

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.3.2011 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2010 RM'000
ASSETS		
Non-Current Assets		
Investment properties	1,196,143	1,164,382
Current Assets		
Investment property classified as held for sale	14,300	14,300
Shariah-based deposits placed with licensed banks	1,291	12,285
Receivables, deposits and prepayments	12,132	13,633
Cash and cash equivalents	9,162	4,143
Tax Recoverable	154	154
TOTAL ASSETS	1,233,182	1,208,897
LIABILITIES		
Non-Current Liabilities		
Tenant's deposits	22,491	19,773
Term Financing	218,791	218,609
Current Liabilities		
Payables and accruals	14,296	17,233
Revolving credit	225,000	198,000
Deferred Tax Liabilities (note 1)	52	52
TOTAL LIABILITIES	480,630	453,667
NET ASSET VALUE	752,552	755,230
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUND</u>		
Unitholders' capital	540,281	540,281
Undistributed distributable income	16,237	19,766
Non-Distributable reserve	196,034	195,183
	752,552	755,230
NUMBER OF UNITS IN CIRCULATION	375,901,000	375,901,000
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	2.0020	2.0091
- After income distribution (note 2)	1.9600	1.9566

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being provision of deferred tax on potential real property gains tax arises on the proposed disposal of Axis Northport LC 1.

Note 2 – Being Net Asset Value after reflecting realised income to be distributed as first interim 2011 income distribution of 4.20 sen per unit and is payable on 31 May 2011.

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2011 RM'000	Preceding Year Corresponding Quarter 31.3.2010 RM'000	Current Year To date 31.3.2011 RM'000	Preceding Year To date 31.3.2010 RM'000
TOTAL TRUST REVENUE	27,248	19,848	27,248	19,848
Gross rental income	27,248	19,797	27,248	19,797
Less : Assessment	(662)	(481)	(662)	(481)
Quit rent	(190)	(122)	(190)	(122)
Other property operating expenditure	(2,882)	(2,472)	(2,882)	(2,472)
Net rental income	23,514	16,722	23,514	16,722
Profit income	-	51	-	51
Change in fair value of investment properties -	-	1,759	-	1,759
Net gain on financial liabilities measured at amortised cost	282	796	282	796
TOTAL TRUST INCOME	23,796	19,328	23,796	19,328
<u>EXPENDITURE</u>				
Manager's fees	1,913	1,383	1,913	1,383
Trustee's fees	94	69	94	69
Auditors' fees	26	26	26	26
Tax agent's fee	4	3	4	3
Reversal of doubtful/bad debts	(107)	(116)	(107)	(116)
Administrative expense	262	215	262	215
Islamic financing cost *	5,117	3,480	5,117	3,480
TOTAL TRUST EXPENDITURE	7,309	5,060	7,309	5,060
NET TRUST INCOME	16,487	14,268	16,487	14,268
PROFIT BEFORE TAXATION	16,487	14,268	16,487	14,268
TAXATION	-	-	-	-
PROFIT FOR THE PERIOD	16,487	14,268	16,487	14,268
OTHER COMPREHENSIVE INCOME NET OF TAX				
Cash flow hedge	569	25	569	25
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17,056	14,293	17,056	14,293
EARNINGS PER UNIT (sen)	4.39	4.65	4.39	4.65

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2011 RM'000	Preceding Year Corresponding Quarter 31.3.2010 RM'000	Current Year To date 31.3.2011 RM'000	Preceding Year To date 31.3.2010 RM'000
PROFIT BEFORE TAXATION IS MADE UP AS FOLLOWS:				
Realised **	16,205	11,713	16,205	11,713
Unrealised - change in fair value of investment properties	-	1,759	-	1,759
Unrealised – Net gain on financial liabilities measured at amortised cost	282	796	282	796
Unrealised – provision of deferred tax liabilities	-	-	-	-
	16,487	14,268	16,487	14,268

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements)

* Islamic financing cost is the profit charged by the financier on the Islamic financing facilities taken by Axis-REIT.

** The 1st interim income distribution of 4.20 sen per unit is payable on 31 May 2011 out of the realised profit before taxation for the 1st quarter 2011.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2010 TO 31 MARCH 2010 (UNAUDITED)

	<i>Distributable</i>		<i>Non-Distributable</i>		Total RM'000
	Unitholders' Capital RM'000	Undistributed Realised Income RM'000	Other Unrealised Income RM'000	Hedging Reserve RM'000	
As at 1 January 2010					
- as previously stated	406,854	179	143,324	-	550,357
- effect of amended FRS 110	-	15,293	-	-	15,293
	406,854	15,472	143,324	-	565,650
- effect of adopting FRS 139	-	-	3,766	(726)	3,040
As at 1 January 2010, restated	406,854	15,472	147,090	(726)	568,690
Total comprehensive income for the period	-	11,713	2,555	25	14,293
<i>Increase in net assets resulting from operations</i>	-	11,713	2,555	25	14,293
Unitholders' transactions					
Distribution to Unitholders	-	(15,293)	-	-	(15,293)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(15,293)	-	-	(15,293)
Net assets as at 31 March 2010	406,854	11,892	149,645	(701)	567,690

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2011 TO 31 MARCH 2011 (UNAUDITED)

	<i>Distributable</i>		<i>Non-Distributable</i>		Total RM'000
	Unitholders' Capital RM'000	Undistributed Realised Income RM'000	Other Unrealised Income RM'000	Hedging Reserve RM'000	
As at 1 January 2011	540,281	19,766	195,841	(658)	755,230
Total comprehensive income for the period	-	16,205	282	569	17,056
<i>Increase in net assets resulting from operations</i>	-	16,205	282	569	17,056
Unitholders' transactions					
Distribution to Unitholders #	-	(19,734)	-	-	(19,734)
<i>Decrease in net assets resulting from Unitholders' transactions</i>	-	(19,734)	-	-	(19,734)
Net assets as at 31 March 2011	540,281	16,237	196,123	(89)	752,552

payment of the final income distribution for financial year 2010 of 5.25 sen per unit which was paid on 28 February 2011.

(The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOW
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011 (UNAUDITED)

	Current Year To Date 31.3.2011 RM'000	Preceding Year To Date 31.3.2010 RM'000
Operating activities		
Profit before taxation	16,487	14,268
Adjustment for :-		
Islamic financing cost	5,117	3,480
Profit income	-	(51)
Change in fair value of investment properties	-	(1,759)
Net gain on financial liabilities measured at amortised cost	(282)	(796)
Operating income before working capital changes	<u>21,322</u>	<u>15,142</u>
Receivables, deposits and prepayments	1,501	1,143
Payables and accruals	8	(1,121)
Tenants' deposit	624	2,549
Net cash generated from operating activities	<u>23,455</u>	<u>17,713</u>
Investing activities		
Profit income received	-	51
Payment for enhancement of investment properties	(1,240)	(4,245)
Purchase of investment property	(30,521)	(24,721)
Cash used in investing activities	<u>(31,761)</u>	<u>(28,915)</u>
Financing activities		
Islamic financing cost paid	(5,117)	(3,480)
Proceeds from financing	27,182	19,426
Distribution paid to unitholders	(19,734)	(15,293)
Cash generated from financing activities	<u>2,331</u>	<u>653</u>
Net (decrease) in cash and cash equivalents	(5,975)	(10,549)
Cash and cash equivalents at beginning of period	<u>16,128</u>	<u>15,507</u>
Cash and cash equivalents at end of period	<u>10,153</u>	<u>4,958</u>
Cash and cash equivalents		
Cash and bank balances	9,162	4,788
Shariah-based deposits placed with licensed banks	1,291	470
	<u>10,453</u>	<u>5,258</u>
Shariah-based deposits placed with licensed banks - pledged	(300)	(300)
	<u>10,153</u>	<u>4,958</u>

(The Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.)

AXIS REAL ESTATE INVESTMENT TRUST

Quarterly Unaudited Financial Results for the 1st Quarter ended 31 March 2011

NOTES TO THE QUARTERLY REPORT

A DISCLOSURE REQUIREMENTS AS PER FINANCIAL REPORTING STANDARD (“FRS”)134

A1. BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial information of Axis Real Estate Investment Trust (“Axis-REIT” or “Trust”) for year ended 31 December 2010.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2010

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2010 was not qualified.

A3. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of Axis-REIT are not affected by material seasonal or cyclical factors.

A4. UNUSUAL ITEMS

There were no unusual items to be disclosed for the quarter under review.

A5. CHANGES IN ESTIMATES

This is not applicable as no estimates were previously reported.

A6. DEBT AND SHARIAH-COMPLIANT EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and Shariah-compliant equity securities for the current quarter and year-to-date.

A7. INCOME DISTRIBUTION

During the quarter under review, Axis-REIT has paid a final income distribution in respect of the financial year ended 31 December 2010 of 5.25 sen per unit on 28 February 2011, totaling RM19,734,803. Axis-REIT has further set aside RM15,787,842 approximately 97.4% of the realized income before tax (unaudited) to be distributed as 1st interim income distribution. This translates into 4.20 sen per unit for the quarter under review and includes a non taxable portion of approximately 0.05 sen per unit derived from utilization of capital allowances.

A8. SEGMENTAL REPORTING

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

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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

A10. MATERIAL EVENTS

There was no material event as at the latest practicable date from the date of this report except for the following:

- a) the completion of the acquisition of a single storey warehouse and two (2) storey office building on 1 March 2011, built on a portion of land identified as Plot D8, Distripark A, Pelepas Free Zone ("D8 Logistic Warehouse"), forming part of the land held under H.S.(D) 303868 for Lot PTD No. 2423, Mukim of Tanjung Kupang, Daerah Johor Bahru for a total lump sum consideration of RM30,000,000;
- b) the completion of the acquisition of four (4) storey office building with a lower roof floor together with a lower ground floor and a basement car park on 18 April 2011, built on a piece of freehold land held under Geran 207772, Lot 23570, Mukim of Dengkil, District of Sepang, State of Selangor for a total lump sum consideration of RM51,250,000;
- c) the completion of the disposal of Axis North Port LC 1 to Freight Management (M) Sdn Bhd, described as a parcel of leasehold land held under H.S.(D) 116367, PT 183, Bandar Sultan Sulaiman, District Klang, State of Selangor Darul Ehsan for a cash consideration of RM14,500,000.

A11. EFFECT OF CHANGES IN THE FUND SIZE OF AXIS-REIT

There was no change in the composition of the fund size of Axis-REIT for the current quarter under review and the fund size stands at 375,901,000 units.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Axis REIT Managers Berhad, the management company of Axis-REIT ("Manager") is pleased to report to unitholders the results of 1st quarter ended 31 March 2011.

Quarter Results

For the quarter ended 31 March 2011, Axis-REIT registered a total revenue of RM27,247,951. Total expenditure for the quarter under review was RM11,042,617 of which RM3,733,563 were attributable to property expenses and RM7,309,054 to non property expenses. For the quarter under review, realized income before taxation and available for distribution amounted to RM16,205,334.

Axis-REIT has set aside RM15,787,842 (approximately 97.4% of realised income before tax in respect of the period from 1 January 2011 to 31 March 2011) as income distribution for the 1st quarter ended 31 March 2011. This leaves an undistributed realised income before taxation of RM448,815.

Maintenance costs & major capital expenditure

A total of RM1,240,309 has been incurred for enhancement of the properties of Axis-REIT during the quarter ended 31 March 2011.

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

There were no material changes in the income before taxation for the quarter under review.

B3. PROSPECTS

The Manager is optimistic that in view of the current satisfactory performance of Axis-REIT's existing investment portfolio and its growth strategy to actively pursue quality acquisitions, it will be able to maintain its current performance for the coming quarter and the rest of the financial year ending 31 December 2011.

B4. INVESTMENT OBJECTIVES

The Manager is pleased to report that since the listing of Axis-REIT, the Trust has been successful in achieving the investment objectives where the Trust has set out to provide the unitholders with a stable income distribution and to achieve growth in net asset value per unit of the Trust by acquiring high quality accretive properties with strong recurring rental income. There was no change in the investment objectives of Axis-REIT as at the date of this report.

B5. STRATEGIES AND POLICIES

There was no change in the strategies and policies employed since the last 2010 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT has acquired one property i.e. D8 Logistic Warehouse. With the completion of this acquisition, it brings the total number of properties held by Axis-REIT from 26 to 27 properties.

B7. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

This is not applicable as there were no issuance of new units by Axis-REIT during the current financial quarter.

B8. TAXATION

Trust Level

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967 under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to unitholder, the total income of the trust for that year of assessment shall be exempted from tax.

Thus, based on the income distribution for the current quarter of 97.4% of the realized income before tax, Axis-REIT should not incur any tax expense for the financial year.

Unitholders' Level

Pursuant to the amended Section 109D(2) of the Income Tax Act, 1967 under the Finance Act 2009 which was gazetted on 8 January 2009, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Axis-REIT's level:

Resident unitholder:

- | | |
|----------------------------------------------|-------------------------------------------|
| a) Resident company: | Tax flow through; thus no withholding tax |
| b) Unitholder other than a resident company: | Withholding tax at 10% |

Non-resident unitholder

- | | |
|-----------------------------------------------------------------|------------------------|
| a) Non-resident company: | Withholding tax at 25% |
| a) Non-resident institutional investor: | Withholding tax at 10% |
| a) Non-resident other than company and institutional investors: | Withholding tax at 10% |

B9. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but not completed at the latest practicable date from the issuance of this report save for the following:-

- (a) Axis-REIT had on 9 February 2011 announced the following:
- (i) the proposed authority to allot and issue up to 75,180,200 new Axis-REIT Units ("Proposed Authority"); and
 - (ii) the proposed recurrent and optional income distribution reinvestment plan that allows Unitholders of Axis-REIT to reinvest their income distribution in new Units ("Proposed Income Distribution Reinvestment Plan")

(collectively referred to as "Proposals")

An application in respect of the Proposals was submitted to the Securities Commission (“SC”) for approval on 28 February 2011, and was approved by the SC through its letter dated 22 April 2011.

- (b) Axis-REIT had on 28 April 2011 announced that the Manager proposes to undertake the following amendments to the deed dated 3 April 2009 constituting Axis-REIT (“Deed”):
- (i) the proposed amendments to the relevant clauses in the Deed relating to the management fee to allow the Manager to be paid the management fee in the form of new Axis-REIT Units; and
 - (ii) the proposed amendments to certain clauses in the Deed which are administrative and/or technical in nature

(Collectively referred to as the “Proposed Amendments”)

The Proposed Amendments will be subject to the approval of the Unitholders at a Unitholders’ meeting to be convened.

B10. FINANCING

	Current Quarter 31 Mar 2011 <u>(RM’ 000)</u>	Preceding Financial Year End 31 Dec 2010 <u>(RM’ 000)</u>
Short term financing		
- Secured revolving credit	225,000	198,000
Long term financing		
- Secured term financing	218,791	218,609

B11. DERIVATIVES

As at 31 March 2011, the Trust has the following Islamic Profit Rate Swap (“IPRS”) to hedge against the fluctuation of future movement in profit rate on its 3 and 5 years term financing:

	Fair Value 31 March 2011 <u>(RM’ 000)</u>	<u>Maturity</u>
- 3 years IPRS	85,543	1 year to 3 years
- 5 years IPRS	49,569	More than 3 years

B12. MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

B13. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager or its delegates during the quarter under review.

B14. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Quarter Ended 31.3.2011 RM' 000	Immediate Preceding Quarter Ended 31.12.2010 RM' 000
Number of units in issue (units)	375,901,000	375,901,000
Earnings per unit (EPU) (realized)(sen)	4.31	4.30
EPU (include unrealized income)(sen)	4.39	10.89
Net income distribution to unitholders (RM'000)	16,205	16,180
Distribution per unit (DPU) (sen)	4.20	4.30
Net Asset Value (NAV) (RM'000)	752,552	755,230
NAV Per Unit (RM)	2.0020	2.0091
Market Value Per Unit (RM)	2.34	2.37

B15. RESPONSIBILITY STATEMENT

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Axis-REIT as at 31 March 2011 and of its financial performance and cash flows for the quarter/ period ended on that date and duly authorized for release by the Board of the Manager on 28 April 2011.

BY ORDER OF THE BOARD

YEOH CHONG KEAT
 REBECCA LEONG SIEW KWAN
 Company Secretaries
 AXIS REIT MANAGERS BERHAD (649450-W)
 (As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur
 28 April 2011