed by the Board of Valuers, Appraisers and Estate Agents, Malaysia. The basis of valuation for the purpose of the valuation reports, is **MARKET VALUE** as defined in the **MALAYSIAN VALUATION STANDARDS**:

STANDARD 1 – Market Value Basis of Valuation.

The basis of the valuation is the Market Value of the Subject Properties.

"Market Value" is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

All the necessary title searches have been conducted at the Selangor Land Registry of Land Titles. All the valuation reports have been prepared with reference to all the records of tenancy, records of Profit and Loss Account and relevant information as provided by Axis Development Sdn. Bhd. All data and information thus obtained from the said sources are deemed correct for the purpose of these valuations.

Reliance of this letter

For the purposes of this Prospectus, we have prepared this letter which summarises our reports and outlines key factors which have been considered in arriving at our opinion of the respective Market Values. This letter does contain all the necessary data and support information included in our reports. For further information to that contained herein, reference should be made to the said reports, provided to the client.

Colliers, Jordan Lee & Jaafar Sdn. Bhd. ("CJLJ") has provided the client with comprehensive five formal valuation reports of the Subject Properties. The valuations and market information are not guarantees or predictions and must be read in consideration of the following:-

- The reports contain conclusions of the estimated values based on factual information and estimates regarding the Subject Properties as provided by the client and furnished in the reports. Whilst CJLJ has endeavored to ensure the accuracy of the factual information, it has not independently verified all information provided by the client. CJLJ believes that every investor, before making an investment in Axis-REIT, should review the reports to understand the complexity of the methodologies and the variables involved.
- CJLJ has adopted the Investment, Cost and Comparison Methods of valuation in assessing the Market Value of the Subject Properties.

11. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PJ040304, KL040942, KL040943, KL040945 & KL041219

- The reports were undertaken based upon information available as at September 1, 2004. CJLJ accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

Subject Properties

The Subject Properties comprise two commercial purpose built office buildings located in Section 51A of Petaling Jaya, two industrial premises located in Section 13 of Petaling Jaya and an industrial premises located in Section U1 of Shah Alam. The respective buildings are described as Menara Axis, Crystal Plaza, Axis Business Park, Infinite Centre and Axis Plaza. Further details of which are tabulated as below:

Reference No.	Subject Properties	Land Area ¹ (square feet)	Net Lettable Area ² (square feet)	Type of Properties
PJ040304	Menara Axis	59,725	172,298	A 14-storey purpose built office building with a basement car park together with 250 car park bays
KL040942	Crystal Plaza	77,464	199,925	A 6-storey purpose built office building together with one basement car park accommodating 199 car park bays
KL040943	Axis Business Park	200,986	339,953	Industrial Premises including Wisma Zuellig Pharma (Block B), Wisma Fuji Xerox (Block C), Block D and Block E with a total of 425 car park bays
KL040945	Infinite Centre	90,746	147,708	A 4-storey industrial complex with a lower ground floor car park, a single-storey canteen, a guardhouse and a Tenaga Nasional Berhad substation with a total of 223 car park bays
KL041219	Axis Plaza	54,896	118,173	A 5-storey individually-designed warehouse-cum-office building with a 2-storey basement car park accommodating 225 bays

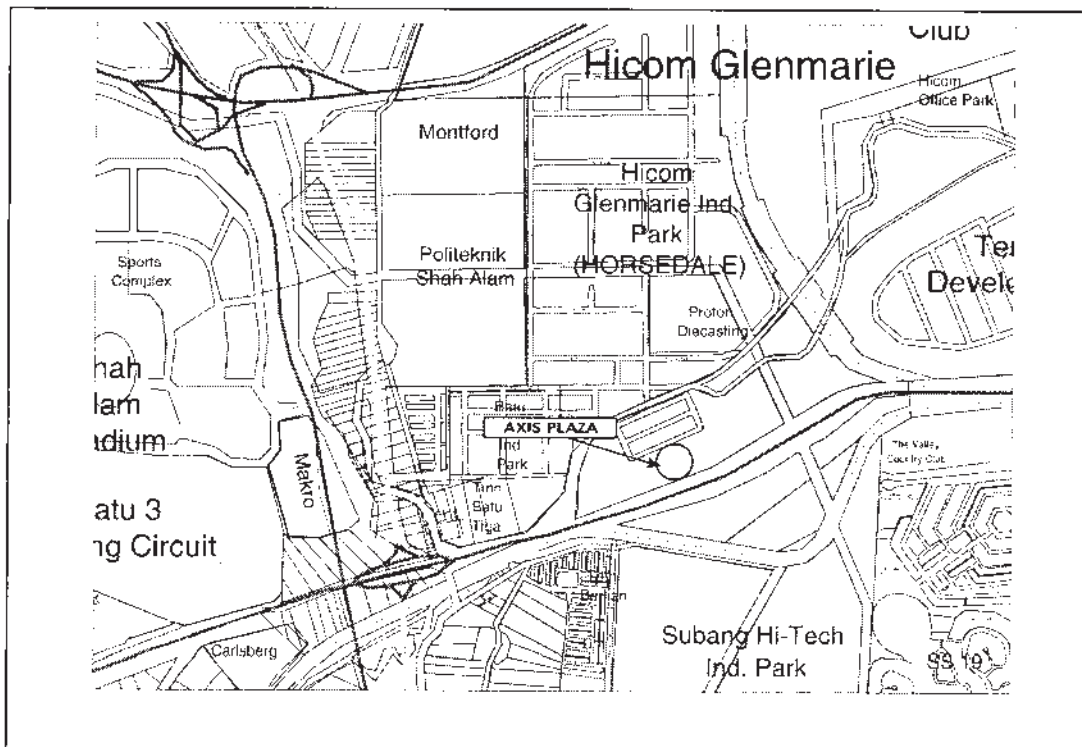
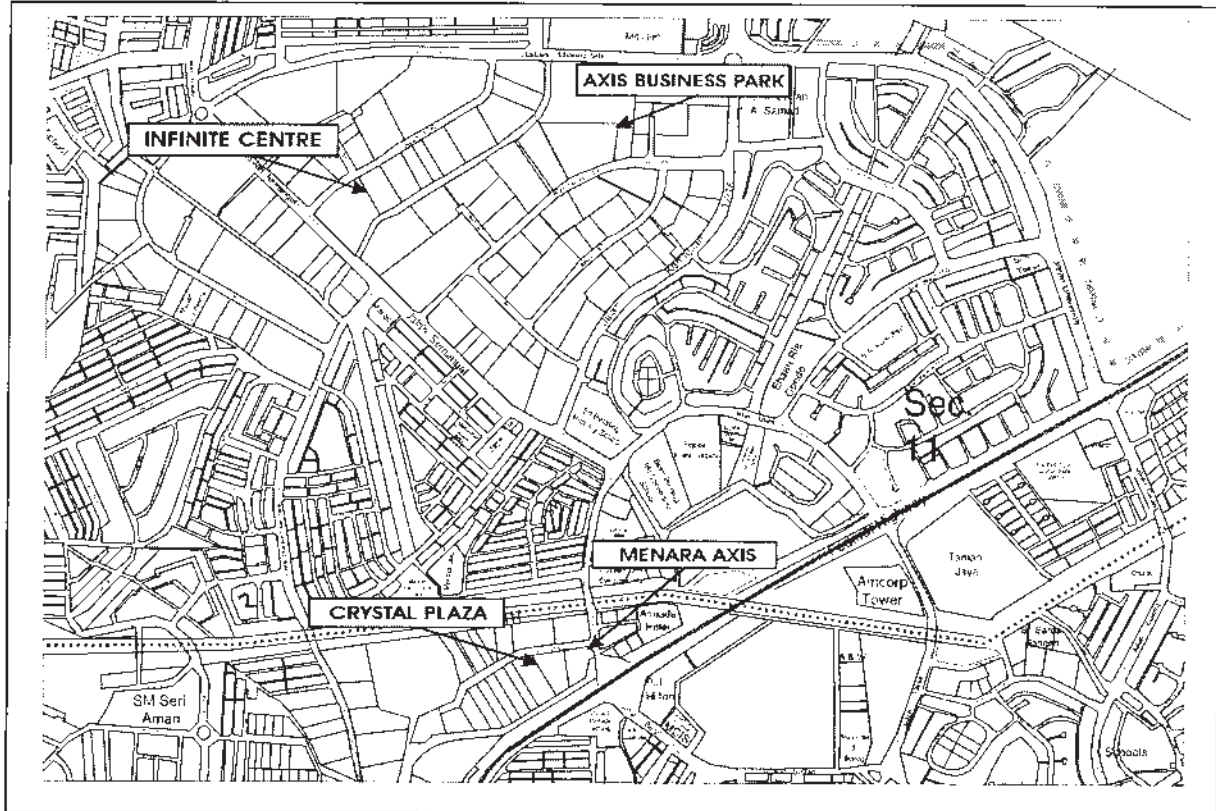
Source: 1. As per title documents from The Selangor Registry of Land Titles, converted and rounded off
2. As at September 1, 2004 and as per records of tenancy provided by Axis Development Sdn. Bhd.
(including vacant space but excluding roof space, car park, canteen and etc)

11. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PI040304, KL040942, KL040943, KL040945 & KL041219

Location map indicating the approximate sites of the respective buildings are provided as follows
Approximate Location of the Subject Properties



11. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PJ040304, KL040942, KL040943, KL040945 & KL041219

Brief details of the Subject Properties are as follows:

PJ040304 : Menara Axis

Property	Lot 309 held under Pajakan Negeri 6871, Section 14, Town of Petaling Jaya, District of Petaling, State of Selangor
Tenure	Leasehold interest for 99 years expiring on August 29, 2065
Registered owner	Prestigious Landmarks Sdn. Bhd.
Category of land use	Bangunan
Express condition	Bangunan Perniagaan
Restriction in interest	Nil
Encumbrances	Charged to Arab-Malaysian Merchant Bank Berhad, registered on February 3, 1997
Description	<p>The subject property comprises a 14-storey purpose built office building with a basement car park together with 250 car parking bays bearing postal address, Menara Axis, No. 2, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan.</p> <p>It is strategically situated within the established industrial and commercial area of Section 51A, Petaling Jaya. It is located a short distance from the junction of Jalan Utara and the Federal Highway, approximately 6 km south-west of the Kuala Lumpur city centre.</p> <p>Prominent landmarks within the immediate vicinity include the premises of Crystal Plaza, Armada Hotel, PJ Hilton, Wisma MCIS Zurich, Stamford College and Menara PKNS.</p> <p>The site comprises a parcel of building land, regular in shape and contains a land area of about 5,548.4525 square metres (or 59,725 square feet).</p> <p>The subject property is a newly-completed building. Temporary Certificate of Fitness for Occupation dated February 9, 2004 has been issued for the subject property under Ref. MPPJ/PJB/BP:630/2001 for a period of six months commencing from February 6, 2004 to August 5, 2004 subject to the following conditions:</p> <p>i. "Mendapat surat sokongan CF dari Bahagian Infra MPPJ" and</p> <p>ii. "Menyediakan gerai makan, kemudahan lanskap dan pejalan kaki serta jejantas di persimpangan Jalan 223 dengan Jalan Utara."</p> <p>An extension of the Temporary Certificate of Fitness for Occupation has been obtained vide letter from Majlis Perbandaran Petaling Jaya bearing Ref. No. (60)MPPJ/PJB/BP 630/2001 dated April 1, 2005 for a period of one (1) year commencing from August 6, 2004 to August 5, 2005.</p> <p>Relevant permit has been made to meet the abovementioned condition ii) as required by local authority.</p> <p>(Source of Information : Title deeds, approval / letters from relevant authorities, tenancy schedule/agreements, and etc).</p>

KL040942 : Crystal Plaza

Property	P.T. 45, Section 14, held under Title No. H.S. (D) 29797, Town of Petaling Jaya, District of Petaling, State of Selangor
Tenure	Leasehold interest for 99 years expiring on June 9, 2059
Registered owner	Crystal Properties Sdn. Bhd.
Category of land use	Bangunan
Express condition	Bangunan Perniagaan
Restriction in interest	Nil
Encumbrances	Charged three times to AmMerchant Bank Berhad, registered once on July 3, 1995 and twice on August 18, 1995
Description	<p>The subject property comprises a 6-storey purpose built office building with one basement car park accommodating 199 car park bays, bearing postal address, Crystal Plaza, No. 4, Jalan 51A/223, 46100 Petaling Jaya, Selangor Darul Ehsan.</p> <p>It is strategically situated within the established industrial and commercial area of Section 51A, Petaling Jaya. It is located a short distance from the junction of Jalan Utara and the Federal Highway, approximately 6 km south-west of the Kuala Lumpur city centre.</p> <p>Notable government buildings include the premises of Jabatan Pengangkutan Jalanraya, Pejabat Pendaftaran Malaysia, Jabatan Kimia Malaysia, Jabatan Kajiucaca and Perbadanan Kemajuan Negeri Selangor. Private-owned purpose built office buildings include the premises of Stamford College, Wisma MCIS Zurich and Wisma Thrifty.</p> <p>The site is a commercial lot, regular in shape and contains a provisional land area of about 7,196.4056 square metres (or about 77,464 square feet) and the building is about 9 years old.</p> <p>(Source of Information : Title deeds, approval / letters from relevant authorities, tenancy schedule/agreements, and etc).</p>

11. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PJ040304, KL040942, KL040943, KL040945 & KL041219

KL040943 : Axis Business Park

Property	P.T. 9, held under Title No. H.S.(D) 163966, Town of Petaling Jaya, District of Petaling, State of Selangor
Tenure	Leasehold interest for 99 years expiring on January 13, 2060
Registered owner	Baiduri Kemas Sdn. Bhd.
Category of land use	Perusahaan
Express condition	Perusahaan
Restriction in interest	Nil
Encumbrances	Charged twice to Malayan Banking Berhad, both registered on July 31, 2003
Description	<p>The subject property is known as Axis Business Park, bearing postal address, No. 10, Jalan 13/4, 46200 Petaling Jaya, Selangor Darul Ehsan. It is located approximately 9 kilometres to the south-west of the Kuala Lumpur city centre and about 2 kilometres to the north-west of Petaling Jaya new town centre.</p> <p>Notable buildings in the vicinity include that of Colgate Palmolive, Dutch Baby Milk Industries, Mulpha International, Auto Bavaria, Tan Chong Motor and F&N Dairies.</p> <p>The site is a plot of industrial land, irregular in shape and contains a provisional land area of 18,671.91 square metres (or about 4.614 acres).</p> <p>Improved upon the site are Wisma Zuellig Pharma (Block B), Wisma Fuji Xerox (Block C), Block D and Block E. Wisma Zuellig Pharma (Block B) is a 5-storey office cum warehouse building incorporating 2 levels of basement car parks. Wisma Fuji Xerox (Block C) is a 5-storey office building incorporating 1 level of basement car park. Block D is a double-storey warehouse building with a mezzanine floor and Block E is a 3-storey office annexe with a total of 425 car parks.</p> <p>Wisma Zuellig Pharma (Block B) is about 2 years old, Wisma Fuji Xerox (Block C) is about 6 years old, Block D is about 28 years old and Block E is about 8 years old.</p> <p>(Source of Information : Title deeds, approval / letters from relevant authorities, tenancy schedule/agreements, and etc).</p>

KL040945 : Infinite Centre

Property	Lot 61, held under Title No. Pajakan Negeri 3704, Section 13, Town of Petaling Jaya, District of Petaling, State of Selangor
Tenure	Leasehold interest for 99 years expiring on March 24, 2065
Registered owner	Infinite Centre Sdn. Bhd.
Category of land use	Nil
Express condition	Perusahaan
Restriction in interest	Nil
Encumbrances	Charged to Arab-Malaysian Bank Berhad, registered on June 12, 1995.
Other Endorsement	A portion of the land is leased to Lembaga Elektrik Negara Tanah Melayu for 30 years commencing from November 15, 1986 to November 14, 2016, registered on June 24, 1987.
Description	<p>The subject property is an industrial premises comprising a 4-storey industrial complex with a lower ground floor car park, a single-storey canteen, a guardhouse, a TNB substation and a total of 223 car parks, bearing postal address, Infinite Centre, Lot 1, Jalan 13/6, 46200 Petaling Jaya, Selangor Darul Ehsan.</p> <p>It is located approximately 3 kilometres and 9 kilometres to the south-west of the Petaling Jaya new town centre and the Kuala Lumpur city centre respectively.</p> <p>Prominent landmarks in the immediate vicinity include the premises of Dutch Lady Milk Industries (M) Sdn. Bhd., Colgate Palmolive (M) Sdn. Bhd., Aluminium Co. of Malaysia, Diethlem Sdn. Bhd. and Sin Chew Jit Poh.</p> <p>The site is a detached industrial lot, near rectangular in shape and contains a land area of 8,430.30 square metres (or about 90,746 square feet) and the building is about 18 years old.</p> <p>(Source of Information : Title deeds, approval / letters from relevant authorities, tenancy schedule/agreements, and etc).</p>

11. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PJ040304, KL040942, KL040943, KL040945 & KL041219

KL041219 : Axis Plaza

Property	P.T. 15952, held under Title No. 11.S.(D) 102141, Mukim of Damansara, District of Petaling, State of Selangor
Tenure	Freehold
Registered owner	Kasturi Gemilang Sdn. Bhd.
Category of land use	Perusahaan
Express condition	Perusahaan
Restriction in interest	Tiada
Encumbrances	Charged twice to Arab-Malaysian Bank Berhad, registered on July 23, 1997.
Description	<p>The subject property comprises a 5-storey individually-designed warehouse-cum-office building with a 2-storey basement car park accommodating 225 bays, bearing postal address, Axis Plaza, Lot 5, Jalan Penyair U1/44, Off Jalan Glenmarie, Temasya Industrial Park, Batu Tiga, 40150 Shah Alam, Selangor Darul Ehsan.</p> <p>It is sited to the immediate south of the prominent and established industrial development of Glenmarie Industrial Park, about 9 kilometres south-west of Petaling Jaya town centre and about 15 kilometres south-west of Kuala Lumpur city centre. The subject property enjoys visibility from both the Federal Highway and Jalan Kerjaya.</p> <p>The subject site is a plot of industrial land, near rectangular in shape and contains a provisional land area of about 5,100 square metres (or about 54,896 square feet) and the building is about 7 years old.</p> <p>Prominent industrial premises in the area include that of LUX, BMW, Toshiba, National Panasonic, Tupperware and Abbott. Other landmarks in the area include the Shah Alam Stadium, Glenmarie Golf and Country Club and Pan Pacific Glenmarie Resort.</p> <p>(Source of Information : Title deeds, approval / letters from relevant authorities, tenancy schedule/agreements, and etc).</p>

General (Purpose & Management)

The Subject Properties are predominantly held for leasing purposes. They are managed by Axis Development Sdn. Bhd, except for Infinite Centre Sdn. Bhd., which is managed by KTG Management Sdn. Bhd.

Most of the tenancies are let on a typical 3-yearly rent review pattern, which commences for a term of three (3) years with an option to renew for a further term of three (3) years (commonly known as 3+3 terms).

The leases are generally on a reserved fixed rent for the first term and reviewed to the prevailing market rent during rent reviews. There are also a few leases which are subject to review incorporating structured growth on rent reserved.

The rent reserved is inclusive of service charge which is made up of the costs for management services, upkeep of common areas, all costs for supply and maintenance of common area lightings, fire fighting and maintenance of common area lightings, fire fighting and air conditioning systems, central garbage disposal, landscaping, 24-hour general security service, lift system and other related costs. Charges in respect of water charges, electricity and telephone supplied to individual demised premises are undertaken by the respective tenants.

11. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PJ040304, KL040942, KL040943, KL040945 & KL041219

General Tenancy Details

It is noted that most of the tenants have been occupying the Subject Properties for more than one term (i.e. more than three (3) years). It is also observed that there is also a common trend of tenants signing for long term tenancy or single tenants taking up large spaces within the Subject Properties. Brief summary of the tenancies are as follows:

Subject Properties	Net Lettable Area ¹ (square feet)	Occupancy ² (%)	Total Gross Monthly Rental ³ (RM)	Notable Tenants	Long Term Tenants ⁶	Main Tenants ⁶
Menara Axis	172,298	65%	453,709/- (or RM2.63psf) ⁴	Philips Malaysia Sdn. Bhd., Scope International (M) Sdn. Bhd., Rohm Electronics (M) Sdn. Bhd. and DHL Worldwide Express Sdn. Bhd.	Sporthathlon (M) Sdn. Bhd. and Fuji Photo Film (M) Sdn. Bhd.	Sporthathlon (M) Sdn. Bhd. and Fuji Photo Film (M) Sdn. Bhd.
Crystal Plaza	199,925	98%	547,919/- (or RM2.74psf) ⁴	Fuji Photo Film (M) Sdn. Bhd., Cosmopoint Sdn. Bhd. and Mutiara Telecommunication Sdn. Bhd.	Tenaga Nasional Berhad (TNB) group of companies, Asiaworks Training Sdn. Bhd., UCI Education Sdn. Bhd. and Mutiara Telecommunication Sdn. Bhd.	Tenaga Nasional Berhad (TNB) group of companies, Scope International (M) Sdn. Bhd. and UCI Education Sdn. Bhd.
Axis Business Park	339,953	100%	838,585/- (or RM2.47psf) ⁴	Johnson & Johnson Sdn Bhd., Pinnacle Lifestyle Sdn. Bhd., Pharmvision Sdn. Bhd., Setra Sleep Systems Sdn. Bhd., Vita Health Laboratories Pte. Ltd. and Diethelm Furniture Sdn. Bhd.	Honeywell Engineering Sdn. Bhd. and Fuji Xerox Asia Pacific Pte. Ltd.	Fuji Xerox Asia Pacific Pte. Ltd. and Zuellig Pharma Sdn. Bhd.
Infinite Centre	147,708	75%	215,343/- (or RM1.46psf) ⁴	C. Melchers & Co, Noel Hampers & Gifts (KL) Sdn. Bhd. and F J Benjamin (M) Sdn. Bhd.	Boehringer Mannheim (Malaysia) Sdn. Bhd. and Minolta Marketing (M) Sdn. Bhd. (now known as Konica Minolta Business Solutions (M) Sdn. Bhd.)	Minolta Marketing (M) Sdn. Bhd. (now known as Konica Minolta Business Solutions (M) Sdn. Bhd.) and SIS Distribution (M) Sdn. Bhd. ⁷
Axis Plaza	118,173	100%	228,157/- (or RM1.93psf) ⁴	City-Link Express Sdn. Bhd., EMS Asia Group Sdn. Bhd., Electrolux Commercial Products Sdn. Bhd. and Electrolux Home Appliances Sdn. Bhd.	CSE Sdn. Bhd. and Ricoh (Malaysia) Sdn. Bhd.	CSE Sdn. Bhd. and Ricoh (Malaysia) Sdn. Bhd.

Remarks: 1. As at September 1, 2004 and as per records of tenancy provided by Axis Development Sdn. Bhd. (including vacant space but excluding roof space, car park, canteen and etc.)

2. As per Date of Valuation on September 1, 2004, figure rounded off

3. Income, which is inclusive of service charge, and income derived from car park, roof space, signage and etc, figure rounded off

4. Analysed rate of total gross monthly rental over total net lettable area (i.e. inclusive of vacant space), figure rounded off

5. Tenants, which have a lease of more than three (3) years with the Subject Properties

6. Tenants, which have taken substantial space with the Subject Properties

7. After the Date of Valuation, SIS Distribution (M) Sdn. Bhd. has vacated. Currently, Pharmantaga Marketing Sdn. Bhd. has become one of the main tenants.

PJ040304, KL040942, KL040943, KL040945 & KL041219

More Information on individual buildings***Menara Axis***

Menara Axis was completed in February 2004 and commenced occupation since May 2005. As at the date of Valuation of September 1, 2004, Menara Axis was about 65% occupied. About 30% of the total net lettable area has already been taken up with a long lease of 15 years duration (i.e., 5+5+5 years) until year 2019 and secured at a passing rent of RM3.50 to RM3.59 per square foot for office space and RM8.50 per square foot for retail space.

As at the date of Valuation, the main tenants within Menara Axis were Sporthathlon (M) Sdn. Bhd. and Fuji Photo Film (M) Sdn. Bhd. Sporthathlon (M) Sdn. Bhd. occupied about 13% of the total net lettable area and contributed about 18% to the total gross monthly rental. Fuji Photo Film (M) Sdn. Bhd. took up about 18% of the total net lettable area and contributed 31% to the total gross monthly rental.

Also, as at the date of Valuation, it was noted that the building management was finalizing terms and condition with several new tenants for the remaining vacant space, e.g. American International Assurance Company Ltd. This tenant later occupied about 22% of the total net lettable area and commenced occupation after the date of Valuation.

As at the date of Valuation, the passing rent (inclusive of service charge) ranged from RM5.00 per square foot to RM8.50 per square foot for retail space. For the office space, passing rentals were between RM1.50 per square foot to RM3.59 per square foot inclusive of service charge.

Crystal Plaza

Crystal Plaza was previously an industrial premises. However, with its prominent location (i.e. being closed to the Petaling Jaya new town centre, high exposure to the Federal Highway and proximity to public transport system (i.e. Asia Jaya LRT) and market demand, the building was later converted to full commercial usage.

As at the date of Valuation, the passing rents (inclusive of service charge) ranged from RM2.70 per square foot to RM4.65 per square foot. The building was 98% occupied with about 74% of the total net lettable space having been occupied for more than one term by the same tenants; One of such tenants is Mutiara Telecommunication Sdn. Bhd., which was in occupation since 1995.

Main tenants were Tenaga Nasional Berhad group of companies, UCI Education Sdn. Bhd. and Scope International (M) Sdn. Bhd. The Tenaga Nasional Berhad group of companies occupied about 52% of the net lettable area and contributed about 55% to the total gross monthly rental. Both UCI Education Sdn. Bhd. and Scope International (M) Sdn. Bhd. each occupied about 18% of the total net lettable area and contributed about a total of 33% to the total gross monthly rental.

Axis Business Park

As at the date of Valuation, Axis Business Park was fully occupied with about 80% of the total net lettable area having been occupied for more than one term by the same tenants. The passing rents (inclusive of service charge) ranged from RM1.19 per square foot to RM2.73 per square foot.

PJ040304, KL040942, KL040943, KL040945 & KL041219

About 59% of the total net lettable area has been secured with long leases. For example, Honeywell Engineering Sdn. Bhd. has a six (6) year tenancy lease (i.e. 2+2+2 terms) expiring September 2008. Fuji Xerox Asia Pacific Pte. Ltd. has even accepted a 12 years tenancy with an option for a further term of another six (6) years and has taken up one of the complexes for their sole occupation.

Main tenants within the premises included Fuji Xerox Asia Pacific Pte. Ltd. and Zuellig Pharma Sdn. Bhd. Fuji Xerox Asia Pacific Pte. Ltd., occupied about 54% of the total net lettable area and accounted for about 61% of the total gross monthly rental. Zuellig Pharma Sdn. Bhd. took up about 28% of the total net lettable area and accounted for about 24% of the total gross monthly rental.

Infinite Centre

Infinite Centre was 75% occupied as at the date of Valuation on September 1, 2004 with the passing rents (inclusive of service charge) ranging from RM1.50 per square foot to RM3.10 per square foot for office areas and RM1.20 per square foot to RM1.80 per square foot for warehouse areas.

About 81% of the total net lettable area has been occupied for more than one term by the same tenants. For example, Boehringer Mannheim (Malaysia) Sdn. Bhd. has been occupying the building since 1995. This tenant has been occupying a total space of 6,585 square feet on nine (9) years tenancy with an option to renew for a further term of six (6) years at prevailing market rental rate. Minolta Marketing (M) Sdn. Bhd. has been occupying a total of office and warehouse spaces of 33,537 square feet (about 23% of the total net lettable area) since 1998.

Main tenants within Infinite Centre included Minolta Marketing (M) Sdn. Bhd. and SIS Distribution (M) Sdn. Bhd. As at the date of Valuation, Minolta Marketing (M) Sdn. Bhd. occupied about 23% of the total net lettable area and accounted for about 30% of the total gross monthly rental whereas SIS Distribution (M) Sdn. Bhd. occupied about 21% of the total net lettable area and accounted for 25% of the total gross monthly income.

Axis Plaza

As at the date of Valuation of September 1, 2004, Axis Plaza was 100% occupied with passing rents (inclusive of service charge) ranging from RM1.35 per square foot to RM2.40 per square foot.

About 21% of the total net lettable area has been occupied for more than one term by the same tenants. About 28% of the total net lettable area has been secured with a long lease of six (6) years tenancy (i.e. 3+3+3 terms) until August 2010 at RM2.00 per square foot for showroom and RM2.20 per square foot for factory space.

Main tenants within Axis Plaza were CSE Sdn. Bhd. and Ricoh (Malaysia) Sdn. Bhd. CSE Sdn. Bhd., occupied about 43% of the total net lettable area and accounted for 40% of the total gross monthly rental. Ricoh (Malaysia) Sdn. Bhd. took up about 28% of the total net lettable area and accounted for 30% of the total gross monthly rental.

PJ040304, KL040942, KL040943, KL040945 & KL041219

Valuation Rationale

In arriving at the Market Values of the Subject Properties, we have considered the general and economic performance, property market condition, recent sale transactions, rental and occupancy performance of comparable properties. We have also looked into properties which were available for sale or lease in the open market and assessed the overall performance of the Subject Properties.

We have adopted the Investment Method, Cost Method and Comparison Method of Valuation to assess the Market Values of the Subject Properties.

As the subject properties are predominantly held for leasing purpose, we have primarily utilised the Investment Method of Valuation to ascertain the Market Values of the Subject Properties.

In the **Investment Method**, the annual rental income presently received or expected to command over period of time relating to the lease of the property is estimated and adjusted therefrom the inflation rate, void provision and outgoings incidental to the ownership of the property to obtain the net annual rental value. This net annual income is then appropriately adjusted with a discounting rate to present value and then capitalised by an appropriate capitalisation rate or years purchase figure to adjust the income into the present capital value of the property.

The relevant capitalisation rate is chosen based on the investment rate of return to be expected from the type of property concerned taking into consideration such factors as risk, capital appreciation, security of income, ease of sale and management of the property.

Most of the buildings managed to secure long-term tenancies and achieve high occupancy rate. It should be noted that as at the date of Valuation, a few new tenants for Menara Axis were in the midst of finalizing terms and conditions with the building management. Also, there were a few leases, which only commenced occupation after the date of Valuation (Menara Axis, Crystal Plaza and Infinite Centre). All these were only reflected during the rent reviews. Therefore, the actual occupancy rates for these buildings should be higher.

For the existing terms, the rental rates of the Subject Properties appeared to be consistent with market trend with a few leases fetching rentals which are above the market rate. For the industrial properties, it was also observed that some of the leases were going at a fairly competitive rate compared to most of the industrial properties or even to some of the offices in the nearby vicinity. With their prominent location, better space planning and design, the demand of planning change towards commercial usage, the industrial properties appeared to be capitalizing at a rate above its industrial status.

It has also been noted that as at the date of Valuation, Menara Axis has just been completed and has only commenced operation for about four (4) months. The building car parks was not fully operational. Hence, it should be noted that the recorded total gross monthly income of RM453,709/- only reflected rental income generated from the 65% occupied space with about 0.8% of income derived from signages. This figure did not reflect the rentals expected to be generated from the car parks. Due to its prominent location and surrounding establishment, the building were expected to generate substantial income from other sources (for e.g., car parks and signages), which having considered all factors, should contribute about 15% of the total Market Value.

11. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PJ040304, KL040942, KL040943, KL040945 & KL041219

In the reversionary term, rental rates are generally expected to be higher than the actual passing rents. Rental rates for units which were above market rates or which have been agreed as per the tenancy agreements, were not adjusted but were expected to continue at similar terms and conditions after the existing term.

Below are some of the salient valuation assumptions adopted in the computation of Market Values:

Subject Properties	Net Lettable Area ¹ (square feet)	Occupancy ² (%)	Yield (%)	PV ³ (%)	Total Gross Monthly Rental ⁴ (RM)	Market Value (RM) ⁶
Menara Axis	172,298	65%	7.50% (term) & 8.00% (reversion)	8.50% (reversion)	453,709/- (or RM2.63psf) ⁵	80,000,000/- (or RM464psf) ^{7&8}
Crystal Plaza	199,925	98%	7.50% (term) & 8.00% (reversion)	8.50% (reversion)	547,919/- (or RM2.74psf) ⁵	65,000,000/- (or RM325psf) ⁷
Axis Business Park	339,953	100%	7.00% (term) & 7.50% (reversion)	8.00% (reversion)	838,585/- (or RM2.47psf) ⁵	93,000,000/- (or RM274psf) ⁷
Infinite Centre	147,708	75%	7.00% (term) & 7.50% (reversion)	8.00% (reversion)	215,343/- (or RM1.46psf) ⁵	32,000,000/- (or RM217psf) ⁷
Axis Plaza	118,173	100%	7.00% (term) & 7.50% (reversion)	8.00% (reversion)	228,157/- (or RM1.93psf) ⁵	26,000,000/- (or RM220psf) ⁷

Remarks: 1. As at September 1, 2004 and as per records of tenancy provided by Axis Development Sdn. Bhd.
(including vacant space but excluding roof space, car park, canteen and etc.)

2. As per Date of Valuation on September 1, 2004, figure rounded off

3. Rate adopted to discount future income to present level

4. Income which is inclusive of service charge and income derived from car park, roof space, signage and etc, figure rounded off

5. Analysed rate of total gross monthly rental over total net lettable area (i.e. inclusive of vacant space), figure rounded off

6. As per Date of Valuation on September 1, 2004, figure rounded off

7. Analysed rate of Market Value over total net lettable area (i.e. inclusive of vacant space), figure rounded off

8. The value may be furthered apportioned to RM428psf, which is contributed by office/car park, and RM30psf which is contributed by signages.

As a secondary method of valuation, we have also assessed the Market Values of the Subject Properties by cross checking the Market Values by the Cost Method of Valuation for the industrial premises and Comparison Method of Valuation for the commercial purpose built office buildings.

In the **Cost Method**, the value of the land is added to the replacement cost of the building and other site improvements.

The value of the site is determined by comparison with similar lands that were sold recently and those that are currently offered for sale in the vicinity with appropriate adjustments made to reflect the dissimilarities and to arrive at the value of the subject land as an improved site. (Also the Comparison Method of Valuation)

The depreciated replacement cost of the building is derived from the estimated reproduction cost of constructing a new building of the same kind and design based on current market prices for materials and labour, other related fees and charges and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence though technology and market charges. (Together, this is the Cost Method)

PJ040304, KL040942, KL040943, KL040945 & KL041219

The **Comparison Method** of Valuation Approach entails comparing the subject property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to arrive at the value of the subject property.

There is a lack of recent transactions of similar type of property (flatted factory). Recent transactions were mostly typical industrial premises for warehousing/manufacturing purposes, which would not offer facilities, services and design provided by flatted factories for leasing purpose. It has been observed that a few of these existing industrial detached factories are gradually being redeveloped for higher and better usage, i.e., for development of flatted factories, which in comparison with the Subject Properties were noted to be less prominent in terms of location.

Comparable properties of similar nature and located within the vicinity were generally transacted during the economic slowdown with the last transaction of such properties being in year 2000 which reflected a rate of RM226 per square foot over the total built-up area. Having considered the location, accessibility, design, size/scale, tenure, economic condition and property market condition, it is our opinion that the total Market Values of the Subject Properties were considered to be fair and reasonable.

11. VALUATION CERTIFICATE (Continued)

COLLIERS
JORDAN LEE & JAAFAR

PJ040304, KL040942, KL040943, KL040945 & KL041219

Conclusion

Taking into consideration all relevant factors, it is our opinion that the Subject Properties can command an aggregate Market Value of **RM296,000,000/- (RINGGIT MALAYSIA: TWO HUNDRED AND NINETY SIX MILLION ONLY)** as at September 1, 2004, which may be apportioned as follows:-

Subject Properties	Type of Properties	Market Value (RM)'
Menara Axis (PJ040304)	A 14-storey purpose built office building with a basement car park together with 250 car park bays	80,000,000/-
Crystal Plaza (KL040942)	A 6-storey purpose built office building together with one basement car park accommodating 199 car park bays	65,000,000/-
Axis Business Park (KL040943)	Industrial Premises including Wisma Zuellig Pharma (Block B), Wisma Fuji Xerox (Block C), Block D and Block E with a total of 425 car park bays	93,000,000/-
Infinite Centre (KL040945)	A 4-storey industrial complex with a lower ground floor car park, a single-storey canteen, a guardhouse and a Tenaga Nasional Berhad substation with a total of 223 car park bays	32,000,000/-
Axis Plaza (KL041219)	A 5-storey individually-designed warehouse-cum-office building with a 2-storey basement car park accommodating 225 bays	26,000,000/-

Remarks: 1. As per Date of Valuation on September 1, 2004, figure rounded off

Yours faithfully,

COLLIERS

JORDAN LEE & JAAFAR SDN. BHD.



TH'NG KIM KOK, MIS(M) FRICS

Chartered Valuation Surveyor
& Registered Valuer (V-093)

TKK/KT

G:/VAL04/Axis/Valuation Cert (SC Req 3)

12. ADDITIONAL INFORMATION

12.1 GENERAL

- (a) No Units will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (b) Axis-REIT is newly established and hence, save for the initial Units of 1,000 at the issue price of RM1.00 each, there are no Units issued prior to the completion of the Acquisitions and Public Offering.
- (c) The Issue Units will rank pari passu in all respects with the other existing issued Units of Axis-REIT including the voting rights and the Issue Units will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.
- (d) The amount payable in full upon application for the Retail Offering is RM1.25 per Issue Unit, subject to a refund as set out in Section 3.6 of this Prospectus.
- (e) 205,901,000 Units of the Fund will be admitted to the Official List of the Main Board of Bursa Securities. Unitholders can obtain information on the current development, reports and NAV per Unit of the Fund from the Bursa Securities' website, www.bursamalaysia.com upon the Fund's listing on Bursa Securities.

In accordance with the Deed and SC Guidelines on REITs, the Manager is required, on a weekly basis, to carry out a valuation of Axis-REIT's investments in real estate-related assets and non-real estate assets and announce the NAV of the Fund to Bursa Securities. The Manager must also give the Exchange a financial report which is prepared on a quarterly basis no later than 2 months after the end of each quarter in a financial year.

- (f) Axis REIT Managers and Axis Management are wholly-owned subsidiaries of ADSB.

ADSB was incorporated in Malaysia under the Act on 8 January 1993 as a private limited company. The present authorised share capital of ADSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, all of which are fully paid-up. ADSB is principally a property investment holding company.

As at 1 June 2005, the direct and indirect interests of the major shareholders of ADSB in the company are as follows:

Major shareholder	Place of incorporation / Nationality	<-----Direct----->		<-----Indirect----->	
		No of shares	%	No of shares	%
Suasa Tinggi (M) Sdn Bhd	Malaysia	1,500,000	30.0	-	-
T.S. Property Development Sdn Bhd	Malaysia	1,500,000	30.0	-	-
Pet Resins (M) Sdn Bhd	Malaysia	1,500,000	30.0	-	-
Tan Kim Chuan	Malaysian	250,000	5.0	-	-
Axis Equities Sdn Bhd	Malaysia	250,000	5.0	1,500,000 ¹	30.0 ¹

12. ADDITIONAL INFORMATION (Continued)

Major shareholder	Place of incorporation/ Nationality	<-----Direct----->		<-----Indirect----->	
		No of shares	%	No of shares	%
Mazlan bin Harun	Malaysian	-	-	1,500,000 ²	30.0 ²
Lim Kian Thiam	Malaysian	-	-	3,250,000 ³	65.0 ³
Stephen Tew Peng Hwee	Malaysian	-	-	1,500,000 ⁴	30.0 ⁴
Dato' Abas Carl Gunnar bin Abdullah	Norwegian	-	-	1,750,000 ⁵	35.0 ⁵

Notes:

¹ Deemed interested by virtue of Section 6A(4) of the Act through its shareholdings in T.S. Property Development Sdn Bhd

² Deemed interested by virtue of Section 6A(4) of the Act through his shareholdings in Suasat Tinggi (M) Sdn Bhd

³ Deemed interested by virtue of Section 6A(4) of the Act through his shareholdings in Pet Resins (M) Sdn Bhd and Axis Equities Sdn Bhd

⁴ Deemed interested by virtue of Section 6A(4) of the Act through his shareholdings in Pet Resins (M) Sdn Bhd.

⁵ Deemed interested by virtue of Section 6A(4) of the Act through his shareholdings in Axis Equities Sdn Bhd

(g) As at 21 June 2005 (being the latest practicable date prior to the registration of this Prospectus), the Directors of Axis REIT Managers confirm that the financial conditions and operations of Axis REIT Managers are not affected by any of the following factors:

- known trends, demands, commitments, events or uncertainties that have had or that Axis REIT Managers reasonably expects to have, a material favourable or unfavourable impact on the financial performance, liquidity, position and operations of Axis REIT Managers;
- material commitments for capital expenditure; and
- unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of Axis REIT Managers.

(h) The relationship between the Manager, Property Management Company, its directors and/or its associates/related corporations with the Vendors is set out in Sections 6.1.4(c) and 8.12 of this Prospectus. Save as disclosed therein, there is no relationship between the abovenamed parties.

12. ADDITIONAL INFORMATION (Continued)

- (i) The interests of the Directors of the Manager in the Units after the Public Offering are as follows:

Directors	<-----Direct----->		<-----Indirect^----->	
	No of Units	%	No of Units	%
George Stewart LaBrooy	230,000 [@]	0.1 [@]	-	-
Dato' Abdul Azim Mohd Zabidi	200,000 [@]	0.1 [@]	-	-
Dato' Abas Carl Gunnar bin Abdullah	200,000 [@]	0.1 [@]	36,500,000 ¹	17.7 ¹
Lim Kian Thiam	200,000 [@]	0.1 [@]	107,500,000 ²	52.2 ²
Stephen Tew Peng Hwee	200,000 [@]	0.1 [@]	105,000,000 ³	51.1 ³
Dato' Mohamed Salleh Bajuri	200,000 [@]	0.1 [@]	-	-
Alex Lee Lao	200,000 [@]	0.1 [@]	-	-
Khoo Cheang Ee	230,000 [@]	0.1 [@]	-	-

Notes:

[@] Assuming full subscription of the Issue Units offered to them under the Retail Offering

[^] For illustration purposes, the deemed interests of the related persons of the Vendors are ascertained by extending the applications of Section 6A(4) of the Act to the Issue Units

¹ Deemed interested by virtue of his shareholdings in Axis Equities Sdn Bhd

² Deemed interested by virtue of his shareholdings in Axis Equities Sdn Bhd, Pet Resins (M) Sdn Bhd, Salperton Holdings Sdn Bhd, Infinite Centre Sdn Bhd and Pet Films (M) Sdn Bhd

³ Deemed interested by virtue of his shareholdings in Pet Resins (M) Sdn Bhd, Salperton Holdings Sdn Bhd and Infinite Centre Sdn Bhd

- (j) In addition to the information in respect of the leases as set out in Section 6.6 of this Prospectus:
- (i) None of the tenancy and lease agreements restricts the Vendors from selling or transferring the Subject Properties to the Trustee except for prior consent from 4 tenants in Menara Axis are required for the sale of Menara Axis, all of which have been obtained.
 - (ii) The stamp duty chargeable for all the lease agreements of the Subject Properties has been paid except for 3 lease agreements in Axis Plaza and 2 lease agreement in Crystal Plaza. Proper stamp duty is required for documents to be used in court but otherwise the document is valid and binding. The stamp duty of the lease agreements are payable by the tenants.
 - (iii) All the existing leases of the Subject Properties will be novated to the Trustee. The approval of the respective tenants for the novation will have to be obtained.

12. ADDITIONAL INFORMATION (Continued)

12.2 EXPENSES AND COMMISSIONS

The estimated expenses in respect of the Public Offering relating to the commissions, brokerage, registration and other expenses and fees incidental to the listing of and quotation for the entire Units of Axis-REIT on the Main Board of Bursa Securities amounting to approximately RM5.4 million will be fully borne by the Fund.

Brokerage is payable in respect of the 15,000,000 Issue Units made available for application by the Malaysian public under the Retail Offering at the rate of 1.0% of the issue price of RM1.25 per Issue Unit in respect of successful applications which bear the stamp of Aseambankers, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or the Issuing House.

Managing underwriting commission and underwriting commission are payable by the Fund to the Managing Underwriter and Underwriter at the rate of 0.5% and 1.5% respectively of the Retail Price of RM1.25 per Issue Unit under the Retail Offering.

The Fund will also bear the management and selling commission and fees payable to the Lead Manager / Sole Bookrunner at the rate of 2.125% of the Institutional Price for each Issue Unit pursuant to the Institutional Offering, subject to the clawback and reallocation provisions as set out in Section 3.5 of this Prospectus.

12.3 MATERIAL LITIGATION

As at 21 June 2005 (being the latest practicable date prior to the registration of this Prospectus), Axis REIT Managers is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Axis REIT Managers and the Directors of Axis REIT Managers do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position of Axis REIT Managers.

As at 21 June 2005 (being the latest practicable date prior to the registration of this Prospectus), Symphony Share Registrars is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Symphony Share Registrars and the Directors of Symphony Share Registrars do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position of Symphony Share Registrars.

As at 21 June 2005 (being the latest practicable date prior to the registration of this Prospectus), OSK Trustees is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of OSK Trustees and the Directors of OSK Trustees do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position of OSK Trustees.

12. ADDITIONAL INFORMATION *(Continued)*

12.4 MATERIAL CONTRACTS

Saved as disclosed below, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by Axis REIT Managers within two (2) years preceding the date of this Prospectus:

- (a) The Deed dated 15 June 2005 constituting Axis-REIT, executed between Axis REIT Managers as the management company and OSK Trustees as the trustee of Axis-REIT.
- (b) Underwriting agreement dated 20 June 2005 between Axis REIT Managers, the Underwriter and the Managing Underwriter for the underwriting of 17,000,000 Issue Units under the Retail Offering for an underwriting commission of 1.5% and a managing underwriting commission of 0.5% of the Retail Price of RM1.25 per Issue Unit under the Retail Offering.

12.5 CONSENTS

- (a) The written consents of the Trustee, Adviser, Managing Underwriter, Sole Bookrunner, Financial Adviser, Property Management Company, Underwriter, Principal Bankers of the Fund, Issuing House, Solicitors, Auditors, Tax Consultants, Reporting Accountants, Registrar and Company Secretary to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Reporting Accountants to the inclusion in this Prospectus of their letter on profit forecast and projections in the manner, form and context in which it appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (c) The written consent of the Tax Consultants to the inclusion in this Prospectus of their letter on taxation of Axis-REIT in the manner, form and context in which it appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (d) The written consent of the Valuers to the inclusion in this Prospectus of their Valuation Certificates and their names in the manner, form and context in which it appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

12.6 DIRECTORS' DECLARATION

This Prospectus has been seen and approved by the Directors of Axis REIT Managers and ADSB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

The information pertaining to OSK Trustees and Symphony Share Registrars were provided by the management and/or directors of OSK Trustees and Symphony Share Registrars. The responsibility of the Directors of Axis REIT Managers and ADSB is therefore restricted to the accurate reproduction of such relevant information as included in this Prospectus.

12. ADDITIONAL INFORMATION (Continued)

12.7 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Manager or the Trustee, during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (a) the Deed dated 15 June 2005;
- (b) valuation reports dated 1 September 2004 prepared by Colliers, Jordan Lee & Jaafar Sdn Bhd;
- (c) letter dated 24 June 2005 prepared by Messrs KPMG on profit forecast and projections as referred to in Section 7.2 of this Prospectus;
- (d) letter dated 24 June 2005 prepared by Messrs KPMG Tax Services Sdn Bhd, as referred to in Section 10 of this Prospectus;
- (e) audited accounts of Axis REIT Managers for the period from 16 April 2004 (being the date of incorporation) to 31 December 2004;
- (f) letters of consent as referred to in Section 12.5 of this Prospectus; and
- (g) Underwriting Agreement.

[The rest of this page is intentionally left blank]

13. SALIENT TERMS OF THE DEED

The Deed is a complex document and the following is a summary only. Certain salient terms of the Deed are summarised in other sections of this Prospectus. Recipients of this Prospectus and all prospective investors in the Units should refer to the Deed itself to confirm specific information or for a detailed understanding of the Fund. The Deed is available for inspection at the principal place of business of Axis REIT Managers at Suite 6.04 Penthouse, Wisma Academy, 4A Jalan 19/1, Petaling Jaya, Selangor Darul Ehsan and the principal place of business of the Trustee at 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur.

The Deed

Axis-REIT is a real estate investment trust constituted by the Deed and principally regulated by Securities Laws (as defined in section 2(1) of the SCA), the SC Guidelines on REITs, the Listing Requirements of Bursa Securities, the Rules of the Depository and taxation laws and rulings (collectively “Applicable Laws and Requirements”).

The Deed was entered into on 15 June 2005 between Axis-REIT Managers as the manager of Axis-REIT, and OSK Trustees, as the trustee of Axis-REIT, and the Deed took effect on 16 June 2005 when it was registered with the SC.

The terms and conditions of the Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Deed and as if the Deed contains covenants by such Unitholder to observe and be bound by the provisions of the Deed and an authorisation by each Unitholder to do all such acts and things as the Deed may require the Manager and/or the Trustee to do.

The provisions of the Applicable Laws and Requirements prescribe certain terms of the Deed and certain rights, duties and obligations of the Manager, the Trustee and the Unitholders under the Deed. The SC Guidelines on REITs also impose certain restrictions on real estate investment trusts established in Malaysia, including a restriction on the types of investments which real estate investment trusts established in Malaysia may hold, a general limit on their level of borrowings (up to a maximum of 35.0% of the total asset value of Axis-REIT at the time the borrowing is incurred) and certain restrictions with respect to transactions with related parties.

Operational Structure

Axis-REIT is established with a principal investment policy to invest in commercial, office, office/industrial and other real estate and the Manager must manage Axis-REIT so that the majority of the investments of Axis-REIT are real estate and/or shares in single purpose companies whose principal assets comprise real estate. Axis-REIT aims to generate returns for its Unitholders by owning, buying, selling and actively managing such real estate in line with its investment strategy. Subject to the restrictions and requirements in the Applicable Laws and Requirements, the Manager is also authorised under the Deed to invest in investments, which need not be real estate. For further details of the investment objectives and policies of the Manager, and the manner in which the assets of Axis-REIT may be varied from time to time, see Clauses 9 and 10 of the Deed.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Deed. Under the Deed, the Trustee safeguards these rights and interests.

Each Unit represents an undivided interest in Axis-REIT. A Unitholder has no equitable or proprietary interest in the underlying assets of Axis-REIT and is not entitled to the transfer to it of any asset (or any part thereof) or any interest in any asset (or any part thereof) of Axis-REIT. A Unitholder's right is limited to the right to require due administration of Axis-REIT in accordance with provisions of the Deed, including, without limitation, by suit against the Trustee or the Manager.

13. SALIENT TERMS OF THE DEED (Continued)

Under the Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the assets of Axis-REIT (or any part thereof), and waives any rights it may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to the Unitholder under the Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the assets of Axis-REIT or any part thereof or lodge any caveat or other notice affecting the assets of Axis-REIT or any part thereof, or require that the assets of Axis-REIT or any part thereof be transferred to such Unitholder.

For long as Axis-REIT is listed, the entries in the Record of Depositors (being a record provided by the Depository to the Manager pursuant to the Rules of the Depository) shall (save in the case of manifest error) be conclusive evidence of the number of Units held by the Depository and each Unitholder (other than the Depository). A global certificate for the Units will be issued and deposited with the Depository in accordance with the Securities Industry (Central Depositories) Act 1991 and Rules of the Depository and no certificates for the Units will be issued to any applicants for Units pursuant to this Prospectus. No joint-holders of any Units will be recognised, unless permitted by the Rules of the Depository.

Issue of Units

The following is a summary of the provisions of the Deed relating to the issue of Units in Axis-REIT.

In addition to the Issue Units which are the subject of this Prospectus (Retail Offering and Institutional Offering), the Manager may from time to time (following the listing of the Units on the Main Board of Bursa Securities) recommend an increase in the number of Units including by way of rights issue or bonus issue of Units to existing Unitholders in proportion to their holding of Units, by way of placement to any person, as consideration issue for subscription or such other methods as may be accepted by the SC. No fractions of Units shall be issued and the Manager may ignore fractions and round down each Unitholder's entitlement to Units to the nearest whole number and has the absolute discretion to resolve any difficulties arising incidentally in relation to the creation or distribution of Units pursuant to the Deed.

The size of the Fund upon listing on Bursa Securities will be 205,901,000 Units. The prior approvals of the SC and the Trustee are required for any increase in the size of the REIT through the creation of further Units. The prior approval of the Unitholders by way of ordinary resolution or otherwise will also be required for the creation of further Units where stipulated in the Deed or under the Applicable Laws and Requirements.

Units, when listed on Bursa Securities, may be traded on Bursa Securities and settled through the Depository system. For so long as Axis-REIT is listed on Bursa Securities, the Manager may, subject to the provisions of the Deed and to the Applicable Laws and Requirements, issue further Units at an issue price based on market-based principles, taking into account the best interests of Axis-REIT and the Unitholders.

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Requirements of Bursa Securities, suspend the issue of Units during:

- (a) any period when Bursa Securities or any other relevant recognised stock exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;
- (b) the existence of any state of affairs which, in the opinion of the Manager and the Trustee might seriously prejudice the interests of the Unitholders as a whole or of the assets of Axis-REIT;

13. SALIENT TERMS OF THE DEED (Continued)

- (c) any breakdown in the means of communication normally employed in determining the NAV of Axis-REIT or when for any reason the net asset value of Axis-REIT cannot be promptly and accurately ascertained;
- (d) any period when remittance of money which will or may be involved in the realisation of any assets of Axis-REIT or in the payment for such asset of Axis-REIT cannot, in the opinion of the Manager and the Trustee, be carried out at normal rates of exchange;
- (e) in relation to any general meeting of the Unitholders, the period of 48 hours before such general meeting or any adjournment thereof;
- (f) any period where the issuance of Units is suspended pursuant to any order or direction issued by Bursa Securities or any other authorised regulatory body; or
- (g) when the business operations of the Manager or the Trustee in relation to Axis-REIT are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing of the same by the Manager or the Trustee (provided the prior written approval of the other is obtained) and shall terminate on the day following the first Market Day on which the condition giving rise to the suspension ceases to exist and no other conditions under which suspension is authorised (as set out above) exists, upon the declaration in writing of the same by the Manager or the Trustee (provided the prior written approval of the other is obtained).

In the event of any suspension while Axis-REIT is listed on Bursa Securities, the Manager shall ensure that immediate announcement of such suspension is made to Bursa Securities.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

- (1) receive income and other distributions attributable to the Units held;
- (2) receive the fund reports of Axis-REIT; and
- (3) participate in the termination of Axis-REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of Axis-REIT less any liabilities, in accordance with their proportionate interests in Axis-REIT.

No Unitholder has a right to require that any asset of Axis-REIT be transferred to it.

Further, Unitholders cannot give any directions to the Trustee or the Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything, which may result in any restriction on:

- (1) Axis-REIT ceasing to comply with the Applicable Laws and Requirements; or
- (2) the exercise of any discretion expressly conferred on the Trustee or the Manager by the Deed or the determination of any matter which, under the Deed, requires the agreement of either or both of the Trustee and the Manager.

The Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of Axis-REIT in the event that the liabilities of Axis-REIT exceed its assets.

13. SALIENT TERMS OF THE DEED *(Continued)*

Amendment of the Deed

Save where an amendment to the Deed has been approved by a resolution of not less than 2/3 of all Unitholders for the time being (or such other majority as may be required under the SC Guidelines on REITs) passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Deed, no amendment may be made to the provisions of the Deed unless the Trustee certifies, in its opinion, that such amendment does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders, and is:

- (a) necessary or expedient to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law) including the requirements under the Applicable Laws and Requirements or any changes to any of the foregoing from time to time;
- (b) made to correct a manifest error or is of a formal, technical or administrative nature only;
- (c) necessary or expedient for the purpose of complying with any ruling issued by the Malaysian taxation authorities relating to taxation of the Axis-REIT and/or the Unitholders (including modifications to provisions on distributors under this Deed in order to comply with any ruling on taxation relating to the Axis-REIT or the Unitholders); or
- (d) in any other circumstances not materially adverse to the interest of the Unitholders and not likely to become so.

Meetings of Unitholders

Under the Applicable Law and Requirements and the provisions of the Deed, Axis-REIT will not hold any meetings for Unitholders unless the Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or 1/10th in number of Unitholders (whichever is lesser) request a meeting to be convened.

Any decision to be made by resolution of Unitholders shall be made by ordinary resolution, unless a special resolution is required by the Applicable Laws and Requirements and/or the Deed.

At least 14 days' notice of every meeting (other than a meeting convened to pass a special resolution, which requires at least 21 day's notice) shall be given to the Unitholders in the manner provided in the Deed. The quorum at a meeting shall be as follows:

- (a) where an ordinary resolution only is to be proposed, at least 5 persons holding or representing by proxy at least 10% of all the Units and carrying the right to vote at the meeting; and
- (b) where a special resolution is to be proposed, at least 5 persons holding or representing by proxy at least 15% of all the Units and carrying the right to vote at the meeting.

Voting at a meeting shall be by a show of hands provided that a poll shall be taken in any case where:

- (a) it is required by the Deed or by law that the question be decided by a majority which is to be measured by a percentage of the votes of those present; or
- (b) it is demanded either before or immediately after any question is put to a show of hands by Unitholders present, holding (or representing by proxy) between them not less than 5% of the Units issued.

Unitholders do not have different voting rights on account of the number of Units held by a particular Unitholder. On a show of hands, every Unitholder has one vote. On a poll, every Unitholder has one vote for each Unit of which it is the Unitholder.

13. SALIENT TERMS OF THE DEED (Continued)

A Unitholder shall be entitled to attend and vote at any meeting of Unitholders in person or by proxy. A proxy who is not a Unitholder must be an advocate, an approved company auditor or a person approved by the Registrar of Companies in a particular case. Where the Unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each Securities Account it holds with Units standing to the credit of the said Securities Account. Where a Unitholder appoints 2 proxies in accordance with this provision the appointment shall be invalid unless it specifies the proportions of its holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote whether on a poll or a show of hands, to speak and to be reckoned in a quorum.

The Manager is not permitted to hold Units other than up to 1,000 Promoter Units which must be disposed of on the Market Day immediately following the listing of the Units. Neither the Manager nor its related corporations or associated persons (as defined in the Deed) shall be entitled to vote in respect of any matter and shall not be counted in a quorum, unless otherwise permitted by the SC.

Directors' Declaration of Unitholdings

Under the Deed, the directors of the Manager are required to give notice to the Manager of their acquisition of Units or to changes to the number of Units which they hold or in which they have an interest, within two (2) Market Days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which they hold or in which they have an interest, as applicable.

A director of the Manager is deemed to have an interest in Units in similar circumstances where a person would be deemed to have an interest in a share pursuant to Section 6A of the Act.

Role of the Trustee

The Trustee's powers, duties and obligations are set out in the Deed and are summarised in Section 9.7 of this Prospectus.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee may, subject to the provisions of the Deed, appoint and engage:

- (1) a person or entity to exercise any of its powers or perform its obligations (subject to SC approval for such delegation); and
- (2) agent and experts to assist the Trustee in carrying out and performing its duties and functions as owner of the Assets of the Axis-REIT.

Although the Trustee may borrow money and obtain other financial accommodation for the purposes of Axis-REIT, both on a secured and unsecured basis, the Manager must not direct the Trustee to incur a liability if to do so would mean that total liabilities of Axis-REIT exceed 35% (or such other limit as may be stipulated by the SC) of the total asset value of the Fund at the time the borrowings are incurred in accordance with the provisions of the SC Guidelines on REITs.

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the Deed and the Applicable Laws and Requirements. It must retain Axis-REIT's assets, or cause Axis-REIT's assets to be retained, in safe custody and cause Axis-REIT's accounts to be audited. It must cause a qualified valuer to value the real estate held by Axis-REIT (directly or through single-purpose companies) at least once in every 3 years from the last valuation date or as the SC Guidelines on REITs may stipulate.

13. SALIENT TERMS OF THE DEED (Continued)

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, negligence, wilful default, breach of duty or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of Axis-REIT over which the Trustee has recourse, provided that the Trustee has acted without fraud, negligence, wilful default, breach of trust or breach of the Deed. The Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the assets of Axis-REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Role of the Manager

The Manager's powers, duties and obligations are set out in the Deed and are summarised in Sections 8.4 and 8.7 of this Prospectus.

The Manager may, subject to the provisions of the Deed, appoint and engage:

- (1) a person or entity to exercise any of its powers or perform its obligations (subject to SC approval for such delegation, where required); and
- (2) agent and experts to assist the Manager to carrying out and performing its duties and obligation as management company of Axis-REIT.

The Manager is not personally liable to a Unitholder in connection with the office of the Manager except in respect of its own fraud, negligence, wilful default or breach of duty. Any liability incurred and any indemnity to be given by the Manager shall be limited to the assets of Axis-REIT over which the Manager has recourse, provided that the Manager has acted without fraud, negligence, wilful default or breach of the Deed. The Deed contains certain indemnities in favour of the Manager under which it will be indemnified out of the assets of Axis-REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement, Removal and Replacement of the Manager & Trustee

The provisions of the Deed on the retirement, removal and replacement of the Manager and Trustee are summarised in Sections 8.8, 8.9, 9.8 and 9.9 of this Prospectus.

Manager's Fees and Trustee's Fees

The provisions of the Deed on the Manager's fees and the Trustee's fees are summarised in Sections 8.6 and 9.6 of this Prospectus.

Permitted charges to Axis-REIT

Under the Deed, the Trustee and the Manager are entitled to be reimbursed for all fees, costs, charges, expenses and outgoings reasonably and properly incurred and that are directly related and necessary to the business of the Fund including as follows:

- (a) fees and costs of convening and holding of any meeting of Unitholders and carrying out any directions or resolutions of any such meeting, other than those convened by or for the benefit of the Manager;
- (b) stamp duty on cheques and bank fees and charges incurred in connection with the keeping of or the transaction of business on the bank accounts for the Trustee or of the Manager in relation to the Fund and its management;
- (c) the cost of printing and sending out to Unitholders, accounts, cheques, distribution statements, reports, circulars and other notices or documents, and the cost of keeping proper books of accounts and the Register of Unitholders;

13. SALIENT TERMS OF THE DEED (Continued)

- (d) the cost of preparing and printing any prospectus or any other offering document registered including underwriting brokerage and commissions, advisors fees and expenses, fees payable to regulatory authorities, printing and advertising charges provided that no service charge or upfront fee is payable to the Manager in connection with such issue;
- (e) all duties, taxes, charges, expenses and outgoings, which may be charged on the Fund by the Government and other authorities;
- (f) the fees and disbursements of any agent or expert appointed for the benefit of the Axis-REIT including auditors, solicitors, qualified valuer and property management company;
- (g) all outgoings relating to the investment or administration of assets of the Fund including quit rent, assessment, water rates, repairs and maintenance, insurance, electricity for common areas and cleaning charges incurred in relation to any real estate held by the Fund; and
- (h) such other costs and expenses set out in the Deed or that the Trustee accepts as being directly relation and necessary to the business of the Fund.

However, expenses associated with the management and administration of the Fund, including general overheads and costs for services which the Manager or Trustee is expected to provide, or falling within the normal expertise of the Manager or Trustee and fees and expenses of any person appointed to carry out the investment management function of the manager, must not be charged to Axis-REIT.

The Trustee must ensure that the amount of expenses charged to Axis-REIT is not excessive or beyond standard commercial rates. The Trustee must exercise its discretion carefully and appropriately in determining the legitimacy of the expense and whether or not to allow all or any of the expense to be charged to Axis-REIT.

Termination of Axis-REIT

Under the provisions of the Deed, Axis-REIT shall end on the date on which Axis-REIT is terminated by in such circumstances as set out under the provisions of the Deed, as described in Section 6.1.9 of the Prospectus.

Upon any decision to terminate the Axis-REIT in accordance with the Deed, the Manager shall notify all Unitholders of such termination, the reasons and the date of the decision to terminate the Axis-REIT.

Generally, upon the termination of Axis-REIT, the Trustee shall, subject to any authorisations or directions given to it by the Manager or the Court (which is required to confirm the resolution of Unitholders for terminating the Fund) pursuant to the Deed, sell the assets of Axis-REIT and repay or make provisions for all liabilities of Axis-REIT in accordance with the Deed before applying the balance of proceeds to the Unitholders in accordance with their proportionate interests in Axis-REIT.

[The rest of this page is intentionally left blank]

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING

14.1 Opening and closing of applications

Applications for the Issue Units will be accepted from 10.00 a.m. on 30 June 2005 and will be closed at 5.00 p.m. on 14 July 2005 or for such further period or periods as the Directors of Axis REIT Managers and the Managing Underwriter in their absolute discretion may mutually decide. **Late applications will not be accepted.**

Any extension to the closing date for the applications will be published in a widely circulated English daily newspaper within Malaysia.

14.2 Methods of application

Applications for the Issue Units may be made using either of the following ways:

- (i) Application Forms;
- (ii) Electronic Applications; or
- (iii) Internet Applications.

14.3 Procedures for application

Applications shall be made in relation with and subject to the terms of this Prospectus and the Deed.

(i) Application by the eligible Directors and employees of Axis REIT Managers and ADSB

Applications for 2,000,000 Issue Units reserved for eligible Directors and employees of Axis REIT Managers and ADSB must be made only through the Pink Application Forms provided and not any other Application Form, by way of Electronic Application or by way of Internet Application. The amount payable in full on application is RM1.25 per Unit.

(ii) Application by the Malaysian public

Applications for 15,000,000 Issue Units made available for applications by Malaysian citizens, companies, societies, co-operatives and institutions must be made through the White Application Forms provided, by way of Electronic Applications through Participating Financial Institutions or by way of Internet Application through Internet Participating Financial Institution. The amount payable in full on application is RM1.25 per Unit.

Persons submitting applications may only submit applications through one of the three methods of application above. A corporation or institution cannot apply for the Issue Units by way of Electronic Application or Internet Application.

Persons submitting applications by way of Application Forms, by way of Electronic Applications or by way of Internet Applications MUST have a CDS Account.

Directors and employees of MIH and their immediate family members are strictly prohibited from applying for the Issue Units in this exercise.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Continued)

14.4 Applications using Application Form

14.4.1 Application Forms

The following relevant Application Forms issued with the notes and instructions printed therein, are accompanied with this Prospectus:

- (i) **Pink** Application Forms for applications by eligible directors and employees of Axis REIT Managers and ADSB; and
- (ii) **White** Application Forms for applications by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability from Aseambankers, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia and MIH.

Only one Application Form from each Applicant will be considered and each application must be for 100 Issue Units or multiples thereof. **Multiple applications will not be accepted. A person who submits multiple applications in his own name or by using the name of others, with or without their consents, commits an offence under Section 87A of the Securities Industry Act, 1983 ("SIA") and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 88B of the SIA.**

In the case of an individual applicant other than a member of the armed forces or police, the name and national registration identity card number of the applicant must be exactly the same as stated in the:

- (a)
 - (i) Applicant's National Registration Identity Card ("NRIC");
 - (ii) "Resit Pengenalan Sementara (JPN I/9)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; or
 - (iii) any valid temporary identity document as issued by the National Registration Department from time to time; and
- (b) the Records of the Depository.

Where the applicant is a member of the armed forces or police, the name and the armed forces or police personnel number (as the case may be) of the applicant must be exactly the same as that stated in his authority card.

In the case of a corporate/institutional applicant, the name and the certificate of incorporation number of the applicant must be exactly the same as that stated in the applicant's certificate of incorporation.

No acknowledgement of the receipt of the Application Form or application monies will be made by Axis REIT Managers and/or MIH.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING

(Continued)

14.4.2 Terms and conditions for applications using Application Form

Applications by way of Application Forms shall be made on, and subject to, the terms and conditions set out below:

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with Malaysian address and with CDS Account.
- (b) Applicants which are corporations/institutions incorporated in Malaysia must have CDS Accounts and subject to the following requirements:
 - (i) If the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - (ii) There is a majority of Malaysian citizens on the board of Directors/trustee.
- (c) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and with a CDS Account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations/institutions referred to in items (b) and (c) above or the trustees thereof.
- (e) Application for the Issue Units must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 41(2) of the SCA, a form for application of securities must be accompanied by a copy of a prospectus, which has been registered by the SC under Section 32 of the SCA. Accordingly, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not STRICTLY conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.
- (f) Each completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:
 - (i) **BANKER'S DRAFT** or **CASHIER'S ORDER** purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputra applicants); or
 - (ii) **CHEQUES** issued by participating licensed finance companies in Malaysia and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputra applicants); or
 - (iii) **MONEY ORDER** or **POSTAL ORDER** (for applicants from Sabah and Sarawak only); or
 - (iv) **GUARANTEED GIRO ORDER ("GGO")** from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputra applicants); or

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

(v) **ATM STATEMENT** obtained from any of the following financial institutions:

- Affin-ACF Finance Berhad;
- Alliance Bank Malaysia Berhad;
- AmBank Berhad;
- Bumiputra-Commerce Bank Berhad;
- EON Bank Berhad;
- EON Finance Berhad;
- Hong Leong Bank Berhad;
- Hong Leong Finance Berhad;
- Malayan Banking Berhad;
- Mayban Finance Berhad;
- Public Bank Berhad;
- Public Finance Berhad;
- RHB Bank Berhad;
- Southern Bank Berhad; or
- Southern Finance Berhad,

and must be made out in favour of "**MIH UNIT ISSUE ACCOUNT NUMBER 375**" and crossed "**A/C PAYEE ONLY**" (excluding ATM statements) and endorsed on the reverse side with the **NAME AND ADDRESS OF THE APPLICANT**. Applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker's draft, cashier's order, cheque issued by participating licensed financial institutions, GGO, money order, postal order or ATM statement will not be accepted. Details of the remittance must be completed in the appropriate boxes provided in the Application Forms.

- (g) An applicant **MUST** state his CDS Account number in the space provided in the Application Form and he shall be deemed to have authorised the Depository to disclose information pertaining to the CDS Account to Axis REIT Managers and/or MIH.
- (h) The name and address of the applicant must be written on the reverse side of the Banker's Draft, Cashier's Order, ATM Statement, Money Order, Cheques issued by participating licensed finance companies or GGO from Bank Simpanan Nasional Malaysia Berhad.
- (i) The Directors of Axis REIT Managers reserve the right to require any successful applicant to appear in person at the registered office of MIH at anytime prior to the listing of the Units to ascertain the regularity or propriety of the application. The Directors of Axis REIT Managers shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (j) MIH, acting under the authority of the Directors of Axis REIT Managers reserves the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIH, acting under the authority of the Directors of Axis REIT Managers reserves the right not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Units to a reasonable number of applicants with a view to establish an adequate market for the Issue Units.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

- (l) Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to the applicant within 10 Market Days from the date of the final ballot of the applications by ordinary post or registered post to the applicant's address last maintained with the Depository, or where the application is not accepted due to the applicant not having provided a CDS Account, to the address per the NRIC or "Resit Pengenalan Sementara (JPN 1/9)" or any valid temporary identity document as issued by the National Registration Department from time to time or the Authority Card in the case of armed forces/police personnel, at the applicant's own risk.
- (m) The applicant shall ensure that his personal particulars stated in the Application Form are identical with the records maintained by the Depository. The applicant must inform the Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his registered or correspondence address last maintained with the Depository.
- (n) MIH, acting under the authority of the Directors of Axis REIT Managers reserves the right to bank in all application monies from unsuccessful Bumiputra applicants and partially successful Bumiputra applicants, which would subsequently be refunded without interest and shall be despatched to the applicant within 10 Market Days from the date of the final ballot of the applications by registered post to the applicant's address last maintained with the Depository, at the applicant's own risk.
- (o) Completed Application Forms accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
27th Floor Menara Multi-Purpose
Capital Square
No 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
P.O. Box 13269
50804 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur so as to arrive not later than 5.00 p.m. on 14 July 2005 or for such further period or periods as the Directors of Axis REIT Managers and the Managing Underwriter in their absolute discretion may mutually decide.

Applications may also be **DELIVERED IN A DRIVE-IN-MANNER** at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 14 July 2005, between 10.00 a.m. to 5.00 p.m. only.

- (p) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.**

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING

(Continued)

14.5 Applications using Electronic Application

14.5.1 Steps for Electronic Applications through a Participating Financial Institution

- (a) Applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) Applicant **MUST** have a CDS Account; and
- (c) Applicant is to apply for the Issue Units via the ATM of the Participating Financial Institution by choosing the Electronic Application option. Mandatory statements required in the application are set out in the terms and conditions for Electronic Applications (please refer to Section 14.5.3 below). Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Application requires him to do so:
 - Personal Identification Number ("PIN");
 - MIH Unit Issue Account Number 375;
 - CDS Account Number;
 - Number of Issue Units applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

Note:

- *Applicants of the Issue Units should take note that the word 'share' or 'shares' appearing on the ATM screen should be taken to represent 'Unit(s)' in the application process.*

14.5.2 Participating Financial Institutions

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- AmBank Berhad;
- Bank Muamalat Malaysia Berhad;
- Bumiputra-Commerce Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Mayban Finance Berhad;
- OCBC Bank (Malaysia) Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

14.5.3 Terms and conditions of Electronic Applications

The procedures for Electronic Applications at ATMs of Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial institutions ("Steps"). The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to the "applicant" in the terms and conditions for Electronic Applications and the Steps shall mean the applicant who applies for the Issue Units through an ATM of any of the Participating Financial Institutions.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Application at an ATM of the Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for Issue Units at an ATM belonging to other Participating Financial Institutions. Upon the completion of his Electronic Application transaction, the applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by Axis REIT Managers or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the Public Offering for the application for the Issue Units on 14 July 2005 at 5.00 p.m. ("Closing Date and Time"), the Participating Financial Institutions shall submit a magnetic tape containing its respective customers' applications for the Issue Units to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Application for Issue Units via an ATM that accepts the ATM card of the Participating Financial Institution of which he has an account and its branches, subject to the applicant making only one application.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTIONS MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING CONDITIONS.

The Electronic Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (i) The Electronic Application shall be made in relation with and subject to the terms of this Prospectus and the Deed.
- (ii) The applicant is required to confirm the following statements (by pressing pre-designated keys (or buttons) on the ATM keyboard) and undertake that the following information given by him is true and correct:
 - he has attained 18 years of age as at the closing date of the Issue Unit application;
 - he is a Malaysian citizen residing in Malaysia;
 - he has read this Prospectus and understood and agreed with the terms and conditions of the application;
 - this is the only application that he is submitting; and
 - he thereby gives consent to the Participating Financial Institution and the Depository to disclose information pertaining to him and his account with the Participating Financial Institution and the Depository to MIH and other relevant authorities.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

The application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institutions. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving his consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or the Depository, as the case may be, of any of the applicant's particulars to MIH, or any relevant regulatory bodies.

- (iii) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR ISSUE UNITS AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (1) ELECTRONIC APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE ISSUE UNITS, WHETHER AT THE ATM'S OF ANY PARTICIPATING FINANCIAL INSTITUTIONS, ON THE PRESCRIBED APPLICATION FORMS, OR BY WAY OF INTERNET APPLICATION.
- (iv) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is being made, will be rejected.
- (v) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Issue Units applied for as stated on the Transaction Record or any lesser number of Issue Units that may be allotted or allocated to him in respect of his Electronic Application. In the event that Axis REIT Managers decides to allot or allocate any lesser number of such Issue Units or not to allot or allocate any Issue Units to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Application is successful, his confirmation (by his action of pressing the designated key on the ATM) of the number of Issue Units applied for shall signify and shall be treated as, his acceptance of the number of Issue Units that may be allotted or allocated to him and to be bound by the Deed.
- (vi) MIH, acting under the authority of the Directors of Axis REIT Managers reserves the right to reject any Electronic Application or accept any Electronic Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Units to a reasonable number of applicants with a view to establish an adequate market for the Issue Units.
- (vii) Where an Electronic Application is not successful or successful in part only, the relevant Participating Financial Institutions will be informed of the non-successful or partially successful applications. Where an Electronic Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within 2 Market Days after the balloting date. The applicants may check their accounts on the 5th Market Day from the balloting day.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Where an Electronic Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to the applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than 10 Market Days from the date of the final ballot of the Application Lists.

Should applicants encounter any problems in their applications, they may refer to the Participating Financial Institutions.

- (viii) The applicant requests and authorises Axis REIT Managers:
 - (a) to credit the Issue Units allotted or allocated to the applicant into the CDS Account of the applicant; and
 - (b) to issue unit certificate(s) representing such Issue Units allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and sends the same to the Depository.
- (ix) The applicant, acknowledging that his Electronic Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of Axis REIT Managers, MIH or the Participating Financial Institutions, irrevocably agrees that if:
 - (a) Axis REIT Managers or MIH does not receive the applicant's Electronic Application; and
 - (b) Data relating to the applicant's Electronic Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to Axis REIT Managers or MIH,

the applicant shall be deemed not to have made an Electronic Application and the applicant shall not claim whatsoever against Axis REIT Managers, MIH or the Participating Financial Institution for the Issue Units applied for or for any compensation, loss or damage.
- (x) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Application shall be deemed to be true and correct and Axis REIT Managers, MIH and relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) The applicant shall ensure that his personal particulars as recorded by both the Depository and the relevant Participating Financial Institutions are correct and identical. The applicant must inform the Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his registered or correspondence address last maintained with the Depository.
- (xii) By making and completing an Electronic Application, the applicant agrees that:
 - (a) in consideration of Axis REIT Managers agreeing to allow and accept the making of any application for the Issue Units via the Electronic Application facility established by the Participating Financial Institution at their respective ATMs, his Electronic Application is irrevocable;

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

- (b) Axis REIT Managers, the Participating Financial Institutions, the Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Application to Axis REIT Managers due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of Axis REIT Managers, the acceptance of the offer made by the applicant to subscribe for and purchase the Issue Units for which the applicant's Electronic Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said Issue Units;
 - (d) the applicant irrevocably authorises the Depository to complete and sign on his behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the Issue Units allocated to the applicant; and
 - (e) Axis REIT Managers agrees that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that Axis REIT Managers irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) The Directors of Axis REIT Managers reserves the right to require any successful applicant to appear in person at the registered office of MIH at anytime prior to the listing to ascertain the regularity or propriety of the application. The Directors of Axis REIT Managers shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (xiv) MIH, acting under the authority of the Directors of Axis REIT Managers reserves the rights to reject any application, which does not conform to these instructions.
- (xv) A surcharge of RM2.50 per Electronic Application will be charged by the respective Participating Financial Institution.

14.6 APPLICATIONS USING INTERNET APPLICATION**14.6.1 Steps for Internet Application**

The exact steps for an Internet Application in respect of the Issue Units are as set out on the internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the Issue Units via Internet Application may be as set out below. The steps set out the actions that the applicant must take at the internet financial services website of the Internet Participating Financial Institution to complete an Internet Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

- (b) Login to the internet financial services facility by entering the applicant's user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Issue Units to launch the Electronic Prospectus and the terms and conditions of the Internet Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the unit counter, NRIC number, CDS account number, number of Issue Units applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
By confirming such information, the applicant also undertakes to agree to the terms and conditions as set out under Section 14.6.2 of this Prospectus.
- (h) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Issue Units.
- (i) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website.
- (k) The applicant is advised to print out the Confirmation Screen for reference and retention.

Note:

- *Applicants for the Issue Units should take note that the word 'share' or 'shares' appearing on the Internet financial services website of the Internet Participating Financial Institutions should be taken to represent 'Unit(s)' in the application process.*

14.6.2 TERMS AND CONDITIONS FOR INTERNET APPLICATION

Applications for the Issue Units may be made through the internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE ISSUE UNITS THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

Internet Applications may be made through the internet financial services website of Malayan Banking Berhad at www.maybank2u.com.my or CIMB Securities Sdn Bhd at www.eipocimb.com.

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET APPLICATIONS AND THE STEPS FOR INTERNET APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET APPLICATION.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET APPLICATIONS IN RESPECT OF THE ISSUE UNITS ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS & CONDITIONS FOR INTERNET APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Application shall be made on and shall be subject to the terms and conditions set out herein:

- (a) An applicant making an Internet Application shall:
- (i) be an individual with a CDS Account;
 - (ii) have an existing account with access to internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification ("User ID") and PIN/password for the relevant internet financial services facilities; and
 - (iii) be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Issue Units at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Application shall be made upon and shall be subject to the terms of this Prospectus and the Deed.
- (c) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
- (i) The applicant has attained eighteen (18) years of age as at the date of the application for the Issue Units;
 - (ii) The applicant is a Malaysian citizen residing in Malaysia;
 - (iii) The applicant has, prior to making the Internet Application, received and/or has had access to a printed/electronic copy of the Prospectus, the contents of which the applicant has read and understood;
 - (iv) The applicant agrees to all the terms and conditions of the Internet Application as set out in the Prospectus and has carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making the Internet Application for the Issue Units;
 - (v) The Internet Application is the only application that the applicant is submitting for the Issue Units;
 - (vi) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Units from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

- (vii) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or the Depository, as the case may be, of information pertaining to the applicant, the Internet Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) The applicant is not applying for the Issue Units as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Axis-REIT Managers or other relevant parties in connection with this exercise, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Applications services or if such disclosure is requested or required in connection with this exercise. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Applications services.
- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Application has been completed and states the details of the applicant's Internet Application, including the number of Issue Units applied for which can be printed out by the applicant for his records.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 14.6.2(c) herein.

- (e) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Application, to cover and pay for the Issue Units and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Application is made shall be rejected.
- (f) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Issue Units applied for as stated on the Confirmation Screen or any lesser number of Issue Units that may be allotted to the applicant in respect of the Internet Application. In the event that Axis REIT Managers decides to allot any lesser number of such Issue Units or not to allot any Issue Units to the applicant, the applicant agrees to accept any such decision of Axis REIT Managers as final.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

In the course of completing the Internet Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Issue Units applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (i) acceptance by the applicant of the number of Issue Units that may be allotted or allocated to the applicant in the event that the applicant's Internet Application is successful or successful in part, as the case may be; and
 - (ii) The applicant's agreement to be bound by the Deed.
- (g) The applicant is fully aware that multiple or suspected multiple Internet Applications for the Issue Units will be rejected. MIH, acting under the authority of the Directors of Axis REIT Managers reserves the right to reject any Internet Application or accept any Internet Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.
- (h) Where an Internet Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Application. Where an Internet Application is unsuccessful the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

MIH shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

Where the Internet Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from MIH. A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants within ten (10) Market Days from the day of the final ballot of the Applications Lists.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom within ten (10) Market Days from the day of the final ballot of the Applications Lists.

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Application in order to determine the status or exact number of Issue Units allotted, if any, before trading the Issue Units on Bursa Securities.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

- (i) Internet Applications will be closed at 5.00 p.m. on 14 July 2005 or such other date(s) as the Directors of Axis REIT Managers and the Managing Underwriter may in their absolute discretion mutually decide. An Internet Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Applications will not be accepted.
- (j) The applicant irrevocable agrees and acknowledges that the Internet Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and Axis REIT Managers. If, in any such event, Axis REIT Managers, MIH and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the applicant's Internet Application and/or the payment therefor, or in the event that any data relating to the Internet Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Application and the applicant shall have no claim whatsoever against Axis REIT Managers, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Units applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (k) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Application shall be deemed to be true and correct, and Axis REIT Managers, the Internet Participating Financial Institutions, MIH and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both the Depository and the Internet Participating Financial Institution are correct and identical otherwise the applicant's Internet Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with the Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and the Depository of any changes in the applicant's personal particulars that may occur from time to time.

- (l) By making and completing an Internet Application, the applicant is deemed to have agreed that:
 - (i) in consideration of Axis REIT Managers making available the Internet Application facility to the applicant, through the Internet Participating Financial Institution acting as agents of Axis REIT Managers, the Internet Application is irrevocable;
 - (ii) the applicant has irrevocably requested and authorised Axis REIT Managers to register the Issue Units allotted to the applicant for deposit into the applicant's CDS account;
 - (iii) neither Axis REIT Managers nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Application to MIH or the Depository due to any breakdown or failure of transmission, delivery or communication facilities or to any cause beyond their control;

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

- (iv) the applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Application by MIH, Axis REIT Managers and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (v) The acceptance of the offer made by the applicant to subscribe for the Issue Units for which the applicant's Internet Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of Axis REIT Managers and not otherwise, notwithstanding the receipt of any payment by or on behalf of Axis REIT Managers;
 - (vi) The applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Application by Axis REIT Managers;
 - (vii) In making the Internet Application, the applicant has relied solely on the information contained in this Prospectus. Axis REIT Managers, the Managing Underwriter, the Adviser and any other person involved in this exercise shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Application; and
 - (viii) The acceptance of an applicant's Internet Application by Axis REIT Managers and the contract resulting therefrom under the Public Offering shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) A processing fee of RM1.00 per Internet Application will be charged by Malayan Banking Berhad while a processing fee of RM5.00 per Internet Share Application will be charged by CIMB Securities Sdn Bhd

14.7 APPLICATION AND ACCEPTANCE

MIH, acting under the authority of the Directors of Axis REIT Managers and the Managing Underwriter, reserves the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason therefor.

The submission of an application does not necessarily mean that the application will be successful.

ALL APPLICATIONS MUST BE FOR 100 ISSUE UNITS OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of applications by the Malaysian public shall be subject to ballot to be conducted in a fair and equitable manner as approved by the Directors of Axis REIT Managers. Due consideration will be given to the desirability of distributing the Issue Units to a reasonable number of applicants with a view to broaden the unitholding base of the Fund and to establish an adequate market in trading of the Issue Units.

Pursuant to the Listing Requirements of Bursa Securities, at least 25% of the enlarged Units in circulation of the Fund must be held by a minimum number of 1,000 public Unitholders holding not less than 100 Issue Units each. The Fund is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to the Public Offering, the Fund may not be allowed to proceed with the listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

In the event of an under-subscription for the Issue Units by the Malaysian public (subject to the clawback and reallocation provision highlighted in Section 3.5 of the Prospectus), all the Issue Units not applied for will be made available for subscription by the Underwriters.

Refund mechanism

The refunds for applications made via Application Forms, Electronic Applications or Internet Applications will be effected via remittances in the form of cheques, which will be despatched by ordinary post to the addresses of the successful applicants as stated in the Depository records at their own risks within 10 Market Days from the final ballot of applications for the Issue Units.

The Final Retail Price will be published in a widely circulated English daily newspaper in Malaysia within 2 Market Days after the Price Determination Date. In addition, all successful applicants will be informed via written notice of the Final Retail Price in the notices of allotment.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATIONS BY ORDINARY POST OR REGISTERED POST TO THE APPLICANT'S ADDRESS REGISTERED WITH THE DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

MIH, ACTING UNDER THE AUTHORITY OF THE DIRECTORS OF AXIS REIT MANAGERS RESERVES THE RIGHT TO BANK-IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTRA APPLICANTS AND PARTIALLY SUCCESSFUL BUMIPUTRA APPLICANTS WHICH WOULD SUBSEQUENTLY BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST TO THE APPLICANT'S ADDRESS REGISTERED WITH THE DEPOSITORY AT THE APPLICANT'S OWN RISK.

14.8 CDS ACCOUNT

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the Issue Units will be by book entries through CDS Accounts. No unit certificates will be issued to successful applicants.

Only an applicant who has a CDS Account can make an application by way of Application Form. An applicant should state his CDS Account number in the space provided in the Application Form and he shall be deemed to have authorised the Depository to disclose information pertaining to the CDS Account to MIH or Axis REIT Managers. Where an applicant does not presently have a CDS Account, he should open a CDS Account at an ADA prior to making an application for the Issue Units.

In the case of an application by way of Electronic Application, only an applicant who has a CDS Account can make an Electronic Application and the applicant shall furnish his CDS Account number to the Participating Financial Institution by way of keying in his CDS Account number if the instructions on the ATM screen at which he enters his Electronic Application requires him to do so.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

In the case of an application by way of an Internet Application, only an applicant who has a CDS account can make an Internet Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Application. Arising therewith, the applicant's CDS account number would automatically appear in the online application form.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number arising from the use of invalid, third party or nominee accounts, may result in the application being rejected. If a successful applicant fails to state his CDS Account number, MIH, under the authority of the Directors of Axis REIT Managers reserves the right to reject the application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or the applicant's records at the Participating Financial Institutions (in the case of Electronic Application) differ from those in the Depository's records such as the identity card number, name and nationality.

14.9 NOTICE OF ALLOTMENT

Issue Units allotted to all successful or partially successful applicants will be credited to their respective CDS Accounts. A notice of allotment will be despatched to the successful or partially successful applicants at the applicant's address last maintained with the Depository at the applicant's own risk prior to the listing of the Fund. This is the only acknowledgement of acceptance of the application.

All applicants must inform the Depository of their updated addresses promptly by adhering to the certain rules and regulations of the Depository, failing which the notification letter on successful allotment shall be sent to the applicants' registered or correspondence addresses last maintained with the Depository.

Applicants may also check the status of their applications by logging on to the MIH website, www.mih.com.my or by calling their respective ADAs at the telephone number as stated in Section 14.10 of this Prospectus or MIH Enquiry Services at 03-2693 2075, between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

[The rest of this page is intentionally left blank]

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

14.10 LIST OF ADAS

A list of the ADAs and their respective Broker Codes are as follows:

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR		
AFFIN SECURITIES SDN BHD	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No. 03-2143 8668	028-001
AMSECURITIES SDN BHD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No. 03-2078 2788	086-001
AVENUE SECURITIES SDN BHD	Ground Floor & Level 1 THB Satu Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 1800	052-001
BIMB SECURITIES SDN BHD	1st & 2nd Floor Podium Block, Bangunan AMDB No. 1 Jalan Lumut 50400 Kuala Lumpur Tel No. 03-4043 3533	024-001
CIMB SECURITIES SDN BHD	9th Floor Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No. 03-2084 9999	065-001
ECM LIBRA SECURITIES SDN BHD	8A Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 03-2178 1888	099-001
EONCAP SECURITIES SDN BHD	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No. 03-2692 8899	061-001
HLG SECURITIES SDN BHD	Level 5, Wisma Kia Peng No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001
HWANG-DBS SECURITIES BERHAD	2nd Floor, Bangunan AHP No.2 Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No. 03-7710 6688	068-009

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
HWANG-DBS SECURITIES BERHAD	Nos 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/10C, Off Jalan Kaskas 5th Mile Cheras 56100 Kuala Lumpur Tel No. 03-9130 3399	068-012
HWANG-DBS SECURITIES BERHAD	Suite 7-03, 7th Floor Suite 12-02 & Part of Suite 12-01 12th Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No. 03-2711 2775	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No. 03-2117 1888	054-001
JUPITER SECURITIES SDN BHD	Lot 7th - 9th Floor Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No. 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	30th Floor The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2020 1600	053-001
K & N KENANGA BHD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 03-2164 9080	073-001
KUALA LUMPUR CITY SECURITIES SDN BHD	No.8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel No. 03-2166 7922	076-001
KUALA LUMPUR CITY SECURITIES SDN BHD	Ground, 1st & 2nd Floor No. 33, Plaza Crystaville Jalan 23/70A, Desa Sri Hartamas 50480 Kuala Lumpur Tel No. 03-6203 3366	076-010
M & A SECURITIES SDN BHD	Level G-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No. 03-2282 1820	057-002
MAYBAN SECURITIES SDN BHD	Level 5-13 Mayban Life Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No. 03-2297 8888	098-001

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
MERCURY SECURITIES SDN BHD	Lot 6-05, Level 6, Tower Block Menara Millenium 8, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No. 03-2094 2828	093-002
MIDF SISMA SECURITIES SDN BHD	17th & 18th Floor Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2166 8888	026-001
OSK SECURITIES BERHAD	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No. 03-2162 4388	056-001
OSK SECURITIES BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No. 03-6257 5869	056-028
OSK SECURITIES BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No. 03-4280 4798	056-054
OSK SECURITIES BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No. 03-9058 7222	056-058
PB SECURITIES SDN BHD	27th Floor, Bangunan Public Bank No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No. 03-2031 3011	051-001
PM SECURITIES SDN BHD	Ground & 1st Floor MUI Plaza Jalan P. Ramlee 50250 Kuala Lumpur Tel No. 03-2146 3000	064-001
RHB SECURITIES SDN BHD	Level 9, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No. 03-9285 2233	087-001
SIME SECURITIES SDN BHD	21st Floor, Bangunan SIME Bank 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No. 03-2274 9288	097-001
TA SECURITIES HOLDINGS BERHAD	Floor 13, 15-18, 20,23,28-30, 34 & 35 Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No. 03-2072 1277	058-003

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
SELANGOR		
AFFIN SECURITIES SDN BHD	2nd, 3rd & 4th Floor, Wisma Amsteel Securities No. 1, Lintang Pekan Baru, Off Jalan Meru 41050 Klang Selangor Tel No. 03-3343 9999	028-002
HWANG-DBS SECURITIES BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 40100 Shah Alam Selangor Tel No. 03-5513 3288	068-002
HWANG-DBS SECURITIES BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Tel No. 03-5635 6688	068-010
JF APEX SECURITIES BERHAD	6th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Tel No. 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor, Menara Choy Fook On No.1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Tel No. 03-7620 1118	079-002
K&N KENANGA BHD	13th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Persiaran Timur 46000 Petaling Jaya Selangor Tel No. 03-7956 2169	073-005
K&N KENANGA BHD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Tel No. 03-8024 1682	073-006
K&N KENANGA BHD	Room 7.02 Level 7 Menara ING Intan Millenium Square No. 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Tel No. 03-3005 7550	073-007

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
SELANGOR (Cont'd)		
SBB SECURITIES SDN BHD	1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Tel No. 03-7729 7345	090-002
OSK SECURITIES BERHAD	24, 24M, 24A, 26M, 28M & 28A Jalan SS 2/63 47300 Petaling Jaya Selangor Tel No. 03-7873 6366	056-011
OSK SECURITIES BERHAD	37, Jalan Semenyih 43000 Kajang Selangor Tel No.: 03-8736 3378	056-045
OSK SECURITIES BERHAD	Ground & 1st Floor 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Tel No. 03-6092 8916	056-047
OSK SECURITIES BERHAD	Ground & Mezzanine Floor 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 1/2, Jalan Meru 41050 Klang Selangor Tel No. 03-3343 9180	056-048
PM SECURITIES SDN BHD	No 157 & 159 Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Tel No. 03-8070 0773	064-003
PM SECURITIES SDN BHD	No 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Tel No. 03-3341 5300	064-007
SJ SECURITIES SDN BHD	Level 3, Holiday Villa 9, Jalan SS12/1, Subang Jaya 47500 Petaling Jaya Selangor Tel No. 03-5634 0202	096-001

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
MELAKA		
MALACCA SECURITIES SDN BHD	No.1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang P.O Box. 248 75250 Melaka Tel No. 06-337 1533	012-001
OSK SECURITIES BERHAD	580 & 581 Taman Melaka Raya 75000 Melaka Tel No. 06-282 5211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM 2 Plaza Mahkota 75000 Melaka Tel No. 06-286 6008	064-006
RHB SECURITIES SDN BHD	Lot 9 & 10, 1st Floor Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel No. 06-283 3622	087-002
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	No 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel No. 04-229 9318	078-002
AVENUE SECURITIES SDN BHD	No.111, Jalan Macalister 10400 Pulau Pinang Tel No. 04-228 1868	052-003
ECM LIBRA SECURITIES SDN BHD	7th Floor Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No. 04-228 3355	099-002
HWANG-DBS SECURITIES BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No. 04-263 6996	068-001
HWANG-DBS SECURITIES BERHAD	Ground, 1st & 2nd Floor, 1620 & 1621, Jalan Permatang Batu, Taman Industri Permatang Batu 14000 Bukit Mertajam Pulau Pinang Tel No. 04-537 2882	068-006
K&N KENANGA BHD	Lot 1.02, Level 1 Manara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No. 04-210 6666	073-013

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
PULAU PINANG (Cont'd)		
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor, Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Perai Pulau Pinang Tel No. 04-332 2123	093-001
OSK SECURITIES BERHAD	64 Bishop Street 20F & 20G Penang Street 10200 Pulau Pinang Tel No. 04-263 4222	056-004
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No. 04-390 0022	056-005
OSK SECURITIES BERHAD	Ground and Upper Floor 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No. 04-540 2888	056-015
OSK SECURITIES BERHAD	No. 834, Jalan Besar Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No. 04-583 1888	056-032
OSK SECURITIES BERHAD	Ground & 1st Floor, No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No. 04-640 4888	056-042
PM SECURITIES SDN. BHD.	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah, 10050 Pulau Pinang Tel No. 04-227 3000	064-004
THONG & KAY HIAN SECURITIES SDN BHD	Level 5 & 6, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No. 04-263 5481	070-001
INTER PACIFIC SECURITIES SDN BHD	6th, 10th & 12th Floor Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel No. 04-262 6644	054-002

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
PERAK		
AVENUE SECURITIES SDN BHD	No. 63, Persiaran Greenhill 30450 Ipoh Perak Tel No. 05-2422828	052-002
HWANG-DBS SECURITIES BERHAD	No. 21, Jalan Stesen 34000 Taiping Perak Tel No. 05-806 0888	068-003
HWANG-DBS SECURITIES BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Tel No. 05-255 9988	068-015
KUALA LUMPUR CITY SECURITIES SDN BHD	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Tel No. 05-691 0910	076-008
M&A SECURITIES SDN BHD	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Tel No. 05-241 9800	057-001
MAYBAN SECURITIES SDN BHD	55, 57 & 63, Persiaran Greenhill, 30450 Ipoh Perak Tel No. 05-255 8233	098-002
OSK SECURITIES BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Tel No. 05-241 5100	056-002
OSK SECURITIES BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Tekuk Intan Perak Tel No. 05-623 6498	056-014
OSK SECURITIES BERHAD	1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Tel No. 05-692 1228	056-016
OSK SECURITIES BERHAD	Ground Floor 28, Jalan Maharaja Taman Bagan Serai Baru 34300 Bagan Serai Perak Tel No. 05-723 1888	056-018

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
PERAK (Cont'd)		
OSK SECURITIES BERHAD	Ground Floor No. 40, 42 & 44, Jalan Berek 34000 Taiping Perak Tel No. 05-808 8229	056-034
OSK SECURITIES BERHAD	No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Tel No. 05-467 1801	056-044
OSK SECURITIES BERHAD	Ground & 1st Floor No. 181, Jalan Besar 31100 Sungai Siput Perak Tel No. 05-595 1001	056-049
OSK SECURITIES BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Tel No. 05-717 0888	056-052
SBB SECURITIES SDN BHD	51-53, Persiaran Greenhill 30450 Ipoh Perak Tel No. 05-253 0888	090-001
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Tel No. 05-253 1313	058-001
NEGERI SEMBILAN		
HWANG-DBS SECURITIES BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Tel No. 06-761 2288	068-007
HWANG-DBS SECURITIES BERHAD	No.6, Upper Level, Jalan Mahligai 72100 Babau Negeri Sembilan Tel No. 06-455 3188	068-013
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Tel No. 06-764 1641	056-024

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
NEGERI SEMBILAN (Cont'd)		
OSK SECURITIES BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Tel No. 06-442 1000	056-037
OSK SECURITIES BERHAD	1st & 2nd Floor, No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Tel No. 06-455 3011	056-040
OSK SECURITIES BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Tel No. 06-646 1234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor, 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Tel No. 06-762 3131	064-002
JOHOR		
A.A. ANTHONY SECURITIES SDN BHD	Suite 8.2, Level 8, Menara Sarawak Enterprise No.5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Tel No. 07-333 2000	078-001
AMSECURITIES SDN BHD	2nd and 3rd Floor, Penggaram Complex 1 Jalan Abdul Rahman 83000 Batu Pahat Johor Tel No. 07-434 2282	086-002
AVENUE SECURITIES SDN BHD	No.57, 59 & 61 Jalan Ali 84000 Muar Johor Tel No.: 06-953 2222	052-004
ENG SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Tel No. 07-223 1211	081-001
HWANG-DBS SECURITIES BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Tel No. 07-222 2692	068-004

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
JOHOR (Cont'd)		
K & N KENANGA BHD	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Tel No. 07-333 3600	073-004
K & N KENANGA BHD	No.31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Tel No. 06-954 2711	073-008
K & N KENANGA BHD	No.34, Jalan Genuang 85000 Segamat Johor Tel No. 07-933 3515	073-009
K & N KENANGA BHD	No.33 & 35, (Ground & 1st Floor A & B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Tel No. 07-777 1161	073-010
K & N KENANGA BHD	No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Tel No. 06-978 2292	073-011
KUALA LUMPUR CITY SECURITIES SDN BHD	No 46 & 48 Jalan Dato Kapten Ahmad 86000 Kluang Johor Tel No.: 07-771 7922	076-006
OSK SECURITIES BERHAD	6 th Floor Wisma Tiong-Hua 8 Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No. 07-278 8821	056-006
OSK SECURITIES BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Tel No. 07-438 0288	056-009
OSK SECURITIES BERHAD	Ground Floor, 17, Jalan Delima Pusat Perdagangan Pontian 82000 Pontian Johor Tel No. 07-686 8018	056-023

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
JOHOR (Cont'd)		
OSK SECURITIES BERHAD	No.33-1 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No. 06-953 8262	056-025
OSK SECURITIES BERHAD	Ground & 1st Floor 10, Jalan Bendahara 12 Taman Ungku Tun Aminah 81300 Skudai Johor Tel No. 07-557 7628	056-029
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No.10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Tel No. 07-662 6288	056-035
OSK SECURITIES BERHAD	Ground & 1st Floor No. 1 & 1-01 Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Tel No. 07-352 2293	056-043
OSK SECURITIES BERHAD	Ground Floor, No. 7, Jalan Jaya 81900 Kota Tinggi Johor Tel No. 07-882 2018	056-036
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Tel No. 06-978 7180	056-038
OSK SECURITIES BERHAD	1st Floor, No. 2 & 4, Jalan Makmur, Taman Sri Aman 85300 Labis Johor Tel No. 07-925 6881	056-039
OSK SECURITIES BERHAD	Ground & 1st Floor No.28, Jalan Tengku Ahmad 85000 Segamat Johor Tel No. 07-932 1543	056-030

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
JOHOR (Cont'd)		
OSK SECURITIES BERHAD	Ground, 1st & 2nd Floor No.17, Jalan Manggis 86000 Kuang Johor Tel No. 07-776 9655	056-031
OSK SECURITIES BERHAD	240 & 240A, Jalan Besar 83700 Yong Peng Johor Tel No. 07-467 5388	056-033
PM SECURITIES SDN BHD	Suite 5.1, Level 5 Menara Pelangi, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Tel No.: 07-278 1813	064-005
PM SECURITIES SDN BHD	Ground & 1 st Floor 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No: 07-433 3608	064-008
PM SECURITIES SDN BHD	Ground Floor No. 118, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3418	064-009
PAHANG		
KUALA LUMPUR CITY SECURITIES SDN BHD	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Tel No. 09-566 0800	076-002
OSK SECURITIES BERHAD	A27 & A29 Lorong Tun Ismail 9 Seri Dagangan Kuantan Business Centre 25000 Kuantan Pahang Tel No. 09-516 3811	056-007
OSK SECURITIES BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Tel No. 09-223 4943	056-022
OSK SECURITIES BERHAD	Ground Floor, No. 43, Jalan Bunga Tanjung 28400 Mentakab Pahang Tel No. 09-277 1541	056-026

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
PAHANG (Cont'd)		
OSK SECURITIES BERHAD	Ground Floor, No. 76-A Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Tel No. 05-491 4913	056-041
PERLIS		
KUALA LUMPUR CITY SECURITIES SDN BHD	2nd Floor, Podium Block, Bangunan KWSP 01000 Kangar Perlis Tel No. 04-976 5200	076-003
KEDAH		
HWANG-DBS SECURITIES BERHAD	No.70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Tel No. 04-425 6666	068-011
KUALA LUMPUR CITY SECURITIES SDN BHD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Tel No. 04-731 7088	076-004
OSK SECURITIES BERHAD	Ground Floor, Swiss Inn Hotel No.1, Jalan Pahlawan 08000 Sungai Petani Kedah Tel No. 04-420 4888	056-017
OSK SECURITIES BERHAD	No.35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Tel No. 04-496 4888	056-019
OSK SECURITIES BERHAD	Ground & 1st Floor 215-A & 215-B, Medan Putra, Jalan Putra 05150 Alor Setar Kedah Tel No. 04-720 9888	056-021
TERENGGANU		
FA SECURITIES SDN BHD	No.51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Tel No. 09-623 8128	021-001

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
TERENGGANU (Cont'd)		
KUALA LUMPUR CITY SECURITIES SDN BHD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine, 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Tel No. 09-631 7922	076-009
OSK SECURITIES BERHAD	Ground Floor 9651 Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Tel No. 09-850 2730	056-027
OSK SECURITIES BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Tel No. 09-626 1816	056-055
KELANTAN		
KUALA LUMPUR CITY SECURITIES SDN BHD	Lot 6 & 7, Section 25 Jalan Sultan Yahya Petra Bandar Kota Bharu 15200 Kota Bharu Kelantan Tel No. 09-743 2588	076-007
OSK SECURITIES BERHAD	No. 3953-H (Ground & 1st Floor) Jalan Kebun Sultan 15350 Kota Bharu Kelantan Tel No. 09-743 0077	056-020
TA SECURITIES HOLDINGS BERHAD	298 Jalan Tok Hakim 15000 Kota Bharu Kelantan Tel No. 09-743 2288	058-004
SABAH		
HWANG-DBS SECURITIES BERHAD	Room Nos 106-109, Mezzanine Floor Room Nos 207-212, 2nd Floor Gaya Centre Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel No. 088-311 688	068-008

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
SABAH (Cont'd)		
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No. 088-234 090	020-001
KUALA LUMPUR CITY SECURITIES SDN BHD	Suite 1-9-E1 9th Floor CPS Tower No 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No. 088-253 922	076-005
OSK SECURITIES BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No. 088-269 788	056-010
OSK SECURITIES BERHAD	Ground Floor Block 2, Lot 4 & Lot 5 Bandar Indah Mile 4, North Road 91000 Sandakan Sabah Tel No.: 089-222 275	056-057
OSK SECURITIES BERHAD	1st Floor, TB-3338 Wisma Jin Ho, Town Extension No. 2 Jalan St Patrick 91008 Tawau Sabah Tel No. 089-779 815	056-056
SARAWAK		
HWANG-DBS SECURITIES BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No. 082-236 999	068-005
HWANG-DBS SECURITIES BERHAD	192, Bintulu Parkcity Commerce Square Lot 3478, Bintulu Town District 97000 Bintulu Sarawak Tel No. 086-330 008	068-016
K & N KENANGA BHD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No. 082-338 000	073-003

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
SARAWAK (Cont'd)		
K & N KENANGA BHD	Lot 2465 Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No. 085-435 577	073-002
K & N KENANGA BHD	Ground & 1st Floor No. 11-12, Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No. 084-313 855	073-012
OSK SECURITIES BERHAD	Ground, 1 st and 6 th Floor Wisma Chinese Chambers Lot 357, Section 47 KTL D, Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No. 082-422 252	056-008
OSK SECURITIES BERHAD	Lot 1168, Ground Floor, Wisma Interhill Miri Waterfront Commercial Centre 98008 Miri, Sarawak Tel No. 085-422 788	056-012
OSK SECURITIES BERHAD	Ground Floor No. 10 Jalan Bersatu 96100 Sarikei Sarawak Tel No. 084-654 100	056-050
OSK SECURITIES BERHAD	Ground Floor No. 11, Lorong Maju 96500 Bintangor Sarawak Tel No. 084-693 100	056-051
OSK SECURITIES BERHAD	101 & 102, Pusat Pedada, Jalan Pedada 96000 Sibu, Sarawak Tel No. 084-329 100	056-013
OSK SECURITIES BERHAD	Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel. No. 086-311 770	056-053
OSK SECURITIES BERHAD	No. 299, Ground & 1st Floor Lot 373, Jalan Serian-By-Pass Serian Town District 94700 Serian Sarawak Tel No. 082-872 118	056-059

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Continued)

Name	Address and Telephone Number	Broker Code
SARAWAK (Cont'd)		
OSK SECURITIES BERHAD	Ground & 1st Floor Lot 1085, Jalan Buangsiol 98700 Limbang Sarawak Tel No. 085-213 188	056-060
TA SECURITIES HOLDINGS BERHAD	12 G, H & I, Jalan Kampung Datu 96000 Sibul Sarawak Tel No. 084-319 998	058-002

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF AXIS REAL ESTATE INVESTMENT TRUST (“AXIS-REIT”) DATED 30 JUNE 2005 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Securities’ website at www.bursamalaysia.com (“Website”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Manager, Aseambankers or MIH. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Association of Merchant Banks in Malaysia.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the Issue Units are subject to Malaysian law and Aseambankers and the Manager take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the Issue Units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any Issue Units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 30 June 2005 and will close at 5.00 p.m. on 14 July 2005 or such other date or dates as the Directors of Axis REIT Managers and the Managing Underwriter (in respect of the Retail Offering) and the Sole Bookrunner (in respect of the Institutional Offering) at their absolute discretion may mutually decide.

The Electronic Prospectus made available on the Website after the close of the Application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the close of the Application period.

Person Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.