

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.3.2020 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2019 RM'000
ASSETS		
Non-Current Assets		
Investment properties	3,080,168	2,990,610
Equipment	3,125	3,201
Total Non-Current Assets	3,083,293	2,993,811
Current Assets		
Receivables, deposits and prepayments	35,120	39,325
Islamic deposits placed with licensed banks	21,757	31,597
Cash and bank balances	13,658	20,948
Total Current Assets	70,535	91,870
TOTAL ASSETS	3,153,828	3,085,681
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	51,418	44,840
Deferred tax liability	8,615	8,615
Financing	500,373	500,277
Total Non-Current Liabilities	560,406	553,732
Current Liabilities		
Payables and accruals	54,884	67,603
Financing	434,566	385,582
Total Current Liabilities	489,450	453,185
TOTAL LIABILITIES	1,049,856	1,006,917
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	1,595,506	1,583,791
Distributable income	30,183	16,094
Non-distributable reserves	478,283	478,879
	2,103,972	2,078,764
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	3,153,828	3,085,681
NET ASSET VALUE	2,103,972	2,078,764
NUMBER OF UNITS IN CIRCULATION	1,442,331,296	1,435,250,288
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.4587	1.4484
- After income distribution	1.4377 (Note 1)	1.4374

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being Net Asset Value Per Unit after reflecting realised income to be distributed as 2020 first interim income distribution of 2.10 sen per unit payable on 3 July 2020.

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2020 RM'000	Preceding Year Corresponding Quarter 31.3.2019 RM'000	Current Year To date 31.3.2020 RM'000	Preceding Year To date 31.3.2019 RM'000
TOTAL TRUST INCOME *	54,771	53,769	54,771	53,769
Property income	54,875	53,875	54,875	53,875
Lease incentive adjustment (non-distributable) **	(335)	(318)	(335)	(318)
Unbilled lease income receivable ***	1,873	2,808	1,873	2,808
Less : Assessment	56,413	56,365	56,413	56,365
Quit rent	(1,156)	(1,095)	(1,156)	(1,095)
Other property operating expenditure	(307)	(309)	(307)	(309)
	(6,700)	(6,058)	(6,700)	(6,058)
Net property income	48,250	48,903	48,250	48,903
Profit income	231	212	231	212
Unbilled lease income ***	(1,873)	(2,808)	(1,873)	(2,808)
Fair value change on derivatives	(1,643)	(404)	(1,643)	(404)
Net gain/(loss) on financial liabilities measured at amortised cost	1,047	(1,858)	1,047	(1,858)
NET PROPERTY AND INVESTMENT INCOME	46,012	44,045	46,012	44,045
Manager's fees	5,235	4,172	5,235	4,172
Trustee's fees	275	220	275	220
Depreciation	151	133	151	133
Auditors' fees	33	30	33	30
Tax agent's fee	5	5	5	5
Provision/(Reversal) of doubtful/bad debts	76	(195)	76	(195)
Administrative expenses	1,212	986	1,212	986
Islamic financing cost #	9,744	12,100	9,744	12,100
NON-PROPERTY EXPENSES	16,731	17,451	16,731	17,451
NET TRUST INCOME	29,281	26,594	29,281	26,594
NET INCOME FOR THE PERIOD	29,281	26,594	29,281	26,594

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current Year Quarter 31.3.2020 RM'000	Preceding Year Corresponding Quarter 31.3.2019 RM'000	Current Year To date 31.3.2020 RM'000	Preceding Year To date 31.3.2019 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	29,281	26,594	29,281	26,594
EARNINGS PER UNIT (EPU) (sen) ##	2.04	2.15	2.04	2.15
NET INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS:				
Realised				
- property income	30,212	29,174	30,212	29,174
- lease incentive adjustment (non-distributable) **	(335)	(318)	(335)	(318)
Unrealised - Net gain/(loss) on financial liabilities measured at amortised cost	1,047	(1,858)	1,047	(1,858)
Unrealised - Fair value change on derivatives	(1,643)	(404)	(1,643)	(404)
	29,281	26,594	29,281	26,594

(The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements)

* The total trust income is for performance review purposes, it comprises property income and profit income. The unbilled lease income receivable is not included in this line as it is not distributable.

** Lease incentive adjustment which is non-distributable, had been recognised pursuant to the requirements of MFRS 16 where revenue is recognised on a straight line basis and subsequently amortised to P&L throughout the tenancy period.

*** Recognition of unbilled lease income receivable pursuant to requirements of MFRS 16, to recognise income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the lease.

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

EPU for the current quarter/period is computed based on net income for the quarter/period divided by weighted average number of units in issue of 1,436,962,180 units. EPU for preceding year corresponding quarter/period is based on number of units in issue of 1,237,285,288 units.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2019 TO 31 MARCH 2019 (UNAUDITED)

	Total Unitholders' Capital RM'000	<i>Distributable</i> Realised Income RM'000	<i>Non-Distributable</i> Unrealised Income RM'000	Total Unitholders' Funds RM'000
At 1 January 2019	1,247,069	32,192	384,820	1,664,081
Net income for the period	-	28,856	(2,262)	26,594
<i>Total comprehensive income for the period</i>	-	28,856	(2,262)	26,594
Contributions by and distributions to unitholders				
Distribution to Unitholders	-	(30,313)	-	(30,313)
<i>Total transactions with unitholders</i>	-	(30,313)	-	(30,313)
At 31 March 2019	1,247,069	30,735	382,558	1,660,362

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2020 TO 31 MARCH 2020 (UNAUDITED)

	Total Unitholders' Capital RM'000	<i>Distributable</i> Realised Income RM'000	<i>Non-Distributable</i> Unrealised Income RM'000	Total Unitholders' Funds RM'000
At 1 January 2020	1,583,791	16,094	478,879	2,078,764
Net income for the year	-	29,877	(596)	29,281
<i>Total comprehensive income for the period</i>	-	29,877	(596)	29,281
Contributions by and distributions to unitholders				
Issuance and placement of units	11,825			11,825
Issuing expenses	(110)			(110)
Distribution to Unitholders #	-	(15,788)	-	(15,788)
<i>Total transactions with unitholders</i>	11,715	(15,788)	-	(4,073)
At 31 March 2020	1,595,506	30,183	478,283	2,103,972

(The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.)

Includes the payment of final income distribution for financial year 2019 of 1.10 sen per unit which was paid on 9 March 2020.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Current Year To Date 31.3.2020 RM'000	Preceding Year To Date 31.3.2019 RM'000
Cash flows from operating activities		
Net income before taxation	29,281	26,594
Adjustments for :-		
Islamic financing cost	9,744	12,100
Profit income	(231)	(212)
Depreciation of equipment	151	133
(Gain) / loss on financial liabilities measured at amortised cost	(1,047)	1,858
Impairment losses / (reversal of impairment losses) on trade receivables	76	(195)
Fair value change on Islamic derivatives	1,643	404
Operating income before changes in working capital	39,617	40,682
Changes in working capital		
Receivables, deposits and prepayments	4,129	802
Payables and accruals	(9,743)	2,134
Tenants' deposits	3,006	(11,309)
Net cash from operating activities	37,009	32,309
Cash flows from investing activities		
Profit income received	231	212
Enhancement of investment properties	(984)	(8,823)
Acquisition of investment property	(88,574)	-
Acquisition of equipment	(75)	(115)
Pledged deposits	-	(11,160)
Net cash used in investing activities	(89,402)	(19,886)
Cash flows from financing activities		
Islamic financing cost paid	(9,633)	(12,100)
Proceeds from financing, net	48,969	40,592
Income distribution paid to unitholders	(15,788)	(30,313)
Proceeds from issuance of units	11,825	-
Issuing expenses	(110)	-
Net cash from / (used in) financing activities	35,263	(1,821)

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020 (UNAUDITED) (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	31.3.2020	31.3.2019
	RM'000	RM'000
Net (decrease) / increase in cash and cash equivalents	(17,130)	10,602
Cash and cash equivalents at beginning of year	32,990	9,619
Cash and cash equivalents at end of year	<u>15,860</u>	<u>20,221</u>
Cash and cash equivalents		
Cash and bank balances	13,658	13,737
Islamic deposits placed with licensed banks	21,757	26,039
	<u>35,415</u>	<u>39,776</u>
Less: Islamic deposits placed with licensed banks - pledged	(19,555)	(19,555)
	<u>15,860</u>	<u>20,221</u>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements.)

NOTES TO THE QUARTERLY REPORT

A. DISCLOSURE REQUIREMENTS AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A1. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial information of Axis Real Estate Investment Trust (“Axis-REIT” or “Trust” or “Fund”) for year ended 31 December 2019.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2019

The audit report of the financial statements of Axis-REIT for the preceding financial year ended 31 December 2019 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

Save as disclosed in Note A11 below, there were no issuances, cancellation, repurchase, resale and payment of debt and Shariah-compliant equity securities for the current quarter.

A7. INCOME DISTRIBUTION

During the quarter under review, the 2019 final income distribution of 1.10 sen per unit, totaling RM15,788,000 in respect of the period from 14 November 2019 to 31 December 2019 was paid on 9 March 2020.

Axis REIT Managers Berhad, the management company of Axis-REIT (“Manager”) has proposed to distribute 99% from realised income available for distribution generated from operations for the period from 1 January 2020 to 31 March 2020 as the 2020 first interim income distribution of 2.10 sen per unit, which includes a non-taxable portion of approximately 0.51 sen per unit derived from capital allowances, industrial building allowances and tax-exempt profit income which is not subject to tax.

The 2020 first interim income distribution will be payable on 3 July 2020 and the book closure date is 5 June 2020.

A8. SEGMENTAL REPORTING

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

A9. VALUATIONS OF INVESTMENT PROPERTIES

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

A10. MATERIAL EVENTS

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

- a) Axis-REIT had on 15 July 2019 entered into a lease agreement ("Lease Agreement") with Penang Development Corporation ("PDC") for the proposed lease of approximately 2.4975 acres of vacant industrial land ("Project Land") located within Batu Kawan Industrial Park, Penang ("Proposed Land Lease").

On the same date, Axis-REIT had also simultaneously entered into a sublease agreement ("Sublease Agreement") with Federal Express Services (M) Sdn Bhd ("FedEx") for the proposed development of a single-storey warehouse facility with office space having a gross built-up area of approximately 44,000 sq. ft. inclusive of ancillary buildings and external elements ("FedEx Development Project"), to be constructed on the Project Land and a sub-lease to FedEx for an initial fixed period of 10 years with option to renew for further 5 years.

As at 31 March 2020, a total of RM14,593,000 has been incurred for the FedEx Development Project (including Project Land).

The FedEx Development Project had obtained its Certificate of Practical Completion on 30 December 2019 and Certificate of Completion and Compliance on 28 February 2020 respectively.

The FedEx Development Project had been completed and its vacant possession delivered to FedEx in accordance with the Sublease Agreement.

Additional details on the Proposed Land Lease and FedEx Development Project are also disclosed under note B10(c) below.

- b) A sale and purchase agreement ("SPA") had been executed on 17 July 2019 for the proposed acquisition by Axis-REIT of a manufacturing facility located in Bayan Lepas Free Industrial Zone Phase IV, Bayan Lepas, Pulau Pinang for a purchase consideration of RM20,500,000. This proposed acquisition is still pending completion.

A10. MATERIAL EVENTS (CON'T)

- c) A SPA had been executed on 8 October 2019 for the proposed acquisition by Axis-REIT of a manufacturing facility located within Kawasan Perindustrian Nilai II, Nilai, Negeri Sembilan, for a purchase consideration of RM50,000,000. The proposed acquisition was completed on 28 February 2020 and the property is now known as Axis Facility 2 @ Nilai.
- d) A SPA had been executed on 14 October 2019 for the proposed acquisition by Axis-REIT of a warehouse facility located within Pelabuhan Tanjung Pelepas, Gelang Patah, Johor, for a purchase consideration of RM65,000,000. This proposed acquisition is still pending completion.
- e) A SPA had been executed on 24 December 2019 for the proposed acquisition by Axis-REIT of a manufacturing facility located in Kawasan Perindustrian Bukit Raja, Klang, Selangor, for a purchase consideration of RM37,000,000. The proposed acquisition was completed on 17 March 2020 and the property is now known as Axis Facility 2 @ Bukit Raja.
- f) Letters of offer had been duly accepted for the proposed acquisitions by Axis-REIT of two manufacturing facilities located in Shah Alam, Selangor for a total proposed purchase consideration of RM55,800,000. However, the proposed acquisition for one of the manufacturing facilities with proposed purchase consideration of RM44,000,000 has been aborted. The due diligence exercise for the remaining proposed acquisition is on-going.
- g) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of a manufacturing facility located in Kota Kinabalu, Sabah for a proposed purchase consideration of RM60,000,000. The due diligence exercise for this proposed acquisition is on-going.
- h) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of a manufacturing facility located in Johor Bahru, Johor for a proposed purchase consideration of RM25,500,000.

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

Axis-REIT's fund size was increased from 1,435,250,288 units to 1,442,331,296 units during the quarter under review with the issuance of 7,081,008 new units pursuant to the implementation of the Income Distribution Reinvestment Plan ("IDRP") applicable to the 2019 final income distribution completed on 10 March 2020.

A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

B. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Manager is pleased to report the following financial results:

Quarter Results

For the quarter ended 31 March 2020 (“1Q2020”), Axis-REIT registered a total trust income of RM54,771,000. The realised net income from operations was RM29,877,000 after deducting total expenditure of RM24,894,000, of which RM8,163,000 were attributable to property expenses and RM16,731,000 to non-property expenses.

The Manager has proposed to distribute 99% from realised income available for distribution generated from operations for the first quarter of 2020.

The total net asset value stood at RM2,103,972,000 and the net asset value per unit (before income distribution) was RM1.4587.

Maintenance costs & major capital expenditure

During the financial period ended 31 March 2020, a total of RM936,000 has been incurred for enhancement of the properties of Axis-REIT and a total of RM48,000 has been incurred for the completed development project i.e. FedEx Development Project.

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

	Current Year Quarter 31.3.2020 RM'000	Immediate Preceding Quarter 31.12.2019 RM'000	%
Property income	54,875	54,407	0.9%
Less : Property expenses	(8,163)	(8,183)	-0.2%
Net property income	46,712	46,224	1.1%
Profit income	231	559	-58.7%
Less: Non-property expenses	(16,731)	(17,015)	-1.7%
Net income before lease incentive adjustment (non-distributable)	30,212	29,768	1.5%
Lease incentive adjustment, net (Note 1)	(335)	(384)	
Net income before tax (Realised)	29,877	29,384	1.7%

Note 1 - Lease incentive adjustment which is non-distributable, had been recognised pursuant to the requirements of MFRS 16 where revenue is recognised on a straight line basis and subsequently amortised to P&L throughout the tenancy period.

For 1Q2020, Axis-REIT’s property income was RM54,875,000, 0.9% higher compared to the immediate preceding quarter (“4Q2019”) of RM54,407,000, mainly due to contributions from newly acquired properties.

During the quarter under review, net income before lease incentive adjustment was RM30,212,000, 1.5% higher compared to 4Q2019 of RM29,768,000, due to higher property income and lower expenses.

B3. PROSPECTS

The Manager is cautious of the current COVID-19 pandemic which is unprecedented and evolving. While the pandemic impact on operations and financials have been manageable thus far, however if prolonged, it may impact Axis-REIT’s performance for the rest of the financial year ending 31 December 2020. During this challenging time, the Manager will continue to closely collaborate with the tenants to provide the necessary support wherever possible. At the same time, the Manager is committed to ensure the sustainability of its EPU and DPU payouts to Unitholders while continuing its long term value creation via organic growth acquisition, greenfield development and ongoing asset enhancement strategies.

B4. INVESTMENT OBJECTIVES

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

B5. STRATEGIES AND POLICIES

There was no change in the strategies and policies employed since the issuance of the 2019 Integrated Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT had completed the acquisitions of Axis Facility 2 @ Nilai and Axis Facility 2 @ Bukit Raja on 28 February 2020 and 17 March 2020 respectively. The property portfolio size of Axis-REIT increased from 48 to 50 properties as at 31 March 2020.

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

The net proceeds of RM11.72 million had been raised from 7,081,008 new issued units pursuant to the IDRPs implemented in January 2020. The net proceeds had been used to finance enhancement of properties.

B8. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

	Current year quarter 31.3.2020 RM'000	Preceding Year Corresponding Quarter 31.3.2019 RM'000	Current Year To date 31.3.2020 RM'000	Preceding Year To date 31.3.2019 RM'000
Gross rental income	54,540	53,557	54,540	53,557
Profit income	231	212	231	212
	54,771	53,769	54,771	53,769
Less: Expenses	(24,894)	(24,913)	(24,894)	(24,913)
Realised income for the period	29,877	28,856	29,877	28,856
Add: Non-cash items	562	256	562	256
Total realised income available for the period	30,439	29,112	30,439	29,112
Add: Brought forward undistributed realised income available for distribution	120	186	120	186
Total realised income available for distribution *	30,559	29,298	30,559	29,298
Less: Income to be distributed for the quarter	(30,289)	(29,076)	(30,289)	(29,076)
Balance undistributed realised income available for distribution	270	222	270	222
Distribution per unit (sen)	2.10	2.35	2.10	2.35

* There are no unrealised losses arising during the period or brought forward from previous year.

B9. TAXATION

Trust Level

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

Thus, based on the income distribution for the three-month period to date of approximately 99% of the realised income before tax, Axis-REIT should not incur any tax expense for the financial year.

Unitholders' Level

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

Resident unitholder:

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

Non-resident unitholder:

- | | |
|---|------------------------|
| a) Non-resident company: | Withholding tax at 24% |
| b) Non-resident institutional investor: | Withholding tax at 10% |
| c) Non-resident other than company and institutional investors: | Withholding tax at 10% |

B10. STATUS OF CORPORATE PROPOSALS

- a) The unitholders of Axis-REIT had at the Unitholders' Meeting convened and held on 30 April 2013, approved the authority to allot and issue up to 2,000,000 new units for the purpose of the payment of management fee to the Manager in the form of new units ("Payment of Management Fee Authority") and its corresponding increase in fund size of Axis-REIT pursuant to the Payment of Management Fee Authority.

Following the completion of the unit split exercise of Axis-REIT and the partial implementation of the Payment of Management Fee Authority, the number of new units permitted to be issued pursuant to the Payment of Management Fee Authority is up to a maximum of 3,044,000 new units.

Axis-REIT had obtained approval from Bursa Securities on 1 October 2015 for an extension of time to complete the Payment of Management Fee Authority from 4 October 2015 until full issuance of the new units permitted to be issued pursuant to the Payment of Management Fee Authority. There is no issuance pursuant to the Payment of Management Fee Authority during the quarter under review.

- b) Axis-REIT will be seeking the approval for the proposed renewal of the authority to allot and issue new units in Axis-REIT of up to 20% of the issued fund size of Axis-REIT to facilitate a placement exercise from the unitholders at the forthcoming 8th annual general meeting ("AGM") of Axis-REIT, which was originally scheduled on 23 April 2020.

However, the Government implemented the Movement Control Order ("MCO") nationwide to contain the spread of the COVID-19 outbreak which commenced on 18 March 2020. The conditional MCO has been extended till 9 June 2020. The Securities Commission Malaysia ("SC") has granted 2 months extension of time for managers of listed real estate investment trusts ("REITs") to hold AGMs by 30 June 2020.

In view of the above, Axis-REIT had on 1 April 2020 announced to postpone the 8th AGM of Axis-REIT to another date to be determined later.

B10. STATUS OF CORPORATE PROPOSALS (CONT'D)

c) Axis-REIT, vide an announcement dated 15 July 2019, proposed to undertake the following:

- (i) lease of the Project Land from PDC pursuant to the Proposed Land Lease; and
- (ii) construct a single-storey warehouse facility with office space having a gross built-up area of approximately 44,000 sq.ft. inclusive of ancillary buildings and external elements on the Project Land for FedEx and the subsequent sub-lease to FedEx.

The approval for the exemption for Axis-REIT from having to comply with Paragraph 8.10(a) of the Guidelines on Listed REITs issued by the SC which stipulates that a REIT may invest in real estate through a lease arrangement, provided that the lease must be registered with the land authority, had been obtained from the SC vide its letter dated 23 July 2019.

The Proposed Land Lease has been completed on 19 December 2019 and the title to the Project Land is pending the alienation by the State Government of Penang.

Further details of the FedEx Development Project are also disclosed under Note A10(a) above.

B11. FINANCING

	Current Financial Period Ended 31.3.2020 (RM'000)	Preceding Financial Period Ended 31.12.2019 (RM'000)
Short term financing		
- Secured Islamic revolving credit/ Islamic Medium Term Note/hire purchase denominated in MYR	434,566	385,582
Long term financing		
- Secured Islamic Medium Term Note/hire purchase denominated in MYR	500,373	500,277

B12. DERIVATIVES

As at 31 March 2020, the Trust has the following Islamic Profit Rate Swap ("IPRS") to hedge against the fluctuation of future movement in profit rate on its short term financing. Axis-REIT is currently using the said IPRS to hedge against its other revolving credit financing and the unrealised gain/(loss) of the derivatives had been recognised in the profit or loss:

	Notional Value <u>RM'000</u>	Fair Value <u>RM'000</u>	<u>Maturity</u>
3-year IPRS – derivative liability	50,000	(74)	Less than 1 years
3-year IPRS – derivative liability	150,000	(2,794)	Less than 3 years

B13. MATERIAL LITIGATION

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

B14. SOFT COMMISSION RECEIVED

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

B15. PROFIT FOR THE PERIOD

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.2020	Preceding Year Corresponding Quarter 31.3.2019	Current Year To date 31.3.2020	Preceding Year To date 31.3.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting / (charging):				
Profit income	231	212	231	212
Islamic financing costs	(9,744)	(12,100)	(9,744)	(12,100)
Depreciation of equipment (Provision) / reversal of doubtful/bad debts	(151)	(133)	(151)	(133)
Fair value change on derivatives	(76)	195	(76)	195
	(1,643)	(404)	(1,643)	(404)

Save for the above, the other items listed under Appendix 9B (Note 16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

B16. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Current Quarter Ended 31.3.2020	Immediate Preceding Quarter Ended 31.12.2019
Number of units in issue (units)	1,442,331,296	1,435,250,288
EPU (realised) (sen)	2.08 ⁽¹⁾	2.21 ⁽²⁾
EPU (include unrealised income) (sen)	2.04 ⁽¹⁾	10.00 ⁽²⁾⁽³⁾
Net realised income for the period (RM'000)	29,877	29,384
Distribution per unit (DPU) (sen)	2.10	2.20
Net Asset Value (NAV) (RM'000)	2,103,917	2,078,764
NAV Per Unit (RM)	1.4587	1.4484
Market Value Per Unit (RM)	1.83	1.77

⁽¹⁾ Based on average number of units in issue. The total number of units issued was increased from 1,435,250,288 units to 1,442,331,296 units with the successful issuance and listing of 7,081,008 new units arising from IDRP completed on 10 March 2020.

⁽²⁾ Based on average number of units in issue. The total number of units issued was increased from 1,237,285,288 units to 1,435,250,288 units during the immediate preceding quarter with the successful issuance and listing of a total 197,965,000 new placement units in two tranches, issued pursuant to the placement exercises of Axis-REIT completed on 15 November 2019 and 12 December 2019, respectively.

⁽³⁾ Include the change in fair value of investment property of RM101,553,000 which had been recognised in FYE 2019.

B17. RESPONSIBILITY STATEMENT

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Securities so as to give a true and fair view of the financial position of Axis-REIT as at 31 March 2020 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of the Manager on 20 May 2020.

BY ORDER OF THE BOARD

REBECCA LEONG SIEW KWAN

Chartered Secretary

AXIS REIT MANAGERS BERHAD

(200401010947 (649450-W))

(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur

20 May 2020