

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2021 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2020 RM'000
ASSETS		
Non-Current Assets		
Investment properties	3,614,230	3,280,240
Equipment	2,410	2,870
Total Non-Current Assets	3,616,640	3,283,110
Current Assets		
Receivables, deposits and prepayments	26,166	41,165
Islamic deposits placed with licensed banks	172,452	25,941
Cash and bank balances	23,502	13,867
Total Current Assets	222,120	80,973
TOTAL ASSETS	3,838,760	3,364,083
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	61,548	57,733
Deferred tax liability	12,797	9,122
Financing	624,177	500,643
Total Non-Current Liabilities	698,522	567,498
Current Liabilities		
Payables and accruals	52,501	62,041
Financing	560,416	611,540
Total Current Liabilities	612,917	673,581
TOTAL LIABILITIES	1,311,439	1,241,079
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	1,934,322	1,595,506
Distributable income	32,841	31,493
Non-distributable reserves	560,158	496,005
	2,527,321	2,123,004
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	3,838,760	3,364,083
NET ASSET VALUE	2,527,321	2,123,004
NUMBER OF UNITS IN CIRCULATION	1,634,524,115	1,442,331,296
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.5462	1.4719
- After income distribution	1.5221 (Note 1)	1.4494

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being Net Asset Value Per Unit after reflecting 2021 fourth interim income distribution of 2.03 sen paid on 14 January 2022 and the realised income to be distributed as 2021 final income distribution of 0.38 sen per unit payable on 28 February 2022.

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year To date 31.12.2021 RM'000	Preceding Year To date 31.12.2020 RM'000
TOTAL TRUST INCOME *	62,942	57,514	242,409	224,939
Property income	63,061	57,566	242,747	224,712
Lease incentive adjustment (non-distributable) **	(503)	(193)	(1,142)	(648)
Unbilled lease income receivable ***	1,200	2,379	4,590	8,170
	63,758	59,752	246,195	232,234
Less : Assessment	(1,661)	(1,222)	(5,555)	(4,742)
Quit rent	(409)	(367)	(1,484)	(1,461)
Other property operating expenditure	(6,711)	(7,056)	(26,275)	(27,513)
Net property income	54,977	51,107	212,881	198,518
Profit income	384	141	801	875
Gain on disposal of equipment	-	-	3	-
Change in fair value of investment properties	67,787	18,966	67,787	18,966
Unbilled lease income ***	(1,200)	(2,379)	(4,590)	(8,170)
Fair value change on derivatives	213	635	1,746	(905)
Net (loss)/gain on financial liabilities measured at amortised cost	(761)	(1,969)	(1,705)	(428)
NET PROPERTY AND INVESTMENT INCOME	121,400	66,501	276,923	208,856
Manager's fees	5,670	5,289	21,650	21,147
Trustee's fees	281	279	1,121	1,111
Depreciation	161	155	640	614
Auditors' fees	36	33	143	133
Tax agent's fee	4	4	17	17
(Reversal)/provision of doubtful debts	(1,660)	-	44	70
Administrative expenses	893	706	3,568	3,680
Islamic financing cost #	12,358	10,257	45,701	39,513
NON-PROPERTY EXPENSES	17,743	16,723	72,884	66,285
NET TRUST INCOME	103,657	49,778	204,039	142,571
INCOME TAX EXPENSES ###	(3,675)	(507)	(3,675)	(507)
NET INCOME FOR THE YEAR	99,982	49,271	200,364	142,064

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 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year To date 31.12.2021 RM'000	Preceding Year To date 31.12.2020 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	99,982	49,271	200,364	142,064
EARNINGS PER UNIT (EPU) (sen) ##	6.86	3.42	13.80	9.86
NET INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS:				
Realised				
- property income	36,921	32,339	137,353	125,586
- lease incentive adjustment (non-distributable) **	(503)	(193)	(1,142)	(648)
Unrealised - change in fair value of investment properties	67,787	18,966	67,787	18,966
Unrealised - Net loss on financial liabilities measured at amortised cost	(761)	(1,969)	(1,705)	(428)
Unrealised - Fair value change on derivatives	213	635	1,746	(905)
Unrealised – provision of deferred tax on change in fair value of investment property ###	(3,675)	(507)	(3,675)	(507)
	99,982	49,271	200,364	142,064

(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 2020 and the accompanying explanatory notes attached to the financial statements.)

* The total trust income is for performance review purposes, it comprises property income and other 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 is computed based on net income for the quarter divided by weighted average number of units in issue of 1,457,521,866 units and EPU for the current year is based on the weighted average number of units in issue of 1,451,867,807 units. EPU for preceding year corresponding quarter is based on number of units in issue of 1,442,331,296 units and EPU for the preceding year is based on the weighted average number of units in issue of 1,440,996,352 units.
- ### Provision of deferred tax (unrealised) on Real Property Gains Tax (“RPGT”) exposure on the fair value gain on investment properties.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2020 TO 31 DECEMBER 2020 (AUDITED)

	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	-	124,938	17,126	142,064
<i>Total comprehensive income for the year</i>	-	124,938	17,126	142,064
Contributions by and distributions to unitholders				
Issuance and placement of units	11,825	-	-	11,825
Issuing expenses	(110)	-	-	(110)
Distribution to Unitholders	-	(109,539)	-	(109,539)
<i>Total transactions with unitholders</i>	11,715	(109,539)	-	(97,824)
At 31 December 2020	1,595,506	31,493	496,005	2,123,004

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2021 TO 31 DECEMBER 2021 (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 2021	1,595,506	31,493	496,005	2,123,004
Net income for the year	-	136,211	64,153	200,364
<i>Total comprehensive income for the year</i>	-	136,211	64,153	200,364
Contributions by and distributions to unitholders				
Issuance and placement of units	342,518	-	-	342,518
Issuing expenses	(3,702)	-	-	(3,702)
Distribution to Unitholders #	-	(134,863)	-	(134,863)
<i>Total transactions with unitholders</i>	338,816	(134,863)	-	203,953
At 31 December 2021	1,934,322	32,841	560,158	2,527,321

(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 2020 and the accompanying explanatory notes attached to the financial statements.)

Includes the payment of final income distribution for financial year 2020 of 2.25 sen per unit and the first, second and third interim income distribution for financial year 2021 of 2.23 sen per unit, 2.40 sen per unit and 2.45 sen per unit which were paid on 11 March 2021, 31 May 2021, 30 August 2021 and 30 November 2021, respectively.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

	Current Year To Date 31.12.2021 RM'000	Preceding Year To Date 31.12.2020 RM'000
Cash flows from operating activities		
Net income before taxation	204,039	142,571
Adjustments for :-		
Islamic financing cost	45,701	39,513
Profit income	(801)	(875)
Gain on disposal of equipment	(3)	-
Change in fair value of investment properties	(67,787)	(18,966)
Depreciation of equipment	640	614
Loss on financial liabilities measured at amortised cost	1,705	428
Impairment losses on trade receivables	44	70
Fair value change on Islamic derivatives	(1,746)	905
Operating income before changes in working capital	181,792	164,260
Changes in working capital		
Receivables, deposits and prepayments	14,955	(1,910)
Payables and accruals	(14,475)	(1,299)
Tenants' deposits	8,791	7,297
Net cash from operating activities	191,063	168,348
Cash flows from investing activities		
Profit income received	801	875
Proceed from disposal of equipment	5	-
Enhancement of investment properties	(39,253)	(7,411)
Acquisition of investment property	(226,950)	(263,253)
Acquisition of equipment	(182)	(283)
(Increase)/decrease in pledged deposits	(8,789)	3,000
Net cash used in investing activities	(274,368)	(267,072)
Cash flows from financing activities		
Islamic financing cost paid	(44,648)	(39,084)
Proceeds from financing, net	71,357	225,895
Income distribution paid to unitholders	(134,863)	(109,539)
Proceeds from issuance of units	342,518	11,825
Issuing expenses	(3,702)	(110)
Net cash from financing activities	230,662	88,987

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED) (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	31.12.2021	31.12.2020
	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	147,357	(9,737)
Cash and cash equivalents at beginning of year	23,253	32,990
Cash and cash equivalents at end of year	<u>170,610</u>	<u>23,253</u>
Cash and cash equivalents		
Cash and bank balances	23,502	13,867
Islamic deposits placed with licensed banks	172,452	25,941
	<u>195,954</u>	<u>39,808</u>
Less: Islamic deposits placed with licensed banks - pledged	(25,344)	(16,555)
	<u>170,610</u>	<u>23,253</u>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.)

NOTES TO THE QUARTERLY REPORT

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

A1. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the quarterly financial report are consistent with those adopted in the preparation of the audited financial statements of Axis Real Estate Investment Trust (“Axis-REIT” or “Trust” or “Fund”) for year ended 31 December 2020.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2020

The audit report of the financial statements of Axis-REIT for the preceding financial year ended 31 December 2020 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 2021 third interim income distribution of 2.45 sen per unit, totaling RM35,439,000 in respect of the period from 1 July 2021 to 30 September 2021 was paid on 30 November 2021. In addition, the 2021 fourth interim income distribution of 2.03 sen per unit, totaling RM29,363,000 in respect of the period from 1 October 2021 to 15 December 2021, was further paid on 14 January 2022.

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 16 December 2021 to 31 December 2021 as the 2021 final income distribution of 0.38 sen per unit, of which is wholly non-taxable due to utilisation of capital allowances, industrial building allowances and tax-exempt profit income which is not subject to tax.

The 2021 final income distribution will be payable on 28 February 2022 and the book closure date is 8 February 2022.

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) 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 has been discontinued in view of the non-fulfilment of the condition precedent as stipulated in the SPA by the vendor within the prescribed conditional period despite several extensions of time being granted by Axis-REIT.
- b) SPAs had been executed on 19 November 2020 for the proposed related party acquisitions by Axis-REIT of three 1 ½ storey detached factories within Kawasan Perindustrian i-Park all in Mukim Kulai, Daerah Kulaijaya, Johor for a total proposed purchase consideration of RM28,195,000. The proposed acquisitions were completed, ie Property 2 was completed on 12 January 2021 (now known as Indahpura Facility 2), Property 1 was completed on 26 February 2021 (now known as Indahpura Facility 3) and Property 3 was completed on 3 March 2021 (now known as Beyonics i-Park Campus - Block F).
- c) A SPA has been executed on 5 March 2021 for the proposed acquisition by Axis-REIT of a manufacturing facility located in Kawasan Perindustrian Bukit Raja Selatan, Shah Alam, Selangor for a purchase consideration of RM120,000,000. The proposed acquisition was completed on 31 March 2021 and the property is now known as Bukit Raja Distribution Centre 2 ("BRDC 2").

Axis-REIT, vide an announcement dated 20 January 2022, announced that Axis-REIT is embarking on a proposed development of BRDC 2 ("Proposed Development"). The Proposed Development entails the construction of one single storey warehouse and ancillary buildings, enhancement of an existing 3 storey office block with a total gross built-up area of approximately 620,096 square feet.

On the same date, RHB Trustees Berhad, on behalf of Axis-REIT, has entered into a 15-year lease agreement ("Lease Agreement") with Shopee Express Malaysia Sdn Bhd ("Shopee"). Shopee has agreed to lease the entire BRDC 2 upon completion of the Proposed Development in accordance with the terms and conditions as stipulated in the Lease Agreement.

The Proposed Development is expected to commence in the first quarter of 2022 and to be completed for handover to Shopee no later than 31 August 2023.

- d) A SPA has been executed on 15 March 2021 for the proposed acquisition by Axis-REIT of a warehouse located in Kawasan Perindustrian Pasir Gudang, Pasir Gudang, Johor for a purchase consideration of RM75,000,000. This proposed acquisition was completed on 21 October 2021 and the property is now known as Xin Hwa Warehouse @ Pasir Gudang.
- e) A SPA has been executed on 25 October 2021 for the proposed acquisition by Axis-REIT of a warehouse located in Kawasan Perindustrian Pasir Gudang, Pasir Gudang, Johor for a purchase consideration of RM32,000,000.
- f) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of a manufacturing facility within Kawasan Perindustrian i-Park in Mukim Kulai, Daerah Kulaijaya, Johor for a proposed purchase consideration of RM16,300,000.

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

Axis-REIT's fund size was increased from 1,446,481,518 units to 1,634,524,115 units during the quarter under review with the successful issuance and listing of 188,042,597 new placement units issued pursuant to the placement exercise of Axis-REIT completed on 20 December 2021.

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 December 2021 (“4Q2021”), Axis-REIT registered a total trust income of RM62,942,000. The realised net income from operations was RM36,418,000 after deducting total expenditure of RM26,524,000, of which RM8,781,000 were attributable to property expenses and RM17,743,000 to non-property expenses.

The Manager has proposed to distribute 99% from realised income available for distribution generated from operations for the fourth quarter of 2021.

The total net asset value stood at RM2,527,321,000 and the net asset value per unit (before 2021 fourth and final income distribution) was RM1.5462.

Full-Year Results

For financial year ended 31 December 2021, Axis-REIT recorded a total revenue of RM242,409,000. The realised net income from operations was RM136,211,000 after deducting total expenditure of RM106,198,000, of which RM33,314,000 were attributable to property expenses and RM72,884,000 to non-property expenses.

A total of RM131,774,000 was paid out as the 2021 first, second, third and fourth interim income distribution which translated to 9.11 sen per unit.

Axis-REIT has further set aside RM6,211,000 (approximately 99% of total income available for distribution in respect of the period from 16 December 2021 to 31 December 2021) as the 2021 final income distribution which translates to 0.38 sen per unit payable on 28 February 2022.

Maintenance costs & major capital expenditure

During the financial year ended 31 December 2021, a total capital expenditure of RM39,253,000 has been incurred, of which RM19.5 million was incurred for enhancement of the properties of Axis-REIT and RM19.7 million was incurred for the extension of lease of D21 Logistics Warehouse for another 30 years.

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

	Current Year Quarter 31.12.2021 RM'000	Immediate Preceding Quarter 30.9.2021 RM'000	%
Property income	63,061	61,795	2.0%
Less : Property expenses	(8,781)	(7,904)	11.1%
Net property income	54,280	53,891	0.7%
Profit income	384	189	103.2%
Gain on disposal of equipment	-	3	
Less: Non-property expenses	(17,743)	(16,704)	6.2%
Net income before lease incentive adjustment (non-distributable)	36,921	37,379	-1.2%
Lease incentive adjustment, net (Note 1)	(503)	(378)	
Net income before tax (Realised)	36,418	37,001	-1.6%

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 4Q2021, Axis-REIT's property income was RM63,061,000, 2.0% higher compared to the immediate preceding quarter ("3Q2021") of RM61,795,000, mainly due to contributions from new acquisition completed in 4Q2021 and also positive rental reversion recorded in the current quarter.

Property expenses was RM8,781,000, 11.1% higher compared to 3Q2021 of RM7,904,000, mainly due to higher maintenance cost.

Non-property expenses was RM17,743,000, 6.2% higher compared to 3Q2021 of RM16,704,000, mainly due to higher financing cost resulting from the additional financing facilities to fund the new acquisition.

During the quarter under review, net income before lease incentive adjustment was RM36,921,000, 1.2% lower compared to 3Q2021 of RM37,379,000, mainly due to higher expenses.

B3. PROSPECTS

The Manager remains cautious of the current Covid-19 pandemic which has caused global economic downturn. While the pandemic's impact on Axis-REIT's operations and financials have been manageable thus far, should the pandemic prolong or worsen unexpectedly this may impact Axis-REIT's performance for the coming financial year ending 31 December 2022.

During this challenging and uncertain time, the Manager is actively managing the portfolio and exercising prudent capital management at all times in order for Axis-REIT to deliver sustainable EPU and DPU payout to Unitholders. Positively, the current gearing level of 31% provides headroom for Axis-REIT to continue its yield accretive acquisition strategy should good opportunities come along.

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 2020 Integrated Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, Axis-REIT completed the acquisition of Xin Hwa Warehouse @ Pasir Gudang on 21 October 2021. The property portfolio size of Axis-REIT increased from 57 to 58 properties as at 31 December 2021.

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

A total net proceeds of RM331.1 million had been raised from the issuance of 188,042,597 new placement units pursuant to the placement exercise of Axis-REIT implemented in December 2021. The proceeds were used to pare down the short-term financing of Axis-REIT which were drawn down earlier to finance acquisition and to provide headroom for future acquisitions.

B8. INCOME DISTRIBUTION

Distribution to unitholders is from the following sources:

	Current year quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year To date 31.12.2021 RM'000	Preceding Year To date 31.12.2020 RM'000
Gross rental income	62,558	57,373	241,605	224,064
Profit income and other income	384	141	804	875
	62,942	57,514	242,409	224,939
Less: Expenses	(26,524)	(25,368)	(106,198)	(100,001)
Realised income for the period (Less)/add: Non-cash items	36,418 (996)	32,146 348	136,211 1,826	124,938 1,332
Total realised income available for the period	35,422	32,494	138,037	126,270
Add: Brought forward undistributed realised income available for distribution	391	145	187	120
Total realised income available for distribution	35,813	32,639	138,224	126,390
Less: Income to be distributed for the quarter/period	(35,574)	(32,452)	(137,985)	(126,203)
Balance undistributed realised income available for distribution	239	187	239	187
Distribution per unit (sen)	2.41	2.25	9.49	8.75

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

Unitholders' Level

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

Resident unitholder:

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

Non-resident unitholder:

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

B10. STATUS OF CORPORATE PROPOSALS

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

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

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

- b) Axis-REIT had obtained the approval for the proposed renewal of the authority to allot and issue new units in Axis-REIT of up to 20% of the issued fund size of Axis-REIT to facilitate a placement exercise from the unitholders at the 9th annual general meeting (fully virtual) of Axis-REIT convened and held on 28 April 2021 ("General Mandate").

On 21 October 2021, Axis-REIT announced the proposed placement of up to 188,042,597 units representing up to 13% of the total issued units in Axis-REIT to be undertaken in accordance with the General Mandate ("Proposed Placement") and the following approvals in relation to the Proposed Placement were obtained:

- (i) Approval from Bursa Securities for the listing and quotation of the new units under the Proposed Placement on 1 November 2021;
- (ii) Approval of the non-interested Unitholders for the allotment of new units to the major Unitholders of Axis-REIT, namely, Employees Provident Fund Board and Kumpulan Wang Persaraan (Diperbadankan) at a Unitholders' meeting convened and held on 1 December 2021.

Axis-REIT successfully completed the Proposed Placement with the issuance and listing of 188,042,597 new units (representing approximately 13% of the total issued fund size of Axis-REIT of 1,446,481,518 units) on 20 December 2021.

- c) Axis-REIT, vide an announcement dated 15 July 2019, proposed to undertake the following:
- (i) lease from Penang Development Corporation ("PDC") for a vacant industrial land of approximately 2.4975 acres ("Project Land") located within Batu Kawan Industrial Park, Penang pursuant to a lease agreement ("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 Federal Express Services (M) Sdn Bhd ("FedEx") ("FedEx Development Project") and the subsequent sub-lease to FedEx for an initial fixed period of 10 years with option to renew for further 5 years via a sub-lease agreement with FedEx ("Sublease Agreement").

FedEx Development Project

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.

Proposed Land Lease

The approval for the exemption for Axis-REIT from having to comply with Paragraph 8.10(a) of the Guidelines on Listed Real Estate Investment Trusts (“REIT”) issued by the Securities Commission Malaysia 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.

B11. FINANCING

	Current Financial Period Ended 31.12.2021 <u>(RM'000)</u>	Preceding Financial Period Ended 31.12.2020 <u>(RM'000)</u>
Short term financing		
- Secured Islamic revolving credit/Islamic Medium Term Notes/Islamic Term Financings/hire purchase denominated in MYR	560,416	611,540
Long term financing		
- Secured Islamic Medium Term Notes/ Islamic Term Financings/hire purchase denominated in MYR	624,177	500,643

B12. DERIVATIVES

As at 31 December 2021, 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	(384)	Less than 1 year

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 QUARTER/YEAR

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year To date 31.12.2021 RM'000	Preceding Year To date 31.12.2020 RM'000
Profit for the quarter/period is arrived at after crediting / (charging):				
Profit income	384	141	801	875
Gain on disposal of equipment	-	-	3	-
Islamic financing costs	(12,358)	(10,257)	(45,701)	(39,513)
Depreciation of equipment	(161)	(155)	(640)	(614)
Reversal / (provision) of doubtful/ bad debts	1,660	-	(44)	(70)
Fair value change on derivatives	213	635	1,746	(905)
Change in fair value of investment properties	67,787	18,966	67,787	18,966

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 31.12.2021	Immediate Preceding Quarter Ended 30.9.2021
Number of units in issue (units)	1,634,524,115	1,446,481,518
EPU (realised) (sen)	2.48 ⁽¹⁾	2.55 ⁽³⁾
EPU (include unrealised income) (sen)	6.86 ⁽¹⁾⁽²⁾	2.56 ⁽³⁾
Net realised income for the period (RM'000)	36,418	37,001
Distribution per unit (DPU) (sen)	2.41	2.45
Net Asset Value (NAV) (RM'000)	2,527,321	2,131,675
NAV Per Unit (RM)	1.5462	1.4737
Market Value Per Unit (RM)	1.94	1.90

(1) Based on average number of units in issue. The total number of units issued was increased from 1,446,481,518 units to 1,634,524,115 units with the successful issuance and listing of 188,042,597 new placement units pursuant to the placement exercise of Axis-REIT completed on 20 December 2021.

(2) Include the change in fair value of investment property of RM67,787,000 which had been recognised in the financial year ended 2021.

(3) Based on total units in issue of 1,446,481,518 units.

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 December 2021 and of its financial performance and cash flows for the quarter/year ended on that date and duly authorised for release by the Board of the Manager on 20 January 2022.

BY ORDER OF THE BOARD

REBECCA LEONG SIEW KWAN

Chartered Secretary

AXIS REIT MANAGERS BERHAD

(200401010947 (649450-W))

(As the Manager of AXIS REAL ESTATE INVESTMENT TRUST)

Petaling Jaya

20 January 2022