



# Results Presentation 2Q2020

26 August 2020

# AGENDA

**2Q2020  
HIGHLIGHTS**

**PORTFOLIO  
OVERVIEW**

**FINANCIAL  
OVERVIEW**

**STOCK  
INFORMATION**

# 2Q2020 HIGHLIGHTS



# HIGHLIGHTS

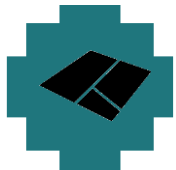
## PORTFOLIO SUMMARY



51 properties on portfolio  
39 properties with 100% occupancy



Total Assets Under Management  
RM3.3 billion



Space Under Management  
10.2 million sq ft



Financing Ratio  
31%



Solid industrial space portfolio  
92% of properties on industrial titles



Portfolio Occupancy of 92.3% (as at 30/06/2020)  
Weighted Average Lease Expiry of 5.7 years



Reclassified as Islamic REIT in 2008



Total Distribution Per Unit for 1H2020  
4.25 sen



Market Capitalization (as at 30/06/2020)  
RM2.97 billion



Nationwide presence across Malaysia

# 1H2020 HIGHLIGHTS

## *PORTFOLIO PERFORMANCE*

- Total of 4.25 sen DPU declared for 1H2020.
- Portfolio size increased by 3 to a total of 51 properties.
- Investment properties currently stands at RM3.15 billion.
- Realised net income increased by 5.5% for 1H2020 as compared to 1H2019.
- The Axis Facility @ Batu Kawan development project has been successfully handed over to Federal Express Services (M) Sdn Bhd and rental had commenced on 1 March 2020.
- Implemented the Income Distribution Reinvestment Plan (“IDRP”) in conjunction with the payment of 2019 final income distribution with success rate of 75%.
- Completed the acquisition of Axis Facility 2 @ Nilai for RM50.0 million on 28 February 2020.
- Completed the acquisition of Axis Facility 2 @ Bukit Raja for RM37.0 million on 17 March 2020.
- Completed the acquisition of D37c Logistics Warehouse for RM65.0 million on 9 June 2020.

# 1H2020 HIGHLIGHTS

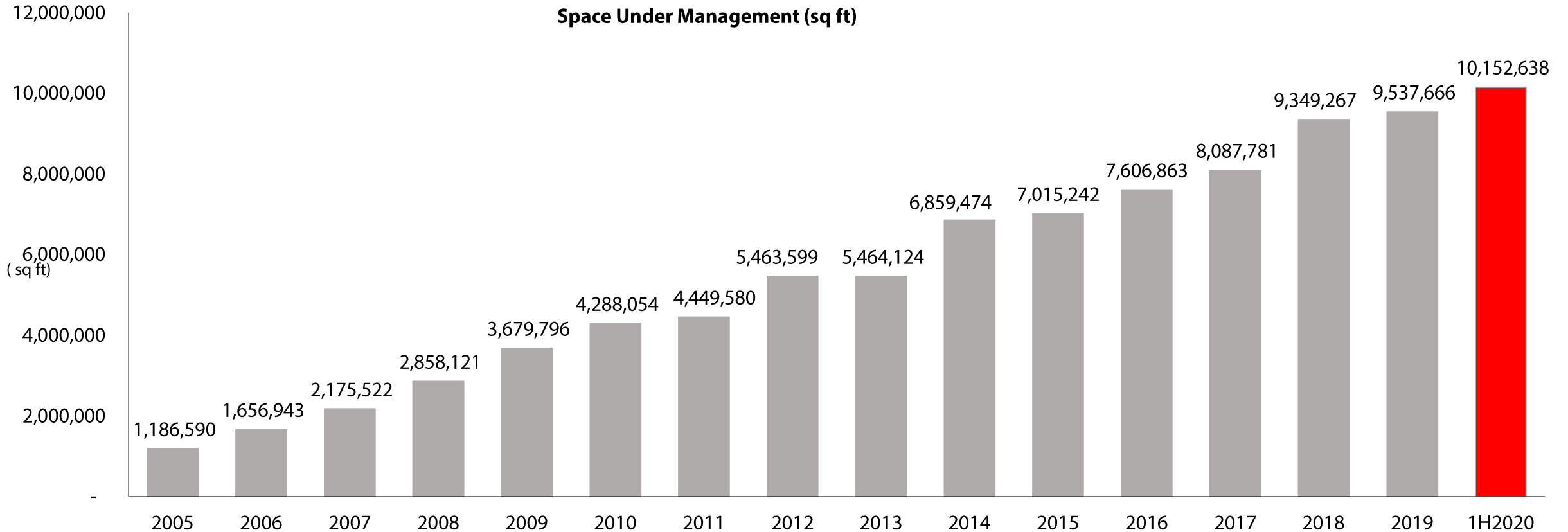
- Successfully signed the Sale & Purchase Agreement to acquire a warehouse facility for RM95.0 million, located in Section 15, Shah Alam, Selangor.
- Acceptance of Letter of Offer to acquire a manufacturing facility for RM11.87 million, located in Shah Alam, Selangor.
- Acceptance of Letters of Offer to acquire three units of 1 ½ storey detached factories for RM28.2 million, located in Kawasan Perindustrian i-Park in Mukim Kulai, Johor.

# PORTFOLIO OVERVIEW



# PORTFOLIO OVERVIEW

## DIVERSIFIED AND EXPANDING PORTFOLIO



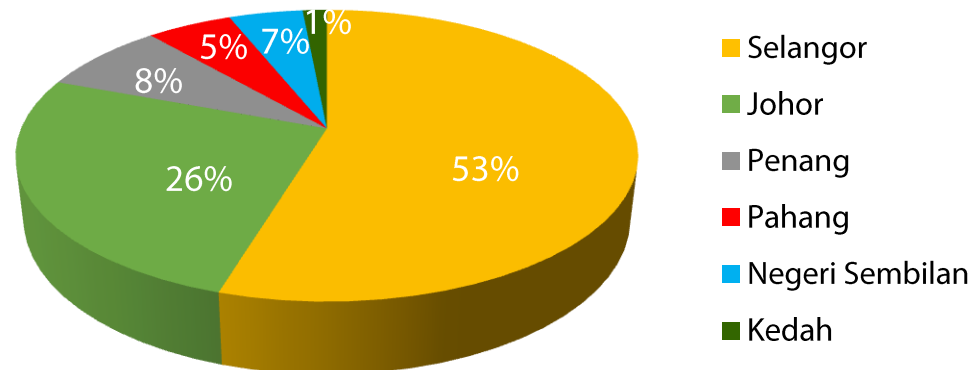


# PORTFOLIO OVERVIEW

## *DIVERSIFIED AND EXPANDING PORTFOLIO*

- ✓ Our 51 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 in:
  - Penang
  - Selangor
  - Johor
- ✓ This geographical diversification is aimed at capturing the rapid growth of current and future regional industrial hubs.

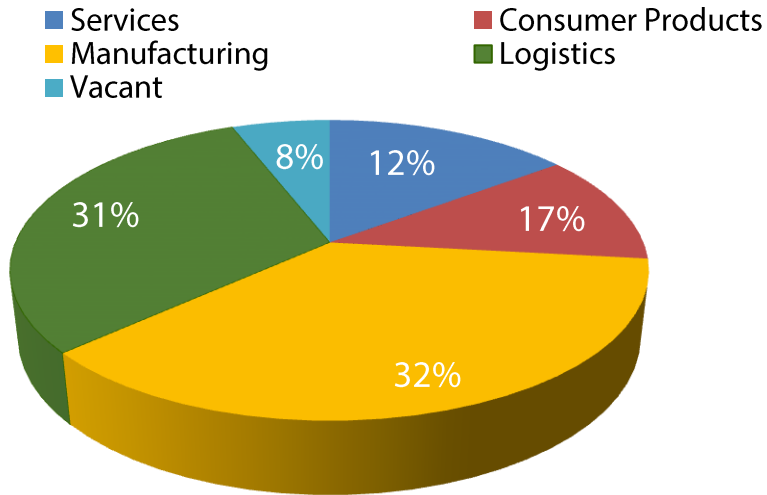
**Portfolio Diversification by Location (on NLA)**



# PORTFOLIO OVERVIEW

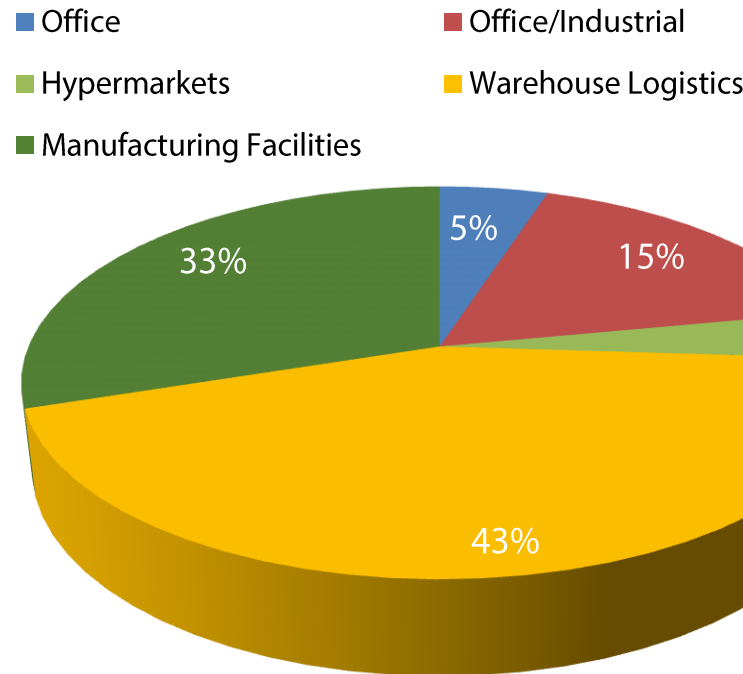
## DIVERSIFIED AND EXPANDING PORTFOLIO

**Portfolio Diversification by Tenant's Industry (on NLA)**



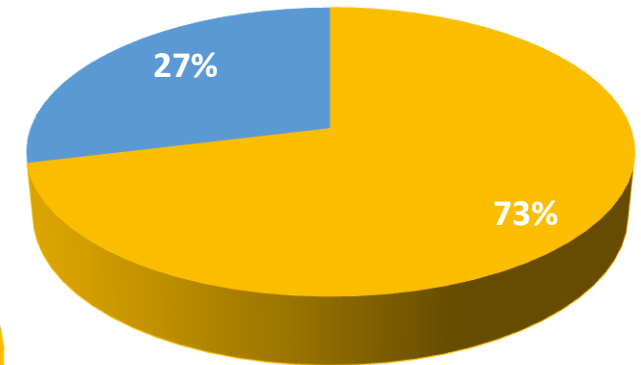
**Portfolio Diversification by Asset Type (on NLA)**

*\*Industrial title properties*



**Portfolio Diversification by Occupancy Type (on NLA)**

Single Tenant Multi Tenants



# PORTFOLIO OVERVIEW

## *HIGH OCCUPANCY RATE WITH INCOME VISIBILITY*

As at 30 June 2020, the portfolio has 51 assets comprising 10,152,638 sq. ft. and 147 tenants.

	1H2020
No. of Properties	51
Property Income (RM'000)	109,681
Property Expenses (RM'000)	16,328
Net Property Income (RM'000)	93,353
Occupancy	92.3%

Portfolio Efficiency Ratio = YTD Property Expenses / YTD Property Income

1H2020	2019	2018	2017	2016
14.89%	14.31%	13.66%	15.80%	16.23%

# PORTFOLIO OVERVIEW

## HIGH OCCUPANCY RATE WITH INCOME VISIBILITY

### Lease Expiry By Location

Property	Year 2020	% of Total NLA	% of Rental Income/month	Year 2021	% of Total NLA	% of Rental Income/month	Year 2022	% of Total NLA	% of Rental Income/month
Petaling Jaya	614,795	6.06	10.38	545,043	5.37	9.91	477,869	4.71	8.41
Shah Alam	412,015	4.06	4.08	612,547	6.03	6.12	105,550	1.04	1.30
Klang	-	-	-	-	-	-	149,605	1.47	1.26
Johor	468,936	4.62	3.14	641,732	6.32	4.65	42,068	0.42	0.52
Nilai	-	-	-	-	-	-	291,642	2.87	1.50
Penang	205,151	2.02	2.51	-	-	-	395,225	3.89	3.11
<b>TOTAL</b>	<b>1,700,897</b>	<b>16.76</b>	<b>20.11</b>	<b>1,799,322</b>	<b>17.72</b>	<b>20.68</b>	<b>1,461,959</b>	<b>14.40</b>	<b>16.10</b>

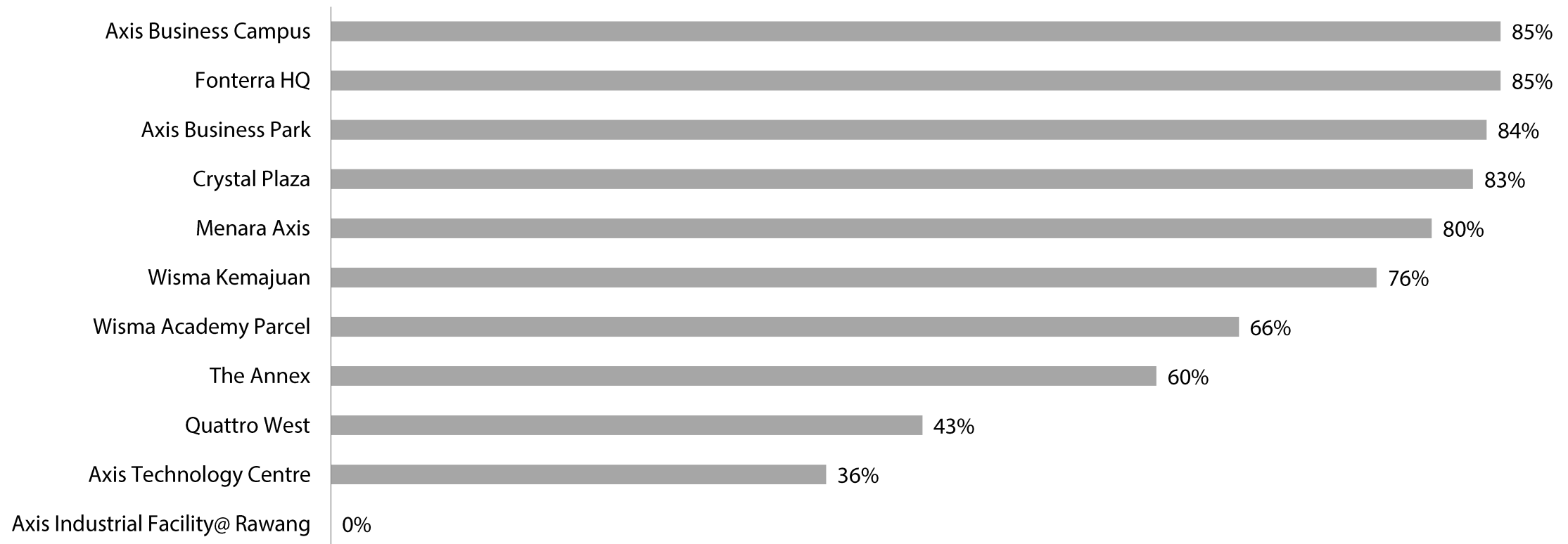
### Lease Expiry By Type

Property	Year 2020	% of Total NLA	% of Rental Income/month	Year 2021	% of Total NLA	% of Rental Income/month	Year 2022	% of Total NLA	% of Rental Income/month
Office	137,864	1.36	3.29	132,437	1.30	3.61	106,790	1.05	2.45
Office Industrial	476,931	4.70	7.09	412,606	4.07	6.29	401,329	3.95	6.58
Warehouse Logistics	1,086,102	10.70	9.73	956,380	9.42	7.91	470,525	4.64	3.79
Manufacturing Facilities	-	-	-	297,899	2.93	2.87	483,315	4.76	3.28
Hypermarket	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,700,897</b>	<b>16.76</b>	<b>20.11</b>	<b>1,799,322</b>	<b>17.72</b>	<b>20.68</b>	<b>1,461,959</b>	<b>14.40</b>	<b>16.10</b>

Out of 1.7 million square feet of space expiring in 2020, **68%** have been renewed and **3%** space secured by new tenants to date.

# PORTFOLIO OVERVIEW

## PROPERTIES WITH OCCUPANCY BELOW 90% AS AT 30 JUNE 2020



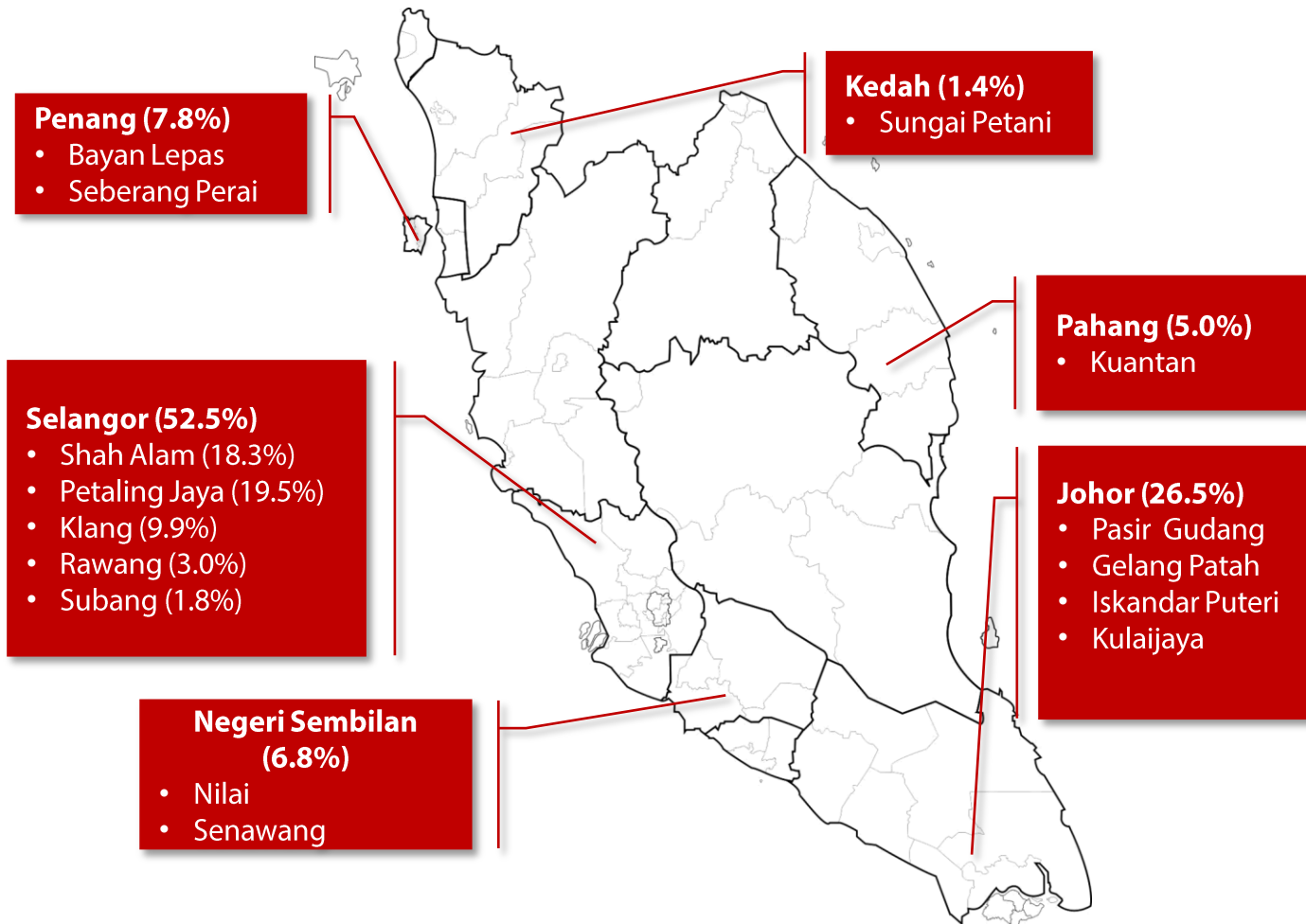
*Note: Vacant space in Fonterra HQ is built for their future expansion*

# PORTFOLIO OVERVIEW

## ESTABLISHED NATIONWIDE FOOTPRINT

### Top 10 Tenants

**YTD top ten tenants account for 47.64% 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. Schenker Logistics (Malaysia) Sdn Bhd
6. Upeca Aerotech Sdn Bhd
7. POS Logistics Berhad
8. Tesco Stores (Malaysia) Sdn Bhd
9. Teraju Sinar Sdn Bhd
10. Northport (Malaysia) Berhad



# PORTFOLIO OVERVIEW

## COMPLETED DEVELOPMENT

### Axis Facility @ Batu Kawan



Net Lettable Area	:	44,000 sq. ft.
Land Area	:	Approx. 2.5 acres
Land Tenure	:	Leasehold
Tenant	:	Federal Express Services (M) Sdn Bhd
Occupancy	:	100%
WALE	:	10 years
Construction Time	:	5 months
Lease Commencement	:	1 March 2020
Development Value	:	RM14.6million
Market Value	:	RM16.0million
(as at 31 Dec 2019)		



# PORTFOLIO OVERVIEW

## COMPLETED ACQUISITIONS

### 1. Axis Facility 2 @ Nilai, Negeri Sembilan



Completion Date	:	28 February 2020
Net Lettable Area	:	246,500 sq. ft.
Land Area	:	Approx. 8.75 acres
Land Tenure	:	Leasehold
Occupancy	:	100%
Purchase Price	:	RM50.0 million
WALE	:	10 years

### 2. Axis Facility 2 @ Bukit Raja, Klang



Completion Date	:	17 March 2020
Net Lettable Area	:	199,890 sq. ft.
Land Area	:	Approx. 5.57 acres
Land Tenure	:	Leasehold
Occupancy	:	100%
Purchase Price	:	RM37.0 million
WALE	:	Approx. 2.5 years



# PORTFOLIO OVERVIEW

## COMPLETED ACQUISITIONS

### 3. D37c Logistics Warehouse, PTP Johor



Completion Date	:	9 June 2020
Net Lettable Area	:	222,723 sq. ft.
Land Area	:	Approx. 8.2 acres
Land Tenure	:	Sublease
Occupancy	:	100%
Purchase Price	:	RM65.0 million
WALE	:	Approx. 8 years

# PORTFOLIO OVERVIEW

## ONGOING ACQUISITIONS

### 1. Bayan Lepas Industrial Facility 1, Penang



Target Completion Date :	2H2020
Net Lettable Area :	78,024 sq. ft.
Land Area :	Approx. 2.1 acres
Land Tenure :	Leasehold
Occupancy :	100%
Purchase Price :	RM20.5 million
WALE :	Approx. 1 year

### 2. One Total Logistics Warehouse, Seksyen 15, Shah Alam



Target Completion Date :	2H2020
Net Lettable Area :	285,249 sq. ft.
Land Area :	Approx. 10.4 acres
Land Tenure :	Leasehold
Occupancy :	100%
Purchase Price :	RM 95.0 million
WALE :	Approx. 3 years

# PORTFOLIO OVERVIEW

## ONGOING ACQUISITIONS

### 3. Manufacturing Facility, Shah Alam, Selangor



Target Completion Date :	2H2020
Net Lettable Area :	41,061 sq. ft.
Land Area :	Approx. 2.2 acres
Land Tenure :	Leasehold
Occupancy :	100%
Purchase Price :	RM11.87 million
WALE :	Approx. 3 years

### 4. Manufacturing Facility 1, iPark @ Indahpura



Target Completion Date :	2H2020
Net Lettable Area :	57,545 sq. ft.
Land Area :	Approx. 2.1 acres
Land Tenure :	Freehold
Occupancy :	100%
Purchase Price :	RM12.98 million
WALE :	Approx. 7 years

# PORTFOLIO OVERVIEW

## ONGOING ACQUISITIONS

### 5. Manufacturing Facility 2, iPark @ Indahpura



Target Completion Date :	2H2020
Net Lettable Area :	24,949 sq. ft.
Land Area :	Approx. 1.25 acres
Land Tenure :	Freehold
Occupancy :	100%
Purchase Price :	RM6.67 million
WALE :	Approx. 4.5 years

### 6. Manufacturing Facility 3, iPark @ Indahpura



Target Completion Date :	2H2020
Net Lettable Area :	35,339 sq. ft.
Land Area :	Approx. 1.2 acres
Land Tenure :	Freehold
Occupancy :	100%
Purchase Price :	RM8.54 million
WALE :	Approx. 4 years

# PORTFOLIO OVERVIEW

## *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**  
**RM120 million**



# FINANCIAL OVERVIEW



# FINANCIAL OVERVIEW

*SNAPSHOT AS AT 30 JUNE 2020*



**RM3.27 bn**  
**Total Assets**



**RM1.01 bn**  
**Total Financings**



**RM2.14 bn**  
**Total Unitholder's Funds**



**RM1.48**  
**Net Asset Value Per Unit**



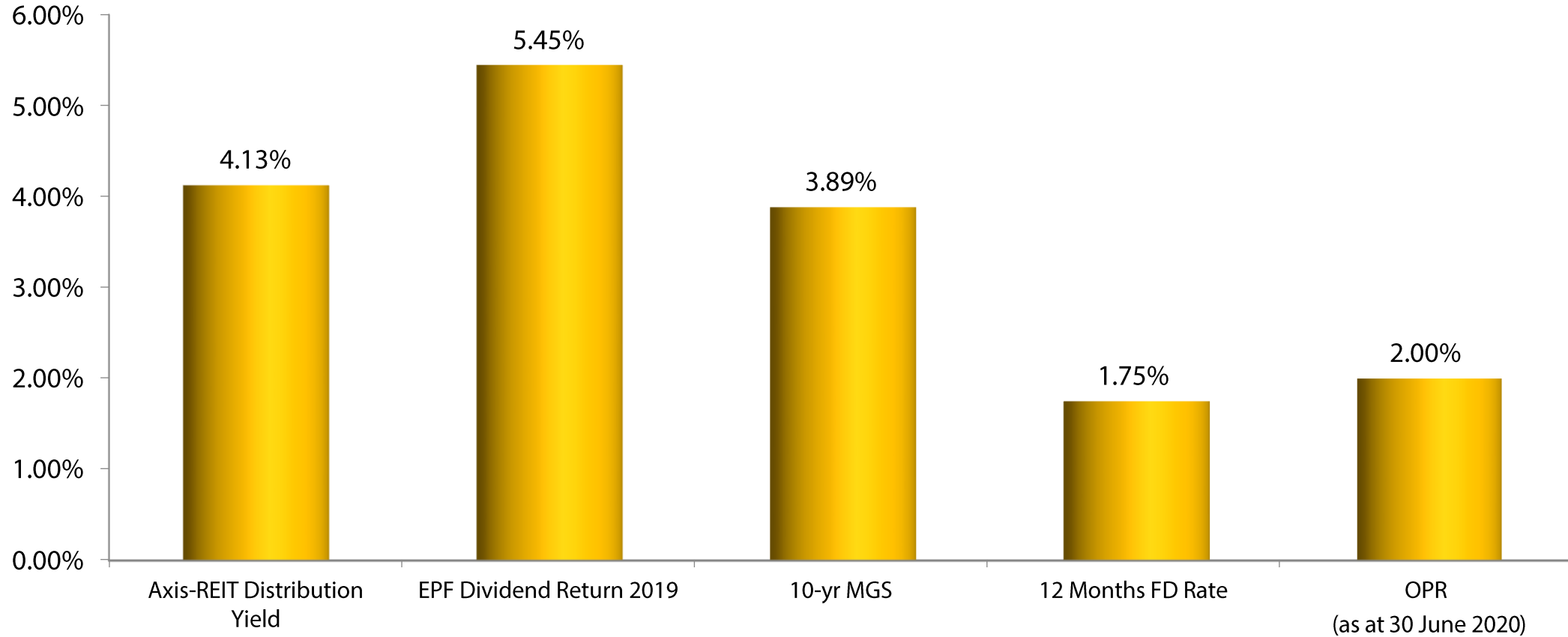
**31%**  
**Financing Ratio**



**2Q2020: 2.15 sen**  
**1Q2020: 2.10 sen**  
**Distribution Per Unit**

# FINANCIAL OVERVIEW

## RETURN COMPARATIVES





# FINANCIAL OVERVIEW

## INCOME STATEMENT 2Q2020 vs 2Q2019

	2Q2020 (RM'000)	2Q2019 (RM'000)	Changes / Movement
No. of Properties	51	45	+6
Property Income	55,141	53,760	
- Property income before lease incentive adjustment	55,023	53,676	+2.5%
- Lease incentive adjustment (non-distributable)	118	84	
Property Expenses	(8,165)	(7,302)	+11.8%
Net Property Income	46,976	46,458	
- Property income before lease incentive adjustment	46,858	46,374	+1.0%
- Lease incentive adjustment (non-distributable)	118	84	
Profit Income / Other Income	347	434	
Non-Property Expenses	(6,532)	(5,597)	+16.7%
Islamic Financing Cost	(9,707)	(12,360)	-21.5%
Net Income	31,084	28,935	
Property income before lease incentive adjustment	30,966	28,851	+7.3%
- Lease incentive adjustment (non-distributable)	118	84	
DPU (sen)	2.15	2.36	-8.9%
No. of Units in Issuance	1,442,331,296	1,237,285,288	+16.6%

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

# FINANCIAL OVERVIEW

## INCOME STATEMENT 1H2020 vs 1H2019

	1H2020 (RM'000)	1H2019 (RM'000)	Changes / Movement
No. of Properties	51	45	+6
Property Income – <b>NOTE 1</b>	109,681	107,317	
- Property income before lease incentive adjustment	109,898	107,551	+2.2%
- Lease incentive adjustment (non-distributable)	(217)	(234)	
Property Expenses – <b>NOTE 2</b>	(16,328)	(14,764)	+10.6%
Net Property Income	93,353	92,553	
- Property income before lease incentive adjustment	93,570	92,787	+0.8%
- Lease incentive adjustment (non-distributable)	(217)	(234)	
Profit Income / Other Income	578	646	
Non-Property Expenses	(13,519)	(10,948)	+23.5%
Islamic Financing Cost – <b>NOTE 3</b>	(19,451)	(24,460)	-20.5%
Net Income	60,961	57,791	
Property income before lease incentive adjustment	61,178	58,025	+5.4%
- Lease incentive adjustment (non-distributable)	(217)	(234)	
DPU (sen) – <b>NOTE 4</b>	4.25	4.71	-9.8%
No. of Units in Issuance	1,442,331,296	1,237,285,288	+16.6%

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

# FINANCIAL OVERVIEW

## *INCOME STATEMENT 1H2020 vs 1H2019 - 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 Facility @ Batu Kawan on 1 March 2020 and rental from 5 newly acquired properties completed since end of 3Q2019. This has offset the rental loss from Axis Industrial Facility @ Rawang as the tenant has redelivered vacant possession in July 2019. During the MCO, the REIT has given waivers on seasonal carpark rental for all its multi-tenanted buildings. In addition, during 2Q2020, the amount of visitor parking income has registered a drop.

### **Note 2 – Property Expenses**

The increase in property expenses is due to the enlarged size of the portfolio and also building maintenance expenses which was caused by the collapse of a retaining wall along Sungai Penchala that damaged the driveway at Axis Vista and Axis Technology Centre. RM500,000 of the expenses has been carried out in 2Q2020 and the balance work is still ongoing.

### **Note 3 – Islamic Financing Cost**

Decrease in financing cost was mainly due to reduced gearing from the equity placement exercise in 4Q2019 and the recent OPR cuts in January, March and May 2020.

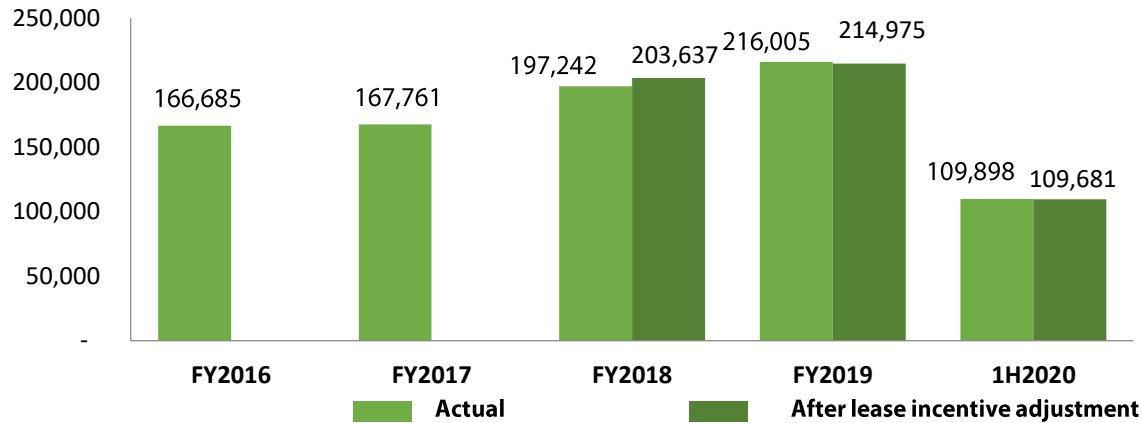
### **Note 4 – DPU**

The DPU of 4.25 sen is lower than 1H2019 of 4.71 sen due to issuance of new units from the equity placement exercise completed in December 2019.

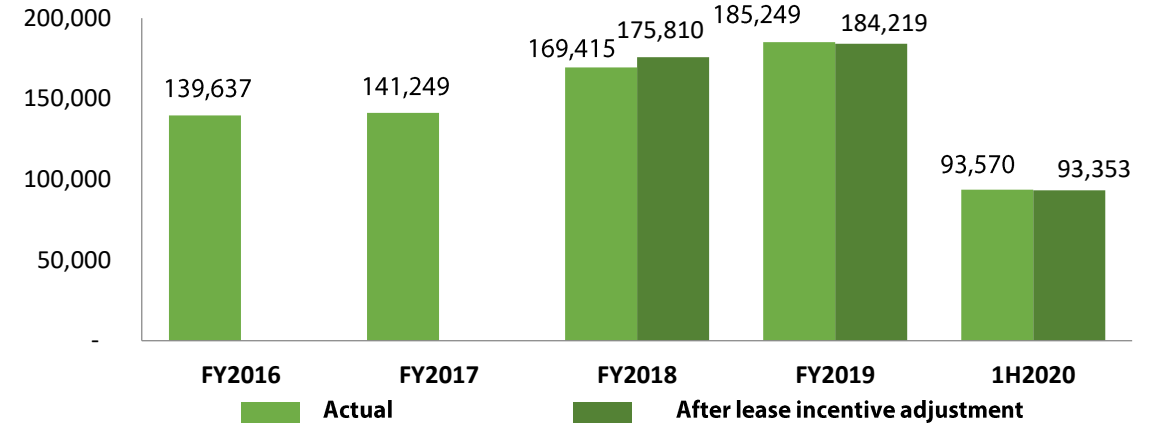
# FINANCIAL OVERVIEW

## 5-YEAR PERFORMANCE

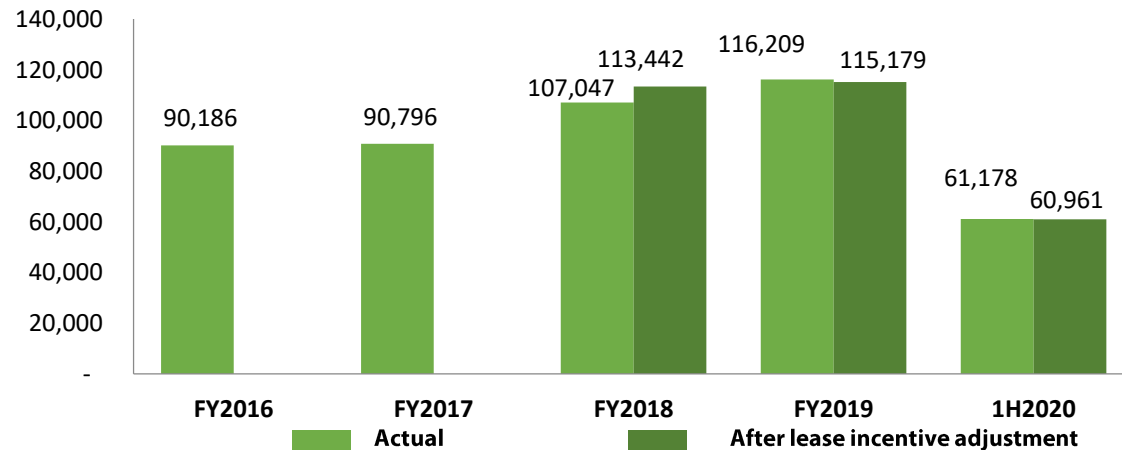
Revenue (RM'000)\*



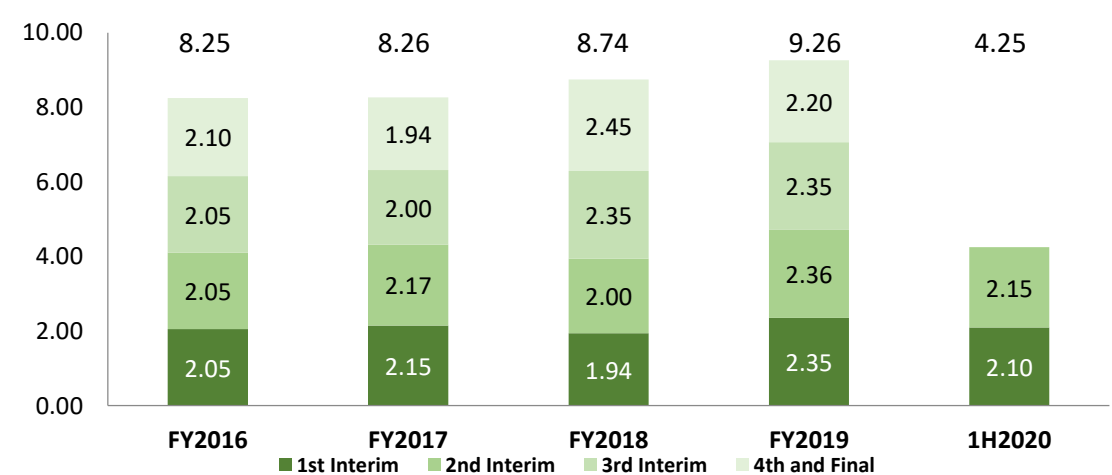
Net Property Income (RM'000)\*



Net Income (RM'000)\*



Distribution Per Unit (Sen)



# FINANCIAL OVERVIEW

## PORTFOLIO YIELD BY ASSET TYPES

Asset Type	Net Yield (%)	Gross Yield (%)
Office	6.6	9.1
Office Industrial	6.5	8.9
Warehouse Logistics	8.6	9.4
Manufacturing Facilities	7.5	8.3
Hypermarket	8.2	8.8
<b>Average</b>	<b>7.7</b>	<b>8.9</b>

# FINANCIAL OVERVIEW

## FINANCIAL POSITION

	30/6/20 (RM'000)	31/12/19 (RM'000)	Changes (RM'000)
Investment Properties – <b>Note 1</b>	3,147,968	2,990,610	+157,358
Fixed Assets	3,064	3,201	-137
Other Assets – <b>Note 2</b>	123,826	91,870	+31,956
<b>TOTAL ASSETS</b>	<b>3,274,858</b>	<b>3,085,681</b>	<b>+189,177</b>
Borrowings	1,013,017	885,859	+127,158
Other Payables	118,134	112,443	+5,691
Deferred Tax Liability	8,615	8,615	-
<b>TOTAL LIABILITIES</b>	<b>1,139,766</b>	<b>1,006,917</b>	<b>+132,849</b>
<b>NET ASSET VALUE (NAV)</b>	<b>2,135,092</b>	<b>2,078,764</b>	<b>+56,328</b>
Unitholders' Capital – <b>Note 3</b>	1,595,506	1,583,791	+11,715
Undistributed Distributable Income	61,267	16,094	+45,173
Non-Distributable Reserve	478,319	478,879	-560
<b>TOTAL UNITHOLDERS' FUND</b>	<b>2,135,092</b>	<b>2,078,764</b>	<b>+56,328</b>
<b>GEARING</b>	<b>30.93%</b>	<b>28.71%</b>	
<b>NAV/UNIT (RM)</b>	<b>1.4803</b>	<b>1.4484</b>	
<b>No. of units in issuance</b>	<b>1,442,331,296</b>	<b>1,435,250,288</b>	

# FINANCIAL OVERVIEW

## *NOTES - FINANCIAL POSITION*

### **Note 1 – Investment Properties**

Total acquisitions of RM154.7 million including Axis Facility 2 @ Nilai, Axis Facility 2 @ Bukit Raja and D37c Logistics Warehouse were completed on 28 February 2020, 17 March 2020 and 9 June 2020 respectively.

During the period ended 30 June 2020, a total of RM2.6 million was spent on enhancement works of the properties in the portfolio.

### **Note 2 – Other Assets**

The average collection of trade receivables as at 30 June 2020 was 19 days. The fund has collected almost 100% of rental for 2Q2020.

### **Note 3 – Unitholders' Capital**

A total of net proceeds of RM11.7 million raised from 7,081,008 new issued units pursuant to the IDRPs applicable to the 2019 final income distribution completed on 10 March 2020.

The fund size has increased from 1,435,250,288 units to 1,442,331,296 units post IDRPs.

# FINANCIAL OVERVIEW

## NOTE 3 - 5-YEAR DEBT PROFILE

	2016	2017	2018	2019	1H2020
<b>Total Financing (RM'000)</b>	780,665	842,594	1,059,367	885,859	1,013,017
<b>Total Assets (RM'000)</b>	2,244,274	2,549,609	2,840,463	3,085,681	3,274,858
<b>Gearing</b>	34.78%	33.05%	37.30%	28.71%	30.93%
<b>Effective Profit Rate</b>	4.25%	4.21%	4.32%	4.37%	3.99%
<b>Percentage of short term financing- Maturity &lt; 1 Year</b>	58%	71%	77%	43%	51%
<b>Percentage of medium/ long term financing (maturity more than 1 year)</b>	42%	29%	23%	57%	49%
<b>Percentage of floating rate financing</b>	53%	63%	69%	21%	35%
<b>Percentage of fixed rate financing</b>	47%	37%	31%	79%	65%
<b>Total unencumbered assets</b>	15	15	19	16	19
<b>Percentage of unencumbered assets/total assets (value)</b>	30%	27%	28%	27%	30%

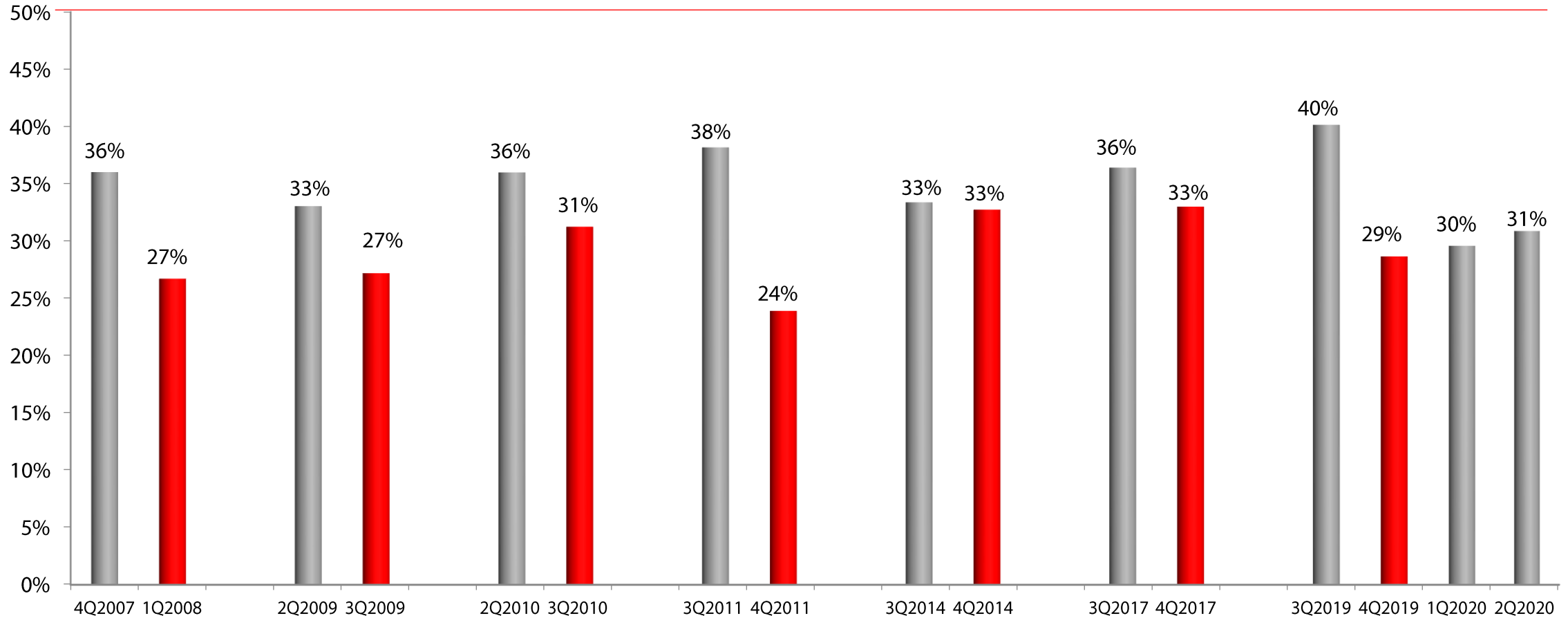


# FINANCIAL OVERVIEW

## GEARING LEVELS

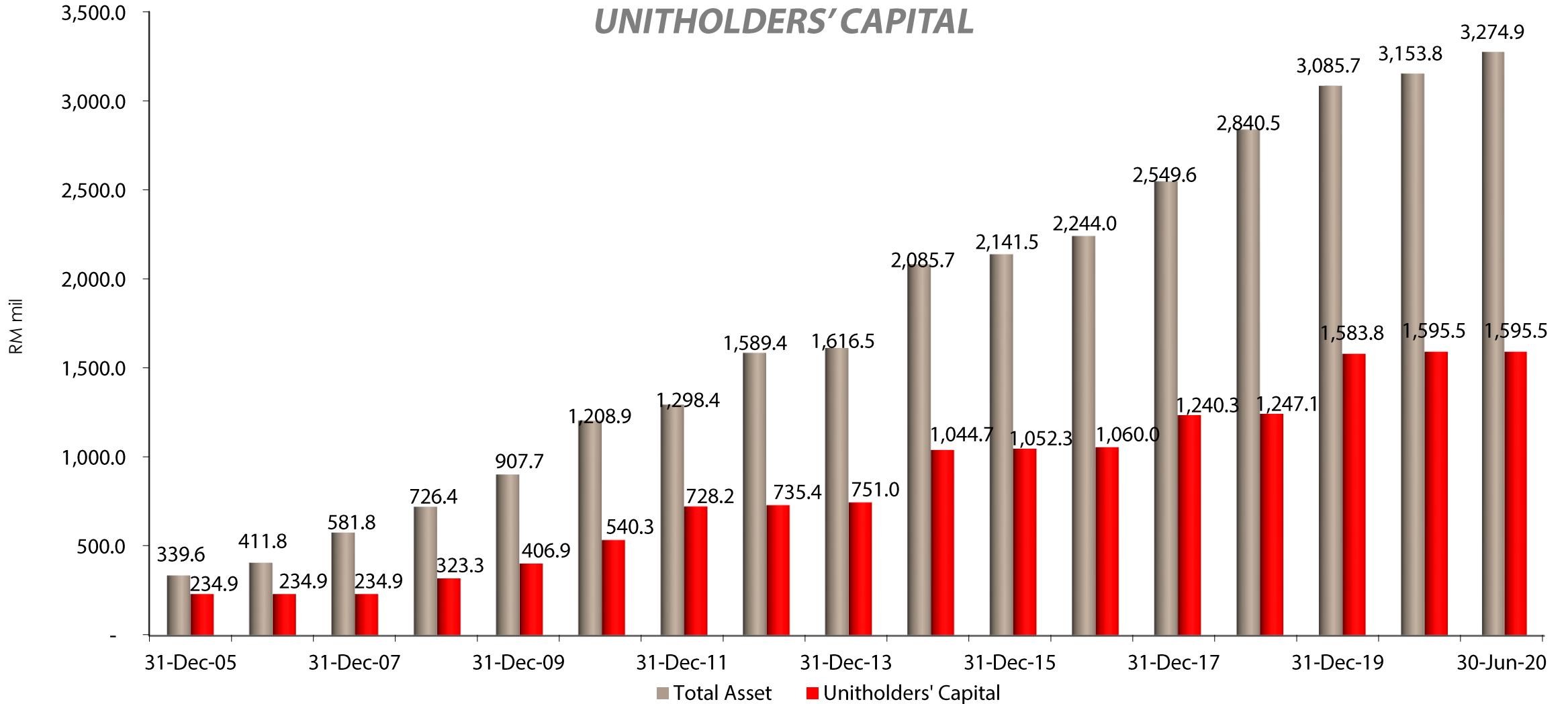
Placements Undertaken ■

Allowable threshold of 50% will be increased to 60% effective from 12 August 2020 until 31 December 2022



# FINANCIAL OVERVIEW

## UNITHOLDERS' CAPITAL



# STOCK INFORMATION



# STOCK INFORMATION

## TOP 10 UNITHOLDERS\*

	Name of Unitholder	%
1	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	9.52%
2	EMPLOYEES PROVIDENT FUND BOARD	8.77%
3	LEMBAGA TABUNG HAJI	4.83%
4	AMANAH SAHAM BUMIPUTERA	4.00%
5	TEW PENG HWEE @ TEOH PENG HWEE	3.91%
6	ALEX LEE LAO	3.72%
7	EXEMPT AN FOR AIA BHD.	3.41%
8	PUBLIC SMALLCAP FUND	1.91%
9	MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	1.79%
10	AMANAH SAHAM MALAYSIA 3	1.53%

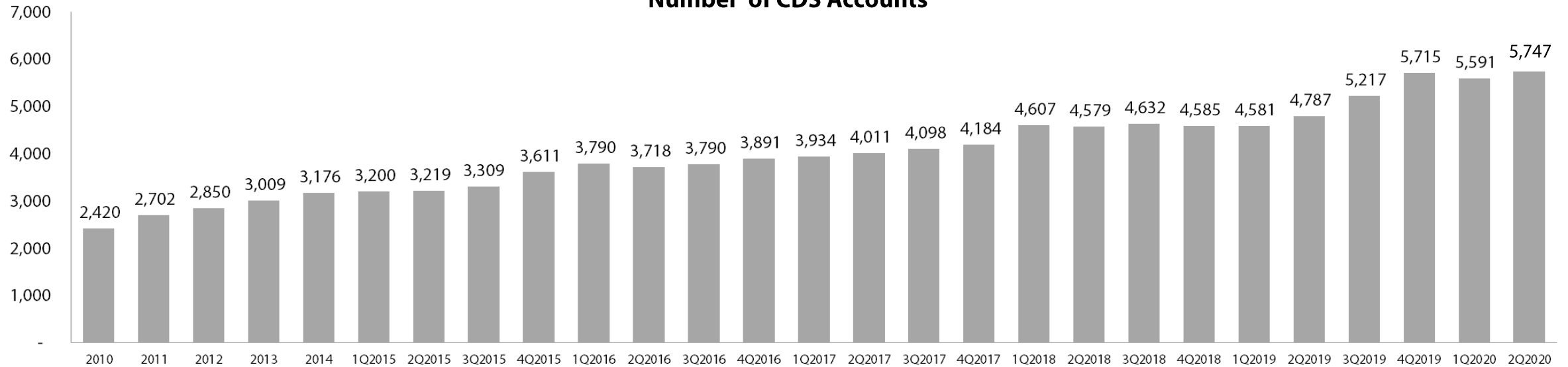
Holdings Breakdown	Units Held 2Q2020	Units Held 1Q2020	Movement
Top 5 Unitholders	31.04%	32.51%	-1.47%
Top 10 Unitholders	43.39%	45.13%	-1.74%
Unitholders with >2 million unitholdings	84.52%	83.86%	0.66%

\*Based on CDS accounts on non-consolidated basis

# STOCK INFORMATION

## INVESTOR VISIBILITY & LIQUIDITY

### Number of CDS Accounts



	Units Held 2Q2020	Units Held 1Q2020	Movement
Total no. of unitholders	5,747	5,591	156
Total foreign holdings	14.38%	13.33%	1.05%
Foreign holdings – related-party	6.31%	6.32%	-0.01%
Foreign holdings – non-related-party	8.07%	7.01%	1.06%
Promoters	10.95%	10.96%	-0.01%

# THANK YOU



**[www.axis-reit.com.my](http://www.axis-reit.com.my)**