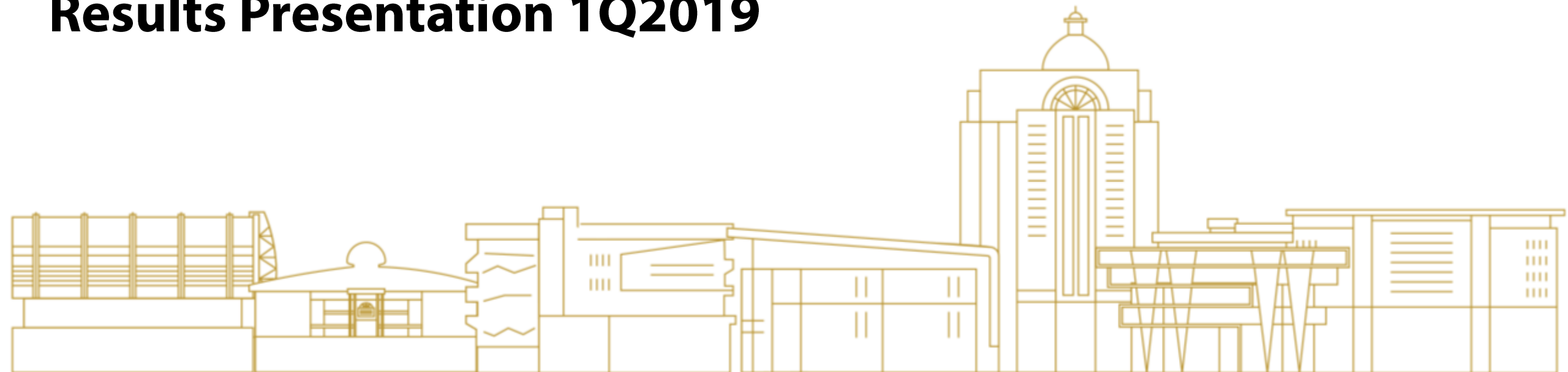




# **AXIS REAL ESTATE INVESTMENT TRUST**

## **Results Presentation 1Q2019**



**29 April 2019**

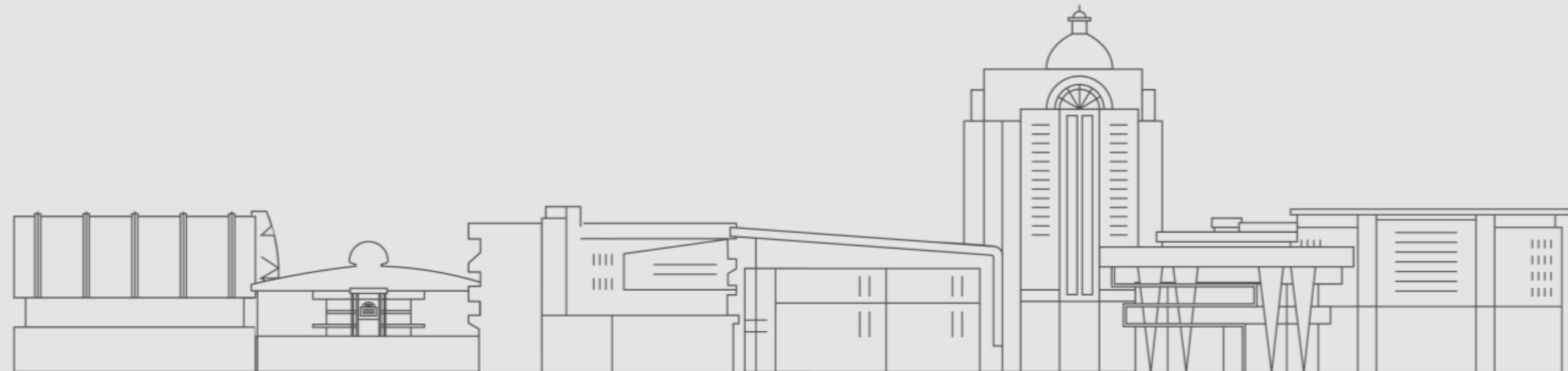
# AGENDA

**2019  
HIGHLIGHTS**

**PORTFOLIO  
OVERVIEW**

**FINANCIAL  
OVERVIEW**

**STOCK  
INFORMATION**





# 1Q2019 HIGHLIGHTS



# 2019 HIGHLIGHTS

## PORTFOLIO SUMMARY



45 properties on portfolio  
34 properties with 100% occupancy



Portfolio Occupancy of 94% with  
Weighted Average Lease Expiry of 6.22 years



Total Assets Under Management  
RM2.9 billion



Reclassified as Islamic REIT in 2008



Space Under Management  
9.3 million sq ft



Total Distribution Per Unit for 1Q2019  
2.35 sen



Gearing  
38%



Market Capitalization (as at 31/3/2019)  
RM2.23 billion



Solid industrial space portfolio  
91% of properties on industrial titles



Nationwide presence across Malaysia

# 2019 HIGHLIGHTS

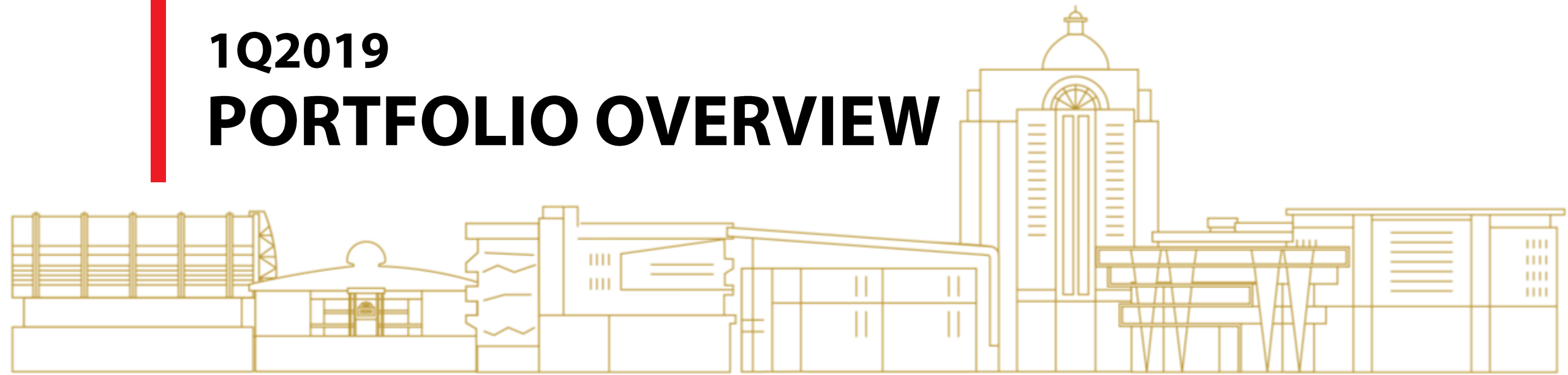
---

## *PORTFOLIO PERFORMANCE*

- Investment properties currently stands at RM2.8 billion.
- Net property income increased by 21% for 1Q2019 as compared to 1Q2018.
- DPU for 1Q2019 increased by 21% to 2.35 sen (vs DPU for 1Q2018 at 1.94 sen).
- Currently trades at a premium of 34% to NAV.
- Acceptance of Letters of Offer to acquire two manufacturing facilities for RM55.8 million located at Nusajaya, Johor on 29 March 2019.



# 1Q2019 PORTFOLIO OVERVIEW



# PORTFOLIO OVERVIEW

**1**  Diversified and expanding portfolio

**2**  High occupancy rate with income visibility

**3**  Sustainable distributions

**4**  Established nationwide footprint

**5**  Aggressive pipeline targets

# PORTFOLIO OVERVIEW

## *DIVERSIFIED AND EXPANDING PORTFOLIO*

- ✓ Our 45 properties are strategically located in prime industrial areas such as Klang Valley, Johor, Penang, Pahang, Negeri Sembilan and Kedah.
- ✓ Recent acquisitions include additions in key industrial hubs of Bayan Lepas, Penang and Nusajaya, Johor (Iskandar Malaysia).
- ✓ This geographical diversification is aimed at capturing the rapid growth of current and future regional industrial hubs.
- ✓ Breakdown by states:

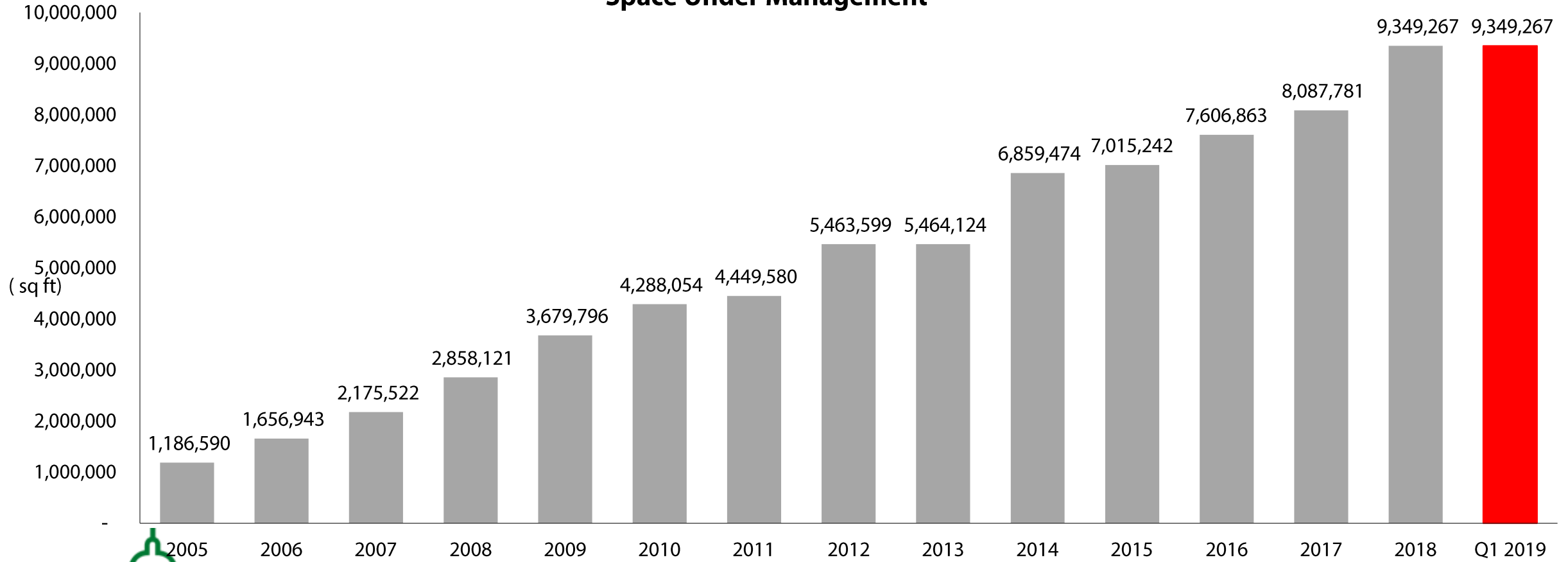
• Selangor	55.6%
• Johor	24.8%
• Penang	8.0%
• Pahang	5.4%
• Negeri Sembilan	4.7%
• Kedah	1.5%



# PORTFOLIO OVERVIEW

## *DIVERSIFIED AND EXPANDING PORTFOLIO*

### Space Under Management

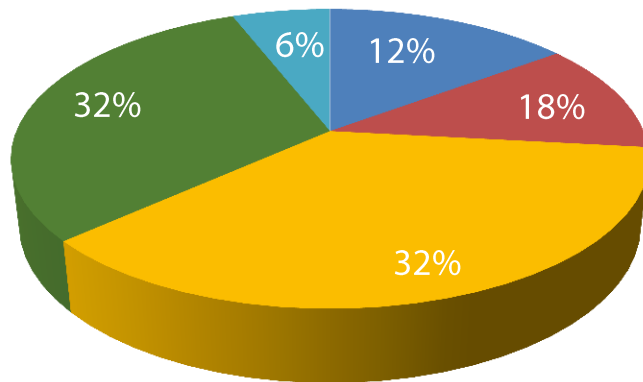


# PORTFOLIO OVERVIEW

## DIVERSIFIED AND EXPANDING PORTFOLIO

### 1 Portfolio Diversification by Industry Sector (on NLA)

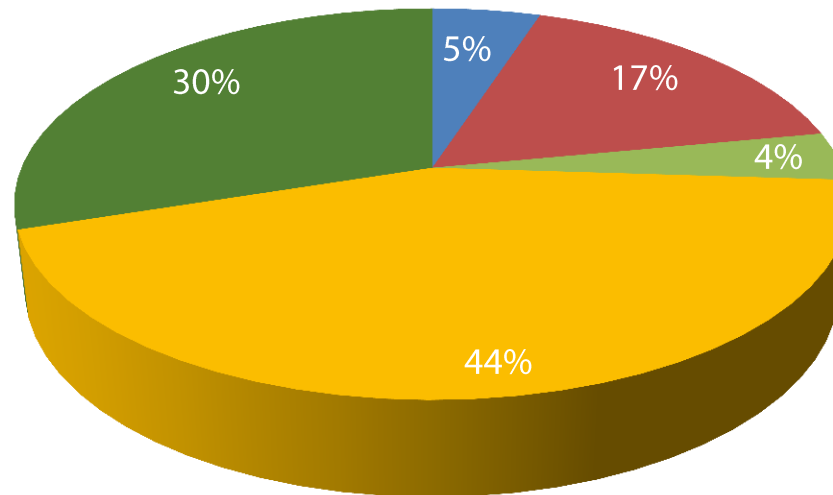
■ Services ■ Consumer Products ■ Manufacturing ■ Logistics ■ Vacant



### 2 Portfolio Diversification by Asset Type (on NLA)

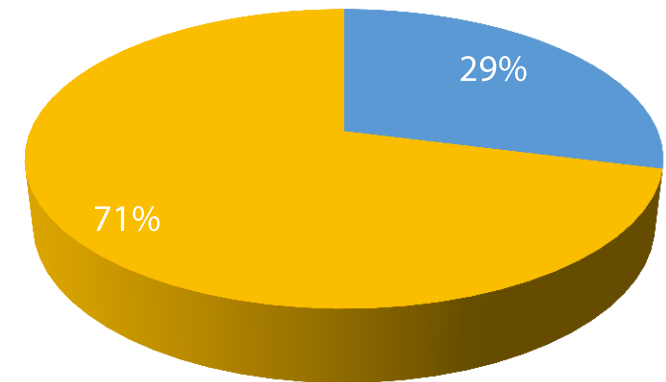
*\*Industrial title properties*

■ Office ■ Office/Industrial  
■ Hypermarkets ■ Warehouse Logistics  
■ Manufacturing Facilities



### 3 Portfolio Diversification by Occupancy Type (on NLA)

■ Multi-tenants ■ Single Tenants



# PORTFOLIO OVERVIEW

## HIGH OCCUPANCY RATE WITH INCOME VISIBILITY

As at 31 March 2019, the portfolio has 45 assets comprising 9,349,267 sq. ft. and 155 tenants.

	1Q2019
No. of Properties	45
Property Income (RM'000)	53,557
Property Expenses (RM'000)	7,452
Net Property Income (RM'000)	46,095
Occupancy	94%

Portfolio Efficiency Ratio = YTD Property Expenses / YTD Property Income

1Q2019	2018	2017	2016	2015
13.93%	13.66%	15.80%	16.23%	14.56%

# PORTFOLIO OVERVIEW

## HIGH OCCUPANCY RATE WITH INCOME VISIBILITY

### Lease Expiry Profile By Location

Property	Year	% of	% of Rental	Year	% of	% of Rental	Year	% of	% of Rental
	2019	Total NLA	Income/ month	2020	Total NLA	Income/ month	2021	Total NLA	Income/ month
Petaling Jaya	555,759	5.94	11.48	657,644	7.03	9.83	355,066	3.80	6.75
Klang	-	-	-	339,194	3.63	2.86			
Shah Alam	526,567	5.63	4.84	412,015	4.41	4.28	161,280	1.72	2.00
Johor	171,000	1.83	1.81	167,193	1.79	0.89	474,539	5.08	4.01
Nilai	291,642	3.12	1.43						
Penang	395,225	4.23	3.27	205,151	2.19	2.63			
Kedah	138,000	1.48	1.89						
<b>TOTAL</b>	<b>2,078,193</b>	<b>22.23</b>	<b>24.72</b>	<b>1,781,197</b>	<b>19.05</b>	<b>20.49</b>	<b>990,885</b>	<b>10.60</b>	<b>12.76</b>

### Lease Expiry Profile By Type

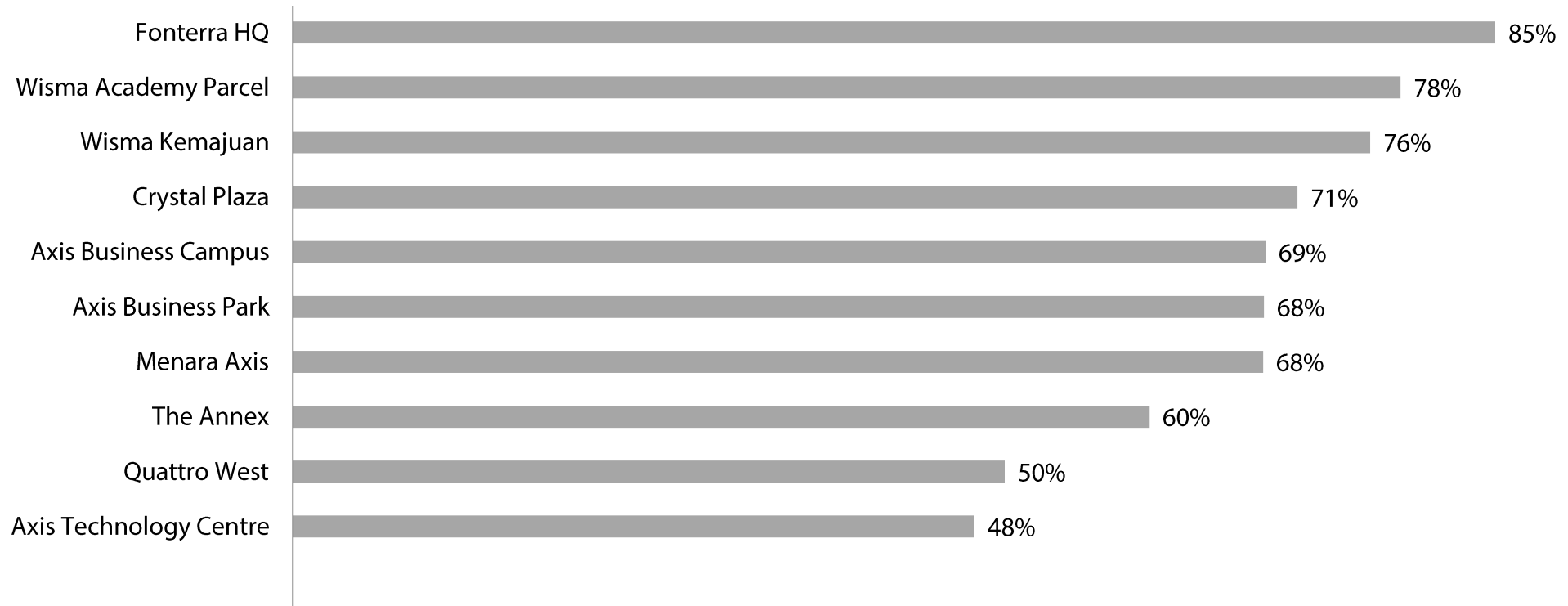
Property	Year	% of	% of Rental	Year	% of	% of Rental	Year	% of	% of Rental
	2019	Total NLA	Income/ month	2020	Total NLA	Income/ month	2021	Total NLA	Income/ month
Office	178,463	1.90	5.56	109,039	1.17	2.64	35,287	0.38	0.93
Office Industrial	377,296	4.04	5.92	548,605	5.87	7.19	319,779	3.42	5.83
Warehouse Logistics	1,092,792	11.69	9.92	1,123,553	12.01	10.66	337,920	3.61	2.99
Manufacturing Facilities	291,642	3.12	1.43				297,899	3.19	3.01
Hypermarket	138,000	1.48	1.89						
<b>TOTAL</b>	<b>2,078,193</b>	<b>22.23</b>	<b>24.72</b>	<b>1,781,197</b>	<b>19.05</b>	<b>20.49</b>	<b>990,885</b>	<b>10.60</b>	<b>12.76</b>

Out of 2.078 million square feet of space expiring in 2019, 44% leases have been renewed to date.

# PORTFOLIO OVERVIEW

## HIGH OCCUPANCY RATE WITH INCOME VISIBILITY

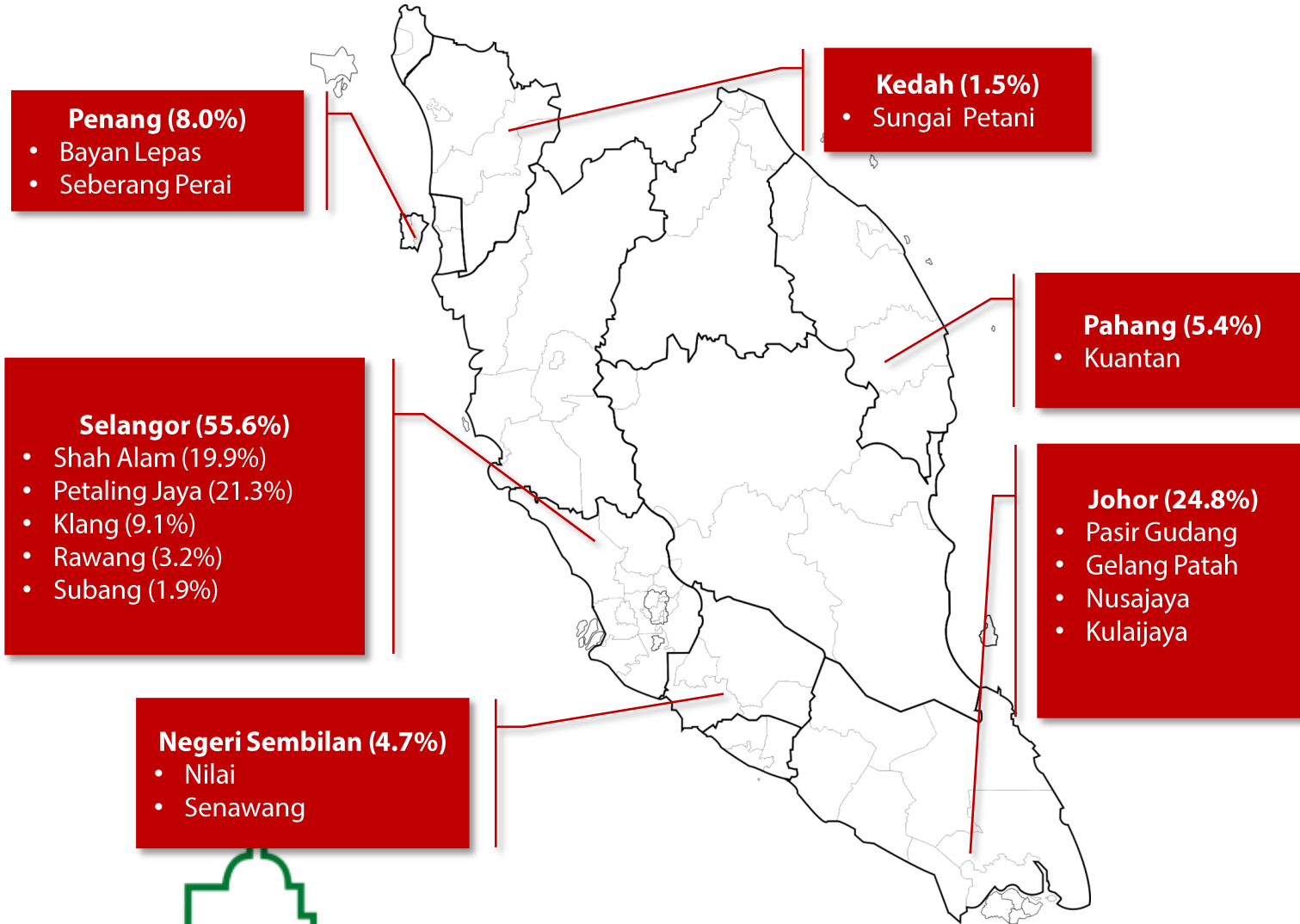
### Properties with Occupancy Below 90%



*Note: Vacant space in Fonterra HQ is built for their future expansion.*

# PORTFOLIO OVERVIEW

## ESTABLISHED NATIONWIDE FOOTPRINT



### Top 10 Tenants

**YTD top ten tenants account for 47.73% of the total revenue**

1. Nestle Products Sdn Bhd
2. LF Logistics Services (M) Sdn Bhd
3. Yongnam Engineering Sdn Bhd
4. Wasco Coatings Malaysia Sdn Bhd
5. Upeca Aerotech Sdn Bhd
6. POS Logistics Berhad
7. Tesco Stores (Malaysia) Sdn Bhd
8. Schenker Logistics (Malaysia) Sdn Bhd
9. Teraju Sinar Sdn Bhd
10. Tenaga Nasional Berhad



# PORTFOLIO OVERVIEW

## ASSET ENHANCEMENT INITIATIVES

### Infinite Centre, Petaling Jaya

Replacement of louvered window to aluminium casement window



### Bayan Lepas Distribution Centre, Bayan Lepas

Enhancement of property compound



# PORTFOLIO OVERVIEW

## AGGRESSIVE PIPELINE TARGETS: DEVELOPMENT PROJECTS



### 1 Nestle Distribution Centre @ Axis Mega Distribution Centre (Phase 1)

Nett Lettable Area:	515,000 sq ft
Handover Date:	2 February 2018
Construction Time:	12 months
Lease Commencement:	1 June 2018
Market Value (as at 31 Dec 2018):	RM300million



### 2 Axis Aerotech Centre @ Subang

Nett Lettable Area:	179,978 sq ft
Handover Date:	13 February 2019
Construction Time:	8 months
Lease Commencement:	16 December 2018
Market Value (as at 31 Dec 2018):	RM64.7million (based on partial completion)



# PORTFOLIO OVERVIEW

## AGGRESSIVE PIPELINE TARGETS: COMPLETED PROJECTS

### Handover of Axis Aerotech Centre @ Subang, 13 February 2019



# PORTFOLIO OVERVIEW

## AGGRESSIVE PIPELINE TARGETS: ONGOING ACQUISITIONS

### 1. Manufacturing Facility – Bayan Lepas, Pulau Pinang



Target Completion Date :	1H2019
Land Area :	Approx. 2.07 acres
Land Tenure :	Leasehold
Occupancy :	100%
Purchase Price :	RM20.5 million
WALE :	Approx. 2 years

### 2. Manufacturing Facilities - Nusajaya, Johor



Target Completion Date :	1H2019
Land Area :	Approx. 5.2 acres
Land Tenure :	Freehold
Occupancy :	100%
Purchase Price :	RM55.8 million
WALE :	Approx. 4 years

# PORTFOLIO OVERVIEW

## *AGGRESSIVE PIPELINE TARGETS: ACQUISITIONS STRATEGY*

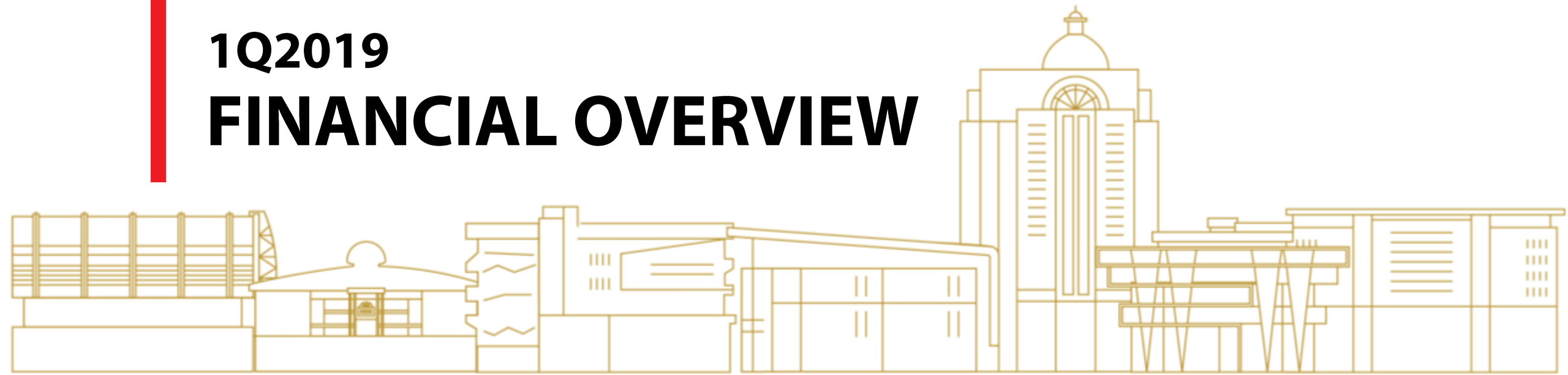
The Manager continues to aggressively source and evaluate potential acquisition targets that are deemed investable by Axis-REIT. The selection of properties will continue to focus on:

- ✓ Grade A logistics facilities and manufacturing facilities with long leases from tenants with strong covenants;
- ✓ Well-located retail warehousing in locations ideal for last-mile distribution; and
- ✓ Office, business parks and industrial properties with potential for future enhancement.

**Total Estimated Value of Acquisition Targets  
RM200 million**



# 1Q2019 FINANCIAL OVERVIEW



# FINANCIAL OVERVIEW

SNAPSHOT AS AT 31 MARCH 2019



**RM2.87bn**  
**Total Assets**



**RM1.10bn**  
**Total Financings**



**RM1.66bn**  
**Total Unitholder's Funds**



**RM1.34**  
**Net Asset Value Per Unit**



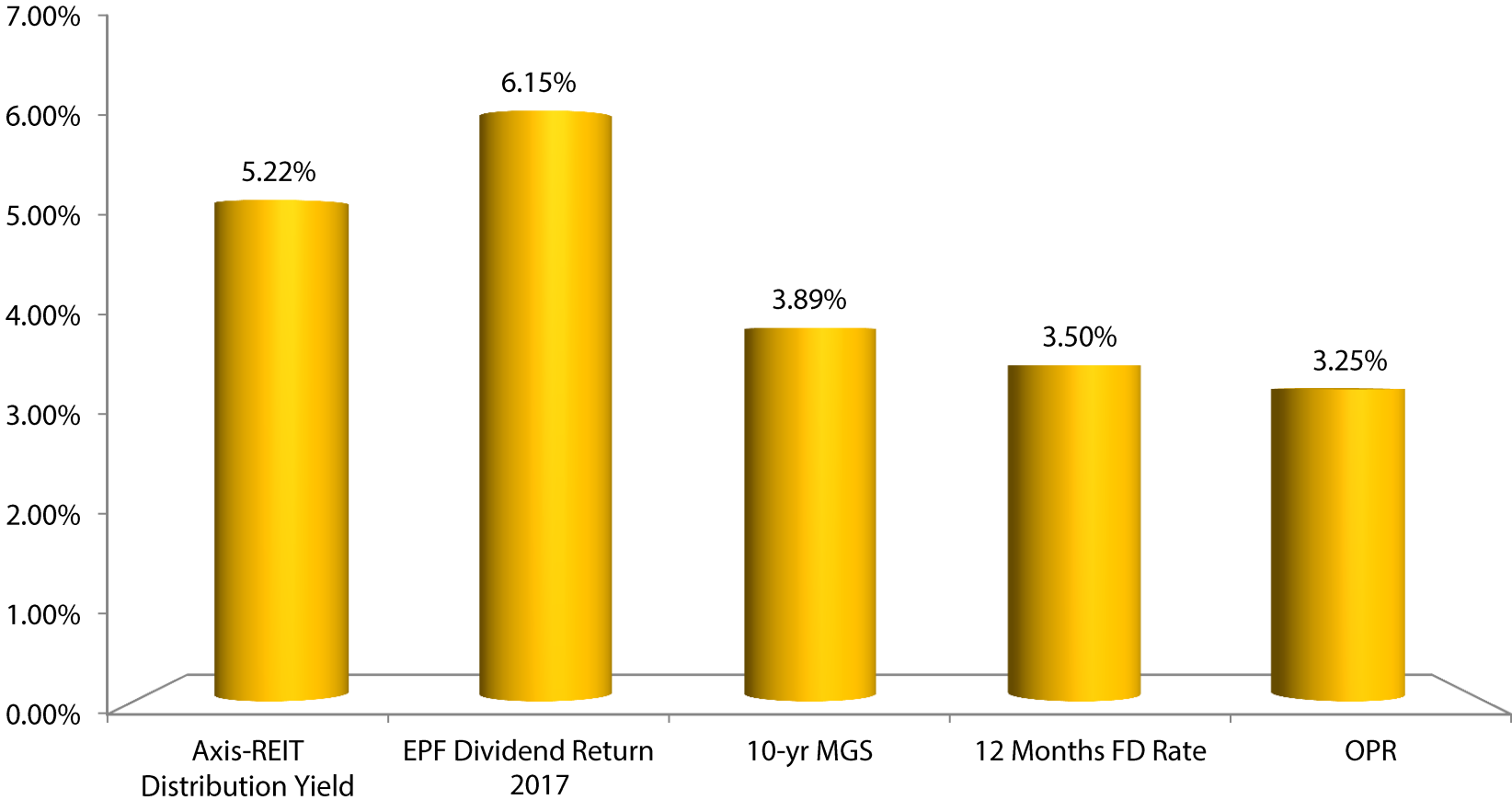
**38%**  
**Net Gearing**



**2.35 sen**  
**Distribution Per Unit**

# FINANCIAL OVERVIEW

## RETURN COMPARATIVES



# FINANCIAL OVERVIEW

## INCOME STATEMENT 1Q2019 vs 1Q2018

	1Q2019 (RM'000)	1Q2018 (RM'000)	Changes / Movement
No. of Properties	45	41	+4
Property Income – <b>Note 1#</b>	53,557	44,948	+19.2%
Property Expenses – <b>Note 2</b>	(7,462)	(6,798)	+9.8%
Net Property Income	46,095	38,150	+20.8%
Profit Income / Other Income	212	139	
Non-Property Expenses	(5,351)	(5,667)	-5.6%
Islamic Financing Cost – <b>Note 3</b>	(12,100)	(8,937)	+35.4%
Net Income	28,856	23,685	+21.8%
DPU (sen)	2.35	1.94	+21.1%
No. of Units in Issuance	1,237,285,288	1,232,326,803	

#Includes the rent-free receivable pursuant to MFRS 117 to recognise income on straight line basis

\*Note: The above financials exclude unbilled lease income receivable

# FINANCIAL OVERVIEW

## INCOME STATEMENT 1Q2019 vs 1Q2018 - NOTES

### Note 1 – Property Income

Increase in property income as compared to preceding year corresponding period was mainly due to the commencement of lease on Axis Mega DC on 1 June 2018, Axis Aerotech Centre @ Subang on 16 December 2018 and rental from 4 newly acquired properties since the end of 1<sup>st</sup> quarter 2018.

### Note 2 – Property Expenses

Increase in property expenses was due to additional properties added to the portfolio.

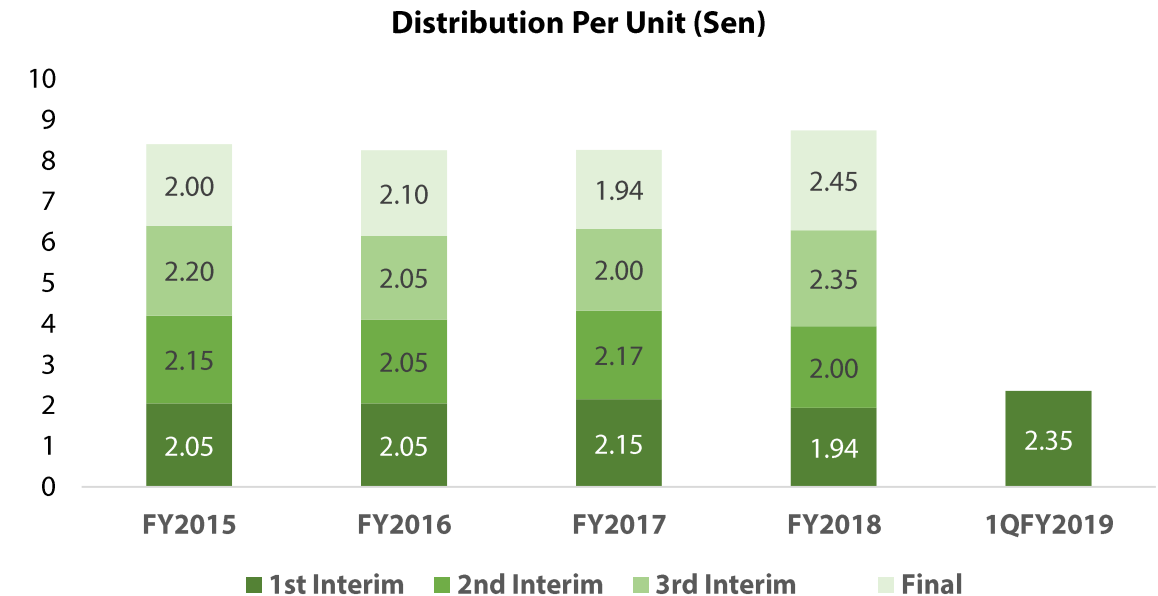
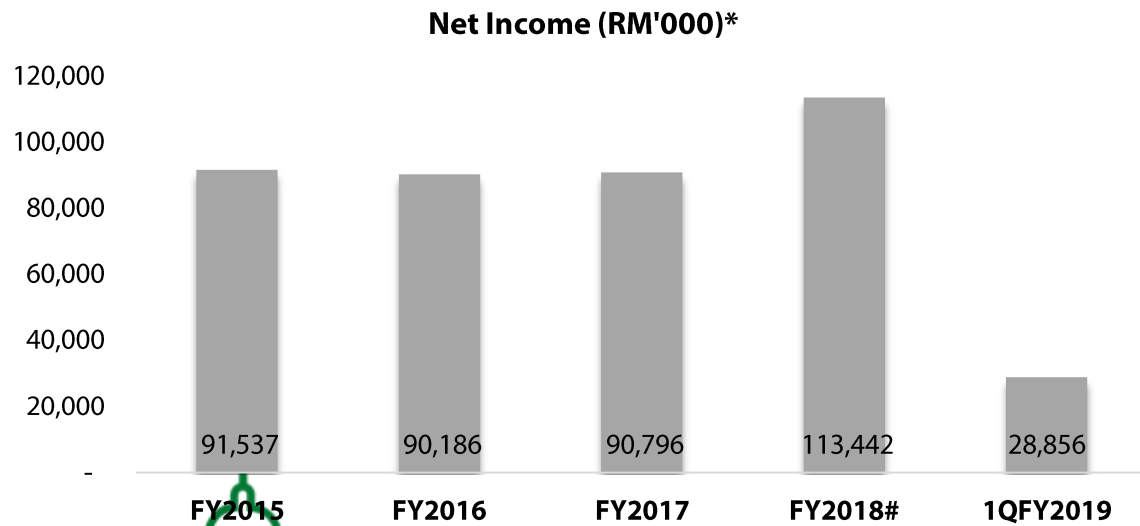
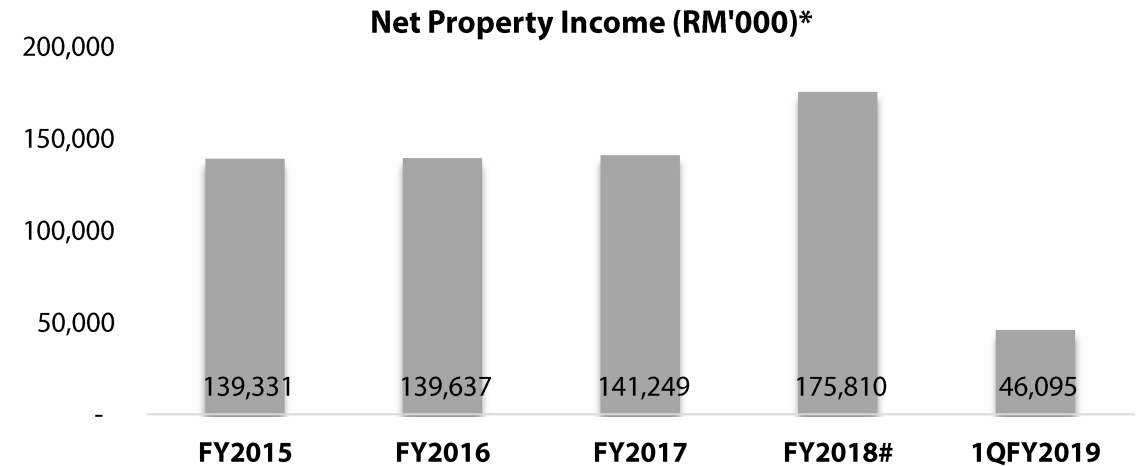
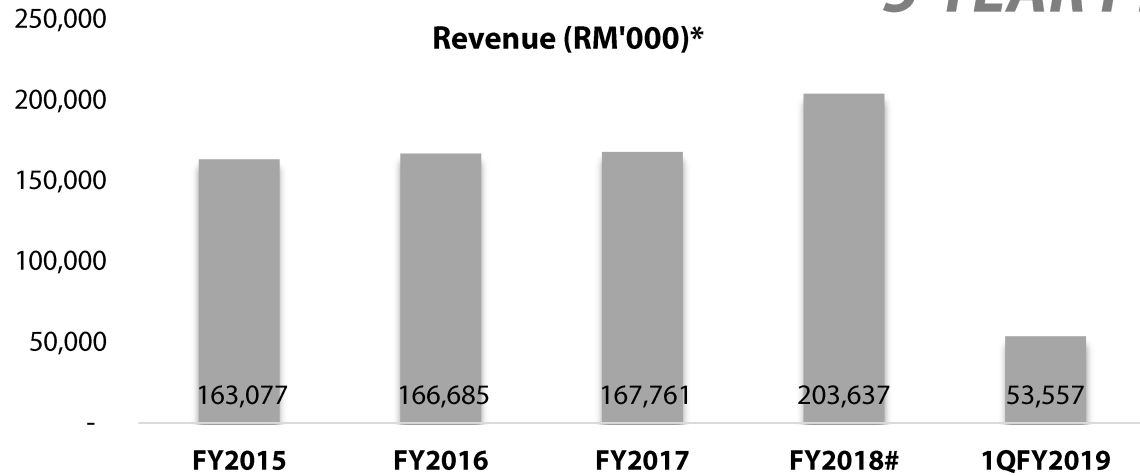
### Note 3 – Islamic Financing Cost

Increase in financing cost was mainly due to additional financing facilities to fund the new acquisitions and higher cost of financing as Axis-REIT has diversified into more long term fixed rate financing.



# FINANCIAL OVERVIEW

## 5-YEAR PERFORMANCE



#Includes the rent-free receivable pursuant to MFRS 117 to recognise income on straight line basis  
25 \*Note: The above financials exclude unbilled lease income receivable

# FINANCIAL OVERVIEW

## PORTFOLIO YIELD BY ASSET TYPES

Asset Type	Net Yield (%)	Gross Yield (%)
Office	7.4	9.9
Office Industrial	7.1	9.2
Warehouse Logistics	8.6	9.5
Manufacturing Facilities	8.2	9.1
Hypermarket	8.6	9.3
<b>Average</b>	<b>8.1</b>	<b>9.3</b>

# FINANCIAL OVERVIEW

## FINANCIAL POSITION

	31/03/19 (RM'000)	31/12/18 (RM'000)	Changes (RM'000)
Investment Properties – <b>Note 1</b>	2,807,323	2,798,500	+8,823
Fixed Assets	3,003	3,021	-18
Other Assets – <b>Note 2</b>	60,097	38,942	+21,155
<b>TOTAL ASSETS</b>	<b>2,870,423</b>	<b>2,840,463</b>	<b>29,960</b>
Borrowings – <b>Note 3</b>	1,099,959	1,059,367	+40,592
Other Payables	110,102	117,015	-6,913
<b>TOTAL LIABILITIES</b>	<b>1,210,061</b>	<b>1,176,382</b>	<b>33,679</b>
<b>NET ASSET VALUE (NAV)</b>	<b>1,660,362</b>	<b>1,664,081</b>	<b>3,719</b>
Unitholders' Capital	1,247,069	1,247,069	-
Undistributed Distributable Income	30,735	32,192	-1,457
Non-Distributable Reserve	382,558	384,820	-2,262
<b>TOTAL UNITHOLDERS' FUND</b>	<b>1,660,362</b>	<b>1,664,081</b>	<b>3,719</b>
<b>GEARING</b>	<b>38.32%</b>	<b>37.30%</b>	
<b>NAV/UNIT (RM)</b>	<b>1.3419</b>	<b>1.3449</b>	
<b>No. of units in issuance</b>	<b>1,237,285,288</b>	<b>1,232,326,803</b>	

# FINANCIAL OVERVIEW

## NOTES - FINANCIAL POSITION

### Note 1 – Investment Properties

During the period ended 31 March 2019, a total of RM2.4 million was spent on enhancement works of the properties in the portfolio and RM6.4 million was incurred for the development project.

### Note 2 – Other Assets

The average collection of trade receivables as at 31<sup>st</sup> March 2019 was 6 days.

# FINANCIAL OVERVIEW

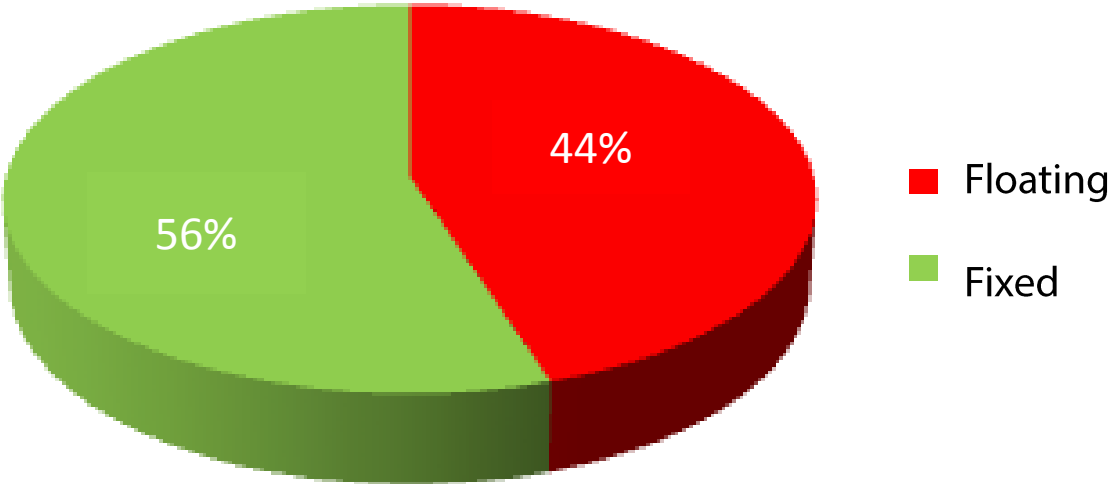
## NOTE 3 - 5-YEAR DEBT PROFILE

	2015	2016	2017	2018	2019
<b>Total Financing (RM'000)</b>	731,814	780,665	842,594	1,059,367	1,099,959
<b>Total Assets (RM'000)</b>	2,141,493	2,244,274	2,549,609	2,840,463	2,870,423
<b>Gearing</b>	34.17%	34.78%	33.05%	37.30%	38.32%
<b>Effective Profit Rate</b>	4.28%	4.25%	4.21%	4.32%	4.46%
<b>Percentage of short term financing-Maturity &lt; 1 Year</b>	55%	58%	71%	77%	56%
<b>Percentage of medium/ long term financing (maturity more than 1 year)</b>	45%	42%	29%	23%	44%
<b>Percentage of floating rate financing</b>	50%	53%	63%	69%	48%
<b>Percentage of fixed rate financing</b>	50%	47%	37%	31%	52%
<b>Total unencumbered assets</b>	10	15	15	19	19
<b>Percentage of unencumbered assets/total assets (value)</b>	26%	30%	27%	28%	28%

# FINANCIAL OVERVIEW

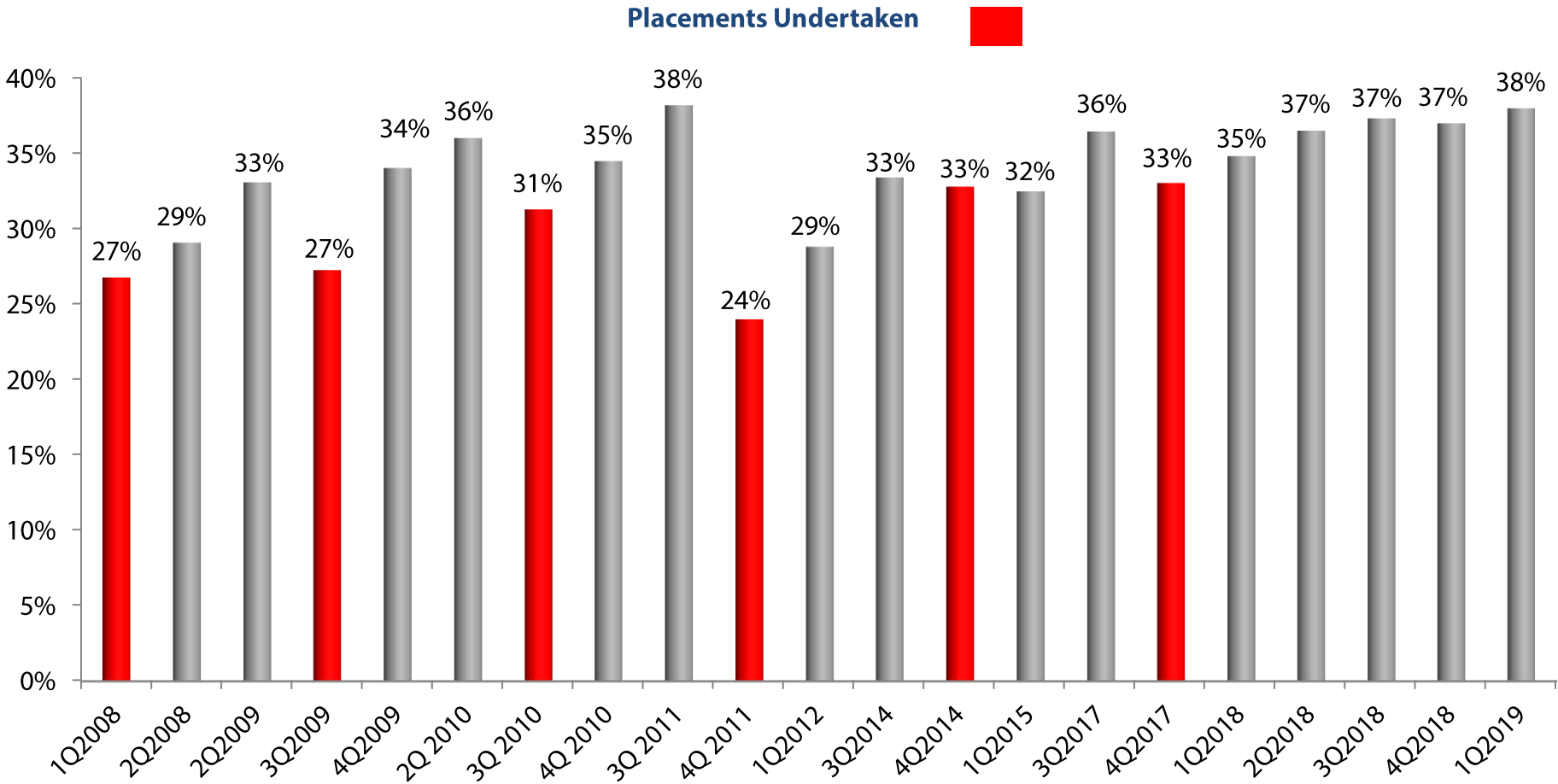
## NOTE 3- BORROWINGS

The Fund has entered into a profit rate swap of RM50 million in April 2019. The exposure to floating rate has reduced from 48% to **44%**.



# FINANCIAL OVERVIEW

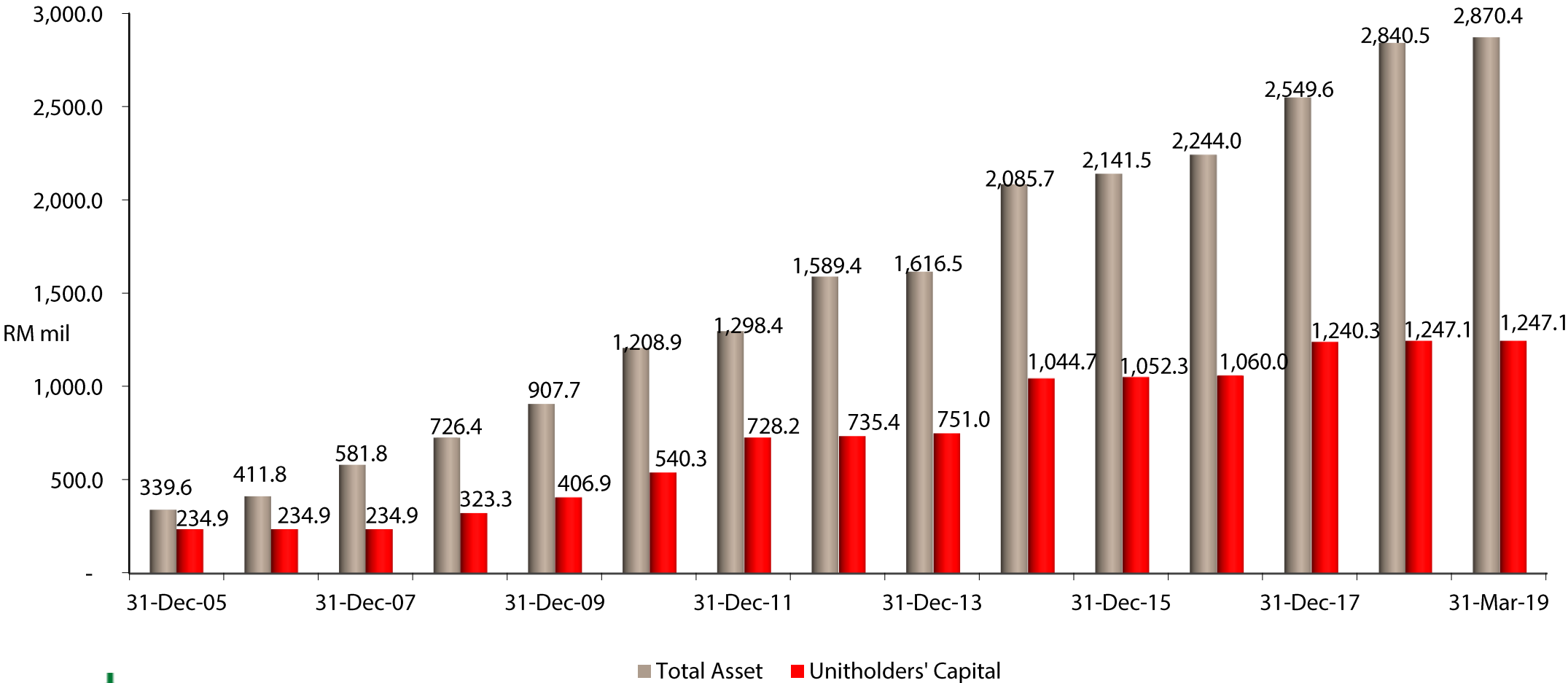
## GEARING LEVELS



Sufficient headroom to pursue more acquisitive and development opportunities.

# FINANCIAL OVERVIEW

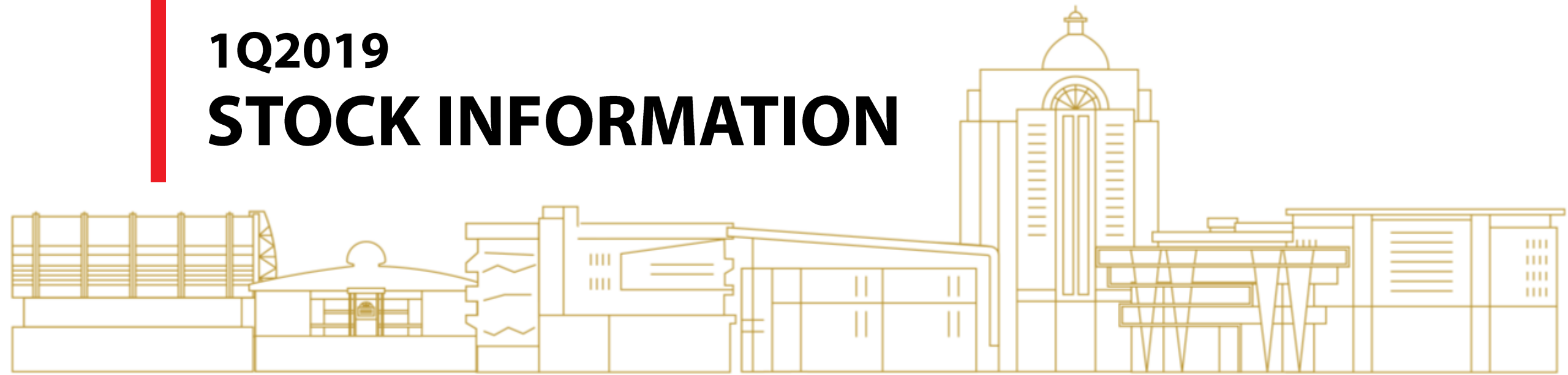
## UNITHOLDERS' CAPITAL







# 1Q2019 STOCK INFORMATION



# STOCK INFORMATION

## TOP 10 UNITHOLDERS

	Name of Unitholder	%
1	EMPLOYEES PROVIDENT FUND BOARD	11.69%
2	AMANAH SAHAM BUMIPUTERA	9.34%
3	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	7.95%
4	LEMBAGA TABUNG HAJI	5.11%
5	TEW PENG HWEE @ TEOH PENG HWEE	4.57%
6	ALEX LEE LAO	4.25%
7	PERMODALAN NASIONAL BERHAD	3.30%
8	AMANAH SAHAM BUMIPUTERA 2	1.95%
9	AMANAH SAHAM MALAYSIA 3	1.94%
10	PUBLIC SMALLCAP FUND	1.94%

Holdings Breakdown	Units Held 1Q2019	Units Held 4Q2018	Movement
Top 5 Unitholders	38.66%	37.81%	0.85%
Top 10 Unitholders	52.05%	51.50%	0.55%
Unitholders with >2 million unitholdings	88.09%	88.39%	-0.30%

# STOCK INFORMATION

## ANALYSIS OF UNITHOLDERS WITH >2 MILLION UNITS

### Top 5 Increases in Unitholdings

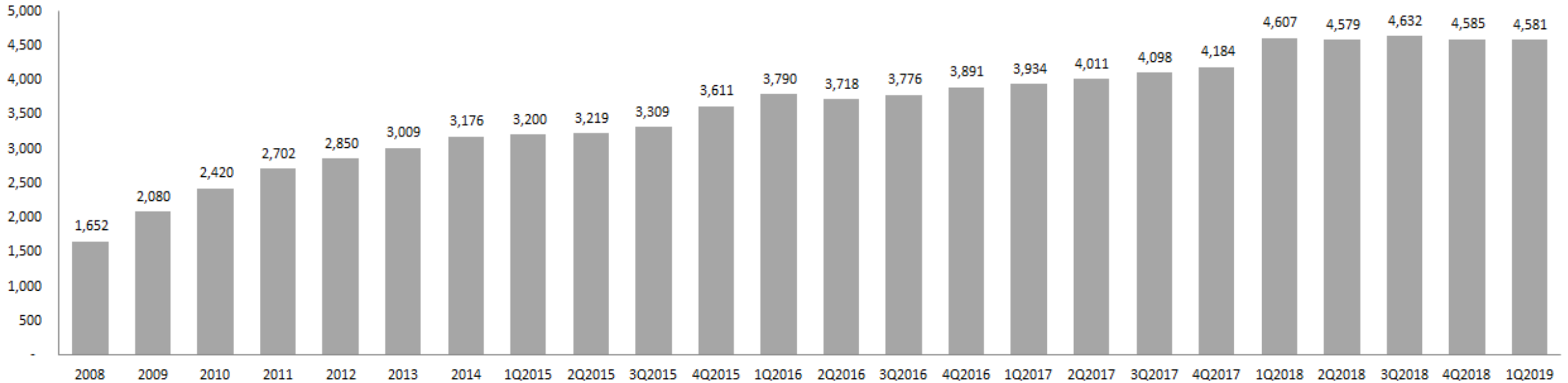
	Changes vs Last Quarter
AMANAH SAHAM BUMIPUTERA	0.4%
EMPLOYEES PROVIDENT FUND BOARD (BNP NAJMAH EQ)	0.3%
MTRUSTEE BERHAD FOR TENAGA NASIONAL BERHAD RETIREMENT BENEFIT TRUST FUND (RB-TNB-AHAM)(420317)	0.3%
LEMBAGA TABUNG HAJI	0.3%
HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	0.2%

### Top 4 Decreases in Unitholdings

	Changes vs Last Quarter
AMANAH SAHAM MALAYSIA	-1.6%
ASN IMBANG (MIXED ASSET BALANCED) 1 (fka ASN 3 Imbang)	-0.3%
AMANAH SAHAM MALAYSIA 3	-0.2%
MIDF AMANAH ASSET MANAGEMENT BERHAD FOR YAYASAN SARAWAK (JG281)	-0.2%
KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)	-0.2%

# STOCK INFORMATION

## INVESTOR VISIBILITY & LIQUIDITY



	Units Held 1Q2019	Units Held 4Q2018	Movement
Total no. of unitholders	4,581	4,585	-4
Total foreign holdings	10.29%	10.02%	0.27%
Foreign holdings – related-party	7.25%	7.25%	0.00%
Foreign holdings – non-related-party	3.04%	2.77%	0.27%
Promoters	12.65%	12.66%	-0.01%

# THANK YOU

For more information, please visit:  
[www.axis-reit.com.my](http://www.axis-reit.com.my)



YOUR  
*Business Space*  
PARTNER