

# Axis Real Estate Investment Trust Results Presentation

## 4Q2018

23 January 2019

# 2018 Portfolio Highlights

## 1Q 2018

- ✓ Completed the acquisition of Wasco Land 2 located at Kuantan, Pahang for RM35.0 million on 9 February 2018.

## 2Q 2018

- ✓ Completed the acquisition of Shah Alam DC 4 located at Shah Alam, Selangor for RM87.0 million on 4 June 2018.
- ✓ Commencement of 10-year lease for Nestle Products Sdn Bhd (“Nestle”) at the newly-completed Axis Mega Distribution Centre (Phase 1)

## 3Q 2018

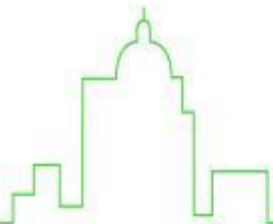
- ✓ Completed the acquisition of Beyonics i-Park Campus - Block E and Indahpura Facility 1 located at Kulai, Johor for a total purchase consideration of RM38.7 million on 9 August 2018.
- ✓ Acceptance of a Letter of Offer to acquire an industrial facility for RM20.5 million located at Bayan Lepas, Penang on 30 August 2018.

## 4Q 2018

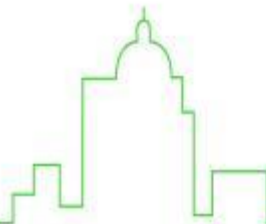
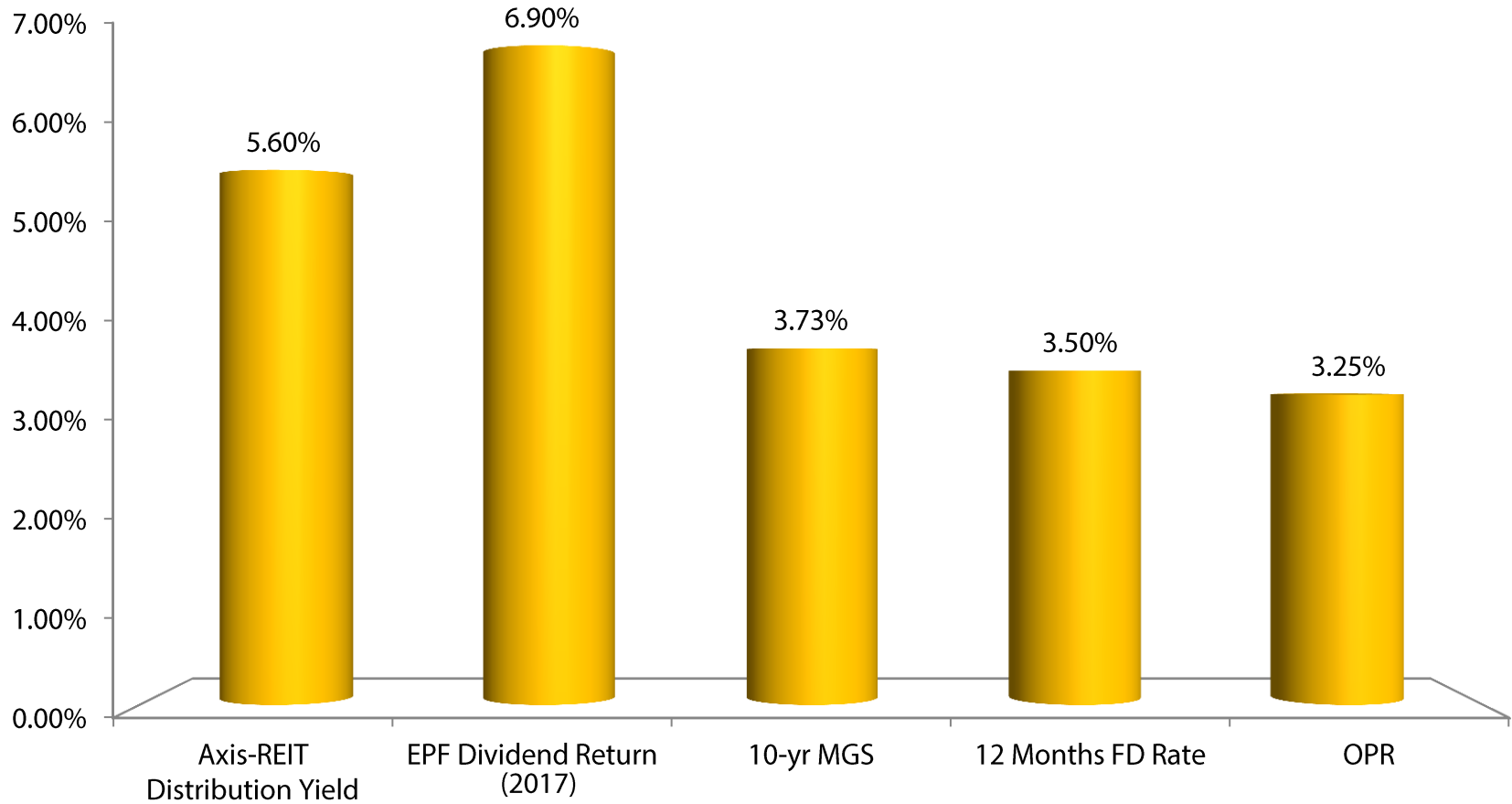
- ✓ Completed the acquisition of Senawang Industrial Facility located at Seremban, Negeri Sembilan for RM18.5 million on 5 December 2018.
- ✓ Commencement of 20-year lease for Upeca Aerotech Sdn Bhd at Axis Aerotech Centre@Subang.
- ✓ Occupancy rate improved 3% to 94% as at 31 Dec 2018.

# 2018 Financial Highlights

- ✓ Investment properties currently stands at RM2.84 billion.
- ✓ Net property income increased by 25% for FYE 2018 as compared to FYE 2017.
- ✓ DPU increased by 6% to 8.74 sen for YTD 2018 (DPU for YTD 2017 was 8.26 sen).
- ✓ Successfully implemented the Income Distribution Reinvestment Plan in conjunction with the payment of 3rd interim income distribution.
- ✓ Total revaluation gain recognised for 2018 is a record RM42.6 million.
- ✓ Traded at a premium of 16% to NAV on 31 December 2018.



# 2018 Return Comparatives



# 4Q2018 FINANCE REPORT



# 2018 Summary

	2018
Total Net Income ("Realised") (RM'000)	113,442
Income Available for Distribution ("Realised") (RM'000)	107,995
Earnings per Unit ("EPU") ("Realised") (Sen)	9.20
Income Distribution Declared (RM'000)	107,825
Distribution Per Unit ("DPU") (Sen)	8.74
Number of Investment Properties	45
Units in Circulation (Units)	1,237,285,288
Assets Under Management (RM'000)	2,840,463
Total Financing (RM'000)	1,059,367
Gearing Ratio (%)	37.30
Total Unitholder's Fund (RM'000)	1,664,081
Market Capitalisation (RM'000)	1,930,165
Net Asset Value per Unit (RM)	1.3449
IPO Retail Unit Price (RM) (restated from RM1.25)	0.625
Unit Price as at 31 December 2018 (RM)	1.56

# Income Statement 4Q2018 vs 4Q2017

	4Q2018 (RM'000)	4Q2017 (RM'000)	Changes / Movement
No. of Properties	45	40	+5
Property Income	59,295	41,913	+41.5%
Property Expenses	(6,950)	(6,607)	+5.2%
Net Property Income	52,345	35,306	+48.3%
Profit Income / Other Income	182	504	
Non-Property Expenses	(5,252)	(5,181)	+1.4%
Islamic Financing Cost	(11,213)	(8,183)	+37.0%
Net Income	36,062	22,446	+60.7%
DPU (sen)	2.45	1.94	+26.3%
No. of Units in Issuance	1,237,285,288	1,232,326,803	+0.4%

Note: The above financials excludes unrealised gains or losses.

# Income Statement 2018 vs 2017

	2018 (RM'000)	2017 (RM'000)	Changes / Movement
No. of Properties	45	40	+5
Property Income – <b>Note 1</b>	203,637	167,761	+21.4%
Property Expenses – <b>Note 2</b>	(27,827)	(26,512)	+5.0%
Net Property Income	175,810	141,249	+24.5%
Profit Income / Other Income	725	984	
Loss on disposal of property	-	(419)	
Non-Property Expenses – <b>Note 3</b>	(21,272)	(18,565)	+14.6%
Islamic Financing Cost – <b>Note 4</b>	(41,754)	(32,453)	+28.7%
Net Income Before Taxation	113,509	90,796	+25.0%
Income Tax Expense	(67)	-	
Net Income After Taxation	113,442	90,796	+24.9%
DPU (sen)	8.74	8.26	+5.8%
No. of Units in Issuance – <b>Note 5</b>	1,237,285,288	1,232,326,803	+0.4%

Note: The above financials excludes unrealised gains or losses.



# Income Statement 2018 vs 2017

## Note 1 – Property Income

Increase in property income as compared to preceding year corresponding period was mainly due to the commencement of Nestle’s lease at Axis Mega DC on 1 June 2018, rental from newly acquired properties and rental reversion of 5%.

Rental income of RM6 million is recognised pursuant to requirements of accounting standards on a straight line basis including the rent free period.

## Note 2 – Property Expenses

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

## Note 3 – Non-property Expenses

Higher non-property expenses during current year due to:

- i) Increased management cost due to increase of the Fund size; and
- ii) Annual adjustment of apportionment of GST input tax credit due to exempt supply arising from year 2017 placement exercise and Income Distribution Reinvestment Plan (“IDRP”).



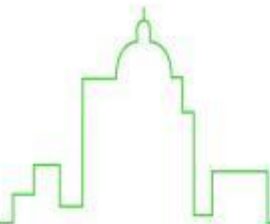
# Income Statement 2018 vs 2017 (cont'd)

## Note 4 – Islamic Financing Cost

Increase in financing cost due to additional financing facilities to fund the new acquisitions. The capitalisation of financing cost for Axis Mega DC had ceased upon completion of the project in February 2018.

## Note 5 – Increase in Units in Issuance

The Fund size has increased from 1,232,326,803 units to 1,237,285,288 units through the implementation of the IDRPs which were applicable to the 2018 third interim income distribution was completed on 11 December 2018.

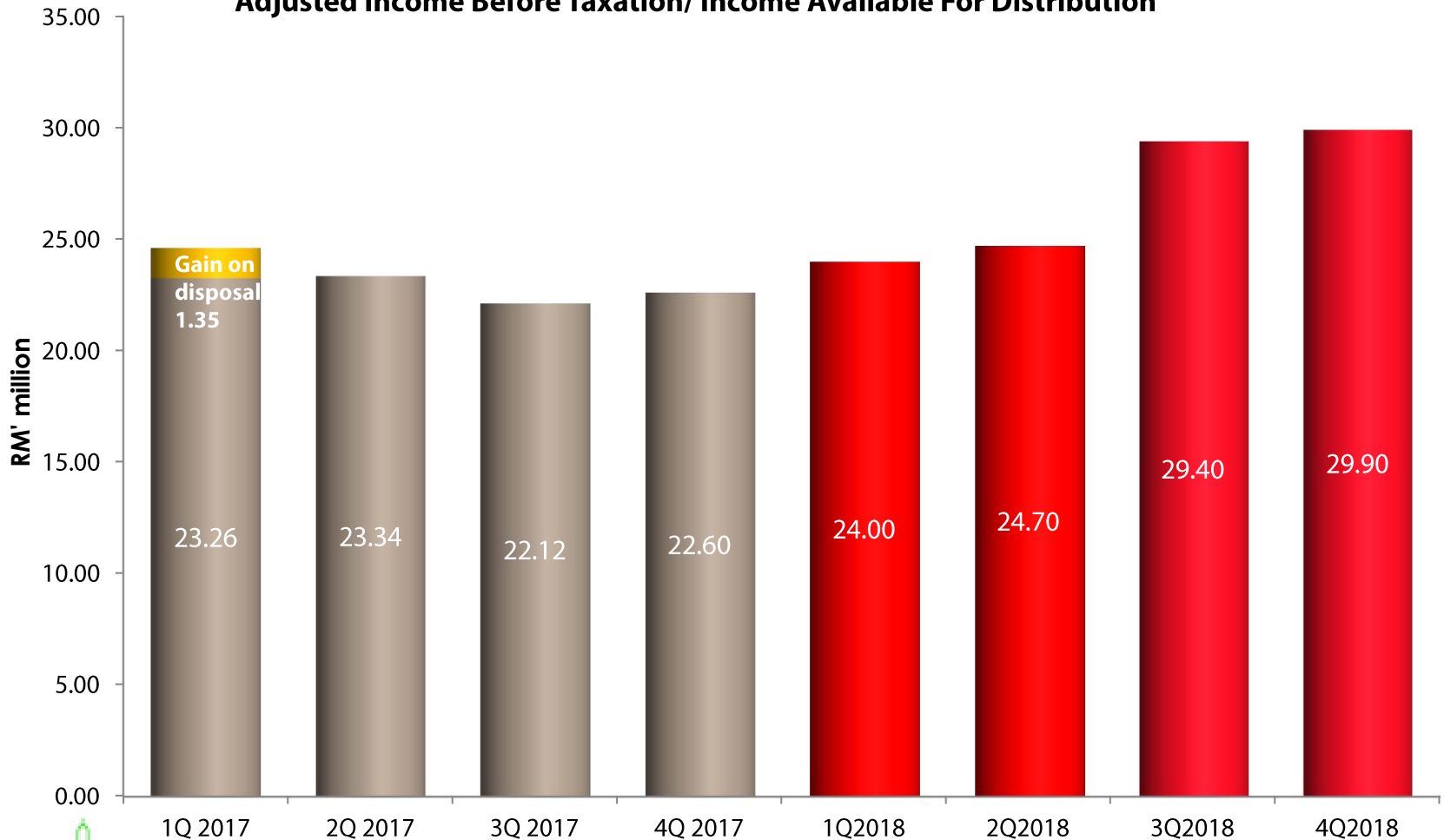


# Investment Properties: Gross Yield and Net Yield by Asset Type

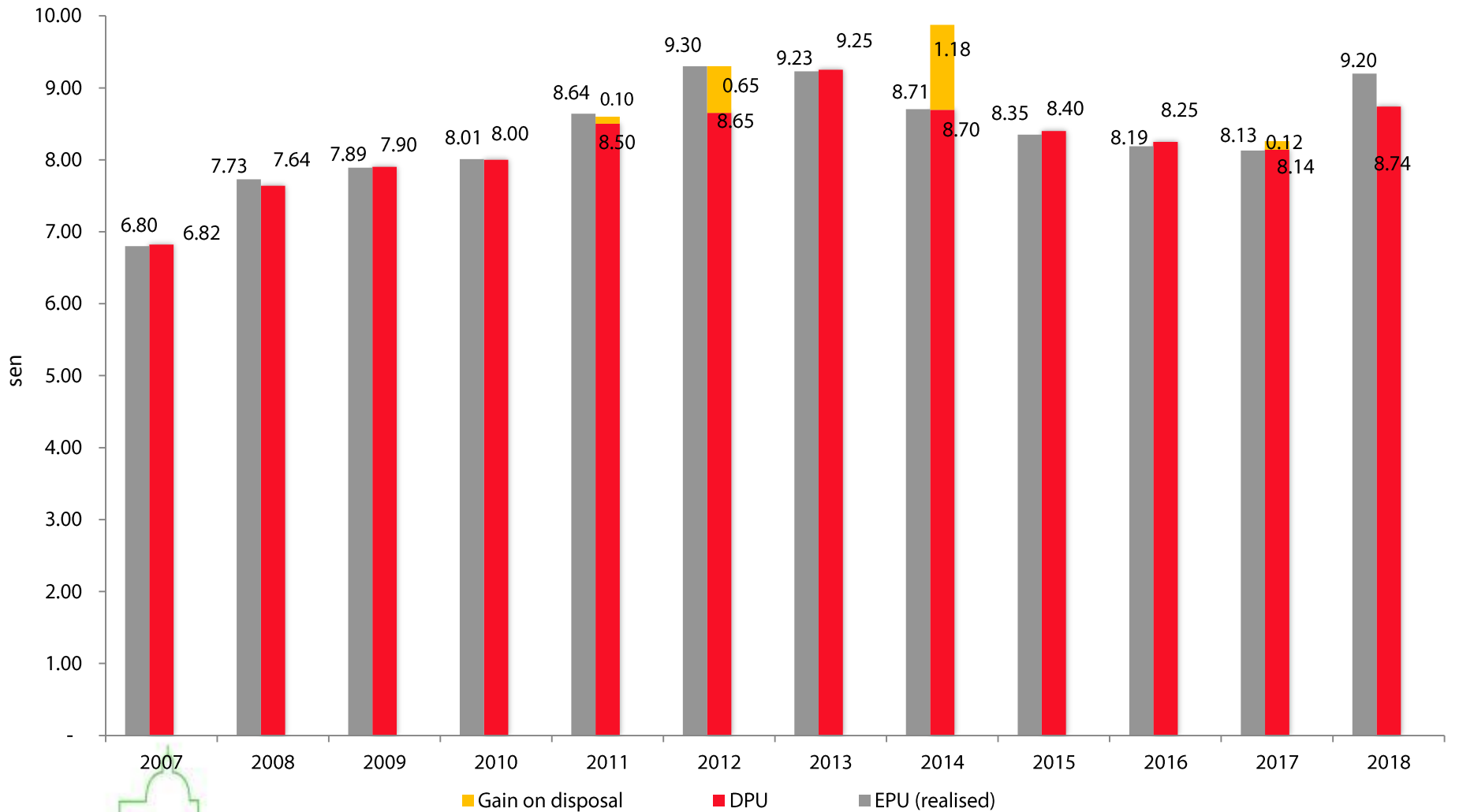
Asset Type	Net Yield (%)	Gross Yield (%)
Office	8.5	10.9
Office Industrial	7.4	9.6
Warehouse Logistics	8.7	9.6
Manufacturing Facilities	8.1	8.9
Hypermarket	8.6	9.3
<b>Average</b>	<b>8.2</b>	<b>9.5</b>

# Income Available for Distribution

## Adjusted Income Before Taxation/ Income Available For Distribution



# Summary of Realised EPU and DPU



# Statement of Financial Position

	31/12/18 (RM'000)	31/12/17 (RM'000)	Changes (RM'000)
Investment Properties – <b>Note 1</b>	2,798,500	2,482,200	+316,300
Fixed Assets	3,021	2,477	+544
Other Assets – <b>Note 2</b>	38,942	64,932	-25,990
<b>TOTAL ASSETS</b>	<b>2,840,463</b>	<b>2,549,609</b>	<b>290,854</b>
Financings – <b>Note 3</b>	1,059,367	842,594	+216,773
Other Payables	117,015	115,879	+1,136
<b>TOTAL LIABILITIES</b>	<b>1,176,382</b>	<b>958,473</b>	<b>217,909</b>
<b>NET ASSET VALUE (NAV)</b>	<b>1,664,081</b>	<b>1,591,136</b>	<b>72,945</b>
Unitholders' Capital	1,247,069	1,240,253	+6,816
Undistributed Distributable Income	32,192	7,600	+24,592
Non-Distributable Reserve	384,820	343,283	+41,537
<b>TOTAL UNITHOLDERS' FUND</b>	<b>1,664,081</b>	<b>1,591,136</b>	<b>72,945</b>
<b>GEARING</b>	<b>37.30%</b>	<b>33.05%</b>	
<b>NAV/UNIT (RM)</b>	<b>1.3449</b>	<b>1.2912</b>	
<b>No. of units in issuance</b>	<b>1,237,285,288</b>	<b>1,232,326,803</b>	

# Statement of Financial Position

## Note 1 – Investment Properties

During the year, a total of RM7.5 million was spent on enhancement works on the portfolio and a further RM68.0 million was incurred for both the development projects i.e. Nestle@Axis Mega Distribution Centre and Axis Aerotech Centre@Subang. Acquisitions completed during the financial year is as follows:

Property	Purchase Consideration (RM mil)	Completion Date
Axis Aerotech Centre@Subang (land lease)	19.9	7 February 2018
Wasco Land 2	35.0	9 February 2018
Axis Shah Alam DC 4	87.0	4 June 2018
Beyonics Block E	31.5	9 August 2018
Indahpura Facility 1	7.2	9 August 2018
Senawang Industrial Facility	18.5	5 December 2018

## Note 2 – Other assets

The average collection of trade receivables is as shown below:

For Period Ended	Avg. Collection Period (days)
31 December 2017	6
31 December 2018	4

# Statement of Financial Position

## Note 3 - Financings

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Total Financing (RM'000)</b>	308,932	416,609	311,338	548,920	528,004	683,769	731,814	780,665	842,594	1,059,367
<b>Total Assets (RM'000)</b>	907,745	1,208,897	1,298,431	1,589,408	1,616,523	2,085,883	2,141,493	2,244,274	2,549,609	2,840,463
<b>Gearing</b>	34.03%	34.46%	23.98%	34.54%	32.66%	32.78%	34.17%	34.78%	33.05%	37.30%
<b>Effective Profit Rate</b>	4.11%	4.48%	4.66%	4.58%	4.38%	4.24%	4.28%	4.25%	4.21%	4.32%
<b>Percentage of short term financing- Maturity &lt; 1 Year</b>	47%	48%	52%	62%	50%	61%	55%	58%	71%	77%
<b>Percentage of medium/ long term financing (maturity more than 1 year)</b>	53%	52%	48%	38%	50%	39%	45%	42%	29%	23%
<b>Percentage of floating rate financing</b>	47%	48%	52%	62%	40%	47%	50%	53%	63%	69%
<b>Percentage of fixed rate financing</b>	53%	52%	48%	38%	60%	53%	50%	47%	37%	31%
<b>Total unencumbered assets</b>	12	11	12	6	5	5	10	15	15	19
<b>Percentage of unencumbered assets/total assets (value)</b>	52%	42%	44%	19%	16%	21%	26%	30%	27%	28%

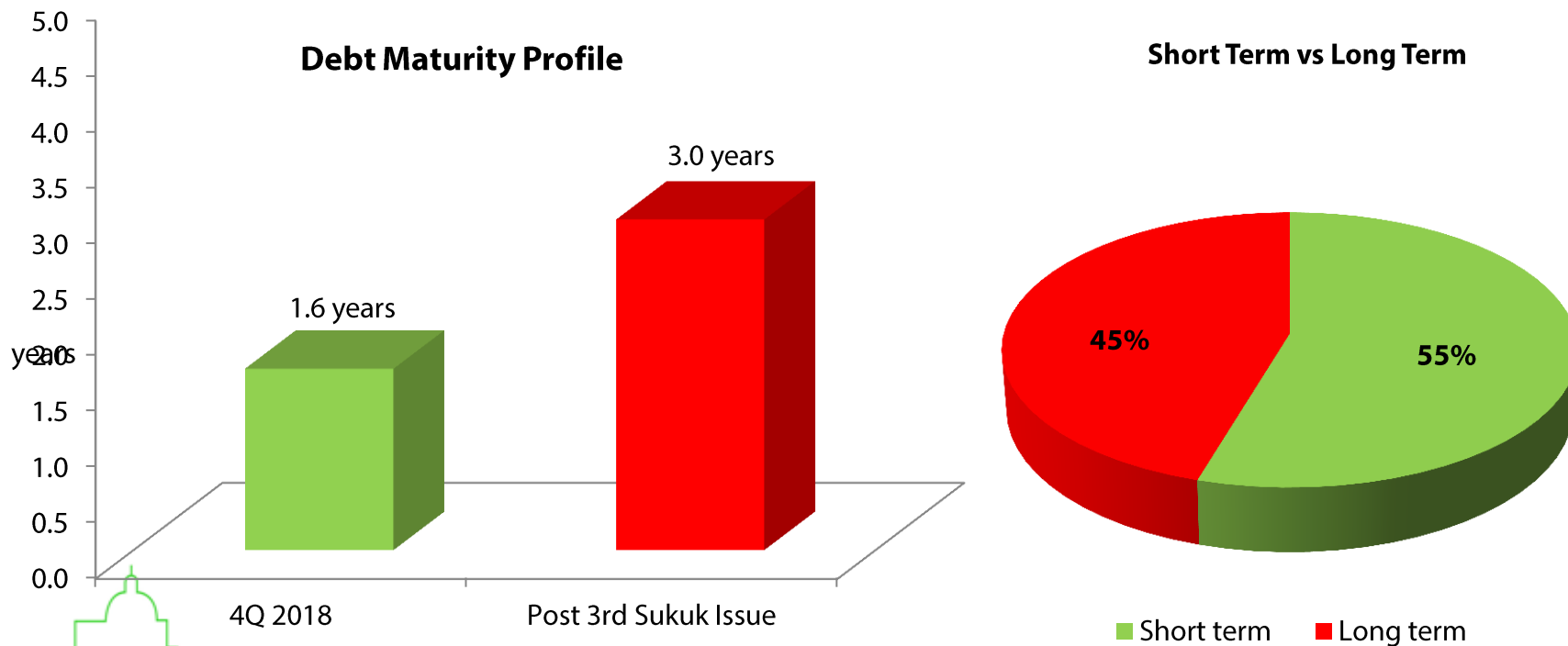


# Statement of Financial Position

## Financings (Update)

On 7 January 2019, Axis-REIT issued RM240 million unrated Sukuk of 7 years as part of the strategy to further strengthen its debt maturity profile.

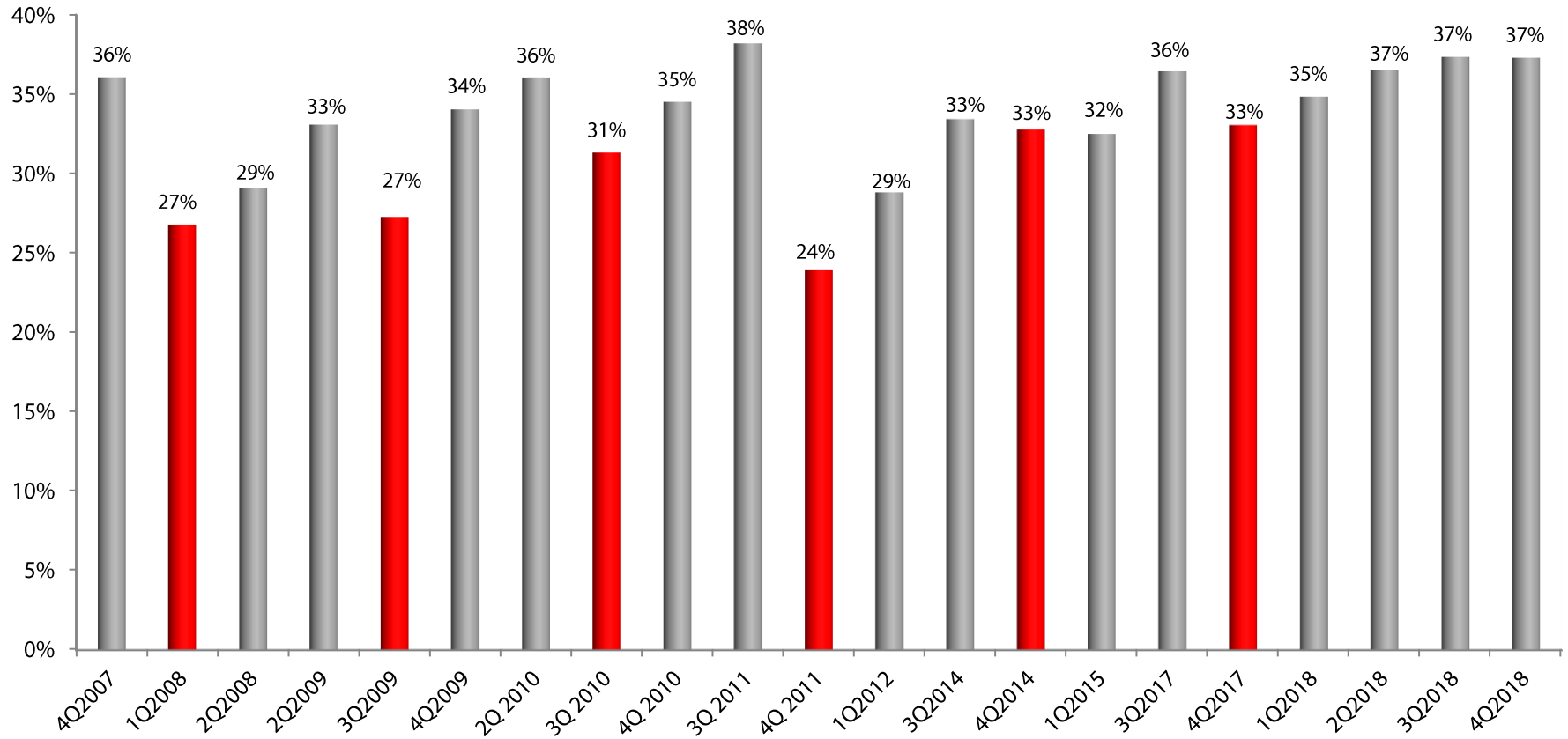
The debt maturity profile and summary of fixed and floating financing rates post the issuance of the unrated Sukuk Issue is as follows:



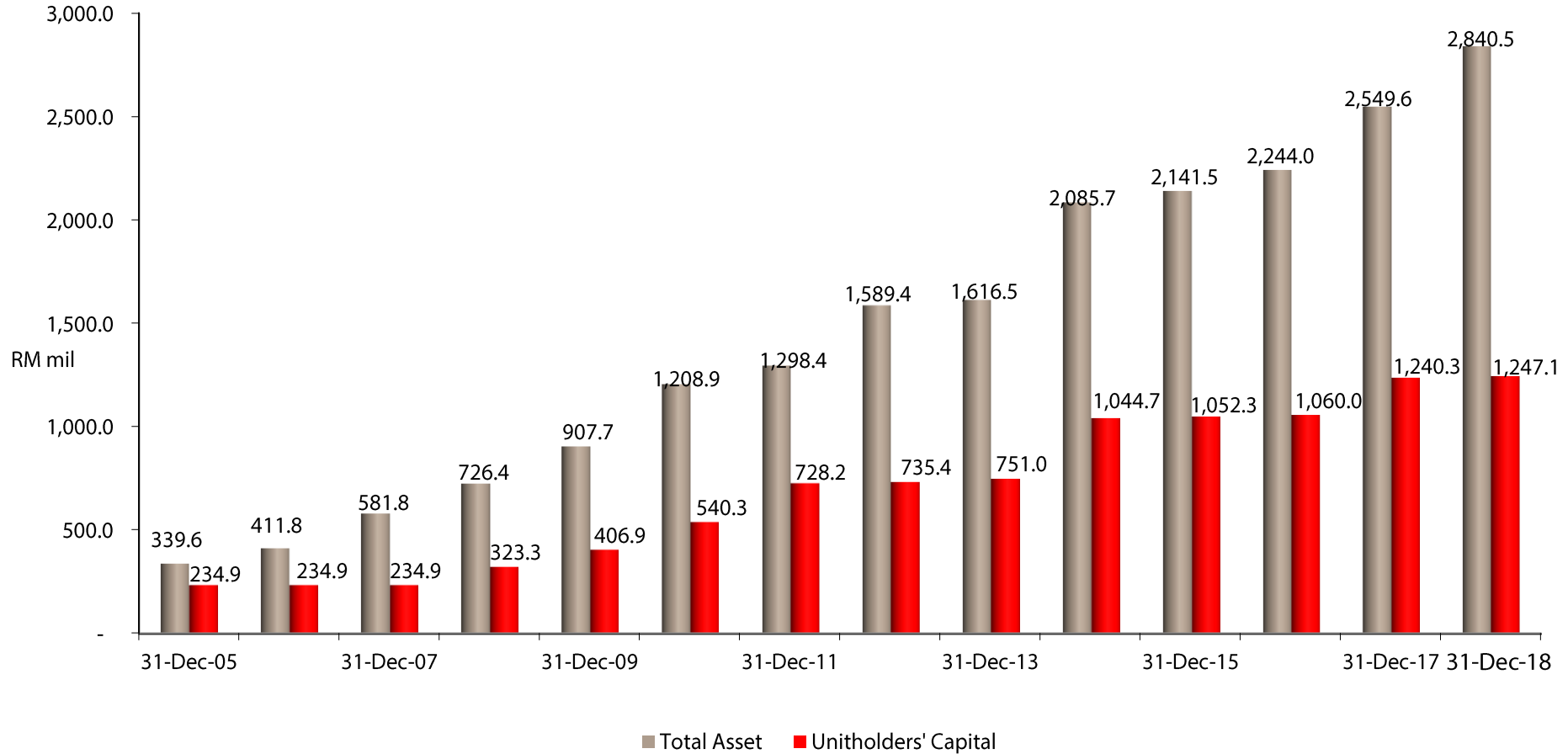
# Statement of Financial Position

## Gearing Levels

Placements Undertaken ■



# Unitholders' Capital



# 4Q2018 PROPERTY REPORT



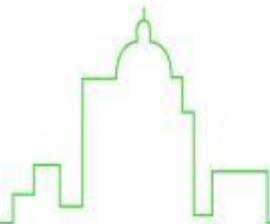
# Overview

As at 31 December 2018, the occupancy rate of Axis-REIT's portfolio stands at 94% with stable weighted average lease expiry period of 5.57 years (based on rental). The Manager achieved positive rental reversion of 5% for YTD 31 December 2018.

In 2018, the portfolio has grown from 40 properties to 45 properties. The 5 newly-acquired properties are all single tenant industrial assets. The portfolio has increased 1,261,485 sq. ft., taking space under management to 9,349,267 sq. ft. and generating additional RM2.9 million monthly rental revenue.

Notwithstanding the continuous challenging economic environment, the Manager is delighted to report that 1,612,009 sq. ft. of space was secured through new tenancies and tenancy renewals this year. Tenant retention rate achieved 74% for 2018 while occupancy rate increased to 94% from 91% in 2017.

The industrial sector continues to remain positive, driven by demand for warehousing and manufacturing space. We are actively engaging prospective tenants on the development of Phase 2 of Axis Mega DC with approximately 500,000 sq. ft. of space. The office market, however, remains challenging with occupancy rates not expected to increase significantly in 2019. Axis-REIT's exposure to this sector is only 5% of our total portfolio and the Manager continues to actively seek new tenants to reduce our vacancy.



# Key Portfolio Metrics

As at 31 December 2018, the portfolio has 45 assets comprising 9,349,267 sq. ft. and 152 tenants.

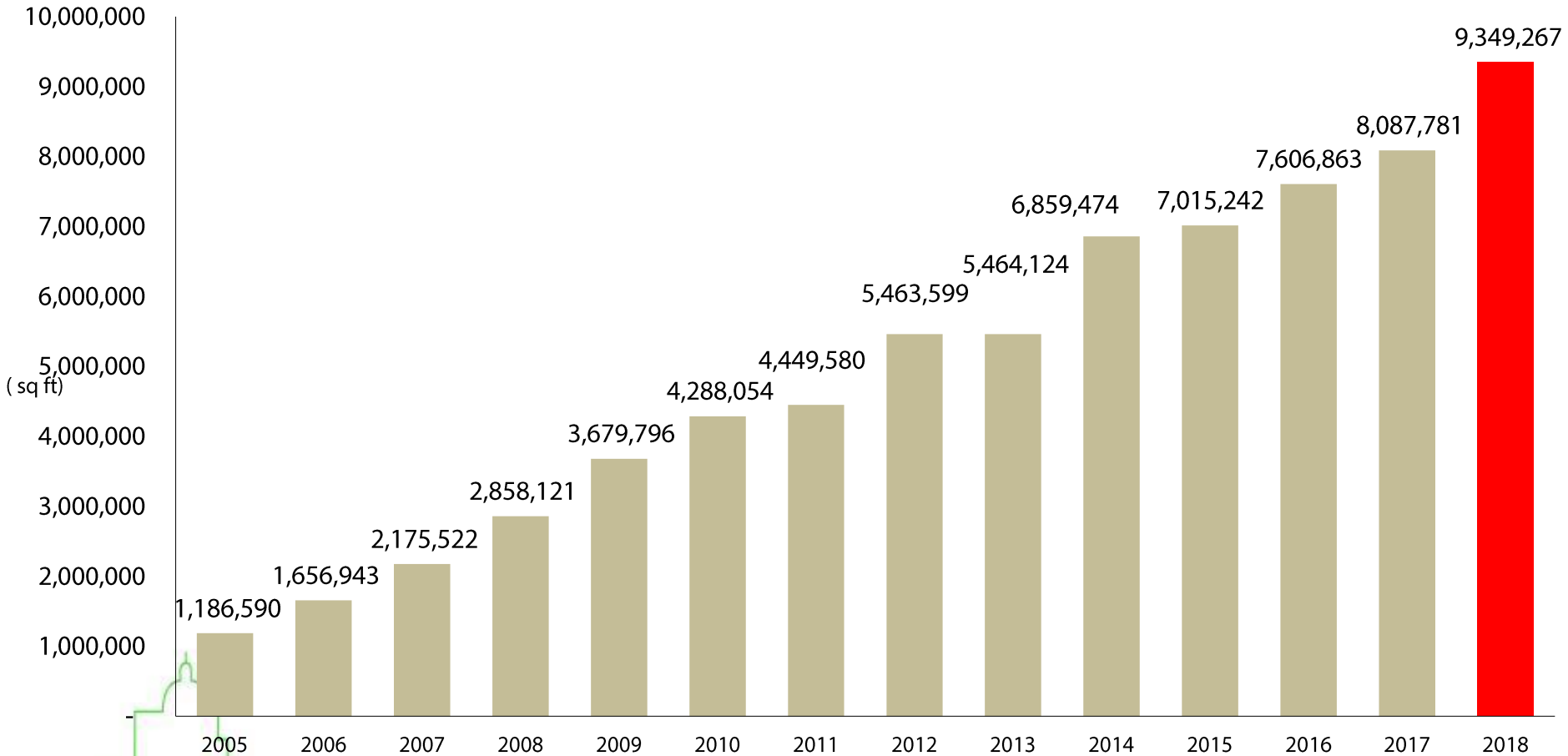
	2018	2017	Movement
No. of Properties	45	40	+5
Property Income (RM'000)	203,637	167,761	+21%
Property Expenses (RM'000)	27,827	26,512	+5%
Net Property Income (RM'000)	175,810	141,249	+25%
Occupancy	94%	91%	+3%

Portfolio Efficiency Ratio = YTD Property Expenses / YTD Property Income

YTD 2018	2017	2016	2015	2014
13.66%	15.80%	16.23%	14.56%	15.66%

# Space Under Management

## Space Under Management (sq ft)



# Portfolio Occupancy Rate

As at 31 December 2018, only 11 out of 45 properties carry vacancy.

34 properties enjoy 100% occupancy.

## Occupancy

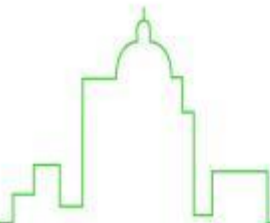
As at 31 December 2018 94%

## Vacancy

As at 31 December 2018 6%  
Space available 563,947 sq. ft.

## Occupancy

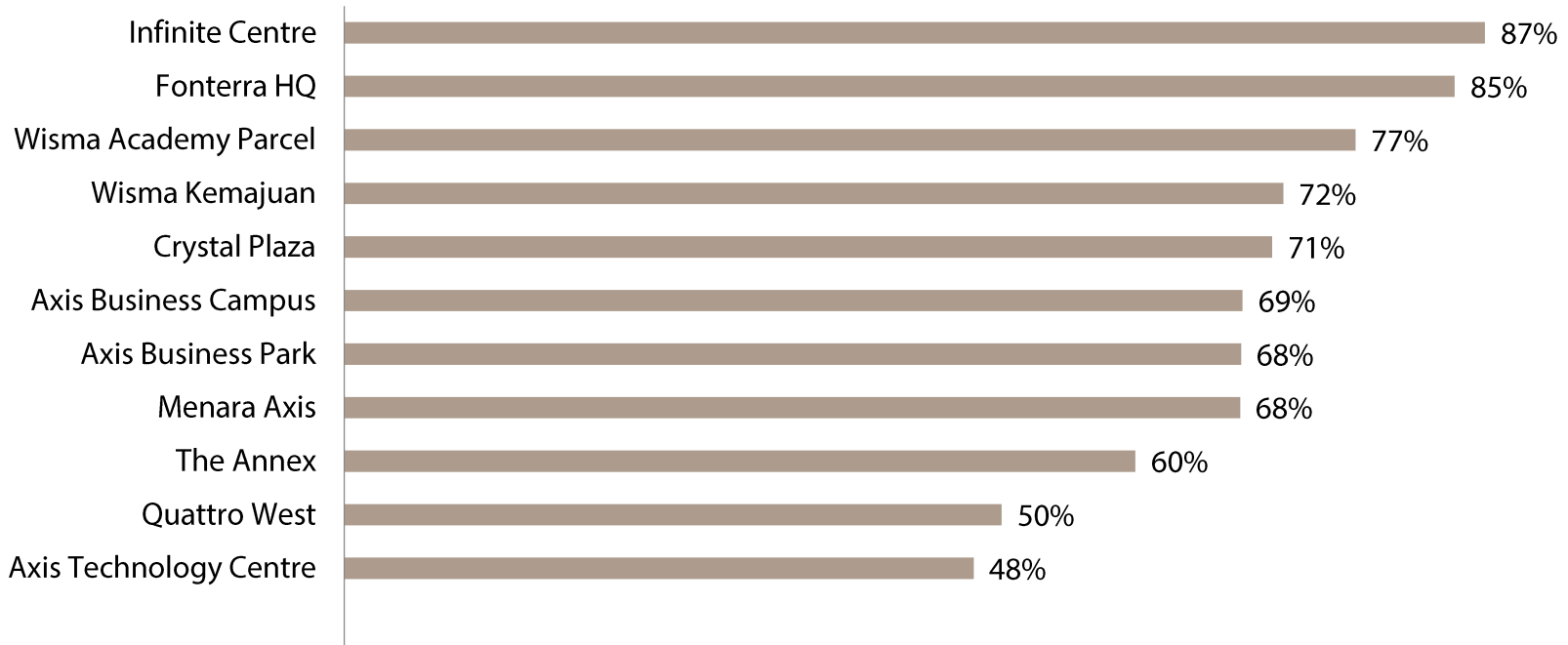
Multi-tenant properties 79.60%  
Single tenant properties 99.92%





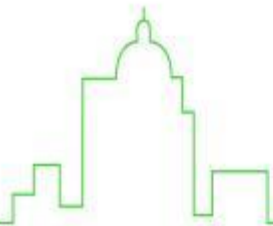
# Properties Below 90% Occupancy

Occupancy rates of properties below 90% as at 31 December 2018

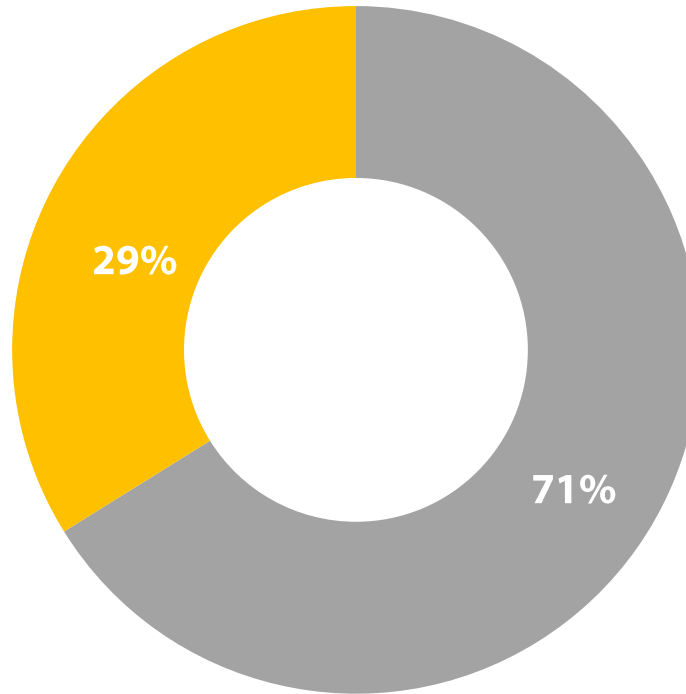


Note:

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



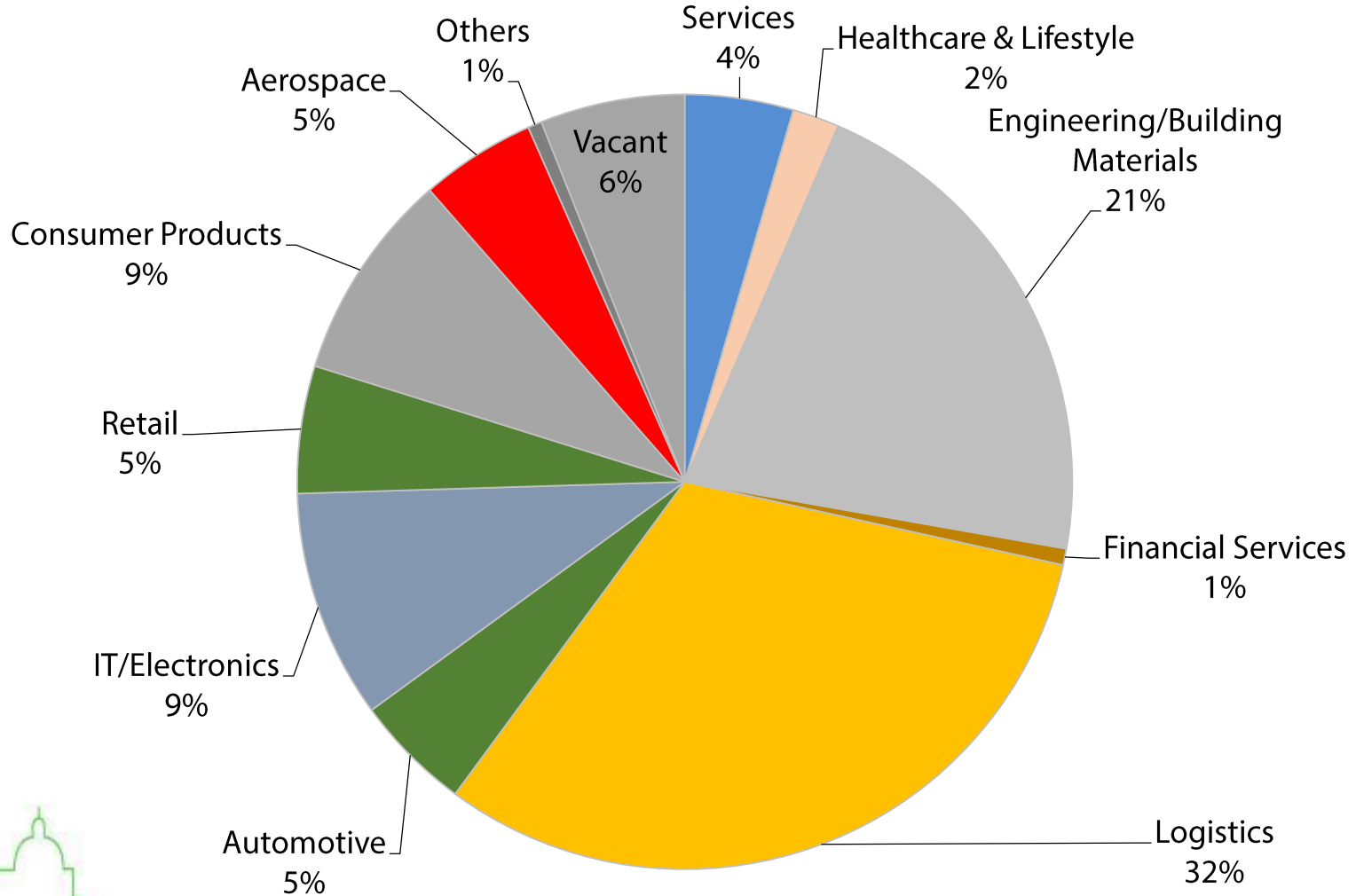
## Portfolio Diversification by Occupancy Type (on NLA)



■ Single Tenant ■ Multi Tenants

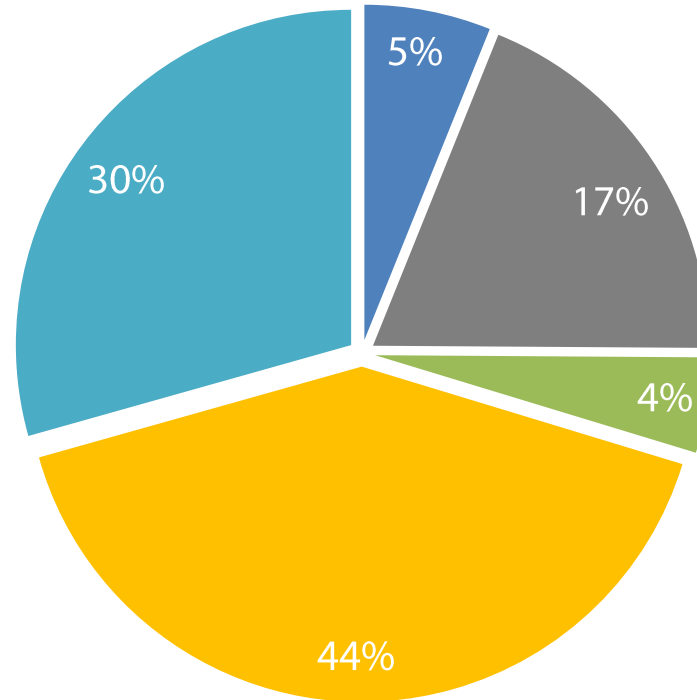
# Diversified Portfolio

## Portfolio Diversification by Industry Sector (on NLA)

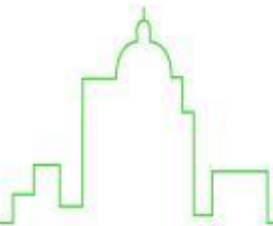


# Diversified Portfolio

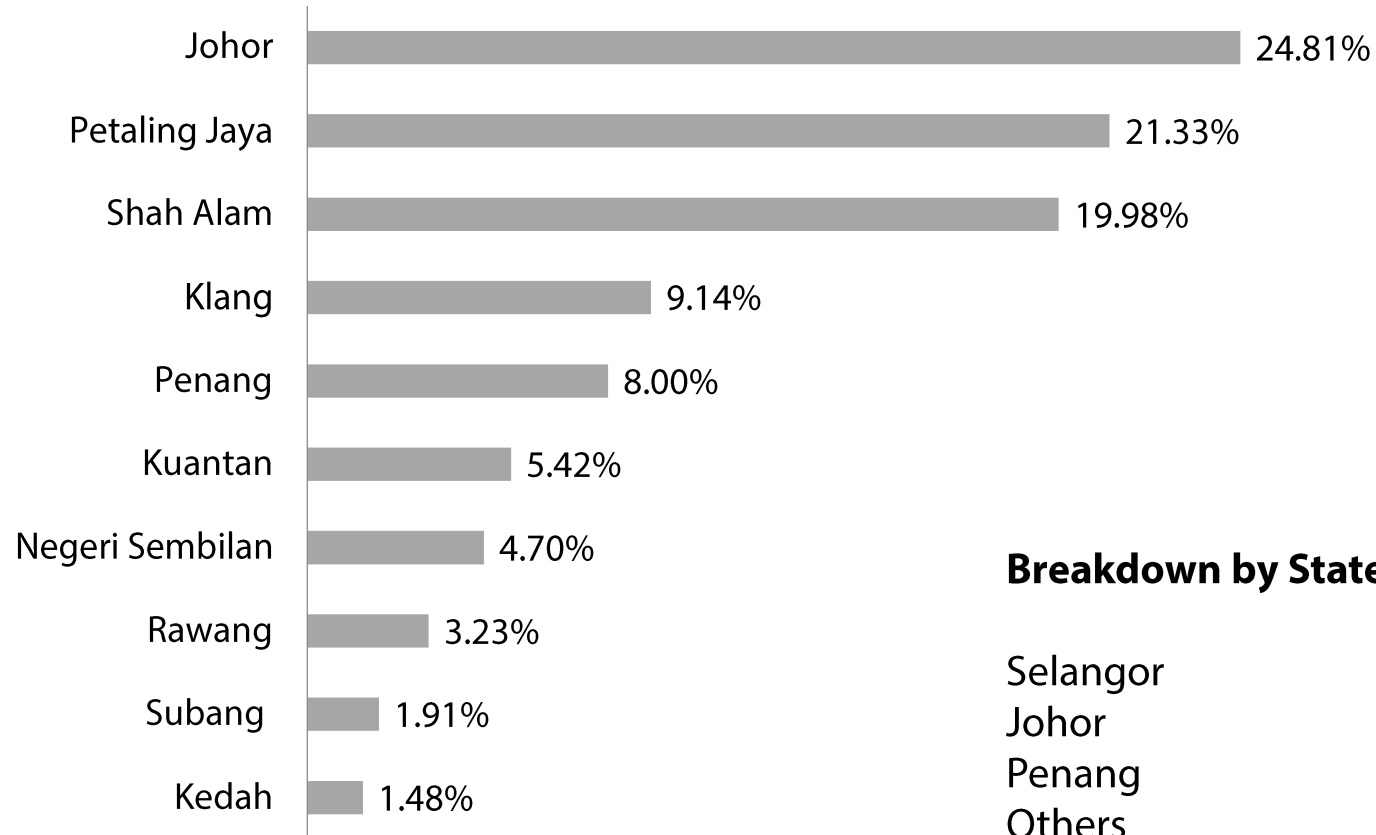
## Portfolio Diversification by Asset Type (on NLA)



- Office
- Office/ Industrial
- Hypermarkets
- Warehouse Logistic
- Manufacturing Facilities



# Portfolio Location



# 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	8.09	641,201	6.86	6.95	349,701	3.74	4.83
Klang	-	-	-	339,194	3.63	2.07			
Shah Alam	526,567	5.63	3.49	322,915	3.45	2.49	161,280	1.73	1.45
Johor	171,000	1.83	1.32	167,193	1.79	0.63	474,539	5.07	2.88
Negeri Sembilan	291,642	3.12	1.03						
Penang	395,225	4.23	2.36	205,151	2.19	1.90			
Kedah	138,000	1.48	1.37						
<b>TOTAL</b>	<b>2,078,193</b>	<b>22.23</b>	<b>17.66</b>	<b>1,675,654</b>	<b>17.92</b>	<b>14.04</b>	<b>985,520</b>	<b>10.54</b>	<b>9.16</b>

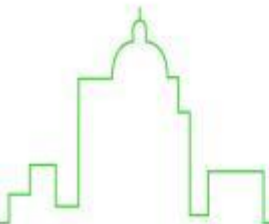
## By Type

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	4.02	109,039	1.17	1.90	35,287	0.38	0.67
Office Industrial	377,296	4.04	4.07	532,162	5.69	5.04	314,414	3.36	4.16
Warehouse Logistics	1,092,792	11.69	7.16	1,034,453	11.06	7.10	337,920	3.61	2.16
Manufacturing Facilities	291,642	3.12	1.04				297,899	3.19	2.17
Hypermarket	138,000	1.48	1.37						
<b>TOTAL</b>	<b>2,078,193</b>	<b>22.23</b>	<b>17.66</b>	<b>1,675,654</b>	<b>17.92</b>	<b>14.04</b>	<b>985,520</b>	<b>10.54</b>	<b>9.16</b>

# Top 10 Tenants

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. Tesco Stores (Malaysia) Sdn. Bhd.
7. POS Logistics Berhad
8. Schenker Logistics (Malaysia) Sdn Bhd
9. Teraju Sinar Sdn Bhd
10. Tenaga Nasional Berhad

YTD top ten tenants account for 34.33% of the total revenue of the Trust.



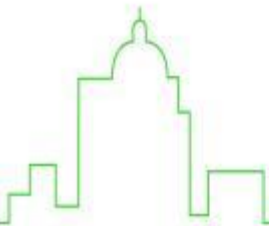
# 2018 ASSET ENHANCEMENT INITIATIVES





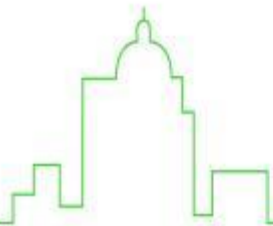
# CRYSTAL PLAZA

## Lobby 3 & Washroom Enhancement Works



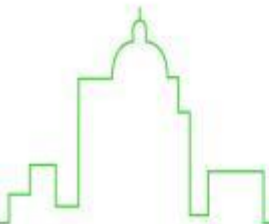
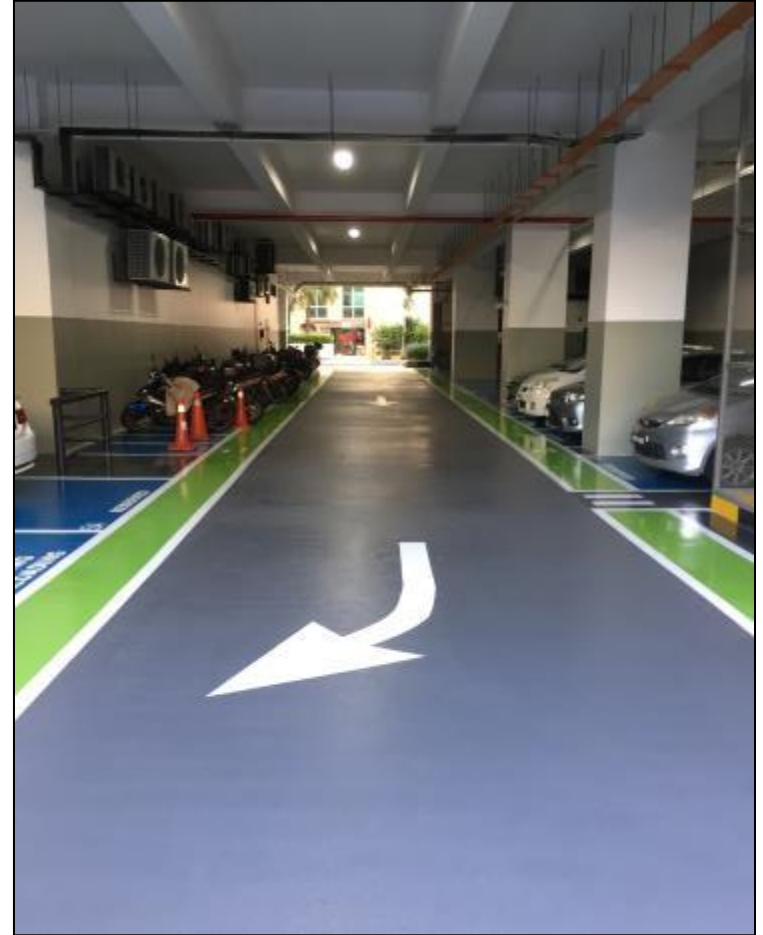
# CRYSTAL PLAZA

## Rooftop - Waterproofing



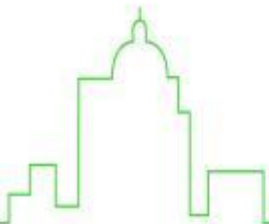
# CRYSTAL PLAZA

## Driveway Enhancement



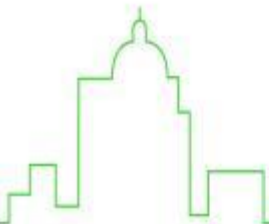
# CRYSTAL PLAZA

## Building Façade Enhancement



# WISMA ACADEMY

## Building Façade Enhancement



# 4Q2018 PROPERTY DEVELOPMENT REPORT



**COMPLETED**

**Nestle DC@Axis Mega Distribution Centre  
(Phase 1)**



# COMPLETED

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

NLA	:	515,000 sf
Rental Rate	:	Starting rental of RM19.2 million per annum
Tenure	:	10 years with option of 2 terms of 3 years each
Handover date	:	2 February 2018
Lease Commencement	:	1 June 2018

**Cost incurred up to 31 December 2018**

**Market Value**

**Valuation gain**

RM257 million

RM300 million

RM43 million





# ONGOING

## Axis Aerotech Centre@Subang



# ONGOING

## Axis Aerotech Centre@Subang



# ONGOING

## Axis Aerotech Centre@Subang

### a) Details of purchase of the sub-lease of land from MAHB

Size	: 7.02 acres
Purchase price	: RM19,876,428 (based on RM65 psf)
Tenure	: 49 years, expiring 31 December 2066

### b) Details of lease agreement with Upeca

Net Lettable Area	: 178,978.60 sq. ft. on 7.02 acres land
Estimated Construction Cost	: RM46,800,000 (capped)
Net Yield	: Starting at 7% net yield
Tenure	: 20 years with options of 2 terms of 6 years
Rent Step-up	: Approximately 10% every 3 years
Rental Commencement	: 16 December 2018
Handover Date	: 31 March 2019 In October 2018, Upeca requested for variations to the technical specifications that resulted in the change of handover date from 15 December 2018 to 31 March 2019. This variation did not affect the rental commencement date.

# 4Q2018 INVESTMENTS REPORT



# Completed Acquisitions



## Axis Shah Alam Distribution Centre 4 - Seksyen 28, Shah Alam, Selangor

Completion Date	:	4 June 2018
Land Area	:	Approx. 10.11 acres
Land Tenure	:	Freehold
Occupancy	:	100%
Purchase Price	:	RM87 million
Starting Net Property Yield	:	7.0%
WALE	:	6 years

# Completed Acquisitions



## **Beyonics i-Park Campus Block E and Indahpura Facility 1, Kulaijaya Johor**

Completion Date	:	9 August 2018
Land Area	:	Approx. 5.8 acres
Land Tenure	:	Freehold
Occupancy	:	100%
Purchase Price	:	RM38.7 million
Starting Net Property Yield	:	6.8%
WALE (Average)	:	Approx. 7 years

# Ongoing Acquisitions



## Senawang Industrial Facility - Senawang, Negeri Sembilan

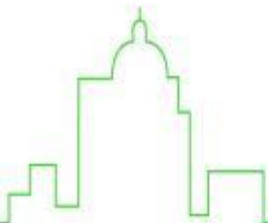
Completion Date	:	5 December 2018
Land Area	:	Approx. 4.21 acres
Land Tenure	:	Freehold
Occupancy	:	100%
Purchase Price	:	RM18.5 million
Starting Net Property Yield	:	7.7%
WALE	:	Approx. 8 years

# Ongoing Acquisitions



## **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



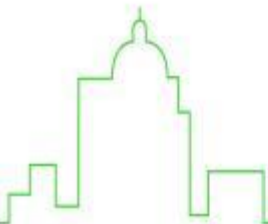


# Prospective Acquisition Targets

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  
RM 200 million**



# 4Q2018 INVESTOR RELATIONS REPORT



# Unit Price Performance

**KLCI vs AXREIT: 1 Jan 2014 – 31 Dec 2018**

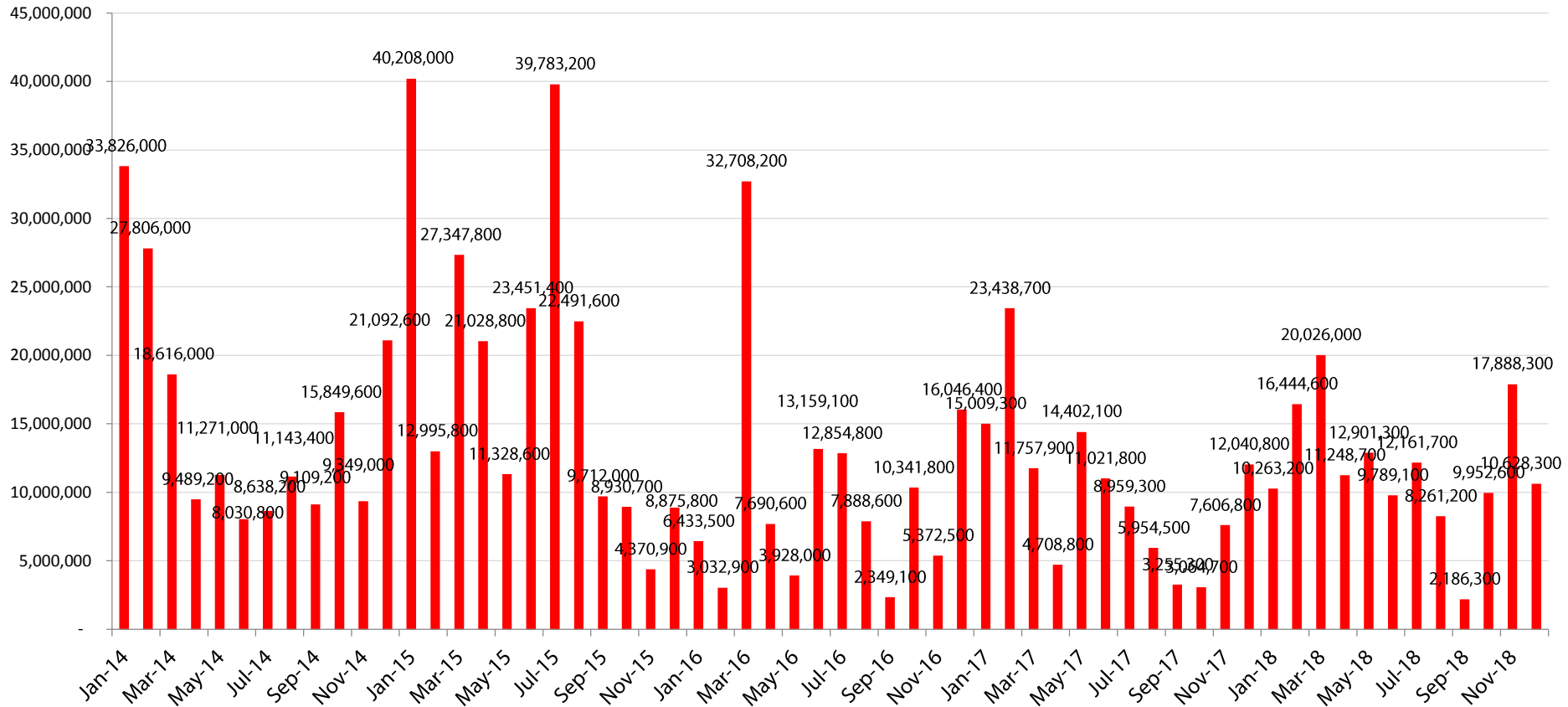


## Unit Price Summary

Closing Unit Price 4Q2018:	RM1.56
Highest Unit Price 2018: December 2018	RM1.59
Lowest Unit Price 2018: March 2018	RM1.19

# Volume Movement

## AXREIT: 1 Jan 2014 – 31 Dec 2018



### Volume Movement Summary

Average Monthly Volume 2018	11,812,608
Highest Monthly Volume: March 2018	20,026,000
Lowest Monthly Volume: September 2018	2,186,300

# Top 10 Unitholders

	Name of Unitholder	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	11.61%
2	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	8.89%
3	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	7.89%
4	LEMBAGA TABUNG HAJI	4.85%
5	TEW PENG HWEE @ TEOH PENG HWEE	4.57%
6	ALEX LEE LAO	4.25%
7	PERMODALAN NASIONAL BERHAD	3.43%
8	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	2.14%
9	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	2.03%
10	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	1.83%

Holdings Breakdown	Units Held 4Q2018	Units Held 3Q2018	Movement
Top 5 Unitholders	37.81%	37.38%	0.43%
Top 10 Unitholders	51.50%	51.12%	0.38%
Unitholders with >2 million unitholdings	88.39%	87.84%	0.55%

# Analysis of Unitholders with >2million Units

## Top 5 Increases in Unitholdings

## Changes vs Last Quarter

AMANAHA SAHAM MALAYSIA 3	2.1%
AMANAHA SAHAM BUMIPUTERA	0.8%
GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	0.5%
KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MIDF ABSR EQ)	0.2%
KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MIDF AM IS EQ)	0.1%

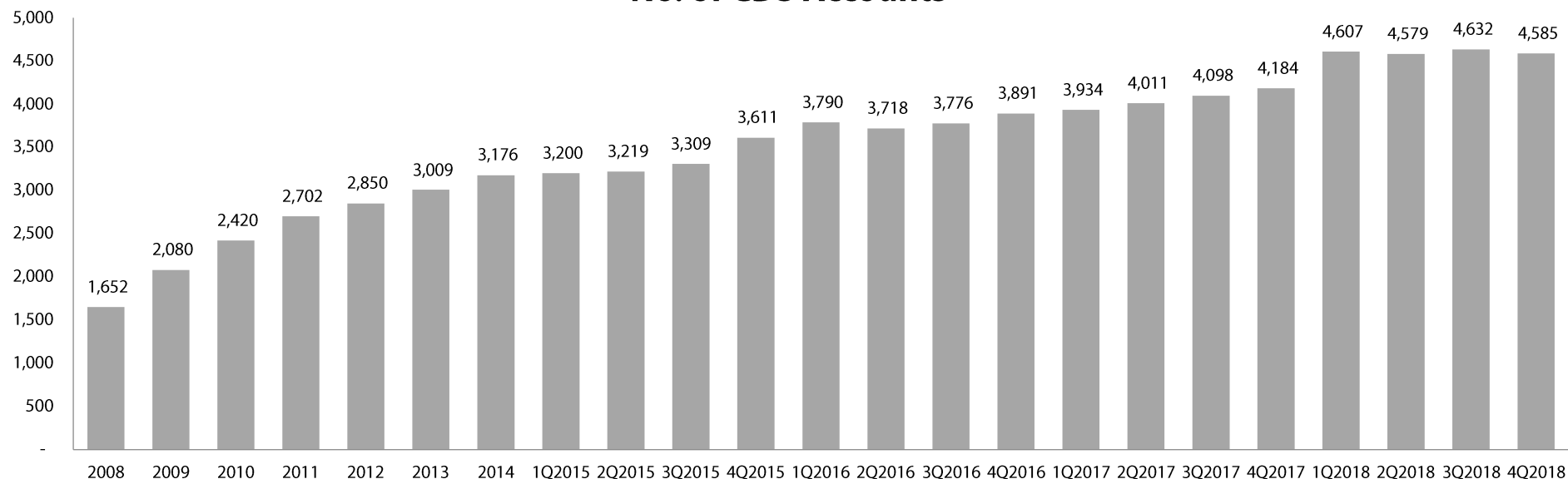
## Top 4 Decreases in Unitholdings

## Changes vs Last Quarter

AS 1MALAYSIA	-2.2%
AMANAHA SAHAM DIDIK	-0.8%
AMANAHA SAHAM MALAYSIA	-0.3%
EMPLOYEES PROVIDENT FUND	-0.3%
ASN IMBANG (MIXED ASSET BALANCED) 1 (fka ASN 3 Imbang)	-0.1%

# Investor Visibility & Liquidity

## No. of CDS Accounts



	Units Held 4Q2018	Units Held 3Q2018	Movement
Total no. of unitholders	4,585	4,632	-47
Total foreign holdings	10.02%	10.72%	-0.70%
Foreign holdings – related-party	7.25%	7.24%	0.01%
Foreign holdings – non-related-party	2.77%	3.48%	-0.72%
Promoters	12.66%	12.62%	0.04%

**THANK YOU**

