

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2015 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2014 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment properties	2,048,626	1,982,587
Equipment	3,602	2,821
<b>Total Non-Current Assets</b>	<b>2,052,228</b>	<b>1,985,408</b>
<b>Current Assets</b>		
Receivables, deposits and prepayments	59,230	10,359
Islamic deposits placed with licensed banks	20,972	80,294
Cash and bank balances	9,063	9,822
<b>Total Current Assets</b>	<b>89,265</b>	<b>100,475</b>
<b>TOTAL ASSETS</b>	<b>2,141,493</b>	<b>2,085,883</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Tenant's deposits	30,199	35,984
Financing	330,982	264,434
<b>Current Liabilities</b>		
Payables and accruals	26,995	39,761
Financing	400,832	419,335
<b>TOTAL LIABILITIES</b>	<b>789,008</b>	<b>759,514</b>
<b><u>FINANCED BY:</u></b>		
<b><u>UNITHOLDERS' FUNDS</u></b>		
Unitholders' capital	1,052,272	1,044,664
Distributable income	19,036	5,555
Non-distributable reserves	281,177	276,150
	<b>1,352,485</b>	<b>1,326,369</b>
<b>TOTAL UNITHOLDERS' FUNDS AND LIABILITIES</b>	<b>2,141,493</b>	<b>2,085,883</b>
<b>NET ASSET VALUE</b>	<b>1,352,485</b>	<b>1,326,369</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	<b>1,099,793,068</b>	<b>547,522,040</b>
<b>NET ASSET VALUE PER UNIT (RM)</b>		
- Before income distribution	<b>1.2298</b>	<b>2.4225</b>
- After income distribution (Note 1)	<b>1.2098</b>	<b>2.4080</b>

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 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 final 2015 income distribution of 2.00 sen per unit payable on 29 February 2016.

**AXIS REAL ESTATE INVESTMENT TRUST**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015	Preceding Year Corresponding Quarter 31.12.2014	Current Year To date 31.12.2015	Preceding Year To date 31.12.2014
	RM'000	RM'000	RM'000	RM'000
<b>TOTAL TRUST REVENUE</b>	40,008	35,033	163,821	138,835
Realised property income	39,832	34,370	163,077	137,625
Unrealised rental income (unbilled lease income receivable) **	(1,081)	707	2,598	2,424
	38,751	35,077	165,675	140,049
Less : Assessment	(928)	(782)	(3,705)	(3,149)
Quit rent	(252)	(210)	(993)	(828)
Other property operating expenditure	(4,824)	(4,243)	(19,048)	(17,576)
Net property income	32,747	29,842	141,929	118,496
Profit income / Other income	176	663	744	1,210
Net gain on disposal of investment property	-	-	-	1,614
Change in fair value of investment properties	(2,911)	5,101	5,791	25,970
Unbilled lease income receivable **	1,081	(707)	(2,598)	(2,424)
Fair value change on derivatives	(248)	173	(81)	455
Net gain/(loss) on financial liabilities measured at amortised cost	(1,645)	1,480	(683)	2,744
<b>NET PROPERTY AND INVESTMENT INCOME</b>	<b>29,200</b>	<b>36,552</b>	<b>145,102</b>	<b>148,065</b>
Manager's fees	3,400	2,619	13,759	10,400
Trustee's fees	178	138	712	564
Depreciation	105	84	393	298
Auditors' fees	25	29	118	114
Tax agent's fee	2	4	27	18
Allowance for doubtful/bad debts	11	-	188	37
Administrative expense	947	716	3,333	2,331
Islamic financing cost *	7,581	6,879	29,935	23,848
<b>NON-PROPERTY EXPENSES</b>	<b>12,249</b>	<b>10,469</b>	<b>48,465</b>	<b>37,610</b>
<b>NET TRUST INCOME BEFORE TAX</b>	<b>16,951</b>	<b>26,083</b>	<b>96,637</b>	<b>110,455</b>
<b>INCOME TAX EXPENSES</b>	-	-	(73)	-
<b>NET INCOME FOR THE YEAR</b>	<b>16,951</b>	<b>26,083</b>	<b>96,564</b>	<b>110,455</b>

**AXIS REAL ESTATE INVESTMENT TRUST**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year To date 31.12.2015 RM'000	Preceding Year To date 31.12.2014 RM'000
	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>16,951</b>	<b>26,083</b>	<b>96,564</b>
EARNINGS PER UNIT (EPU) (sen) ***	1.54	2.69	8.81	11.82
<b>NET INCOME FOR THE YEAR IS MADE UP AS FOLLOWS:</b>				
Realised	21,755	19,329	91,537	81,286
Unrealised rental income **	(1,081)	707	2,598	2,424
Unrealised - change in fair value of investment properties	(2,911)	5,101	5,791	25,970
Unrealised - unbilled lease income receivable **	1,081	(707)	(2,598)	(2,424)
Unrealised - Net gain on financial liabilities measured at amortised cost	(1,645)	1,480	(683)	2,744
Unrealised - Fair value change on derivatives	(248)	173	(81)	455
	16,951	26,083	96,564	110,455

(The Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 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.

\*\* Recognition of unrealised rental income - unbilled lease income receivable pursuant to requirements of MFRS 117 Leases, to recognize income from operating lease on a straight-line basis, including contractual increase in rental rates over the fixed tenure of the agreement.

\*\*\* The EPU reflected under the preceding year corresponding quarter and preceding year to date has also been restated and presented as after the Unit Split (as defined herein) as required by the relevant applicable accounting standard.

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

FROM 1 JANUARY 2014 TO 31 DECEMBER 2014 (AUDITED)

	<b>Total Unitholders' Capital RM'000</b>	<i>Distributable</i> <b>Realised Income RM'000</b>	<i>Non- Distributable</i> <b>Unrealised Income RM'000</b>	<b>Total Unitholders' Funds RM'000</b>
<b>At 1 January 2014</b>	750,966	21,355	256,319	1,028,640
Net income for the year	-	81,286	29,169	110,455
Realisation of unrealised income	-	9,338	(9,338)	-
<i>Total comprehensive income for the Year</i>	-	90,624	19,831	110,455
<b>Contributions by and distributions to unitholders</b>				
Issuance of Units under Income				
Distribution Reinvestment Plan	297,097	-	-	297,097
Distribution to Unitholders	-	(106,424)	-	(106,424)
Issuing expenses	(3,399)	-	-	(3,399)
<i>Total transactions with unitholders</i>	293,698	(106,424)	-	187,274
<b>At 31 December 2014</b>	<b>1,044,664</b>	<b>5,555</b>	<b>276,150</b>	<b>1,326,369</b>

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE**

FROM 1 JANUARY 2015 TO 31 DECEMBER 2015 (UNAUDITED)

	<b>Total Unitholders' Capital RM'000</b>	<i>Distributable</i> <b>Realised Income RM'000</b>	<i>Non- Distributable</i> <b>Unrealised Income RM'000</b>	<b>Total Unitholders' Funds RM'000</b>
<b>At 1 January 2015</b>	1,044,664	5,555	276,150	1,326,369
Net income for the year	-	91,537	5,027	96,564
<i>Increase in net asset resulting from operations</i>	-	97,092	281,177	1,422,933
<b>Contributions by and distributions to unitholders</b>				
Issuance and placement of Units	7,652	-	-	7,652
Distribution to Unitholders# - paid	-	(78,056)	-	(78,056)
Issuing expenses	(44)	-	-	(44)
<i>Increase in net assets resulting from Unitholders' transactions</i>	7,608	(78,056)	-	(70,448)
<b>At 31 December 2015</b>	<b>1,052,272</b>	<b>19,036</b>	<b>281,177</b>	<b>1,352,485</b>

(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 2014 and the accompanying explanatory notes attached to the financial statements.)

# Includes the payment of the final income distribution for financial year 2014 of 1.45 sen per unit which was paid on 27 February 2015, and the first, second and third interim income distributions amounting to a total of 10.60 sen per unit for the financial year 2015 which were paid on 29 May 2015, 11 September 2015, and 9 December 2015 respectively.

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)**

	<b>Current Year To Date 31.12.2015 RM'000</b>	<b>Preceding Year To Date 31.12.2014 RM'000</b>
<b>Cash flows from operating activities</b>		
Net income before taxation	96,637	110,455
Adjustments for :-		
Islamic financing cost	29,935	23,848
Profit income	(744)	(1,210)
Change in fair value of investment properties	(5,791)	(25,970)
Net gain on disposal of investment property	-	(1,614)
Depreciation	393	298
Net gain on financial liabilities measured at amortised cost	683	(2,744)
Allowance for doubtful/bad debts	188	37
Fair value change on derivatives	81	(455)
Operating income before changes in working capital	121,382	102,645
<b>Changes in working capital</b>		
Receivables, deposits and prepayments	(49,059)	(6,216)
Payables and accruals	(7,034)	3,283
Tenants' deposits	(12,281)	6,521
<b>Cash generated from operating activities</b>	53,008	106,233
Tax paid	(73)	-
<b>Net cash from operating activities</b>	52,935	106,233
<b>Cash flows from investing activities</b>		
Profit income received	744	1,210
Enhancement of investment properties	(14,466)	(18,330)
Acquisition of equipment	(1,174)	(712)
Net proceeds from disposal of investment property	-	30,214
Acquisition of investment property	(45,782)	(395,039)
<b>Net cash used in investing activities</b>	(60,678)	(382,657)
<b>Cash flows from financing activities</b>		
Islamic financing cost paid	(29,935)	(23,848)
Payment of financing, net	48,045	155,197
Income distribution paid to unitholders	(78,056)	(93,898)
Proceed from issue of units	7,652	297,097
Issuing expenses	(44)	(3,399)
<b>Net cash (used in)/generated from financing activities</b>	(52,338)	331,717

**AXIS REAL ESTATE INVESTMENT TRUST**  
**CONDENSED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED) (Continued)**

	<b>Current Year</b>	<b>Preceding Year</b>
	<b>To Date</b>	<b>To Date</b>
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Net (decrease)/increase in cash and cash equivalents	(60,081)	55,293
Cash and cash equivalents at beginning of year	89,816	34,523
Cash and cash equivalents at end of year	29,735	89,816
<b>Cash and cash equivalents</b>		
Cash and bank balances	9,063	9,822
Islamic deposits placed with licensed banks more than 3 months	12,573	-
Islamic deposits placed with licensed banks less than 3 months	8,399	80,294
	30,035	90,116
Less: Islamic deposits placed with licensed banks - pledged	(300)	(300)
	29,735	89,816

(The Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 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 2014.

**A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2014**

The audit report of the financial statements of Axis-REIT for the preceding year i.e. the financial year ended 31 December 2014 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 payment of debt and Shariah-compliant equity securities for the current quarter save as disclosed in Note A11 below.

**A7. INCOME DISTRIBUTION**

During the quarter under review, the 2015 third interim income distribution of 2.20 sen per unit, totaling RM24,101,352, in respect of the period from 1 July 2015 to 30 September 2015, was paid on 9 December 2015.

The Manager has proposed to distribute 99.95% from realised income available for distribution in respect of the period from 1 October 2015 to 31 December 2015 of 2.00 sen per unit, which includes a non-taxable portion of approximately 0.15 sen per unit derived from capital allowances and tax exempt profit income.

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) The completion of acquisition and leaseback of a parcel of land held under H.S.(D) 293642, PT No. 2233, Section 16, Bandar Shah Alam, District of Petaling, Negeri Selangor Darul Ehsan together with all that industrial building known as "Axis Shah Alam DC2" erected thereon from Able Heights (M) Sdn. Bhd., for a purchase consideration of RM45,000,000, on 31 March 2015.
- b) On 22 June 2015, a letter of offer had been duly accepted by Haisan Resources Berhad ("HRB") for the acquisition and leaseback by Axis-REIT of an industrial facility erected on seven (7) parcels of leasehold land all located at Jalan Pelabuhan Utara, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor from Hai San & Sons Sdn. Bhd. and Hai San Holdings Sdn. Bhd., both wholly-owned subsidiaries of HRB, for a total lump sum cash consideration of RM46,000,000. This proposed acquisition was terminated on 9 November 2015 as both parties were unable to mutually agree on the terms of the proposed sale and purchase agreement within the timeline contemplated by both parties under the letter of offer dated 12 June 2015.
- c) Proposed acquisition of four (4) single storey detached factories, annexed with two-storey office building within Kawasan Perindustrian i-Park held under freehold titles H.S(D) 64396 for No PTD 107901, H.S.(D) 64395 for No PTD 107900, H.S.(D) 64394 for No PTD 107899, H.S.(D) 64393 for No PTD 107898, all in Mukim Kulai, Daerah Kulaijaya, Johor for a cash consideration of RM61,000,000.
- d) A letter of offer has been duly accepted to purchase a warehouse facility located in SiLC, Johor for a purchase consideration of RM41,000,000. Due diligence exercise is currently still ongoing in finalizing the terms of the transaction.
- e) A letter of offer has been duly accepted to purchase a warehouse facility located in Pasir Gudang, Johor for a purchase consideration of RM33,000,000.
- f) Proposed acquisition of an industrial facility in Prai for a purchase consideration of RM38,000,000 (the letter of offer was accepted during the financial year ended 2014) has been aborted during the financial year ended 2015.

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

Axis-REIT's fund size was increased from 1,095,516,080 units to 1,099,793,068 units with the successful issuance and listing on 10 December 2015 of 4,276,988 new units issued pursuant to the Income Distribution Reinvestment Plan ("IDRP") applicable to the 2015 third interim income distribution.

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 BURSA SECURITIES 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 following financial results:

Quarter Results

For the quarter ended 31 December 2015, Axis-REIT registered a total revenue of RM40,008,000. The realised net income from operations was RM21,755,000 after deducting total expenditure RM18,253,000 of which RM6,004,000 were attributable to property expenses and RM12,249,000 to non-property expenses.

Full-Year Results

For the financial year ended 31 December 2015, Axis-REIT recorded a total revenue of RM163,821,000. Total expenditure for the year under review was RM72,284,000, of which RM23,746,000 were attributable to property expenses and RM48,465,000 to non-property expenses and RM73,000 to income tax expenses.

A total of RM70,113,000 was paid out as the 2015 first, second and third interim income distributions, which translated to 6.40 sen (restated pursuant to Unit Split) per unit. Axis-REIT has further set aside RM21,996,000 (approximately 99.95% of total income available for distribution in respect of the period from 1 October 2015 to 31 December 2015 as the 2015 final income distribution which translates to 2.00 sen per unit payable on 29 February 2016.

Maintenance costs & major capital expenditure

A total of RM14,466,000 has been incurred for enhancement of the properties of Axis-REIT during the financial year ended 31 December 2015.

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 financial year ending 31 December 2016.

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 2014 Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

There was no change to the total number of properties held by Axis-REIT (34 properties) since the last reporting period.

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

The gross proceeds of RM6,800,011 raised from the 4,276,988 new units issued pursuant to the IDRPs applicable to the 2015 third interim income distribution will be used to finance enhancement of properties.

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 twelve months 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 25% |
| b) Non-resident institutional investor:                         | Withholding tax at 10% |
| c) Non-resident other than company and institutional investors: | Withholding tax at 10% |

## B9. STATUS OF CORPORATE PROPOSALS

- a) On 30 April 2013, the unitholders approved, among others, the following at the Unitholders' Meeting of Axis-REIT convened and held on the same date:
- (i) 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
  - (ii) increase in the existing issued fund size of Axis-REIT by a maximum of 2,000,000 units pursuant to the Payment of Management Fee Authority.

The Payment of Management Fee Authority had been partly implemented with the successful listing of 242,000 new units and 236,000 new units on 28 October 2014 and 28 January 2015, respectively.

Axis-REIT has obtained the 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.

As a result of the implementation of the Unit Split, the number of new units permitted to be issued pursuant to the Payment of Management Fee Authority will be up to a maximum of 3,044,000 new units.

- b) The unitholders of Axis-REIT had on 21 August 2015 approved the following proposals at the Unitholders' Meeting convened and held on the same date:
- (i) a unit split involving the subdivision of every one (1) existing unit in Axis-REIT ("Existing Unit") into two (2) units in Axis-REIT ("Subdivided Units") ("Unit Split");
  - (ii) an increase in the existing approved fund size of Axis-REIT from 547,758,040 Existing Units to 1,095,516,080 Subdivided Units to facilitate the Unit Split;
  - (iii) the allotment and issuance of up to 219,103,216 new Subdivided Units (with the Unit Split being implemented) representing up to 20% of the issued fund size of Axis-REIT after the Unit Split of 1,095,516,080 Subdivided Units pursuant to Clause 14.03 of the Guidelines on Real Estate Investment Trusts ("REIT Guidelines") issued by the Securities Commission Malaysia ("SC"), to facilitate Axis-REIT in raising funds via a placement exercise ("Proposed Authority");
  - (iv) renewal of the authority to allot and issue up to 155,194,684 new Subdivided Units (with the Unit Split being implemented) for the purpose of the income distribution reinvestment plan that provides the unitholders of Axis-REIT with the option to elect to reinvest their income distribution in new units in Axis-REIT ("Proposed Renewal of IDRP Authority"); and
  - (v) an increase in the fund size of Axis-REIT from 1,095,516,080 Subdivided Units to a maximum of 1,472,857,980 Subdivided Units if the Unit Split, Proposed Authority, Proposed Renewal of IDRP Authority and Payment of Management Fee Authority are implemented.

The Unit Split was implemented and completed with the Subdivided Units being listed and quoted on the Main Market of Bursa Securities on 9 September 2015. Upon completion of the Unit Split, the issued fund size of Axis-REIT had increased from 547,758,040 Existing Units to 1,095,516,080 Subdivided Units.

On the Proposed Authority to facilitate a placement exercise, it was announced on 25 September 2015 that Axis-REIT will use the net proceeds to be raised from the placement exercise to repay Axis-REIT's existing bank financing (including finance cost payable) which were taken up to finance, among others, the acquisitions of Axis Shah Alam DC3, Axis MRO Hub and Axis Shah Alam DC2. Clause 10.12(b) of the REIT Guidelines stipulates that where a real estate (including those held by single-purpose companies) is the subject of an acquisition financed, or refinanced within one (1) year, through the issuance of new units, the value of the real estate requires SC's approval. The values of Axis Shah Alam DC3, Axis MRO Hub and Axis Shah Alam DC2 were approved by the SC on 18 November 2015.

Axis-REIT has also obtained the approval from Bursa Securities on 12 January 2016 for the extension of time until 23 July 2016 to complete the Proposed Authority.

#### B10. FINANCING

	Current Financial Quarter Ended 31 December 2015 <u>(RM' 000)</u>	Preceding Financial Year Ended 31 December 2014 <u>(RM' 000)</u>
Short term financing		
- Secured Islamic revolving credit/hire purchase	400,832	419,335
Long term financing		
- Islamic Medium Term Note/hire purchase	330,982	264,434

#### B11. DERIVATIVES

As at 31 December 2015, 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. The Trust is currently using the said IPRS to hedge against its other revolving credit financing and the unrealised gain or loss of the derivatives had been recognized in the profit or loss:

	Fair Value 31 December 2015 <u>RM</u>	<u>Maturity</u>
3-year IPRS – derivative asset	68,586	Less than 1 years
3-year IPRS – derivative liability	60,341	Less than 2 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**

	Current Quarter Ended 31.12.2015  RM' 000	Immediate Preceding Quarter Ended 30.09.2015  RM' 000
Number of units in issue (units)	1,099,793,068	1,095,516,080
EPU (realised) (sen)	1.98#	2.16
EPU (include unrealised income) (sen)	1.54#	2.23
Net realised income for the period(RM'000)	21,755	23,709
Distribution per unit (DPU) (sen)	2.00	2.20
Net Asset Value (NAV) (RM'000)	1,352,485	1,352,622
NAV Per Unit (RM)	1.2298	1.2347
Market Value Per Unit (RM)	1.64	1.69

# Based on weighted average of the number of units in issue of 1,096,585,327. The total number of units issued was increased from 1,095,516,080 units to 1,099,793,068 units with the successful issuance and listing of 4,276,988 new units arising from the IDRPs on 10 December 2015.

**B15. 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 December 2015 and of its financial performance and cash flows for the quarter/year ended on that date and duly authorized for release by the Board of the Manager on 18 January 2016.

**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  
18 January 2016