



Axis REIT
Third Quarter 2009
Financial Performance



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October 2009












A Quick Snapshot

Approved Fund Size	<input type="checkbox"/> 307,081,200 units
Manager	<input type="checkbox"/> Axis REIT Managers Bhd
Assets Under Management	<input type="checkbox"/> 728.78 million
Market Capitalisation	<input type="checkbox"/> RM546.60 million (as at 30 September 2009)
Unit Price	<input type="checkbox"/> RM1.78 (as at 30 September 2009)
Gearing	<input type="checkbox"/> RM212.02 million (27.26% of Total Asset Value as at 30 September 2009 – Unaudited)
Distribution Policy	<input type="checkbox"/> 1 st to 3 rd Quarter - at least 95% of the current year-to-date distributable income and <input type="checkbox"/> 4 th Quarter – at least 99% of the current year-to-date distributable income












Financial Results - Income Statement (Unaudited)

Excluding unrealised earnings due to changes in fair value of investment properties	3Q2009 (RM '000)	3Q2008 (RM'000)	Changes / Movement
No. of Properties	19	18	 + 1
Property Income – Note 1	17,520	16,367	 + 7.04%
Property Expenses – Note 2	(2,997)	(2,559)	 + 17.12%
Net Property Income	14,523	13,808	 + 5.18%
Interest Income – Note 6	151	-	
Non-Property Expenses – Note 3	(1,587)	(1,770)	 - 10.34%
Borrowing Cost – Note 4	(269)	(1)	
Interest /Islamic financing cost – Note 5	(2,569)	(2,181)	 + 17.80%
Income Before Taxation	10,249	9,856	 + 3.99%
Earnings Per Unit – sen – Note 7	3.83 #	3.85	 + 0.52%
Distribution Per Unit – sen	4.06	3.81	 + 6.56%



Financial Results - Income Statement (Unaudited)

Excluding unrealised earnings due to changes in fair value of investment properties	YTD Sept 2009 (RM '000)	YTD Sept 2008 (RM'000)	Changes / Movement
No. of Properties	19	18	 + 1
Property Income	52,211	46,469	 + 12.36%
Property Expenses	(8,430)	(7,238)	 + 16.47%
Net Property Income	43,781	39,231	 + 11.60%
Interest Income	151	35	
Non-Property Expenses	(4,419)	(4,571)	 - 3.33%
Borrowing Cost	(574)	(227)	
Interest /Islamic financing cost	(7,686)	(5,992)	 + 28.27%
Income Before Taxation	31,253	28,476	 + 9.75%
Earnings Per Unit – sen	12.80 #	11.36 #	 + 12.68%
Distribution Per Unit – sen	12.06	11.21	 + 7.58%



Notes to 3rd Qtr Financial Results – Income Statement

Note 1 – Property Income

Increase in property income is due to contribution of rental income from property acquisition completed since the 3rd quarter of 2008.

Note 2 – Property Expenses

Increase in property expenses is due to additional property completed since the 3rd quarter of 2008.

Note 3 – Non-Property Expenses

Reduction in non-property expenses for the current quarter is due to lower provision of doubtful debts of RM124k as compared to RM338k in the preceding year corresponding quarter.

Note 4 – Borrowing Cost

Included in the borrowing cost are the following:

- Amortisation of term loan expenses: RM 166k
- Stamp duty and legal fee on new borrowing of RM25 mil : RM103k



Notes to 3rd Qtr Financial Results – Income Statement Cont'd.)

Note 5 – Interest/ Islamic Financing Cost

The increase in the interest / Islamic financing cost for the current quarter and year to-date (“YTD”) as compared to last year’s corresponding quarter and YTD is due to increase in gearing of the Trust since 30 September 2008 of 31% to 35% prior to listing of the 51,180,200 new units on 10 September 2009.

On 23 September 2009, the Trust has redeemed RM45.0 mil Revolving Credit (“RC”) with the placement proceeds of 51,180,200 units and gearing has been reduced to 27%. As at 30 September 2009, the Trust is holding the balance placement proceeds of RM39.0 mil as Islamic REPO and cash pending the next maturity of RC in November 2009.

Note 6 – Interest Income

Being Islamic REPO interest on net proceeds placement prior to redemption of debt on the maturity date.

Note 7 – Earnings Per Unit

Based on weighted average no. of units in issue due to the listing of 51,180,200 units on 10 September 2009.



Balance Sheet Highlights (Unaudited)

	30/09/09	31/12/08	Changes
	RM '000	RM '000	
Investment Properties	728,785	723,100	+ 5,685
Other Assets	48,863	3,271	+ 45,592
TOTAL ASSETS	777,648	726,371	+ 51,277
Borrowings	212,022	230,456	- 18,434
Other Payables	32,551	48,069	- 15,518
TOTAL LIABILITIES	244,573	278,525	- 33,952
NET ASSETS VALUE (“NAV”)	533,075	447,846	+ 85,229
Unitholders' Capital	406,854	323,338	+ 83,516
Undistributed Income	126,221	124,508	+ 1,713
TOTAL UNITHOLDERS' FUND	533,075	447,846	+ 85,229
GEARING	27.26%	31.73%	
NAV/unit (RM) – based on 307,081,200 units	1.7359	1.7501	

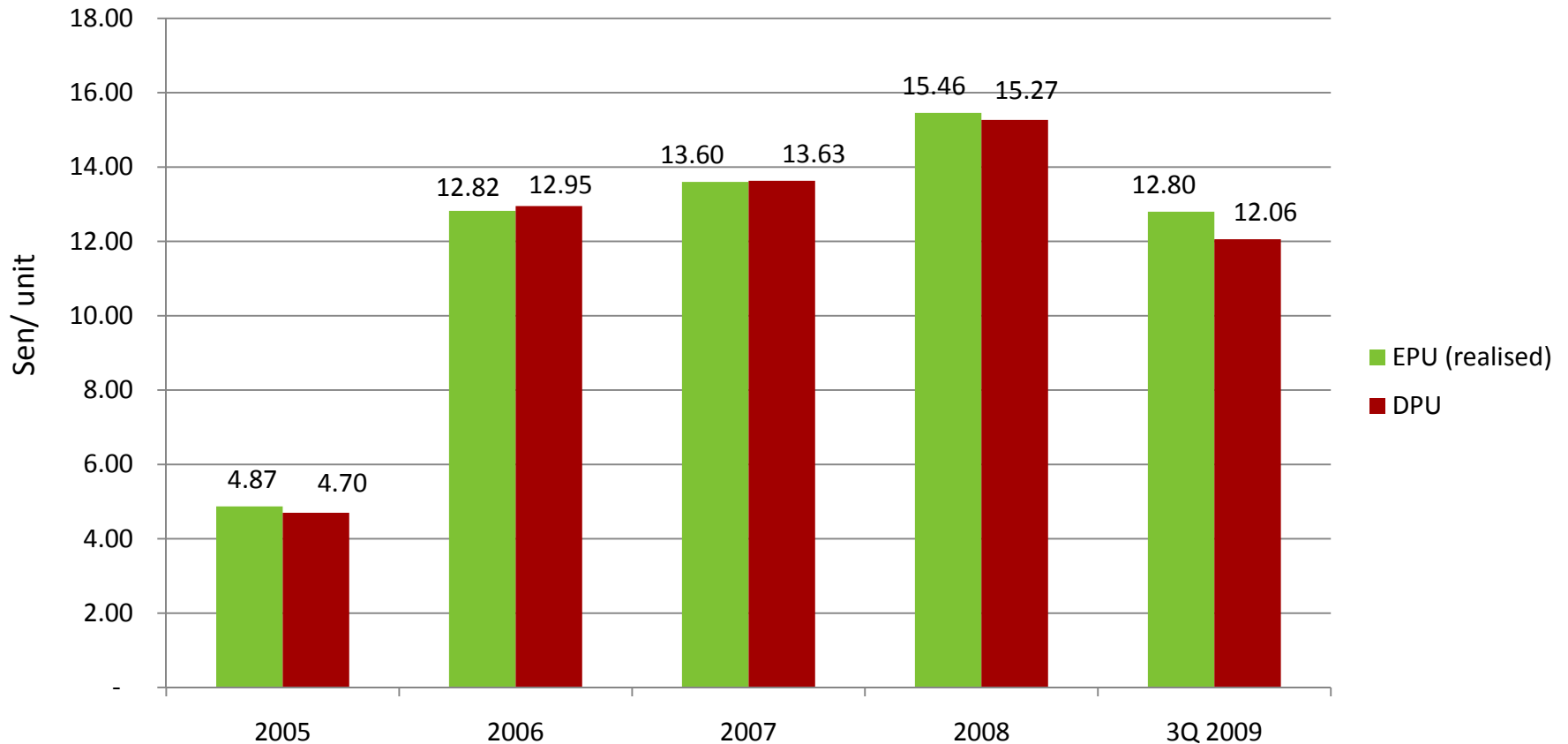


Detailed Property Performance Analysis – 30.9.2009 (RM'000)

	Book Value (a)	Fair Value Adjustment (b)	Acq Cost + Enhancement (c)	12 Months Annualised Revenue (d)	Gross Yield (d) / (c)
1 ABP	102,581	17,536	85,045	11,188	13.16%
2 Axis Plaza	30,700	8,198	22,502	2,794	12.42%
3 Crystal Plaza	89,828	33,304	56,524	9,309	16.47%
4 Infinite Centre	35,216	9,587	25,630	3,380	13.19%
5 Menara Axis	92,443	18,529	73,914	9,405	12.72%
6 Wisma Kemajuan	52,520	19,326	33,194	4,988	15.03%
7 Axis North Port	15,306	2,157	13,148	1,175	8.94%
8 Kayangan Depot	22,082	5,462	16,620	2,135	12.85%
10 Wisma Bintang	38,750	6,066	32,684	2,687	8.22%
11 Shah Alam DC1	18,500	(563)	19,063	1,474	7.73%
12 Giant Hypermarket	38,000	(678)	38,678	2,898	7.49%
13 FCI – Senai	14,000	1,449	12,551	1,312	10.45%
14 Nestle Warehouse	7,500	149	7,351	615	8.37%
15 Nestle House	40,224	(376)	40,600	3,817	9.40%
16 Kompakar	40,000	2,443	37,557	3,210	8.55%
17 Niro	14,500	(311)	14,811	1,560	10.53%
18 BMW	27,100	(371)	27,471	3,190	11.61%
19 Delfi Warehouse	13,511	757	12,754	1,306	10.24%
Axis Vista	36,024	3,519	32,505	3,172	9.76%
* annualised based on 3Q 2009 result	728,785	126,183	602,602	69,615*	Average Gross Yield 11.55%



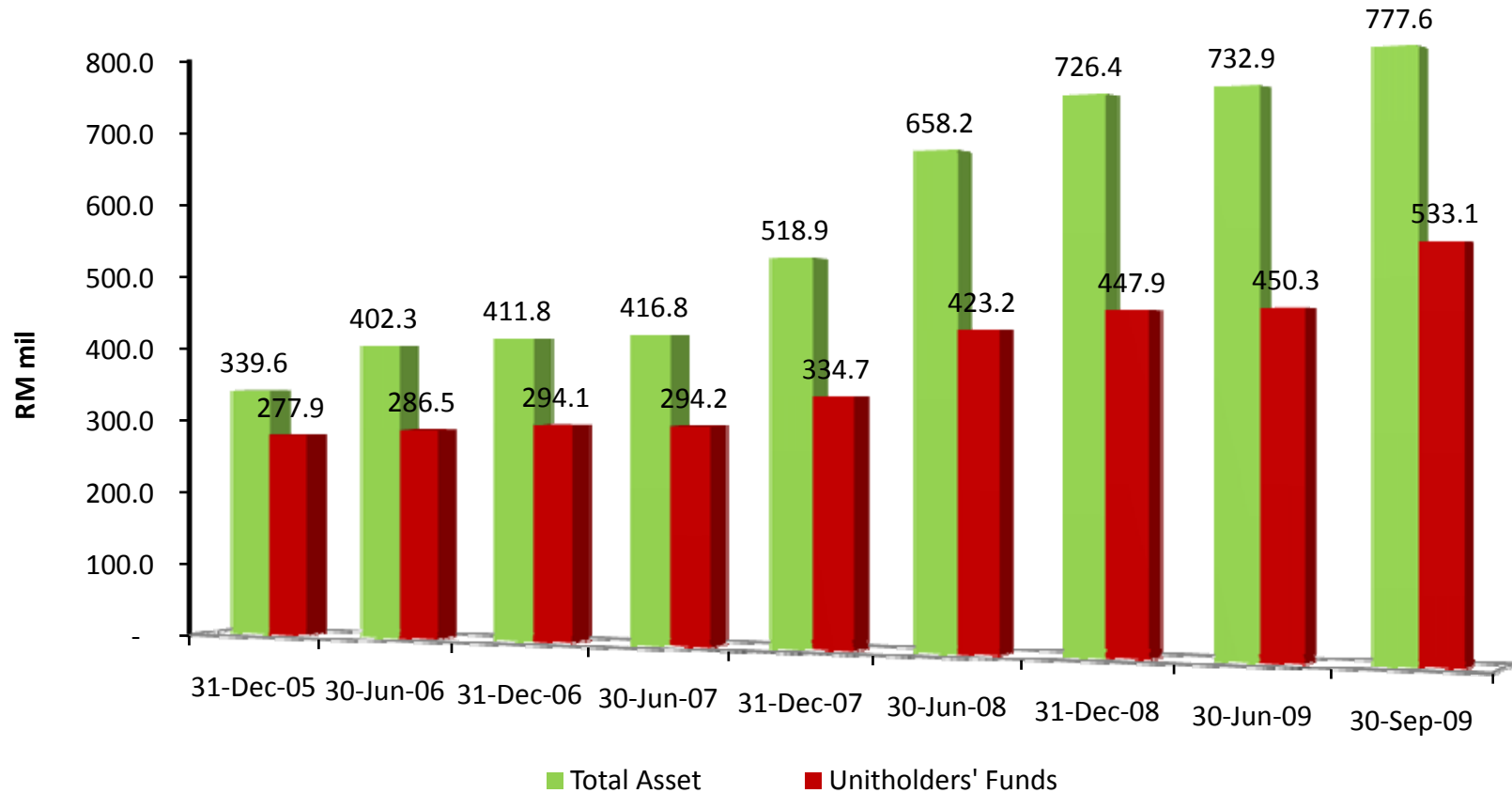
Summary of EPU (Realised) and DPU



EPU(realised) = Income available for distribution



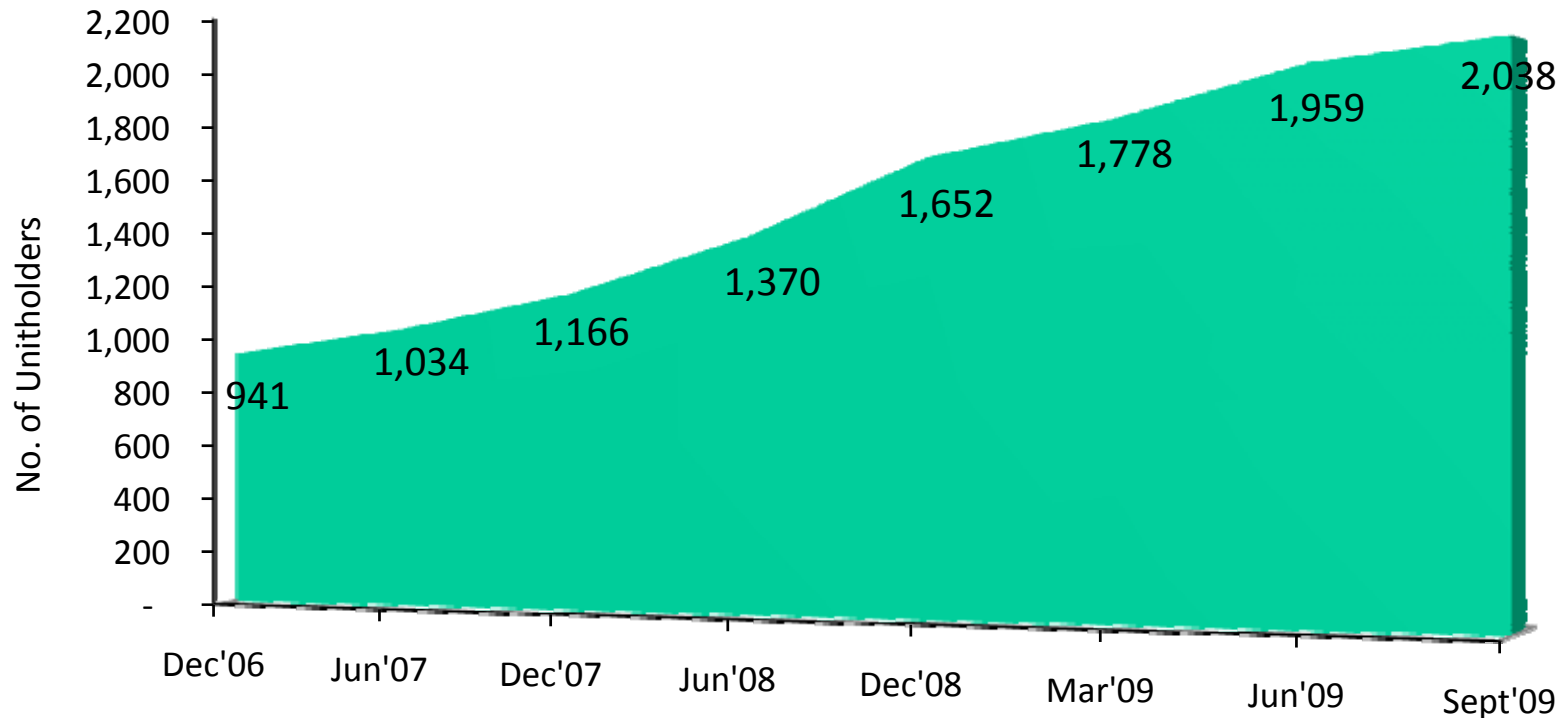
Total Assets & Unitholders' Funds



Total asset and Unitholders' funds has increased rapidly since IPO.



Improved Investor Visibility and Liquidity



Since the reclassification to being Shariah compliant, there is an increase in liquidity.

Foreign shareholdings : 9.20% of which 4.46% is held by related parties and the balance of 4.74% is held by non-related parties.



Private Placement



Private Placement – 51,180,200 New Units

- The new units were listed on 10 September 2009.
- The private placement received strong response from the existing Unitholders. The Placement was oversubscribed by **2.03x**.
- The placement price was based on a 5-day VWAMP up to 24 August 2009 of **RM1.75**.
- The placement price of **RM1.66** represents **5.14%** discount to the 5-day VWAMP.
- The successful private placement strengthened the balance sheet and provides headroom for future acquisitions.
- The proceeds of RM83.5 million with gearing will potentially allow Axis-REIT to acquire additional RM150 million worth of assets bringing the total AUM to approximately RM950 million.



New Acquisition for 2009



Addition for 2009 – Warehouse/Logistics



Axis Steel
Centre,
North Port
Port Klang

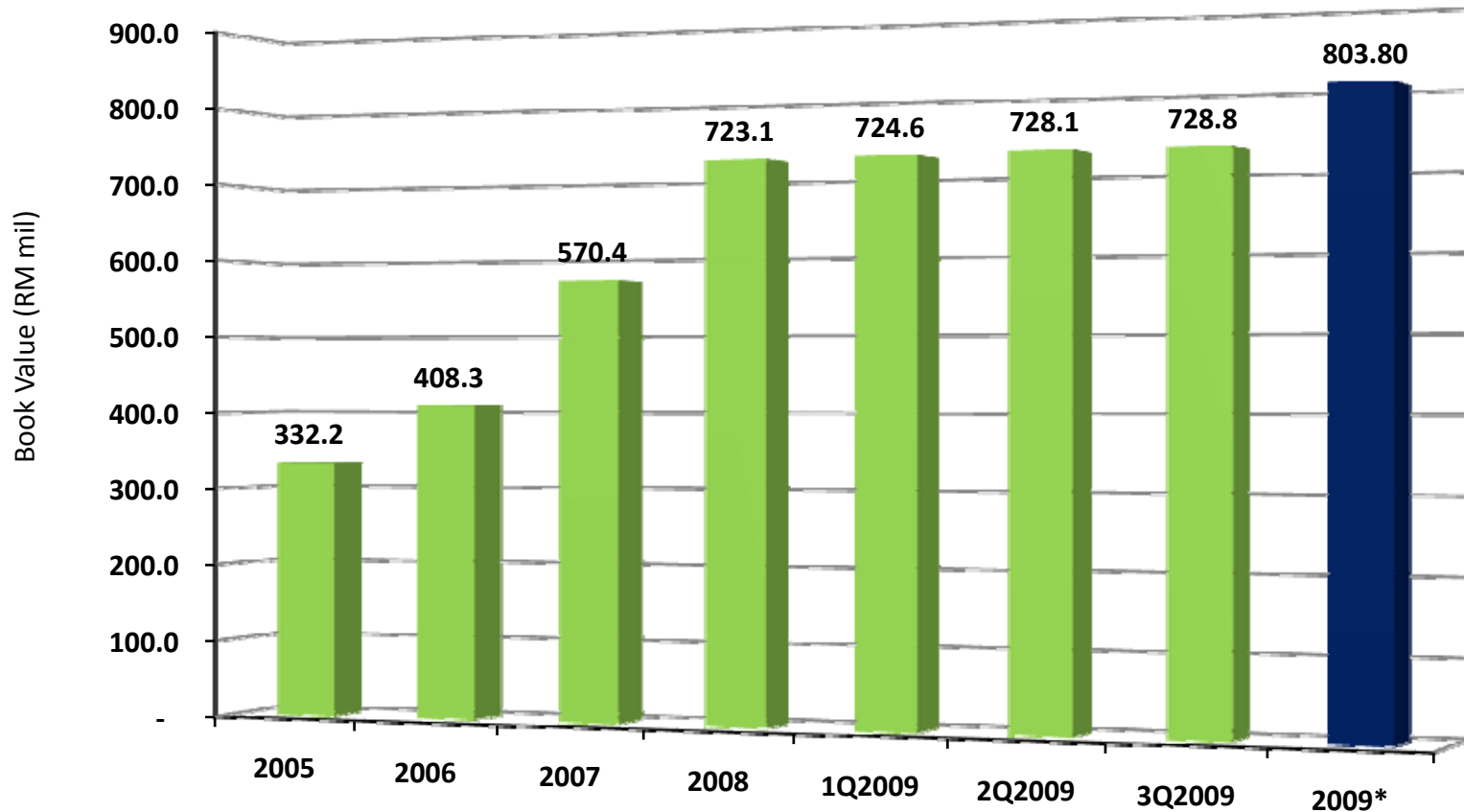


Axis Steel Centre – Data Sheet

Address	Lot 19, Lebuhr Sultan Hishamuddin 1, North Port, Port Klang.
Land Area	16.42 Acres (715,262 sq ft)
Built Up	366,839 sq ft
Land tenure	99 year leasehold with 93 years remaining
Tenant	Konsortium Logistik Berhad
Occupancy	100%
Tenure	5 year lease with a 3 year option
Purchase Price	RM 65.00 million
Acquisition price	RM 65.84million
Valuation	RM 75.00 million
Fair value adjustment	RM 9.16 million
Triple Net Yield	9.70%



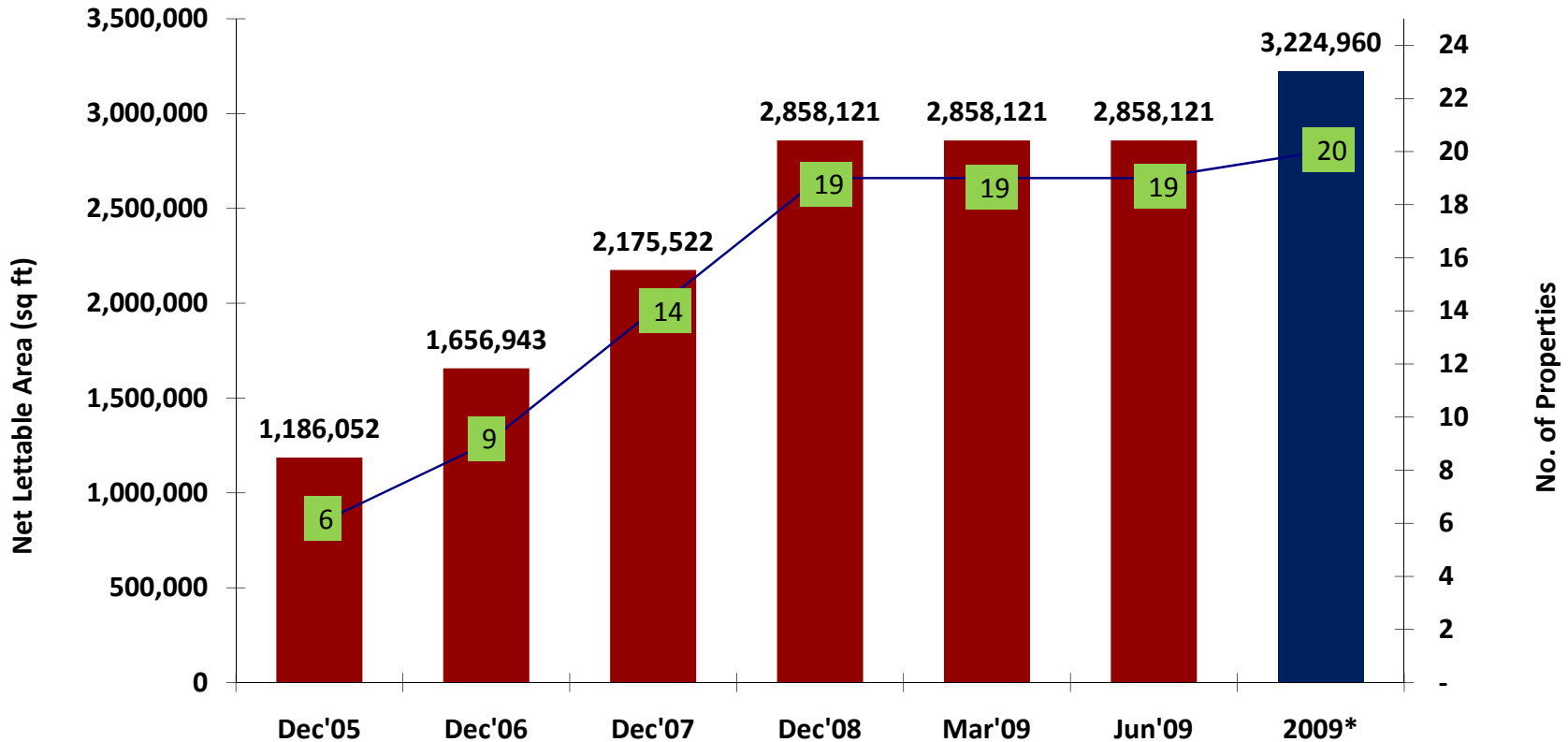
Impact on Assets Under Management (AUM)



* Inclusion of Axis Steel Centre



Impact on Space Under Management



* Inclusion of Axis Steel Centre



Property Portfolio



Property Portfolio - Office



Menara Axis, Petaling Jaya



**Crystal Plaza,
Petaling Jaya**



**Nestle House,
Petaling Jaya**



Property Portfolio – Office Industrial



Axis Business Park, Petaling Jaya



Axis Plaza, Shah Alam



Infinite Centre, Petaling Jaya



Wisma Kemajuan, Petaling Jaya



Kayangan Depot, Shah Alam



Wisma Bintang, Petaling Jaya



Kompakar, Petaling Jaya



Nestle Office & Warehouse, Shah Alam



Axis Vista, Petaling Jaya



Property Portfolio – Warehouse/Logistics



**BMW Asia Technology Centre
Tanjung Pelepas, Johor**



**Niro Warehouse
Pasir Gudang, Johor**



**North Port Logistics Centre 1,
Klang**



**Delphi Cocoa Warehouse
Pasir Gudang, Johor**



Axis Shah Alam DC1, Shah Alam



Property Portfolio – Light Industrial & Warehouse Retail Facilities



**FCI Connectors Malaysia Sdn Bhd
Senai, Johor**

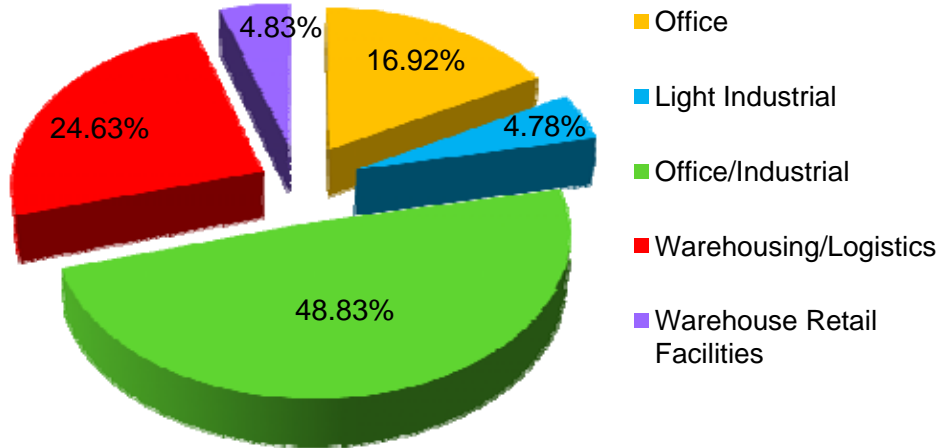


**Giant Hypermarket
Sg Petani, Kedah**

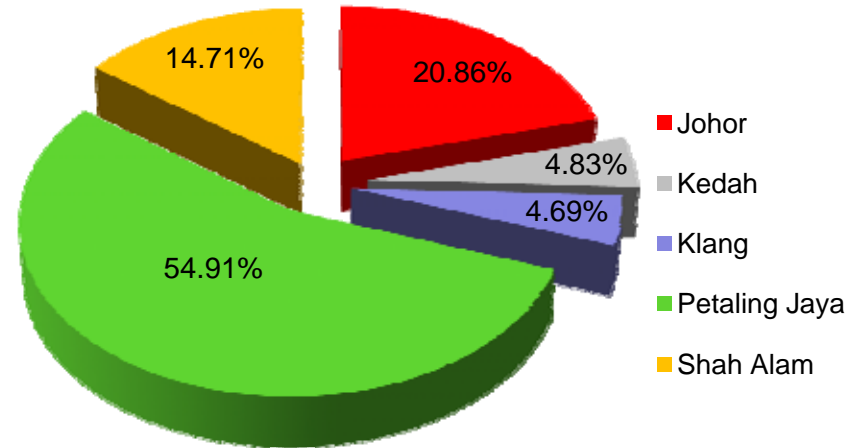


Portfolio Diversification - Type of Properties

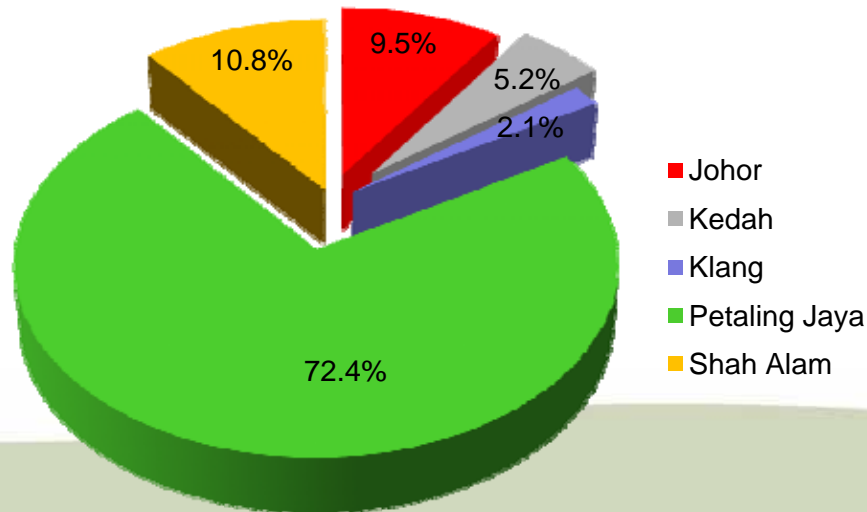
Portfolio Diversification by Type and NLA



Portfolio Diversification by Geographical and NLA

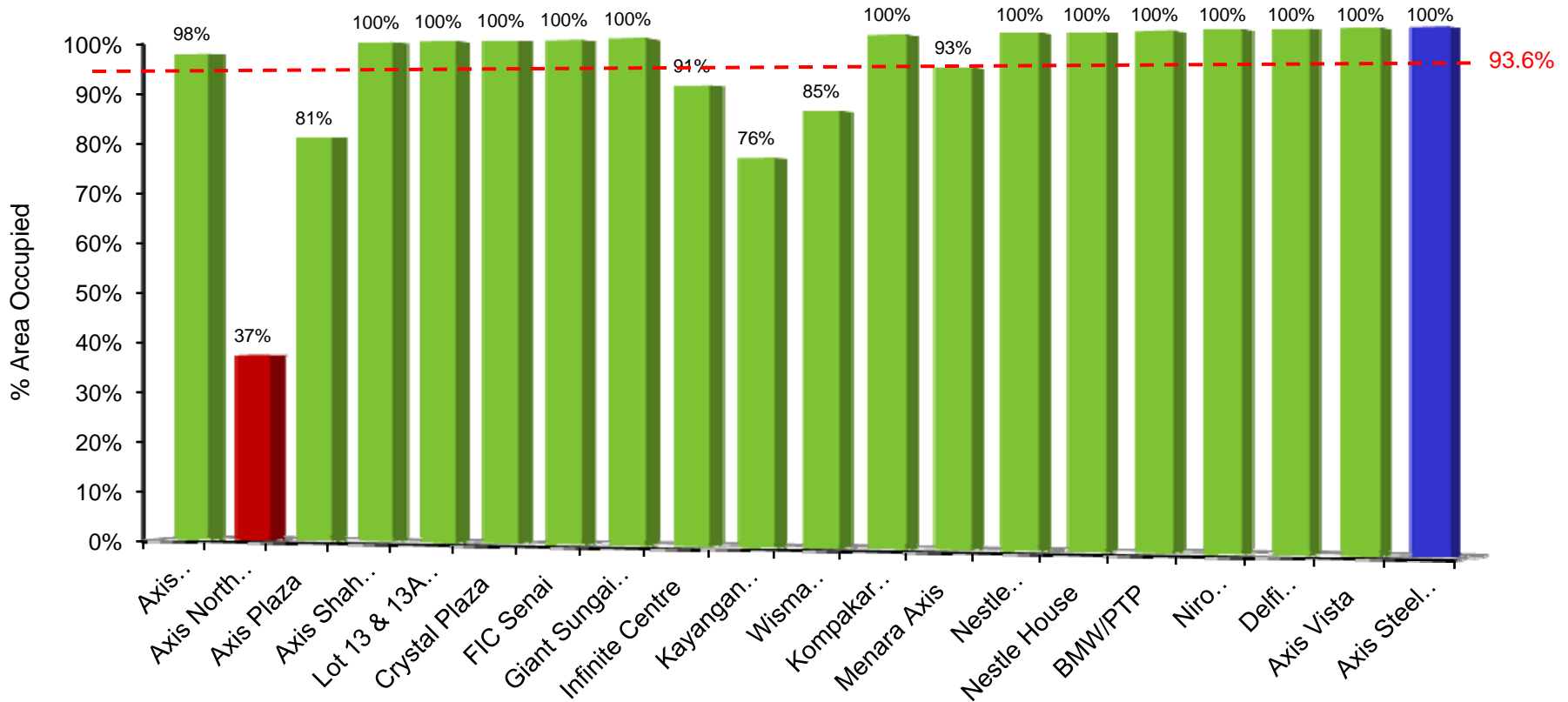


Portfolio Diversification by Geographical and Book Value





Occupancy Rate



Current occupancy is **93.6%** with the inclusion of Axis Steel Center.

Axis North Logistic Center was the cause for the drop in occupancy due to non-renewal by the existing tenant. However, the Manager was able to immediately tenant out 31% of the space and is currently in active negotiations to fill up the balance vacant warehouse space by end of October 2009.

Upon which occupancy levels will increase to **95.6%**.



Lease Expiry Profile

Property	Year 2009	% of Total NLA	% of Rental Income /mth	Year 2010	% of Total NLA	% of Rental Income /mth	Year 2011	% of Total NLA	% of Rental Income /mth
Menara Axis	51,510	1.80%	3.11%	58,002	2.03%	4.92%	14,034	0.49%	1.48%
Crystal Plaza	24,856	0.87%	1.63%	169,002	5.91%	9.68%	9,118	0.32%	0.65%
Axis Business Park	34,693	1.21%	1.24%	40,189	1.41%	1.49%	254,017	8.89%	12.66%
Infinite Centre	31,912	1.12%	1.12%	81,680	2.86%	3.04%	12,552	0.44%	0.47%
Axis Plaza	5,939	0.21%	0.17%	32,873	1.15%	1.37%	58,459	2.05%	2.25%
Wisma Kemajuan	30,174	1.06%	1.05%	44,232	1.55%	3.22%	42,676	1.49%	1.54%
Axis North Port LC 1	121,155	4.24%	1.62%	-	-	-	13,000	0.45%	0.20%
Kayangan Depot	2,609	0.09%	0.08%	103,333	3.62%	2.29%	16,856	0.59%	0.29%
Axis Shah Alam DC 1	-	-	-	-	-	-	110,406	3.86%	2.19%
Nestle House	106,000	3.71%	5.67%	-	-	-	-	-	-
Kompakar CRC HQ	-	-	-	104,903	3.67%	4.77%	-	-	-
Delfi Warehouse	130,743	4.57%	1.94%	-	-	-	-	-	-
Axis Vista	-	-	-	57,617	2.02%	2.41%	60,400	2.11%	1.69%
	539,591	18.88%	17.63%	691,831	24.21%	33.17%	591,518	20.70%	23.42%



Maintaining Positive Rental Reversions

Multi Tenanted Properties	Space Negotiated	% Movement
Menara Axis	38,959	+10.2%
Crystal Plaza	12,433	-1.4%
Axis Business Park	34,693	+ 7.6%
Infinite Centre	31,912	-1.5%
Axis Plaza	5,939	No change
Wisma Kemajuan	30,174	+2.2%
Kayangan Depot	2,609	No change
North Port Logistic Center	37,030	No change
Delfi Cocoa	130,743	No change

The Manager has successfully renegotiated **324,492 sq ft** of space representing approximately **60.1%** of 2009 total lettable space which are due for renewals.



Nestle House (Quattro West) Refurbishment



Nestle House Enhancement

Before



After



Nestle House will be upgraded at the end of 2009/10 from a 70's design to: -

A World Class Grade A Boutique Office Building- Design elements

- Refurbishment of exterior planned
- Upgrade of lift lobbies
- New lobbies
- New covered drop off zone and F&B facilities
- Completion March 2010
- Estimated Budget of RM 7,000,000





Nestle House Enhancement- Timetable

Time Table

❖ Nestle cease Operations at site	23 rd October 2009
❖ Work Commences on Exterior	26 th October 2009
❖ Work Commences on Interior	9 th November 2009
❖ Work Complete	12 th February 2010
❖ Ready for Occupancy	March 2010

The asset enhancement consists of converting the façade of the building to a modern corporate look, selective upgrade of key M&E systems and enhancing the look of the lobbies/lifts and common areas.

Upon completion, rentals will be competitive to the market, starting from RM3.90psf.

Marketing has commenced of the property with a target to have 80% of the property leased by 1st Quarter 2010.



Nestle House Enhancement -Snapshot



Quattro West

Current Yield (Gross)	: 9.5% (2008)
Nestle rental expiry	: 30 th Nov 2009
Nestle migration	: 23 rd Oct 2009
Estimated project cost	: RM7.5mil
Projected Yield (Gross)	: 10.2%
Ready for occupancy	: March 2010



REAL ESTATE INVESTMENT TRUST

Thank You