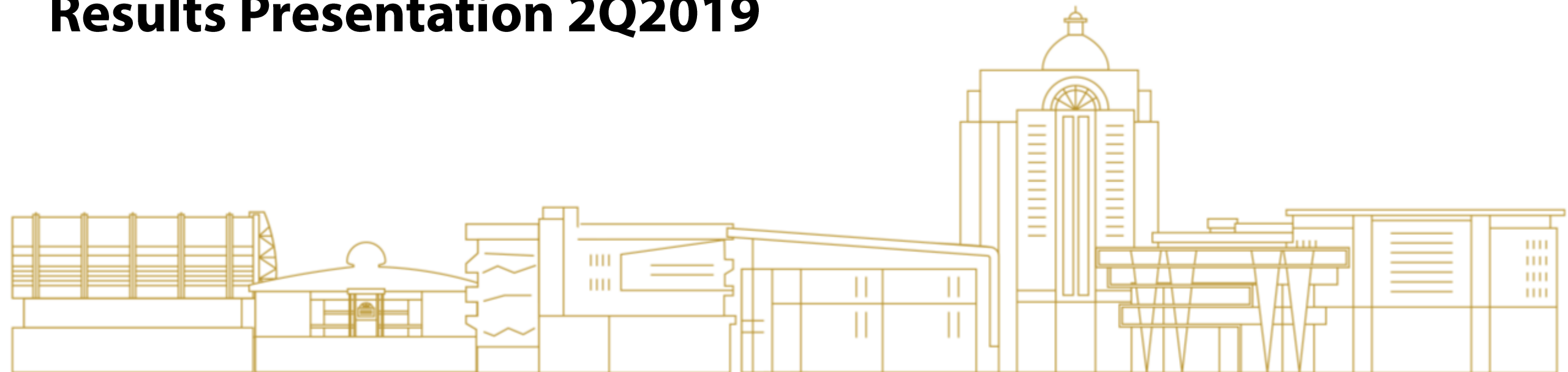




AXIS REAL ESTATE INVESTMENT TRUST

Results Presentation 2Q2019



25 July 2019

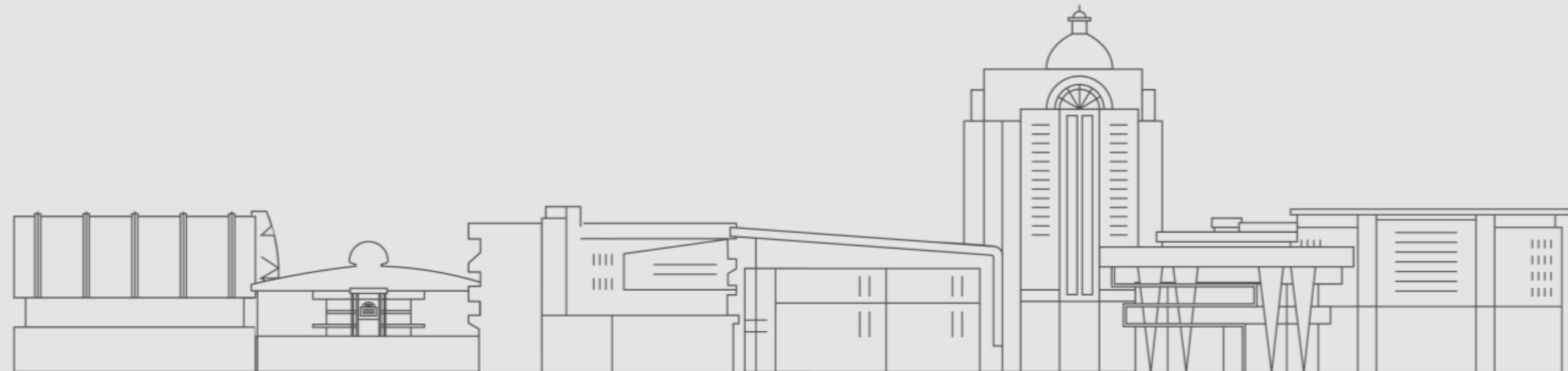
AGENDA

**2019
HIGHLIGHTS**

**PORTFOLIO
OVERVIEW**

**FINANCIAL
OVERVIEW**

**STOCK
INFORMATION**





2Q2019 HIGHLIGHTS



2019 HIGHLIGHTS

PORTFOLIO SUMMARY



45 properties on portfolio
34 properties with 100% occupancy



Portfolio Occupancy of 95% (as at 30/6/2019)
Weighted Average Lease Expiry of 6.11 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 1H2019
4.71 sen



Gearing
38%



Market Capitalization (as at 30/6/2019)
RM2.17 billion



Solid industrial space portfolio
91% of properties on industrial titles



Nationwide presence across Malaysia

1H2019 HIGHLIGHTS

PORTFOLIO PERFORMANCE

- Investment properties currently stands at RM2.8 billion.
- Net property income increased by 18% for 1H2019 as compared to 1H2018.
- Total of 4.71 sen DPU declared for 1H2019.
- Traded at a premium of 30% to NAV as of 30 June 2019.
- Entered into a build-to-lease agreement to construct a warehouse facility for Federal Express Services (M) Sdn Bhd (“FedEx”) for a period of 10+5 years on a 2.5 acres greenfield land in Batu Kawan Industrial Park, Penang.
- Successfully signed the Sale & Purchase Agreement to acquire an industrial facility for RM20.5 million, located in Bayan Lepas Free Industrial Zone Phase IV.

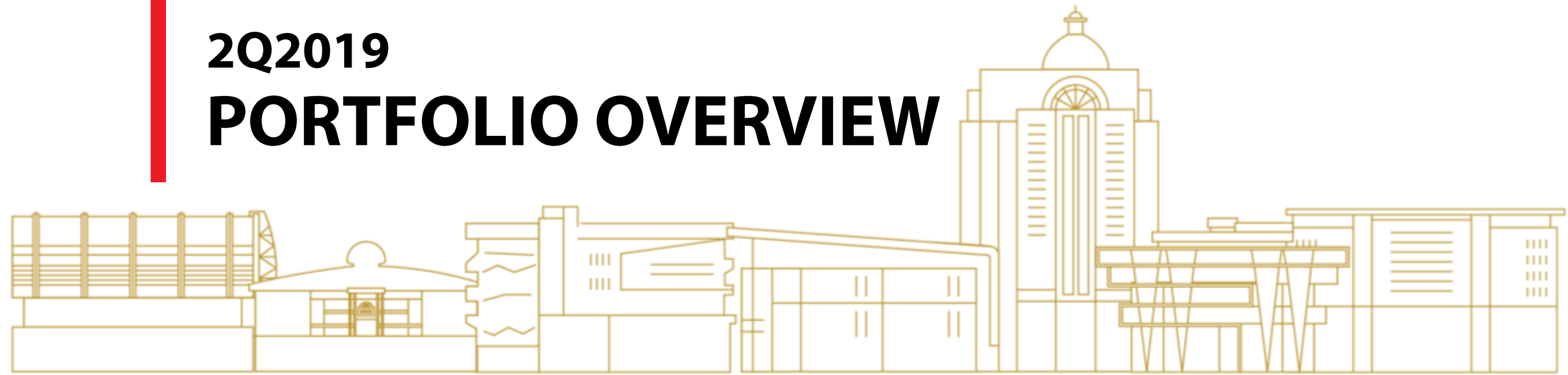
1H2019 HIGHLIGHTS

PORTFOLIO PERFORMANCE

- Acceptance of Letters of Offer to acquire two manufacturing facilities for RM55.8 million located in Nusajaya, Johor.
- Acceptance of Letters of Offer to acquire two manufacturing facilities for RM55.8 million located in Shah Alam, Selangor.
- Acceptance of Letter of Offer to acquire an manufacturing facility for RM60.0 million located in Kota Kinabalu, Sabah.
- Successful bid to acquire a manufacturing facility for RM50.0 million located in Nilai, Negeri Sembilan.



2Q2019 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

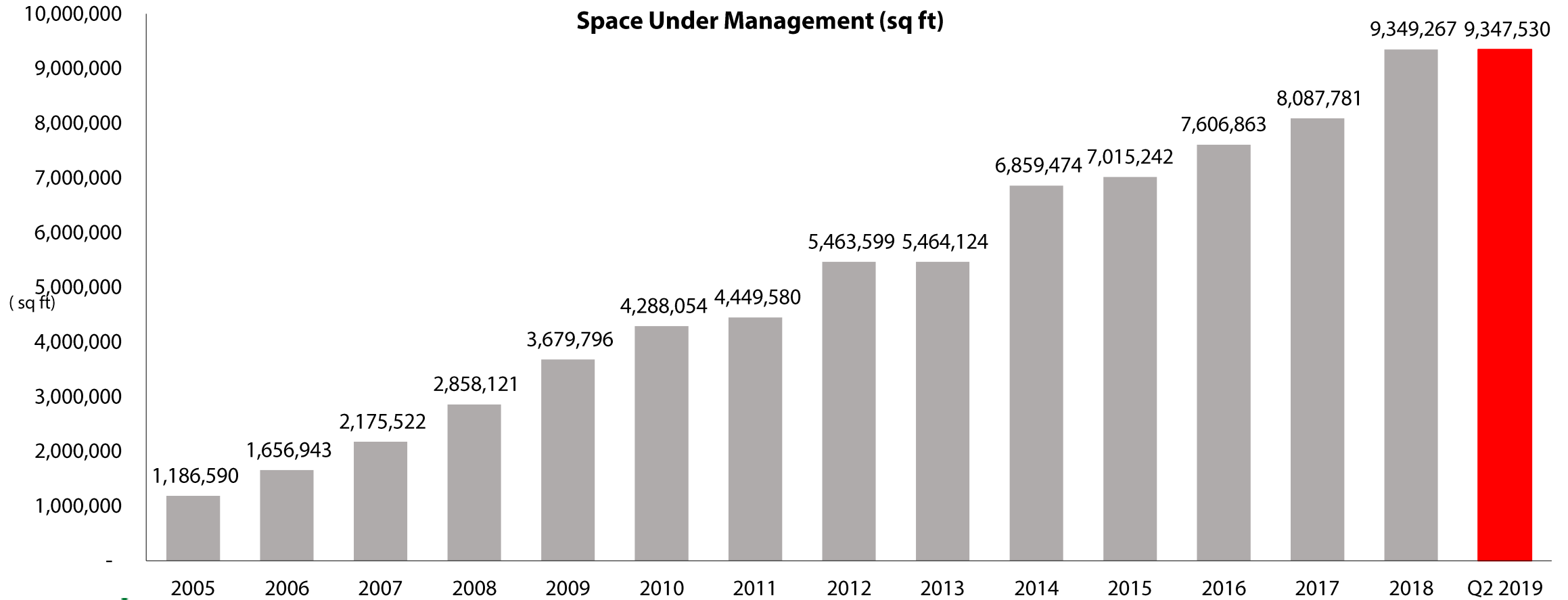
DIVERSIFIED AND EXPANDING PORTFOLIO

- ✓ Our 45 properties are strategically located in prime industrial areas such as Klang Valley, Johor, Penang, Pahang, Negeri Sembilan and Kedah.
- ✓ Pipeline acquisitions include additions in key industrial hubs of:
 - Bayan Lepas, Penang
 - Nusajaya, Johor (Iskandar Malaysia)
 - Shah Alam, Selangor
 - Kota Kinabalu, Sabah
 - Nilai, Negeri Sembilan
- ✓ 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



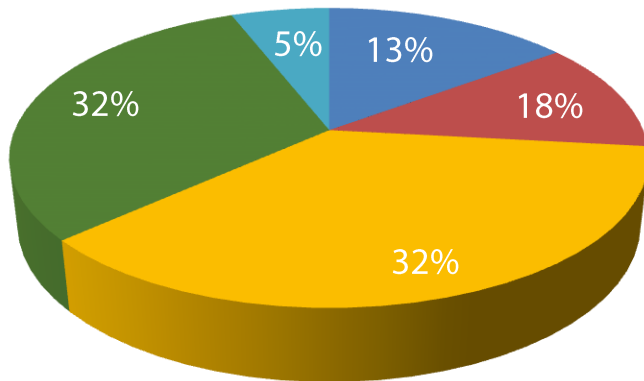
Note: Revision in 2Q2019 due to reconfiguration of space.

PORTFOLIO OVERVIEW

DIVERSIFIED AND EXPANDING PORTFOLIO

1 Portfolio Diversification by Industry Sector (on NLA)

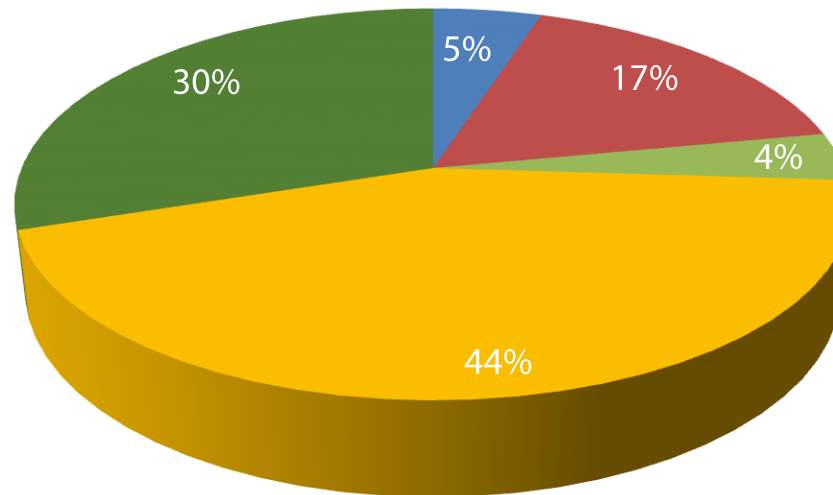
■ Services ■ Consumer Products ■ Manufacturing ■ Logistics ■ Vacant



2 Portfolio Diversification by Asset Type (on NLA)

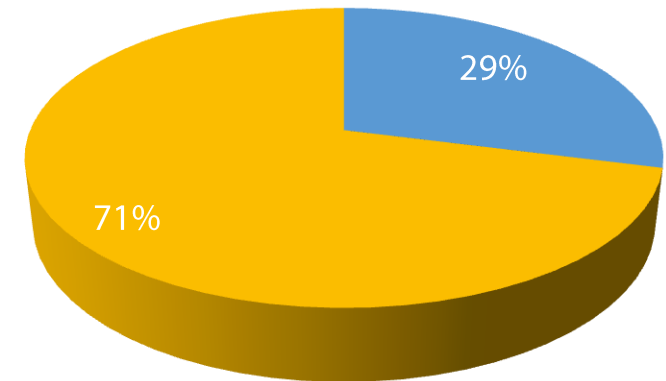
**Industrial title properties*

■ 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 30 June 2019, the portfolio has 45 assets comprising 9,347,530 sq. ft. and 154 tenants.

	1H2019
No. of Properties	45
Property Income (RM'000)	107,317
Property Expenses (RM'000)	14,764
Net Property Income (RM'000)	92,553
Occupancy	95%

Portfolio Efficiency Ratio = YTD Property Expenses / YTD Property Income

2Q2019	2018	2017	2016	2015
13.76%	13.66%	15.80%	16.23%	14.56%



PORTFOLIO OVERVIEW

HIGH OCCUPANCY RATE WITH INCOME VISIBILITY

Lease Expiry By Location

Property	Year 2019	% of Total NLA	% of Rental Income/month	Year 2020	% of Total NLA	% of Rental Income/month	Year 2021	% of Total NLA	% of Rental Income/month
Petaling Jaya	602,715	6.45	12.22	671,660	7.19	9.95	345,133	3.69	6.43
Shah Alam	526,567	5.63	5.07	412,015	4.41	4.23	161,280	1.73	1.98
Johor	171,000	1.83	1.79	167,193	1.79	0.88	474,539	5.08	3.96
Nilai	291,642	3.12	1.41						
Penang	395,225	4.23	3.23	205,151	2.19	2.60			
Kedah	138,000	1.47	1.87						
TOTAL	2,125,149	22.73	25.59	1,456,019	15.58	17.66	980,952	10.50	12.37

Lease Expiry By Type

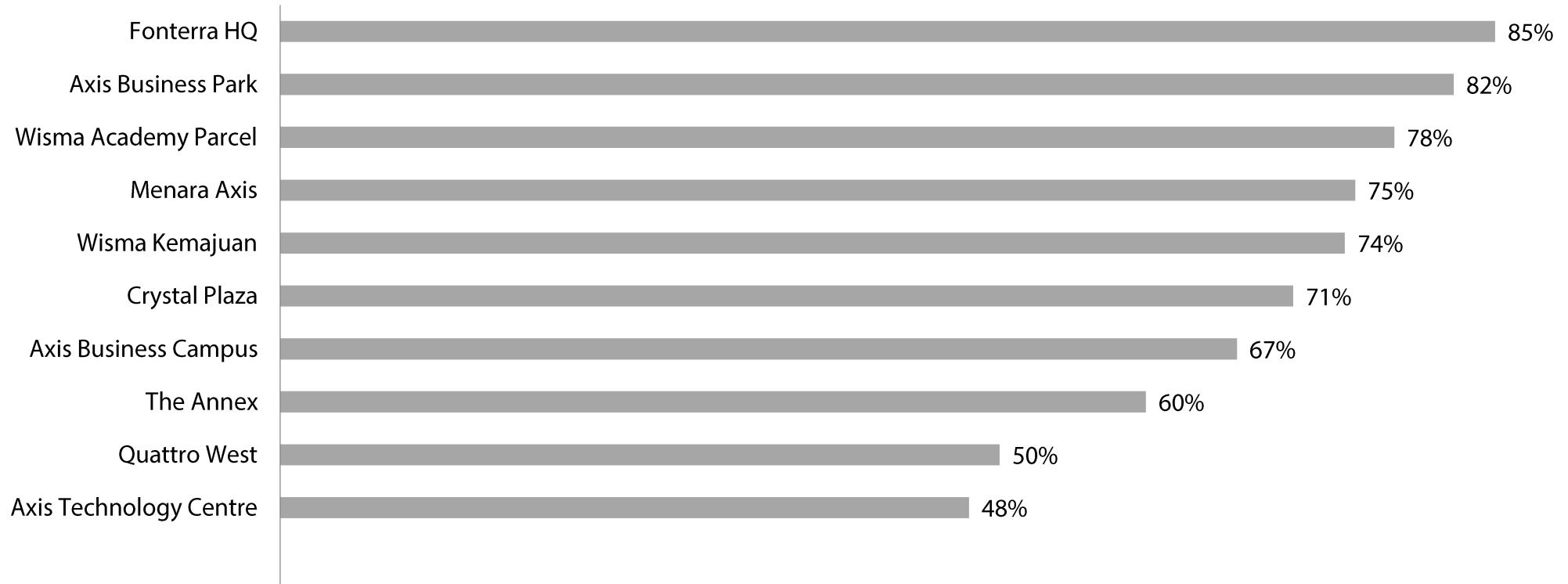
Property	Year 2019	% of Total NLA	% of Rental Income/month	Year 2020	% of Total NLA	% of Rental Income/month	Year 2021	% of Total NLA	% of Rental Income/month
Office	199,499	2.13	6.07	109,039	1.17	2.61	35,287	0.38	0.92
Office Industrial	403,216	4.31	6.14	562,621	6.02	7.34	309,846	3.31	5.52
Warehouse Logistics	1,092,792	11.69	10.10	784,359	8.39	7.71	337,920	3.62	2.96
Manufacturing Facilities	291,642	3.12	1.41				297,899	3.19	2.97
Hypermarket	138,000	1.48	1.87						
TOTAL	2,125,149	22.73	25.59	1,456,019	15.58	17.66	980,952	10.50	12.37

Out of 2.125 million square feet of space expiring in 2019, 47.4% leases have been renewed to date.

PORTFOLIO OVERVIEW

HIGH OCCUPANCY RATE WITH INCOME VISIBILITY

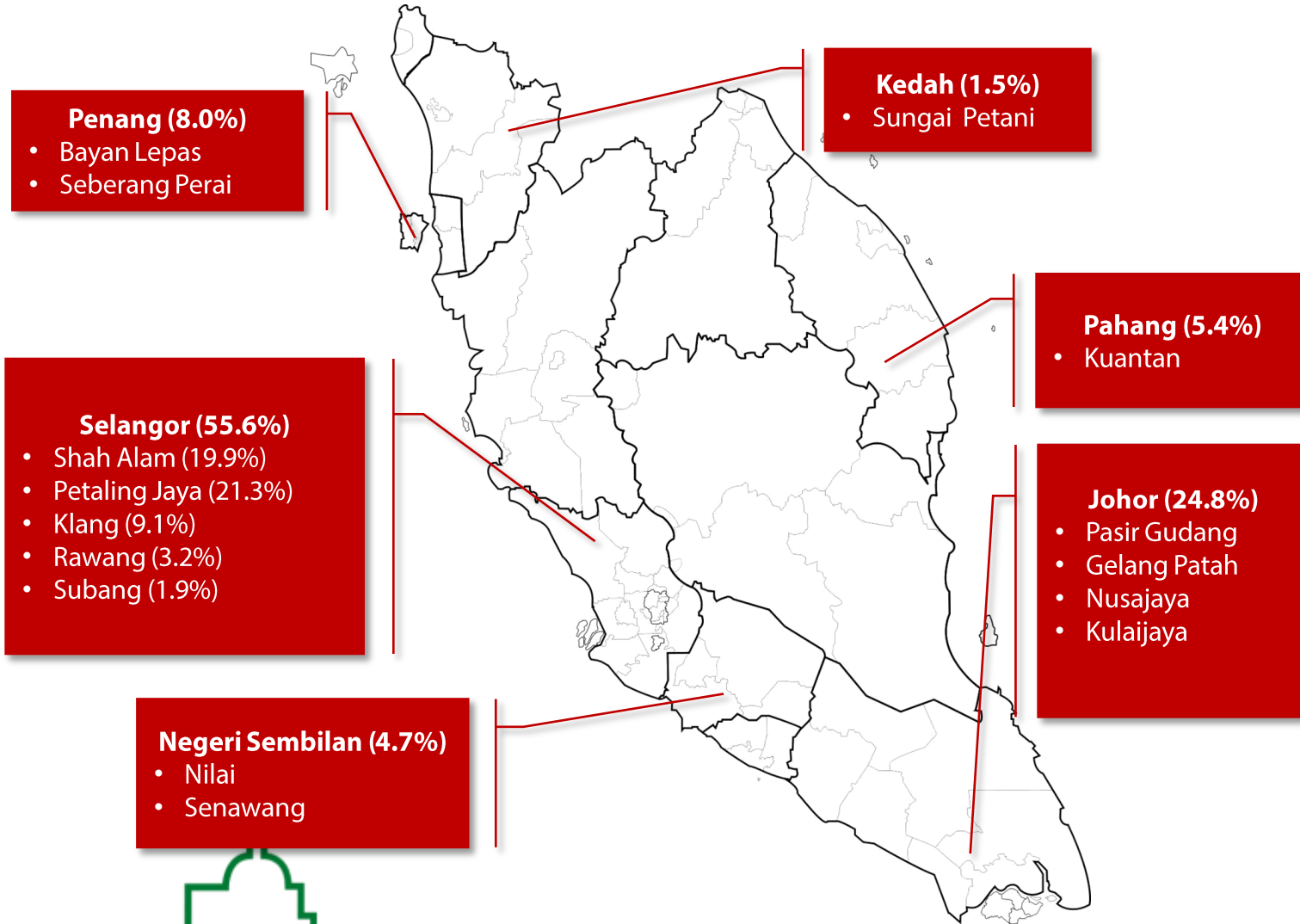
Properties with Occupancy Below 90% as at 30 June 2019



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 47.44% 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

Wisma Academy Parcel

Enhancement of washrooms



Axis Business Park

Installation of new above ground hydrant system



PORTFOLIO OVERVIEW

AGGRESSIVE PIPELINE TARGETS: COMPLETED PROJECT



Official Launch of Axis Aerotech Centre @ Subang, 12 June 2019

Axis Aerotech Centre @ Subang

Net 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: DEVELOPMENT PROJECT



FedEx Batu Kawan Distribution Centre

a) Details of purchase of sub-lease of land from Penang Development Corporation (PDC)

Size:	2.5 acres
Purchase Price:	RM3,916,479.60 (based on RM36 psf)
Tenure:	30 years

b) Details of lease agreement with FedEx

Net Lettable Area:	44,000 sq ft
Target Handover Date:	29 February 2020
Construction Time:	5 months
Lease Commencement:	1 March 2020
Gross Development Value (est.):	RM15.77 million
Estimated Starting Net Yield:	9.0%

PORTFOLIO OVERVIEW

AGGRESSIVE PIPELINE TARGETS: ONGOING ACQUISITIONS

1. Bayan Lepas Industrial Facility 1, Pulau Pinang



Target Completion Date :	2H2019
Land Area :	Approx. 2.07 acres
Land Tenure :	Leasehold
Occupancy :	100%
Purchase Price :	RM20.5 million
WALE :	Approx. 2 years
Starting Gross Yield :	7.8%

2. Manufacturing Facilities, Nusajaya, Johor



Target Completion Date :	2H2019
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: ONGOING ACQUISITIONS

3. Manufacturing Facility, Kota Kinabalu, Sabah



Target Completion Date :	2H2019
Land Area :	Approx. 21.63 acres
Land Tenure :	Leasehold
Occupancy :	100%
Purchase Price :	RM60.0 million
WALE :	15 years

4. Manufacturing Facilities, Shah Alam, Selangor



Target Completion Date :	2H2019
Land Area :	Approx. 9.41 acres
Land Tenure :	Leasehold
Occupancy :	100%
Purchase Price :	RM55.8 million
WALE :	Approx. 4 years

PORTFOLIO OVERVIEW

AGGRESSIVE PIPELINE TARGETS: ONGOING ACQUISITIONS

5. Manufacturing Facility, Nilai, Negeri Sembilan



Target Completion Date :	2H2019
Land Area :	Approx. 8.75 acres
Land Tenure :	Leasehold
Occupancy :	100%
Purchase Price :	RM50.0 million
WALE :	10 years

PORTFOLIO OVERVIEW

AGGRESSIVE PIPELINE TARGETS: ACQUISITIONS STRATEGY

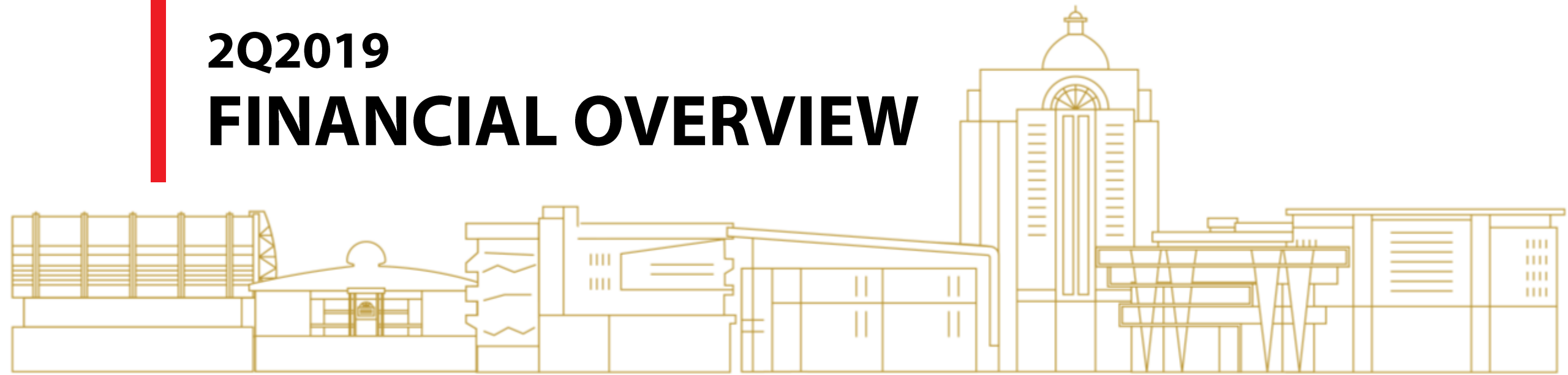
The Manager continues to aggressively source and evaluate potential acquisition targets that are deemed investable by Axis-REIT. The selection of properties will continue to focus on:

- ✓ 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**



2Q2019 FINANCIAL OVERVIEW



FINANCIAL OVERVIEW

SNAPSHOT AS AT 30 JUNE 2019



RM2.88bn
Total Assets



RM1.11bn
Total Financings



RM1.66bn
Total Unitholder's Funds



RM1.34
Net Asset Value Per Unit



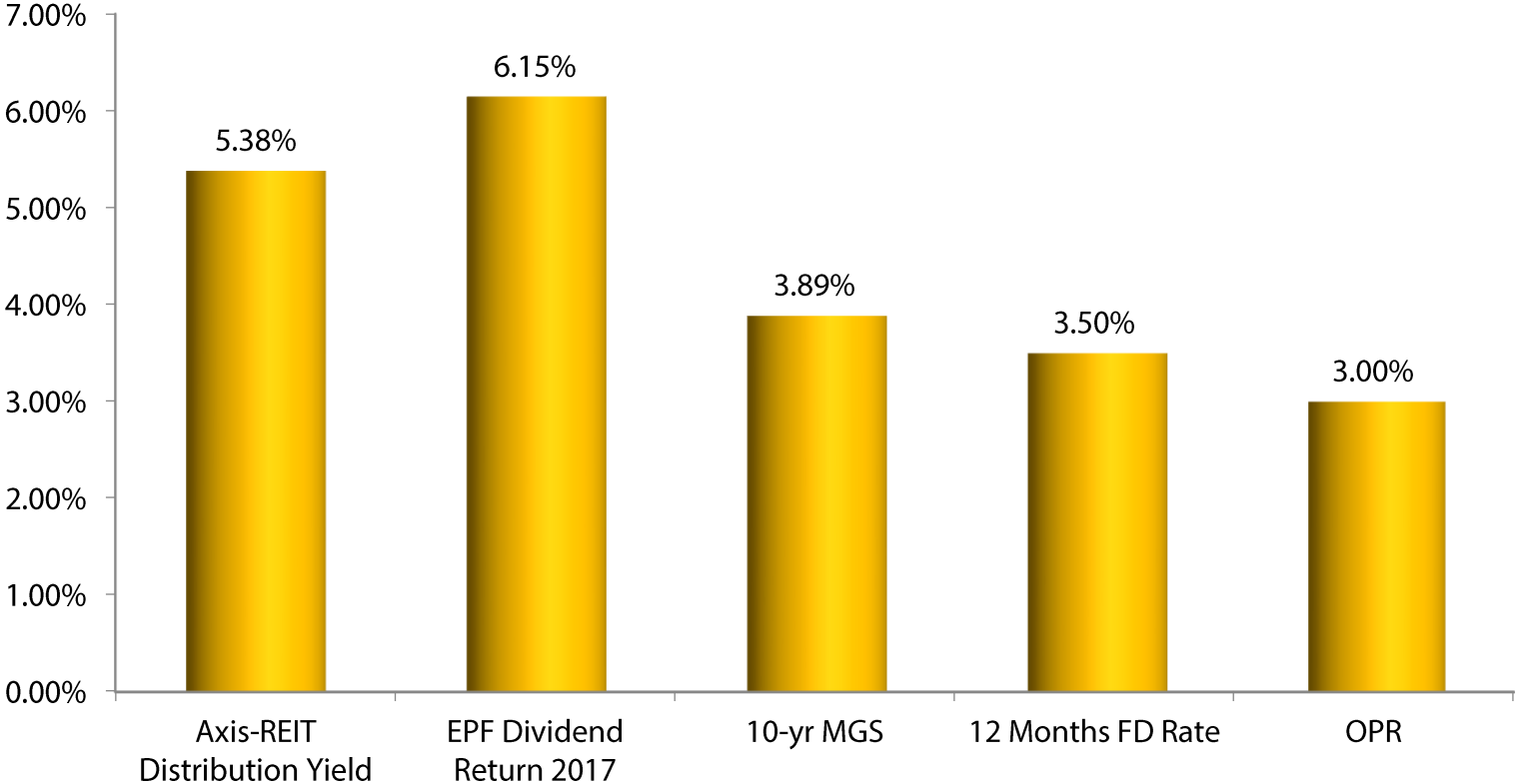
38%
Net Gearing



2Q2019: 2.36 sen
1Q2019: 2.35 sen
Distribution Per Unit

FINANCIAL OVERVIEW

RETURN COMPARATIVES



FINANCIAL OVERVIEW

INCOME STATEMENT 2Q2019 vs 2Q2018

	2Q2019 (RM'000)	2Q2018 (RM'000)	Changes / Movement
No. of Properties	45	42	+3
Property Income #	53,760	47,265	+13.7%
Property Expenses	(7,302)	(7,285)	+0.2%
Net Property Income	46,458	39,980	+16.2%
Profit Income / Other Income	434	185	
Non-Property Expenses	(5,597)	(5,431)	+3.1%
Islamic Financing Cost	(12,360)	(10,245)	+20.6%
Income Tax Expense	-	(67)	
Net Income	28,935	24,422	+18.5%
DPU (sen)	2.36	2.00	+18.0%
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 1H2019 vs 1H2018

	1H2019 (RM'000)	1H2018 (RM'000)	Changes / Movement
No. of Properties	45	42	+3
Property Income – Note 1#	107,317	92,213	+16.4%
Property Expenses – Note 2	(14,764)	(14,083)	+4.8%
Net Property Income	92,553	78,130	+18.5%
Profit Income / Other Income	646	324	
Non-Property Expenses	(10,948)	(11,098)	-1.4%
Islamic Financing Cost – Note 3	(24,460)	(19,182)	+27.5%
Income Tax Expense	-	(67)	
Net Income	57,791	48,107	+20.1%
DPU (sen)	4.71	3.94	+19.5%
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 1H2019 vs 1H2018 - 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 2nd quarter 2018.

Note 2 – Property Expenses

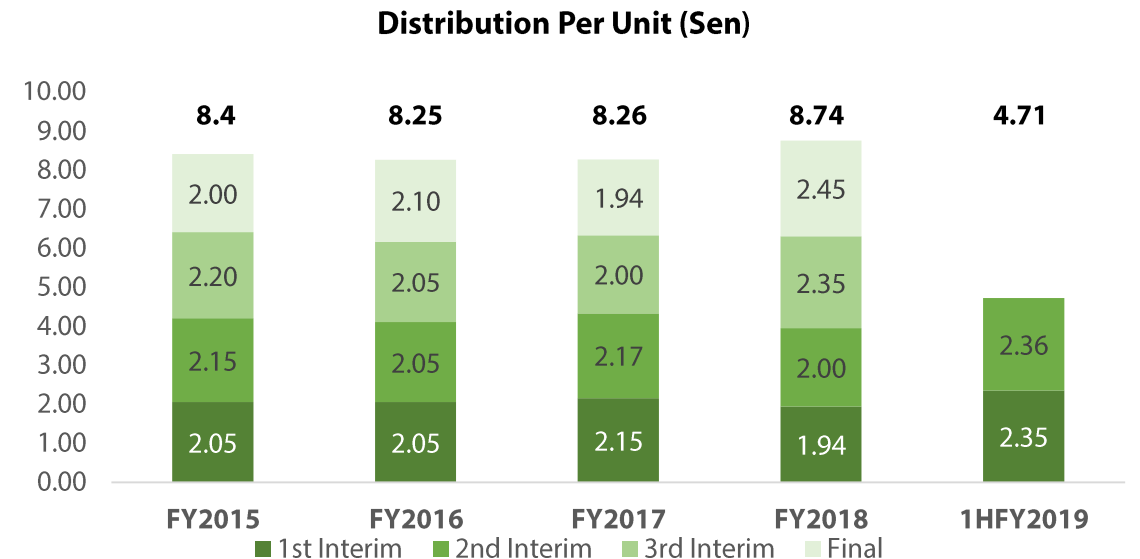
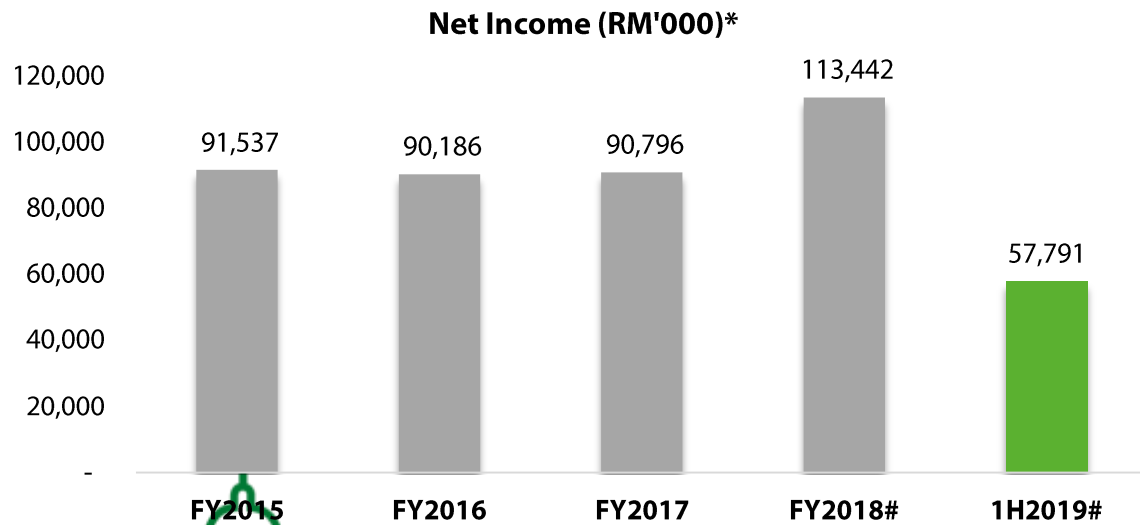
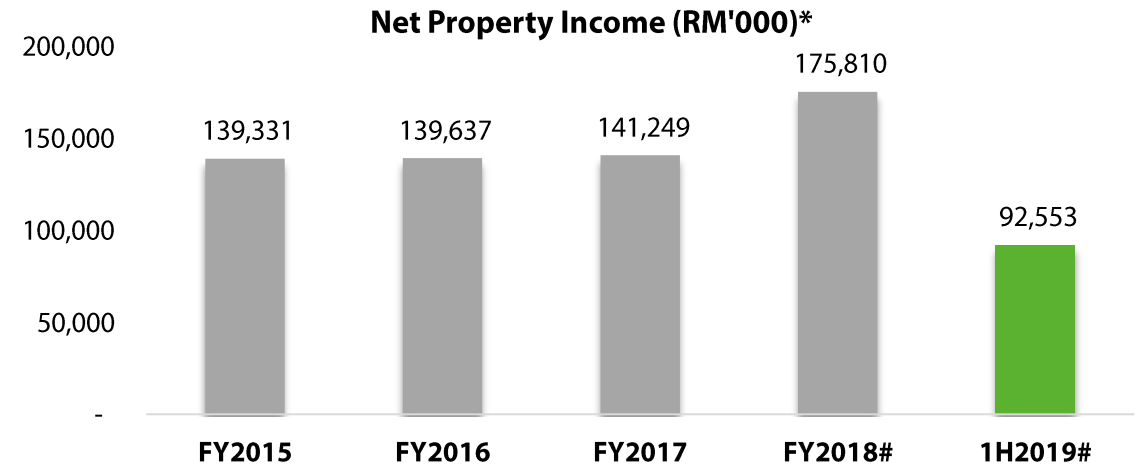
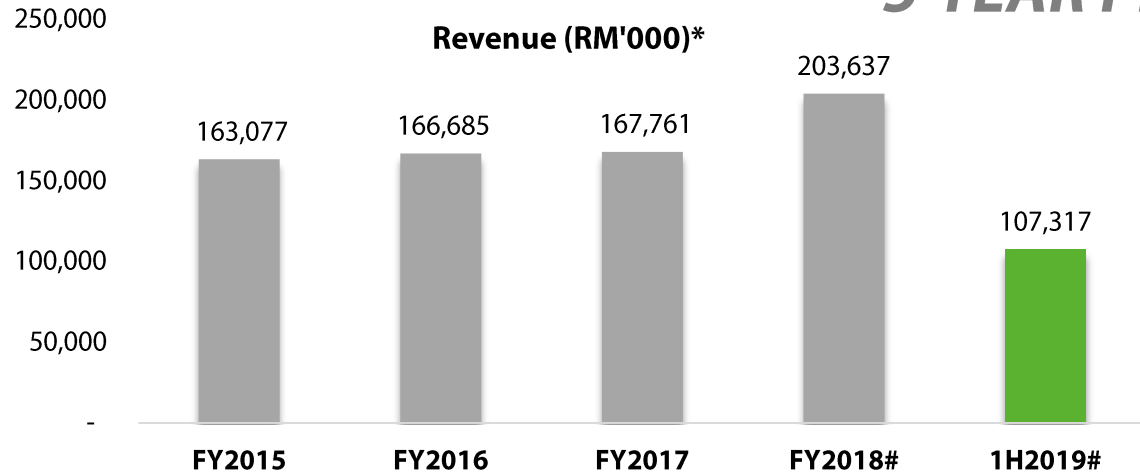
Increase in property expenses was due to additional properties added to the portfolio.

Note 3 – Islamic Financing Cost

Increase in financing cost was mainly due to additional financing facilities to fund the new acquisitions and the Manager took the opportunity of the recent OPR rate cut in May 2019 to diversify 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
 29 * 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	9.7
Office Industrial	7.2	9.4
Warehouse Logistics	8.6	9.4
Manufacturing Facilities	8.2	9.1
Hypermarket	8.4	9.1
Average	8.1	9.3

FINANCIAL OVERVIEW

FINANCIAL POSITION

	30/06/19 (RM'000)	31/12/18 (RM'000)	Changes (RM'000)
Investment Properties – Note 1	2,808,984	2,798,500	+10,484
Fixed Assets	3,112	3,021	+91
Other Assets – Note 2	71,350	38,942	+32,408
TOTAL ASSETS	2,883,446	2,840,463	42,983
Borrowings – Note 3	1,107,510	1,059,367	+48,143
Other Payables	115,603	117,015	-1,412
TOTAL LIABILITIES	1,223,113	1,176,382	46,731
NET ASSET VALUE (NAV)	1,660,333	1,664,081	3748
Unitholders' Capital	1,247,069	1,247,069	-
Undistributed Distributable Income	30,592	32,192	-1,600
Non-Distributable Reserve	382,672	384,820	-2,148
TOTAL UNITHOLDERS' FUND	1,660,333	1,664,081	3,748
GEARING	38.41%	37.30%	
NAV/UNIT (RM)	1.3419	1.3449	
No. of units in issuance	1,237,285,288	1,232,326,803	

FINANCIAL OVERVIEW

NOTES - FINANCIAL POSITION

Note 1 – Investment Properties

During the period ended 30 June 2019, a total of RM4.1 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 30 June 2019 was 9 days.

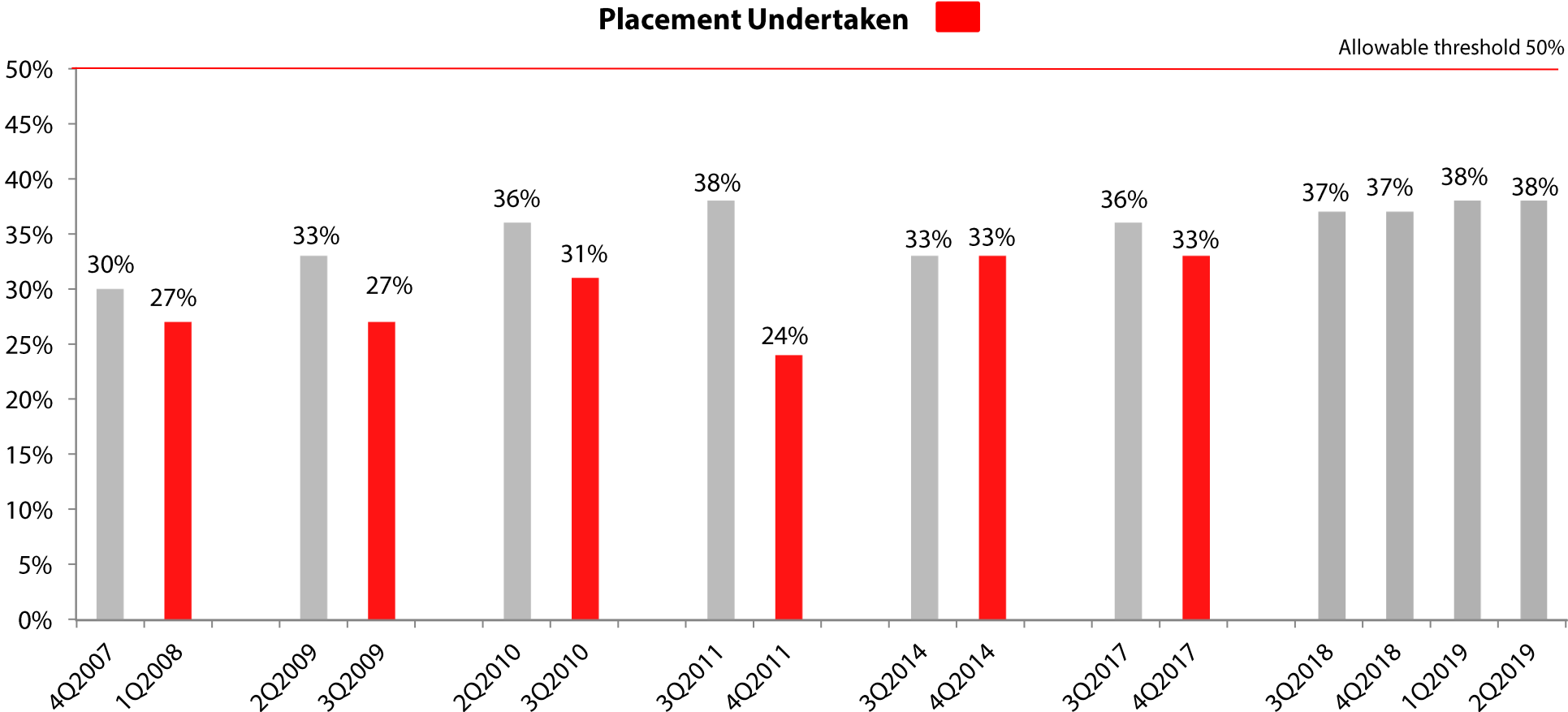
FINANCIAL OVERVIEW

NOTE 3 - 5-YEAR DEBT PROFILE

	2015	2016	2017	2018	2019
Total Financing (RM'000)	731,814	780,665	842,594	1,059,367	1,107,510
Total Assets (RM'000)	2,141,493	2,244,274	2,549,609	2,840,463	2,883,446
Gearing	34.17%	34.78%	33.05%	37.30%	38.41%
Effective Profit Rate	4.28%	4.25%	4.21%	4.32%	4.44%
Percentage of short term financing-Maturity < 1 Year	55%	58%	71%	77%	49%
Percentage of medium/ long term financing (maturity more than 1 year)	45%	42%	29%	23%	51%
Percentage of floating rate financing	50%	53%	63%	69%	36%
Percentage of fixed rate financing	50%	47%	37%	31%	64%
Total unencumbered assets	10	15	15	19	13
Percentage of unencumbered assets/total assets (value)	26%	30%	27%	28%	24%

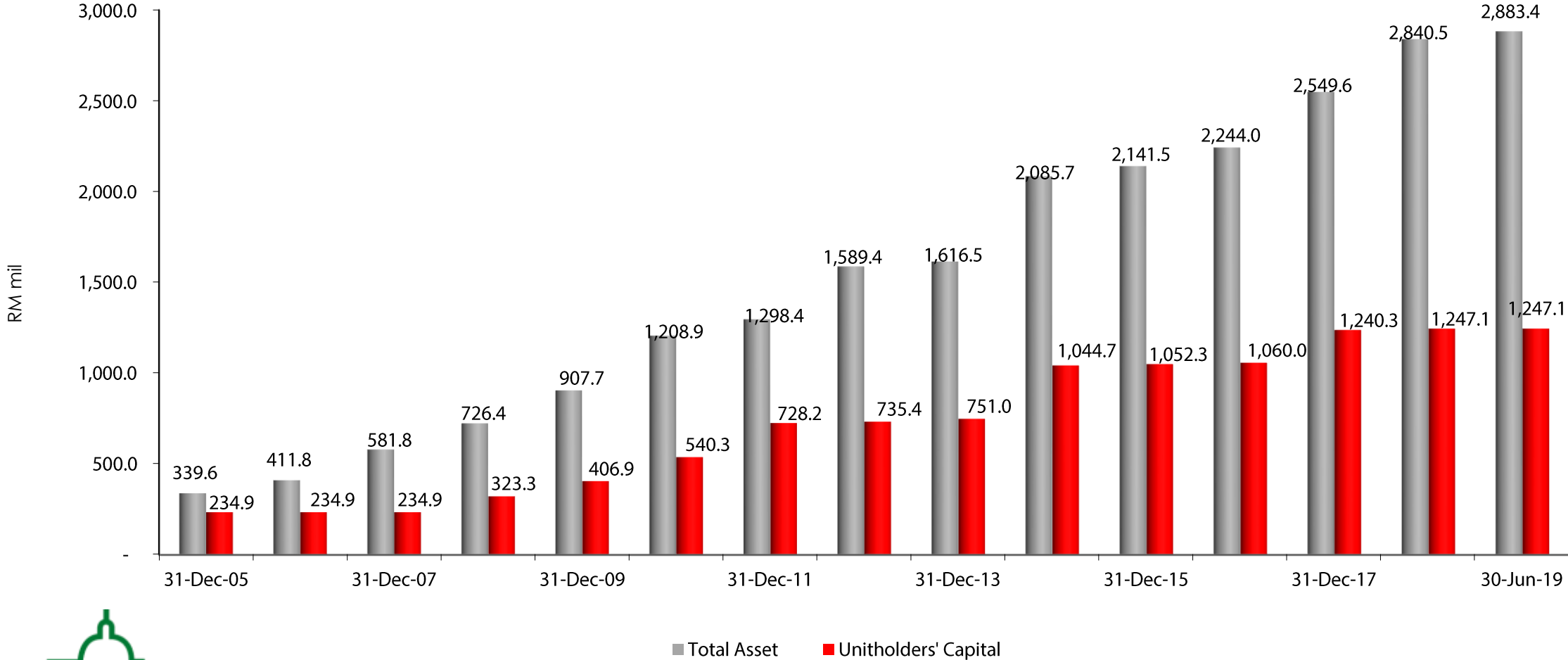
FINANCIAL OVERVIEW

GEARING LEVELS



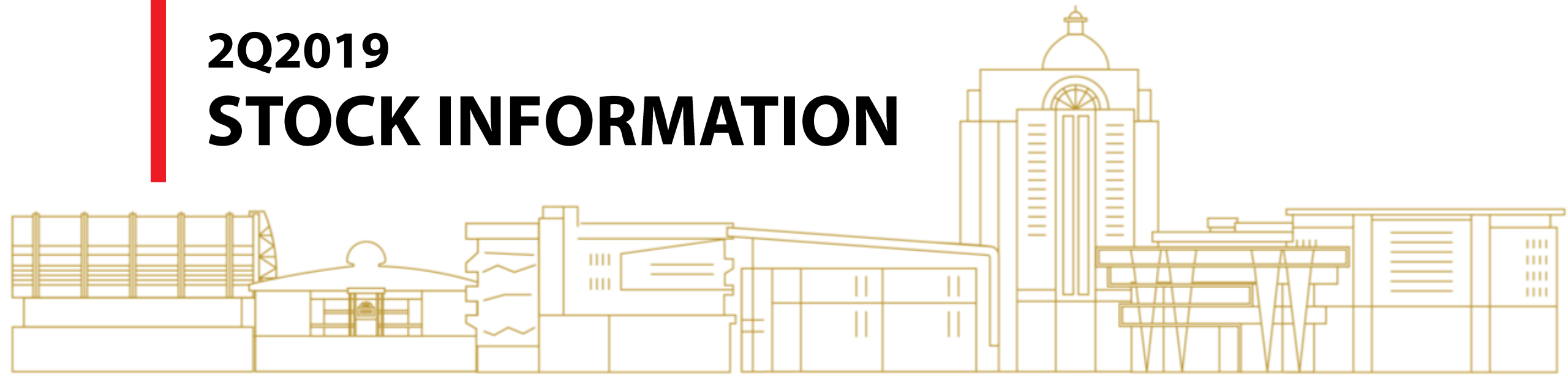
FINANCIAL OVERVIEW

UNITHOLDERS' CAPITAL





2Q2019 STOCK INFORMATION



STOCK INFORMATION

TOP 10 UNITHOLDERS

	Name of Unitholder	%
1	EMPLOYEES PROVIDENT FUND BOARD	10.53%
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	7.95%
3	AMANAHA SAHAM BUMIPUTERA	7.17%
4	LEMBAGA TABUNG HAJI	5.11%
5	TEW PENG HWEE @ TEOH PENG HWEE	4.57%
6	ALEX LEE LAO	4.28%
7	EXEMPT AN FOR AIA BHD.	2.70%
8	PERMODALAN NASIONAL BERHAD	2.51%
9	PUBLIC SMALLCAP FUND	2.21%
10	AMANAHA SAHAM MALAYSIA 3	1.94%

Holdings Breakdown	Units Held 2Q2019	Units Held 1Q2019	Movement
Top 5 Unitholders	35.33%	38.66%	-3.33%
Top 10 Unitholders	48.98%	52.05%	-3.07%
Unitholders with >2 million unitholdings	86.79%	88.09%	-1.30%

STOCK INFORMATION

ANALYSIS OF UNITHOLDERS WITH >2 MILLION UNITS

Top 5 Increases in Unitholdings

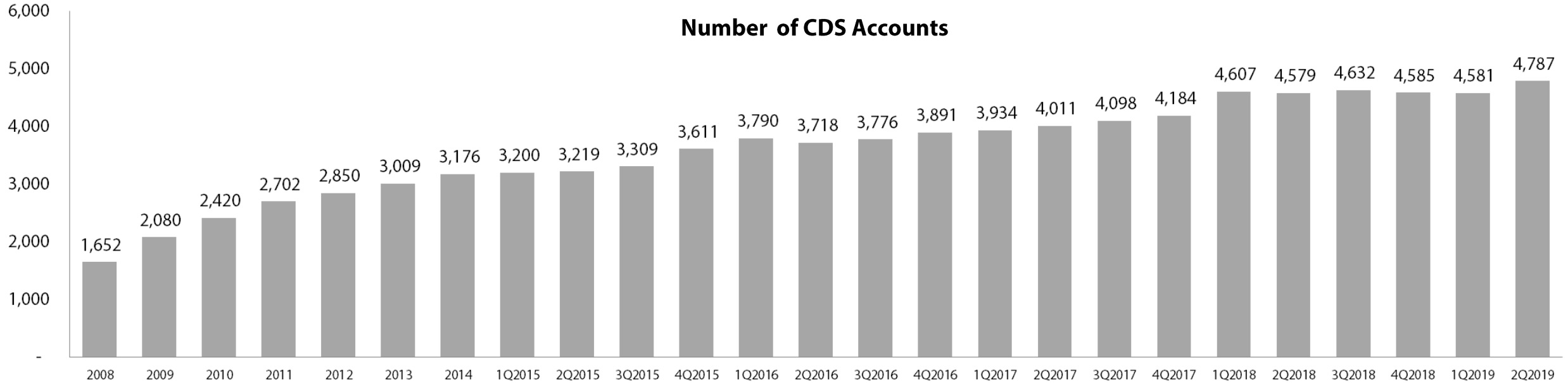
	Changes vs Last Quarter
EXEMPT AN FOR AIA BHD.	1.6%
EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	1.2%
EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	0.3%
PUBLIC SMALLCAP FUND	0.3%
EMPLOYEES PROVIDENT FUND BOARD (F.TEMISLAMIC)	0.3%

Top 5 Decreases in Unitholdings

	Changes vs Last Quarter
AMANAH SAHAM BUMIPUTERA	-2.2%
EMPLOYEES PROVIDENT FUND	-1.2%
ASN UMBRELLA FOR ASN EQUITY 3	-0.5%
EMPLOYEES PROVIDENT FUND BOARD (CPIAM EQ)	-0.4%
EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	-0.4%

STOCK INFORMATION

INVESTOR VISIBILITY & LIQUIDITY



	Units Held 2Q2019	Units Held 1Q2019	Movement
Total no. of unitholders	4,787	4,581	206
Total foreign holdings	10.76%	10.29%	0.47%
Foreign holdings – related-party	7.25%	7.25%	0%
Foreign holdings – non-related-party	3.51%	3.04%	0.47%
Promoters	12.65%	12.65%	0%

THANK YOU

For more information, please visit:
www.axis-reit.com.my



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