

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF FINANCIAL POSITION

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31.12.2023 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2022 RM'000
ASSETS		
Non-Current Assets		
Investment properties	4,444,120	4,186,020
Equipment	1,391	1,859
Total Non-Current Assets	4,445,511	4,187,879
Current Assets		
Receivables, deposits and prepayments	25,666	24,279
Islamic deposits placed with licensed banks	43,924	21,064
Cash and bank balances	7,792	22,451
Total Current Assets	77,382	67,794
TOTAL ASSETS	4,522,893	4,255,673
LIABILITIES		
Non-Current Liabilities		
Tenants' deposits	60,862	68,664
Deferred tax liability	18,304	14,480
Financing	740,454	733,480
Total Non-Current Liabilities	819,620	816,624
Current Liabilities		
Payables and accruals	62,751	54,670
Financing	814,520	812,540
Total Current Liabilities	877,271	867,210
TOTAL LIABILITIES	1,696,891	1,683,834
<u>FINANCED BY:</u>		
<u>UNITHOLDERS' FUNDS</u>		
Unitholders' capital	2,129,340	1,945,655
Distributable income	31,290	33,209
Non-distributable reserves	665,372	592,975
	2,826,002	2,571,839
TOTAL UNITHOLDERS' FUNDS AND LIABILITIES	4,522,893	4,255,673
NET ASSET VALUE	2,826,002	2,571,839
NUMBER OF UNITS IN CIRCULATION	1,747,492,159	1,641,054,038
NET ASSET VALUE PER UNIT (RM)		
- Before income distribution	1.6172	1.5672
- After income distribution	1.5932 (Note 1)	1.5439

(The Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.)

Note 1 – Being Net Asset Value Per Unit after reflecting the realised income to be distributed as 2023 final income distribution of 2.40 sen per unit payable on 29 February 2024.

AXIS REAL ESTATE INVESTMENT TRUST

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year To date 31.12.2023 RM'000	Preceding Year To date 31.12.2022 RM'000
TOTAL TRUST INCOME *	75,555	70,975	285,992	281,887
Property income	75,747	71,449	285,401	281,723
Lease incentive adjustment (non-distributable) **	(550)	(653)	(903)	(633)
Unbilled lease income receivable ***	1,387	1,394	3,912	3,381
Less : Assessment	76,584	72,190	288,410	284,471
Quit rent	(1,747)	(1,692)	(6,906)	(6,445)
Other property operating expenditure	(462)	(446)	(1,864)	(1,611)
	(8,212)	(7,829)	(34,207)	(31,072)
Net property income	66,163	62,223	245,433	245,343
Profit income	358	179	1,494	797
Change in fair value of investment properties	81,311	27,819	81,311	27,819
Unbilled lease income ***	(1,387)	(1,394)	(3,912)	(3,381)
Fair value change on derivatives	(7,014)	(3,117)	(2,463)	2,027
Net (loss) / gain on financial liabilities measured at amortised cost	(2,016)	485	(2,627)	4,654
NET PROPERTY AND INVESTMENT INCOME	137,415	86,195	319,236	277,259
Manager's fees	6,976	6,409	27,465	25,442
Trustee's fees	222	206	878	1,199
Depreciation	99	148	495	591
Auditors' fees	40	37	160	147
Tax agent's fee	5	5	19	18
(Reversal) / provision of doubtful/bad debts	(1,111)	1,278	4,202	1,225
Administrative expenses	1,190	1,101	3,880	3,614
Islamic financing cost #	15,923	15,398	60,541	52,973
NON-PROPERTY EXPENSES	23,344	24,582	97,640	85,209
NET TRUST INCOME	114,071	61,613	221,596	192,050
INCOME TAX EXPENSES ##	(3,824)	(1,683)	(3,824)	(1,683)
NET INCOME FOR THE QUARTER /YEAR	110,247	59,930	217,772	190,367

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 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year To date 31.12.2023 RM'000	Preceding Year To date 31.12.2022 RM'000
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER/YEAR	110,247	59,930	217,772	190,367
EARNINGS PER UNIT (EPU) (sen) ###	6.33	3.65	12.50	11.62
NET INCOME FOR THE PERIOD/ YEAR IS MADE UP AS FOLLOWS:				
Realised				
- property income	42,340	37,079	146,278	158,183
- lease incentive adjustment (non-distributable) **	(550)	(653)	(903)	(633)
Unrealised - change in fair value of investment properties	81,311	27,819	81,311	27,819
Unrealised - Net (loss) / gain on financial liabilities measured at amortised cost	(2,016)	485	(2,627)	4,654
Unrealised - Fair value change on derivatives	(7,014)	(3,117)	(2,463)	2,027
Unrealised – provision of deferred tax on change in fair value of investment property ##	(3,824)	(1,683)	(3,824)	(1,683)
	110,247	59,930	217,772	190,367

(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 2022 and the accompanying explanatory notes attached to the financial statements)

* The total trust income is for performance review purposes, it comprises property income (including lease incentive adjustment) 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.

Provision of deferred tax (unrealised) on Real Property Gains Tax (“RPGT”) exposure on the fair value gain on investment properties.

EPU for the current quarter is computed based on net income for the quarter divided by weighted average number of units of 1,742,033,752 units and EPU for the current year is based on the weighted average number of units of 1,740,479,062 units. EPU for preceding year corresponding quarter is based on number of units in issue of 1,641,054,038 units and EPU for the preceding year is based on the weighted average number of units of 1,638,102,155 units.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE

FROM 1 JANUARY 2022 TO 31 DECEMBER 2022 (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 2022	1,934,322	32,841	560,158	2,527,321
Net income for the year	-	157,550	32,817	190,367
<i>Total comprehensive income for the year</i>	-	157,550	32,817	190,367
Contributions by and distributions to unitholders				
Issuance and placement of units	11,493	-	-	11,493
Issuing expenses	(160)	-	-	(160)
Distribution to Unitholders	-	(157,182)	-	(157,182)
<i>Total transactions with unitholders</i>	11,333	(157,182)	-	(145,849)
At 31 December 2022	1,945,655	33,209	592,975	2,571,839

AXIS REAL ESTATE INVESTMENT TRUST

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

FROM 1 JANUARY 2023 TO 31 DECEMBER 2023 (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 2023	1,945,655	33,209	592,975	2,571,839
Net income for the year	-	145,375	72,397	217,772
<i>Total comprehensive income for the year</i>	-	145,375	72,397	217,772
Contributions by and distributions to unitholders				
Issuance and placement of units	185,945	-	-	185,945
Issuing expenses	(2,260)	-	-	(2,260)
Distribution to Unitholders #	-	(147,294)	-	(147,294)
<i>Total transactions with unitholders</i>	183,685	(147,294)	-	36,391
At 31 December 2023	2,129,340	31,290	665,372	2,826,002

(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 2022 and the accompanying explanatory notes attached to the financial statements.)

Includes the payment of fourth interim and final income distribution amounting to a total of 2.33 sen per unit for the financial year 2022 and the first, second and third interim income distributions for financial year 2023 of 2.05 sen per unit, 2.05 sen per unit and 2.15 sen per unit, which were paid on 20 January 2023, 28 February 2023, 31 May 2023, 30 August 2023 and 15 December 2023, respectively.

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)

	Current Year To Date 31.12.2023 RM'000	Preceding Year To Date 31.12.2022 RM'000
Cash flows from operating activities		
Net income before taxation	221,596	192,050
Adjustments for :-		
Islamic financing cost	60,541	52,973
Profit income	(1,494)	(797)
Change in fair value of investment properties	(81,311)	(27,819)
Depreciation of equipment	495	591
Loss / (gain) on financial liabilities measured at amortised cost	2,627	(4,654)
Impairment losses on trade receivables	4,202	1,225
Fair value change on Islamic derivatives	2,463	(2,027)
Operating income before changes in working capital	209,119	211,542
Changes in working capital		
Receivables, deposits and prepayments	(7,253)	2,442
Payables and accruals	1,202	5,112
Tenants' deposits	(4,349)	9,074
Net cash from operating activities	198,719	228,170
Cash flows from investing activities		
Profit income received	1,494	797
Enhancement of investment properties	(172,749)	(57,281)
Acquisition of investment property #	(4,040)	(486,690)
Acquisition of equipment	(27)	(40)
Pledged deposits	-	5,860
Net cash used in investing activities	(175,322)	(537,354)
Cash flows from financing activities		
Islamic financing cost paid	(59,485)	(51,476)
Proceeds from financing, net	7,898	359,930
Income distribution paid to unitholders	(147,294)	(157,182)
Proceeds from issuance of units	185,945	11,493
Issuing expenses	(2,260)	(160)
Net cash (used in)/from financing activities	(15,196)	162,605

AXIS REAL ESTATE INVESTMENT TRUST

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (UNAUDITED) (CONT'D)

	Current Year	Preceding Year
	To Date	To Date
	31.12.2023	31.12.2022
	RM'000	RM'000
Net increase / (decrease) in cash and cash equivalents	8,201	(146,579)
Cash and cash equivalents at beginning of period	24,031	170,610
Cash and cash equivalents at end of period	<u>32,232</u>	<u>24,031</u>
Cash and cash equivalents		
Cash and bank balances	7,792	22,451
Islamic deposits placed with licensed banks	43,924	21,064
	51,716	43,515
Less: Islamic deposits placed with licensed banks - pledged	<u>(19,484)</u>	<u>(19,484)</u>
	<u>32,232</u>	<u>24,031</u>

(The Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements.)

- # Being acquisition cost which includes an amount withheld from the purchase price of RM87 million for the acquisition of Axis Shah Alam Distribution Centre 4. The amount withheld was paid in March 2023 to the vendor for the fulfillment of the subsequent term pursuant to the sale and purchase agreement dated 23 April 2018.

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 2022.

A2. AUDIT REPORT OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2022

The audit report of the financial statements of Axis-REIT for the preceding financial year ended 31 December 2022 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 2023 third interim income distribution of 2.15 sen per unit, totaling RM37,433,000 in respect of the period from 1 July 2023 to 30 September 2023 was paid on 15 December 2023.

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 October 2023 to 31 December 2023 as the 2023 final income distribution of 2.40 sen per unit, which includes a non-taxable portion of approximately 0.52 sen per unit derived from capital allowances, industrial building allowances and tax-exempt profit income which is not subject to tax.

The 2023 final income distribution will be payable on 29 February 2024 and the book closure date is 8 February 2024.

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, vide an announcement dated 20 January 2022, announced that Axis-REIT is embarking on a proposed development of Bukit Raja Distribution Centre 2 ("BRDC2") ("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 SPX Xpress (Malaysia) Sdn Bhd (formerly known as Shopee Express Malaysia Sdn Bhd) ("SPX Xpress"). SPX Xpress has agreed to lease the entire BRDC2 upon completion of the Proposed Development in accordance with the terms and conditions as stipulated in the Lease Agreement.

The Proposed Development has been completed and its vacant possession delivered to SPX Xpress on 1 August 2023. The lease has commenced with effect from 1 August 2023.

- b) Axis-REIT had undertaken a proposed development of a logistics warehouse with a built-up area of approximately 584,112 sq. ft. known as Axis Mega Distribution Centre (Phase 2) ("AMDC (Phase 2)"), to be constructed on the existing remaining vacant land forming part of a parcel of leasehold industrial land held under PN No. 122072, Lot 7316, Town of Sijangkang, District of Kuala Langat, Selangor, on which an existing property of Axis-REIT, Axis Mega Distribution Centre is erected upon.

The main contractor was appointed on 9 November 2022 and the construction works commenced in January 2023.

- c) A letter of offer had been duly accepted for the proposed acquisition by Axis-REIT of a logistics warehouse in Kawasan Perusahaan Kulim, Kedah for a proposed purchase consideration of RM92,000,000. The proposed acquisition had been aborted.
- d) A sale and purchase agreement ("SPA") had been executed on 25 October 2023 for the proposed acquisition by Axis-REIT of a manufacturing facility in Sendayan, Negeri Sembilan for a proposed purchase consideration of RM48,000,000.
- e) A SPA had been duly executed on 8 December 2023 for the proposed acquisition by Axis-REIT of a supermarket in Temerloh, Pahang for a proposed purchase consideration of RM25,750,000. The proposed acquisition was completed on 16 January 2024 and the property is now known as Axis Hypermarket @ Temerloh.

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

Axis-REIT's fund size was increased from 1,741,054,038 units to 1,747,492,159 units during the quarter under review with the issuance of 6,438,121 new units pursuant to the implementation of the Income Distribution Reinvestment Plan ("IDRP") applicable to the 2023 third interim income distribution completed on 18 December 2023.

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 2023 (“4Q2023”), Axis-REIT registered a total trust income of RM75,555,000. The realised net income from operations was RM41,790,000 after deducting total expenditure of RM33,765,000, of which RM10,421,000 were attributable to property expenses and RM23,344,000 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 2023.

The total net asset value stood at RM2,826,002,000 and the net asset value per unit (before 2023 final income distribution) was RM1.6172.

Full Year Results

For the financial year ended 31 December 2023, Axis-REIT recorded a total revenue of RM285,992,000. The realised net income generated from operations was RM145,375,000 after deducting total expenditure of RM140,617,000, of which RM42,977,000 were attributable to property expenses and RM97,640,000 to non-property expenses.

A total of RM108,817,000 was paid out as the 2023 first, second and third interim income distributions which translated to 6.25 sen per unit.

Axis-REIT has further set aside RM41,939,000 (approximately 99% of total income available for distribution in respect of the period from 1 October 2023 to 31 December 2023) as the 2023 final income distribution which translates to 2.40 sen per unit payable on 29 February 2024.

Maintenance costs & major capital expenditure

During the financial year ended 31 December 2023, a total of RM172,749,000 has been incurred for major capital expenditure, ie RM12,647,000 for enhancement of properties of Axis-REIT and RM72,463,000 incurred for the development of BRDC2 and RM87,639,000 incurred for the ongoing development of AMDC (Phase 2) respectively.

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

	Current Year Quarter 31.12.2023 RM'000	Immediate Preceding Quarter 30.9.2023 RM'000	%
Property income	75,747	72,057	+5.1%
Less : Property expenses	(10,421)	(10,736)	-2.9%
Net property income	65,326	61,321	+6.5%
Profit income	358	325	+10.2%
Less: Non-property expenses	(23,344)	(23,775)	-1.8%
Net income before lease incentive adjustment (non-distributable)	42,340	37,871	+11.8%
Lease incentive adjustment, net (Note 1)	(550)	(572)	
Net income before tax (Realised)	41,790	37,299	+12.0%

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 4Q2023, Axis-REIT's property income was RM75,747,000, 5.1% higher compared to the immediate preceding quarter ("3Q2023") of RM72,057,000, mainly due to higher occupancy for the existing portfolio and commencement of lease for BRDC2 in August 2023.

Property expenses was RM10,421,000, 2.9% lower compared to 3Q2023 of RM10,736,000, mainly due to lower maintenance cost.

Non-property expenses was RM23,344,000, 1.8% lower compared to 3Q2023 of RM23,775,000, mainly due to reversal of provision for doubtful debts made in 4Q2023.

During the quarter under review, net income before lease incentive adjustment was RM42,340,000, 11.8% higher compared to 3Q2023 of RM37,871,000, mainly due to higher property income and lower expenses.

B3. PROSPECTS

The Manager is optimistic that in view of the satisfactory performance of Axis-REIT's existing property portfolio and its growth strategy to actively pursue quality investments, it will be able to maintain its current performance for the coming financial year ending 31 December 2024.

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 2022 Integrated Annual Report of Axis-REIT.

B6. PORTFOLIO COMPOSITION

During the quarter under review, the property portfolio size of Axis-REIT remains at 62 properties as at 31 December 2023. Subsequent thereto, the portfolio size has increased to 63 properties as at 16 January 2024 following the acquisition of Axis Hypermarket @ Temerloh.

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

Net proceeds of RM10.7 million had been raised from 6,438,121 new units issued pursuant to the IDRPs implemented in December 2023. 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 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year To date 31.12.2023 RM'000	Preceding Year To date 31.12.2022 RM'000
Gross rental income	75,197	70,796	284,498	281,090
Profit income	358	179	1,494	797
	75,555	70,975	285,992	281,887
Less: Expenses	(33,765)	(34,549)	(140,617)	(124,337)
Realised income for the period	41,790	36,426	145,375	157,550
Add: Non-cash items	(462)	2,079	5,600	2,449
Total realised income available for the period	41,328	38,505	150,975	159,999
Add: Brought forward undistributed realised income available for distribution	983	125	153	239
Total realised income available for distribution	42,311	38,630	151,128	160,238
Less: Income to be distributed for the quarter/period	(41,939)	(38,477)	(150,756)	(160,085)
Balance undistributed realised income available for distribution	372	153	372	153
Distribution per unit (sen)	2.40	2.33	8.65	9.75

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 11th annual general meeting of Axis-REIT convened and held on 20 April 2023.

B11. FINANCING

	Current Financial Period Ended 31.12.2023 (RM'000)	Preceding Financial Period Ended 31.12.2022 (RM'000)
Short term financing		
- Secured Islamic revolving credit/hire purchase denominated in MYR	814,520	812,540
Long term financing		
- Secured Islamic Medium Term Notes/ Islamic Term Financings denominated in MYR	740,454	733,480

B12. DERIVATIVES

As at 31 December 2023, the Trust has the following Islamic Profit Rate Swap ("IPRS") to hedge against the fluctuation of future movement in profit rate on its financings. Axis-REIT is currently using the said IPRS to hedge against its financings 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>
IPRS – derivative assets	310,000	(272)	Less than 10 years
IPRS – derivative liability	110,000	(549)	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, except for the following:

Axis-REIT, vide an announcement dated 5 September 2023, announced that the Trustee of Axis-REIT, RHB Trustees Berhad as plaintiff, has on 5 September 2023 served on Yongnam Engineering Sdn Bhd (a former tenant of Axis-REIT at Axis Steel Centre @ SiLC) and Yongnam Holdings Limited (corporate guarantor or YHL) (“the Defendants”) a Writ of Summons and Statement of Claim both dated 25 August 2023 regarding a legal proceeding claiming for:

- a) unpaid rental due and owing under the lease agreement for the period of March 2023 to 7 June 2023 of RM3,792,276.43;
- b) compensation charges of RM703,966.14 as at 7 June 2023 and continuing on the sum of RM3,792,276.43 at the rate of 1.5% per month on daily basis from 8 June 2023 until the date of full and final realisation;
- c) amount equivalent to the rental for the whole unexpired period of the lease term from 8 June 2023 until 29 December 2029 as agreed liquidated damages of RM105,396,516.60 and its related compensation charges at the rate of 1.5% per month on daily basis from 8 June 2023 until the date of full and final realisation;
- d) legal charges and reimbursements as at the date of filing of the writ in the sum of RM236,954.77;
- e) costs on a solicitor-client basis; and
- f) such further and/or other relief which the Court deems fit and proper.

Subsequently, Axis-REIT has vide an announcement dated 20 October 2023, announced that the Trustee has on 19 October 2023 and 20 October 2023, served on the Defendants a Judgement in Default dated 3 October 2023 (“Judgment”). Pursuant to the Judgment, the Defendants are required to pay to the Trustee, the claimed sum listed as items (a) to (d) above.

The Trustee has on 20 December 2023 filed a proof of debts to the judicial managers of YHL for the total outstanding sum (including the compensation charges and the claimed sum as listed as items (a) to (d) above).

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 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year To date 31.12.2023 RM'000	Preceding Year To date 31.12.2022 RM'000
Profit for the quarter/year is arrived at after crediting / (charging):				
Profit income	358	179	1,494	797
Islamic financing costs	(15,923)	(15,398)	(60,541)	(52,973)
Depreciation of equipment	(99)	(148)	(495)	(591)
Reversal / (provision) of doubtful/bad debts	1,111	(1,278)	(4,202)	(1,225)
Fair value change on derivatives	(7,014)	(3,117)	(2,463)	2,027
Change in fair value of investment properties	81,311	27,819	81,311	27,819

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 31.12.2023	Immediate Preceding Quarter Ended 30.9.2023
Number of units in issue (units)	1,747,492,159	1,741,054,038
EPU (realised) (sen)	2.40 ⁽¹⁾	2.14 ⁽³⁾
EPU (include unrealised income) (sen)	6.33 ^{(1) (2)}	2.44 ⁽³⁾
Net realised income for the period (RM'000)	41,790	37,299
Distribution per unit (DPU) (sen)	2.40	2.15
Net Asset Value (NAV) (RM'000)	2,826,002	2,742,451
NAV Per Unit (RM)	1.6172	1.5752
Market Value Per Unit (RM)	1.79	1.84

(1) Based on average number of units in issue. The total number of units issued is increased from 1,741,054,038 units to 1,747,492,159 units with the successful issuance and listing of 6,438,121 new units arising from IDRP completed on 18 December 2023.

(2) Include the change in fair value of investment property of RM81,311,000 which has been recognised in the financial year ended 2023.

(3) Based on total units in issue of 1,741,054,038 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 2023 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 23 January 2024.

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

23 January 2024