



Presentation on First Quarter 2011 Results





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April 2011

Snapshot

Approved Fund Size	❑ 375,901,000 units
Manager	❑ Axis REIT Managers Bhd
Investment Properties	❑ 1,210.00 million (as at 31 March 2011 – Unaudited)
Market Capitalisation Unit Price	❑ RM875.85 million (as at 31 March 2011) ❑ RM2.33 (as at 31 March 2011)
Gearing	❑ RM443.79 million (35.99% of Total Asset Value as at 31 March 2011 – Unaudited)
Distribution Policy	❑ 1 st to 3 rd Quarter - at least 95% of the current year-to-date distributable income and ❑ 4 th Quarter – at least 99% of the current year-to-date distributable income

Financial Results – Income Statement

Net Property Income exceeds 1Q2010 by 40.62%

	1Q2011	1Q2010	Changes / Movement
No. of Properties	27	23	+ 4
Property Income (RM'000)	27,248	19,797	+ 37.64%
Net Property Income (RM'000)	23,514	16,722	+ 40.62%
Profit before Taxation (RM'000)	16,205	11,713	+ 38.35%
Earnings Per Unit – sen	4.31	3.81	+ 13.12%
Distribution per Unit – sen	4.20	3.70	+ 13.51%
Units in Circulation	375,901,000	307,081,200	+ 22.41%

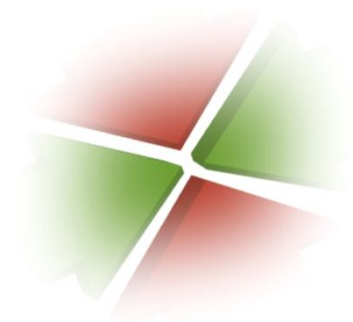
Note: The above financials excludes unrealised earnings due to changes in fair value of investment properties/tenants' deposits.



Financial Results – Balance Sheet

Trading at premium to NAV of 17.00%

	1Q 2011 (RM '000)	31 DEC 2010 (RM'000)
Total Assets	1,233,182	1,208,897
Investment Properties	1,210,443	1,178,682
Borrowings	443,791	416,609
Net Asset Value	752,552	755,230
Unitholders' Capital	540,281	540,281
Gearing	35.99%	34.46%
NAV per unit	2.0020	2.0091
Price Premium to NAV	17.00%	17.96%



31 March 2011 Financial Results

Financial Results – Income Statement

	1Q 2011 (RM '000)	1Q 2010 (RM'000)	Changes / Movement
No. of Properties	27	23	+ 4
Property Income	27,248	19,797	+ 37.64%
Property Expenses	(3,734)	(3,075)	+ 21.43%
Net Property Income	23,514	16,722	+ 40.62%
Interest Income	-	51	
Non-Property Expenses	(2,192)	(1,580)	+ 38.73%
Islamic financing cost	(5,117)	(3,480)	+ 47.04%
Income Before Taxation	16,205	11,713	+ 38.35%
Earnings Per Unit – sen	4.31	3.81	+ 13.12%
DPU – sen	4.20	3.70	+ 13.51%
No. of units in issuance	375,901,000	307,081,200	+ 22.41%

Note: The above financials excludes unrealised earnings due to changes in fair value of investment properties/tenants' deposits.

Financial Results – Income Statement

	1Q 2011 (RM '000)	4Q 2010 (RM'000)	Changes / Movement
No. of Properties	27	26	+ 1
Property Income – Note 1	27,248	26,435	+ 3.08%
Property Expenses – Note 2	(3,734)	(3,231)	+ 15.57%
Net Property Income	23,514	23,204	+ 1.34%
Interest Income	-	158	
Non-Property Expenses – Note 3	(2,192)	(2,270)	- 3.44%
Islamic financing cost – Note 4	(5,117)	(4,912)	+ 4.17%
Income Before Taxation	16,205	16,180	+ 0.15%
Earnings Per Unit – sen	4.31	4.30	+ 0.23%
DPU – sen	4.20	4.30	- 2.33%
No. of units in issuance	375,901,000	375,901,000	-

Note: The above financials excludes unrealised earnings due to changes in fair value of investment properties/tenants' deposits.



Notes to Financial Results – Income Statement

Note 1 – Property Income

Property Income in the current quarter increased by 3% as compared to immediate preceding quarter due to :

- a) Rental income from the newly completed D8 Logistics Warehouse on 1 March 2011; and
- b) Positive rental reversion recorded for the current quarter.

Note 2 – Property Expenses

Increased in property expenses are mainly due to the increase in property manager fee which is a function of property income and also the slight increase in property maintenance expenses. The efficiency ratio (based on the ratio of property expenses over income) of the portfolio of properties has improved to 14%.



Notes to Financial Results – Income Statement

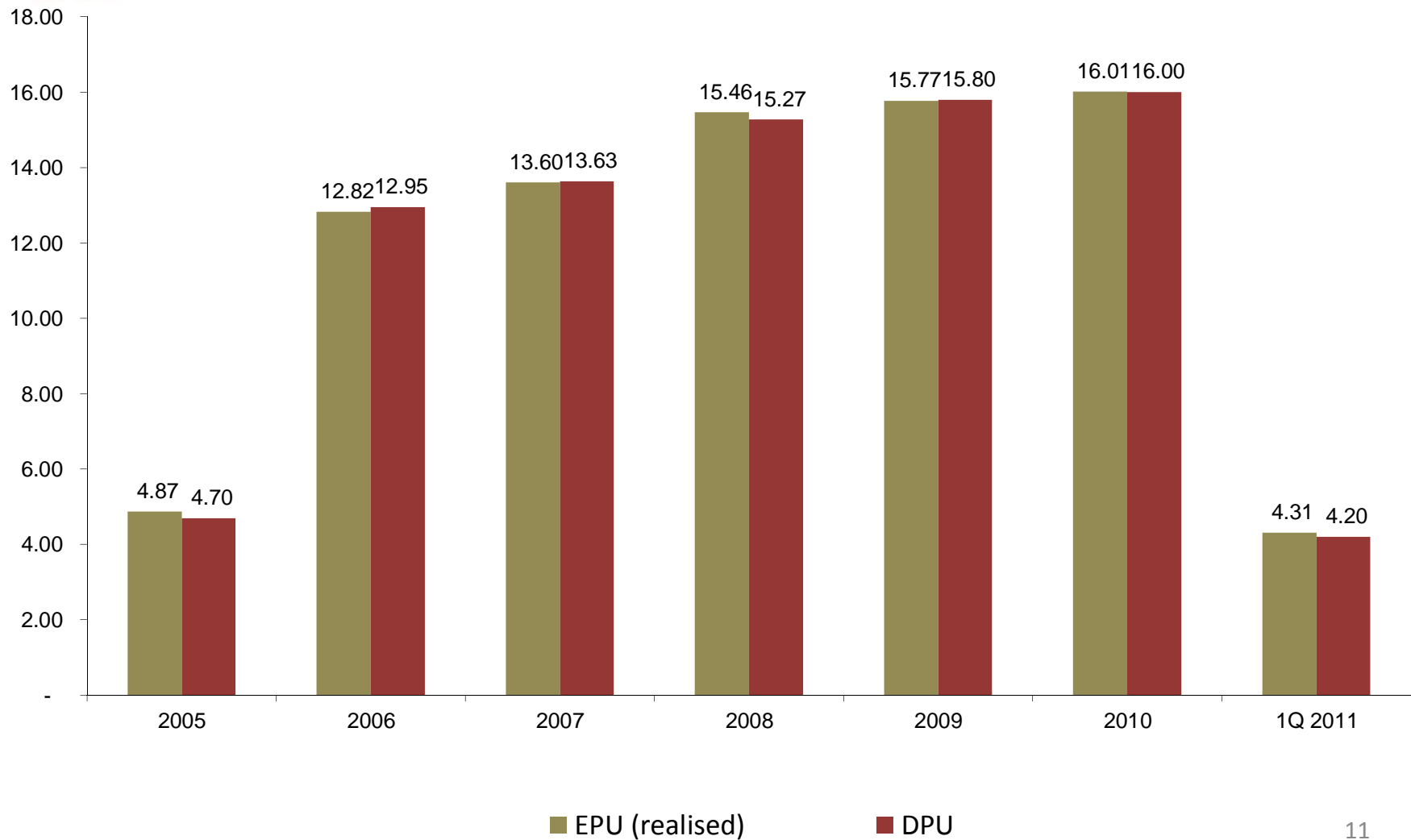
Note 3 – Non-Property Expenses

Non-Property expenses has dropped for the current quarter as a result of reversal on provision of doubtful debt of RM107,000.

Note 4 – Islamic financing cost

The increase in islamic financing cost is due to the utilisation of banking facility to complete the D8 Logistics Warehouse

Summary of EPU (Realised) and DPU



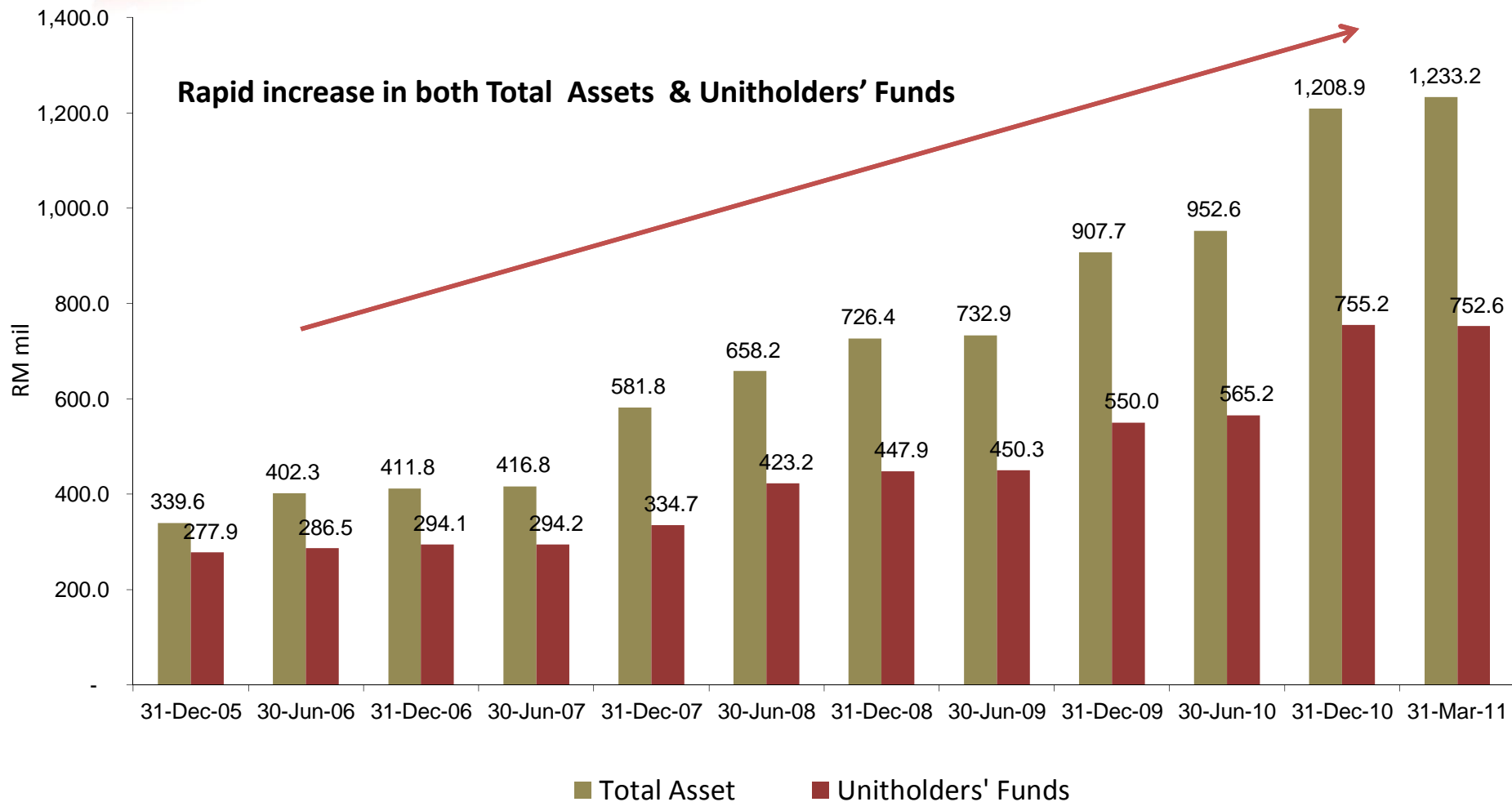
Detailed Property performance Analysis (RM'000)

	Book Value (a)	Fair Value Adjust (b)	Acq Cost + Enhancement (c)	Annualised Revenue (d)	Gross Yield (d) / (c)
1 ABP	107,235	21,883	85,352	11,132	13.04%
2 Axis Plaza	31,000	8,498	22,502	2,794	12.42%
3 Crystal Plaza	96,170	39,458	56,712	10,348	18.25%
4 Infinite Centre	36,002	10,352	25,649	3,715	14.49%
5 Menara Axis	96,109	20,766	75,343	10,428	13.84%
6 Wisma Kemajuan	53,775	20,402	33,372	4,960	14.86%
7 Axis North Port	14,300	1,043	13,257	1,367	10.31%
8 Kayangan Depot	20,020	3,321	16,699	1,611	9.65%
9 Wisma Bintang	47,009	14,296	32,713	2,860	8.74%
10 Shah Alam DC1	19,081	(499)	19,580	1,590	8.12%
11 Giant Hypermarket	39,088	322	38,767	3,196	8.24%
12 FCI – Senai	14,000	1,449	12,551	1,312	10.45%
13 Nestle Warehouse	8,225	849	7,376	694	9.41%
14 Quattro West	53,566	3,998	49,569	4,019	8.11%
15 Kompakar	40,000	2,443	37,557	3,911	10.41%
16 Niro	15,600	789	14,811	1,560	10.53%
17 BMW	28,500	980	27,520	3,416	12.41%
18 Delfi Warehouse	13,500	746	12,754	1,306	10.24%
19 Axis Vista	35,656	2,534	33,121	3,213	9.70%
20 Axis Steel Centre	75,000	9,118	65,882	7,056	10.71%
21 Bukit Raja D. Centre	80,600	7,964	72,636	5,977	8.23%
22 SP Logistic Warehouse1	18,990	1,295	17,695	1,450	8.20%
23 SP Logistic Warehouse2	7,490	509	6,981	573	8.20%
24 Tesco Bukit Indah	85,000	8,250	76,750	6,166	8.03%
25 Axis PDI Centre	92,000	5,854	86,146	8,600	9.98%
26 Axis Technology Centre	52,006	2,297	49,710	4,781	9.62%
27 D8 Logistic warehouse	30,521	-	30,521	2,873	9.41%
Total	1,210,443	188,917	1,021,526	110,908	10.86%

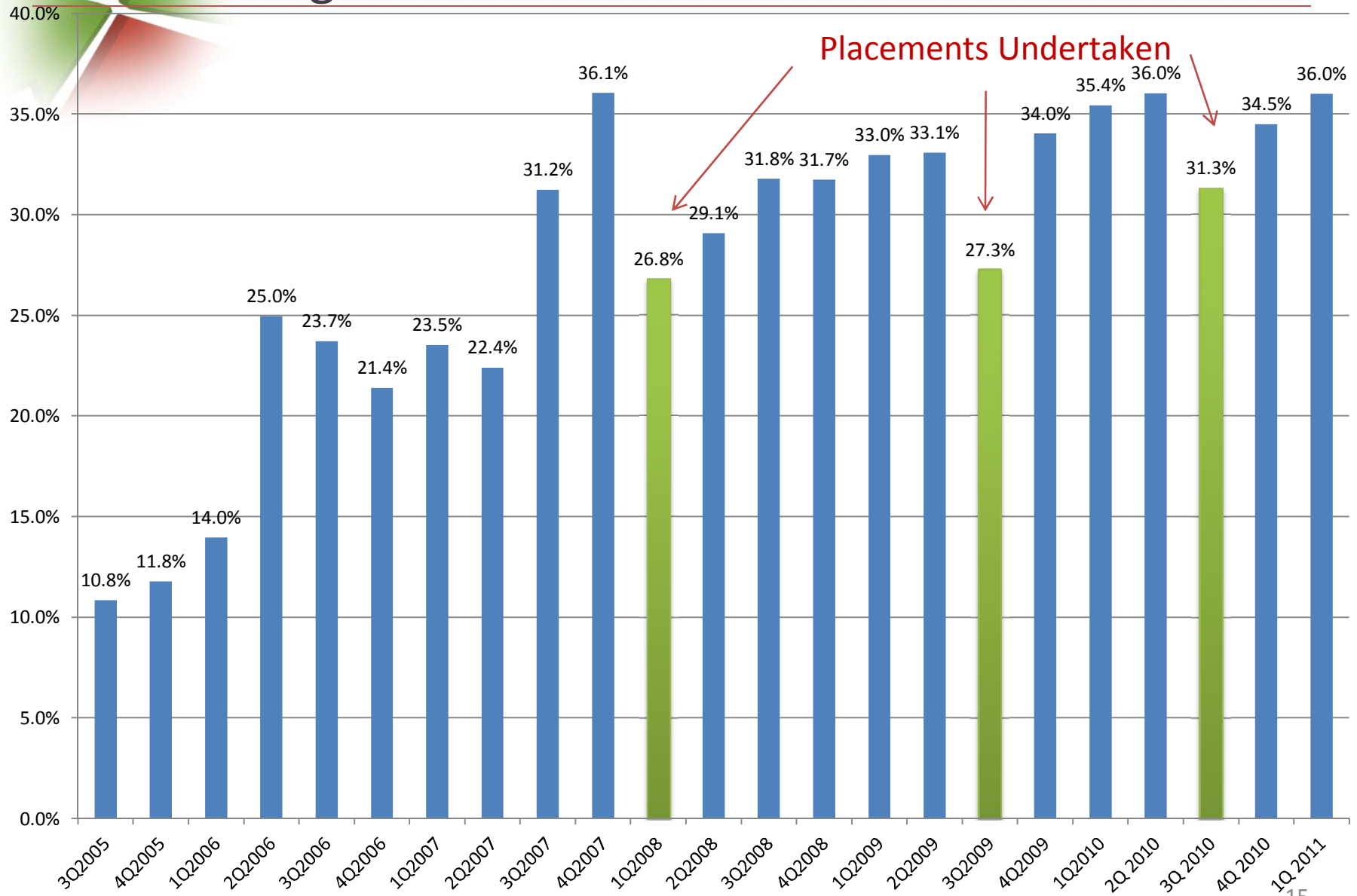
Balance Sheet Highlights (RM'000)

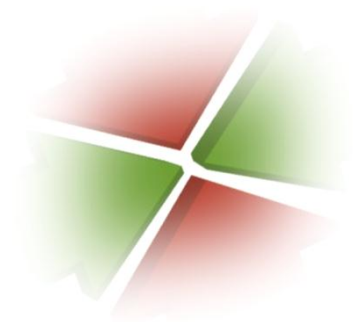
	31/3/11	31/12/10	Changes
Investment Properties	1,210,443	1,178,682	+ 31,761
Other Assets	22,739	30,215	- 7,476
TOTAL ASSETS	1,233,182	1,208,897	+ 24,285
Borrowings	443,791	416,609	+ 27,182
Other Payables	36,839	37,058	- 219
TOTAL LIABILITIES	480,630	453,667	+ 26,963
NET ASSETS VALUE ("NAV")	752,552	755,230	- 2,678
Unitholders' Capital	540,281	540,281	-
Undistributed Distributable Income	16,237	19,766	- 3,529
Non-Distributable Reserve	196,034	195,183	+ 851
TOTAL UNITHOLDERS' FUND	752,552	755,230	- 2,678
GEARING	35.99%	34.46%	
NAV/unit (RM)	2.0020	2.0091	
No. of units in issuance (mil)	375.901	375.901	

Total Assets and Unitholders' Funds



Gearing Levels





2011 Acquisitions

2011 Acquisition – D8, PTP (Johor)

COMPLETED



- SPA signed on 20 April 2010
- Completion Date: 1 March 2011
- Tenant: Nippon Express (M) Sdn Bhd

Land Area	: 6.12 acres (622,587 sq ft)
Gross Built Up	: 187,000 sq ft
Land Tenure	: Leasehold land with 47 yrs - sublease expired Mar 2055
Occupancy	: 100%
Tenure	: 10-yr lease with a 3 yr option
Purchase Price	: RM30.0 million
Acquisition Price	: RM30.52 million
Valuation	: RM31.00 million
Gain	: RM0.48 million
Net Yield	: 9.16%

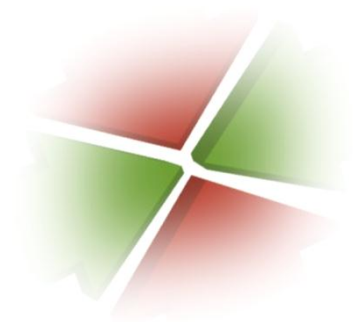
2011 Acquisition – Axis Eureka (Cyberjaya)

COMPLETED



- SPA signed on 30 December 2010
- Completion Date: 18 April 2011
- Tenant:
 - Scicom (MSC) Berhad
 - Multimedia Development Corporation Sdn Bhd (MDEC)
 - Wolters Kluwer Enterprise Services
 - Partners Sdn Bhd

Land Area	: 2.06 acres (89,760 sq ft)
Gross Built Up	: 218,662 sq ft
Land Tenure	: Freehold
Occupancy	: 100%
Tenancy/lease period	: Ranging from 1 – 6 years
Tenants	: MDEC, Wolter Kluwer, SCICOM
Purchase Price	: RM51.25 million
Acquisition Price	: RM52.07
Valuation	: RM52.20 million
Gain	: RM0.18 million
Net Yield	: 8.00%



2011 Disposal

2011 Disposal – Axis North Port Logistics Centre

COMPLETED



Completion Date	: 18 April 2011
Disposal Price	: RM 14.5 million
Net Gain on Disposal	: RM 791,951
RPGT	: RM0
Net Gain available for Distribution	: RM 791,951

Axis North Port Logistic Center

Rationale



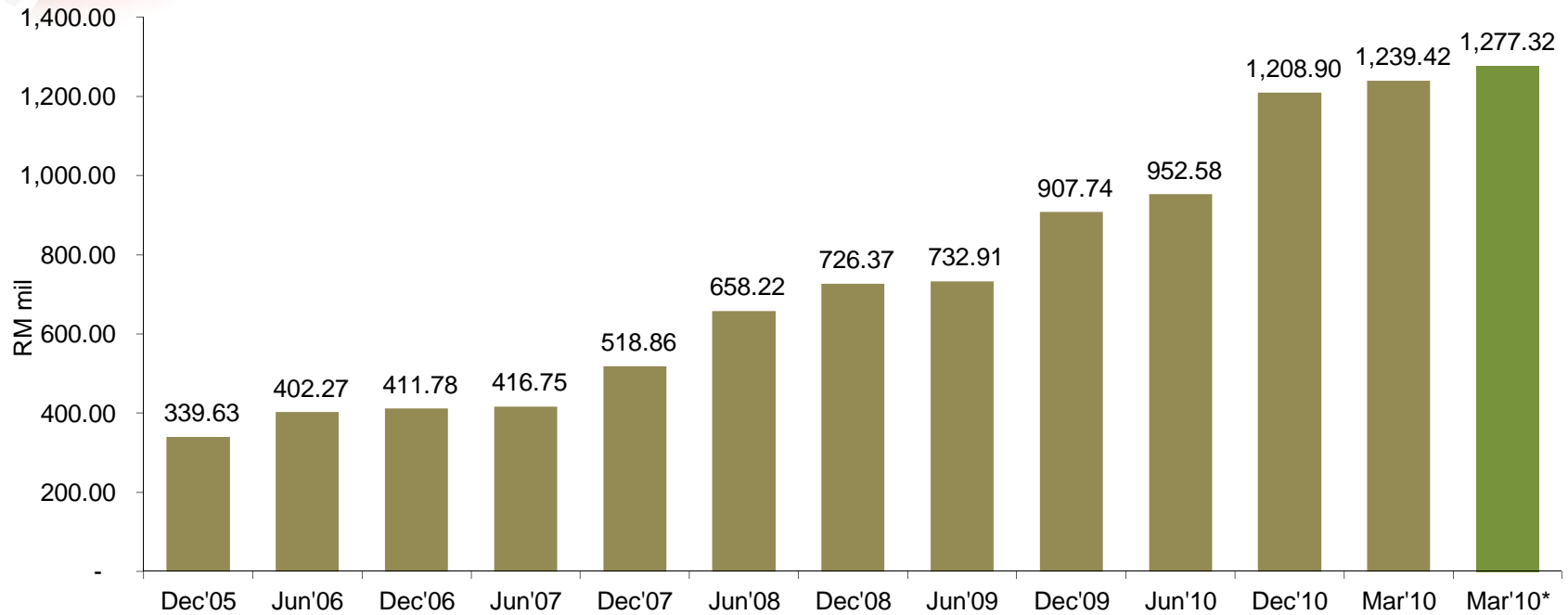
In less than 5 years of ownership of the property by Axis-REIT; the Manager believes it has optimized the potential of Axis North Port LC 1.

The Manager also feels that there is a limited upside to future rental growth and therefore this is an opportune time to sell the asset and re-deploy the capital for more yield accretive properties.

ARMB intends to distribute the net gain (estimated to be RM 800,000) on the disposal to unitholders in 2011 by way of tax exempt income distribution. The balance will be used to reduce gearing to provide Axis-REIT with headroom for future acquisition.

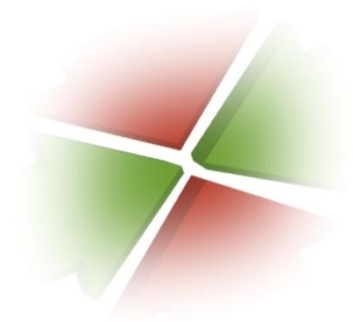
The Proposed Disposal of Axis North Port LC1 will translate to a distribution of approximately 0.20 sen per unit.

Impact on Asset Under Management



*

Note * : Includes Acquisition of Axis Eureka (18 April) and Disposal of Axis North Port Center (18 April)



Potential Pipelines

Private Equity Pipeline – Axis Techpoint 1

Lot 11, Jalan 225, Petaling Jaya Office Warehouse

Site Area = 2.84 acres (123,710 sq ft)

Built Up Area = 121,800 sq ft

Land Tenure = 99 yrs expiring May 2067

6-storey office block = 66,000 sqft

Single storey warehouse = 55,800 sqft

Car Parks = 149 lots

Warehouse is currently 100% occupied.

Development works completed and currently perfecting the tenancies.



Potential 3rd Party Acquisitions

The Manager is currently assessing for the following assets as potential acquisition targets :

1 logistics warehouses in Johor with a long lease arrangement and step ups.

1 warehouse in Pasir Gudang Johor

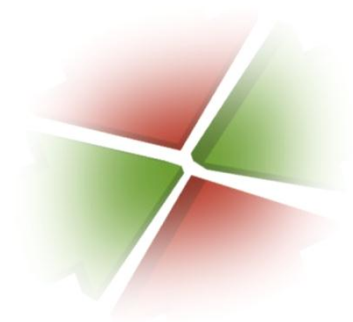
1 brand new logistics warehouse in the Klang Valley for a multinational company

An Office/Warehouse building in Bukit Raja Shah Alam on a sale and leaseback arrangement by a Multinational Company

1 new office tower in Kuala Lumpur

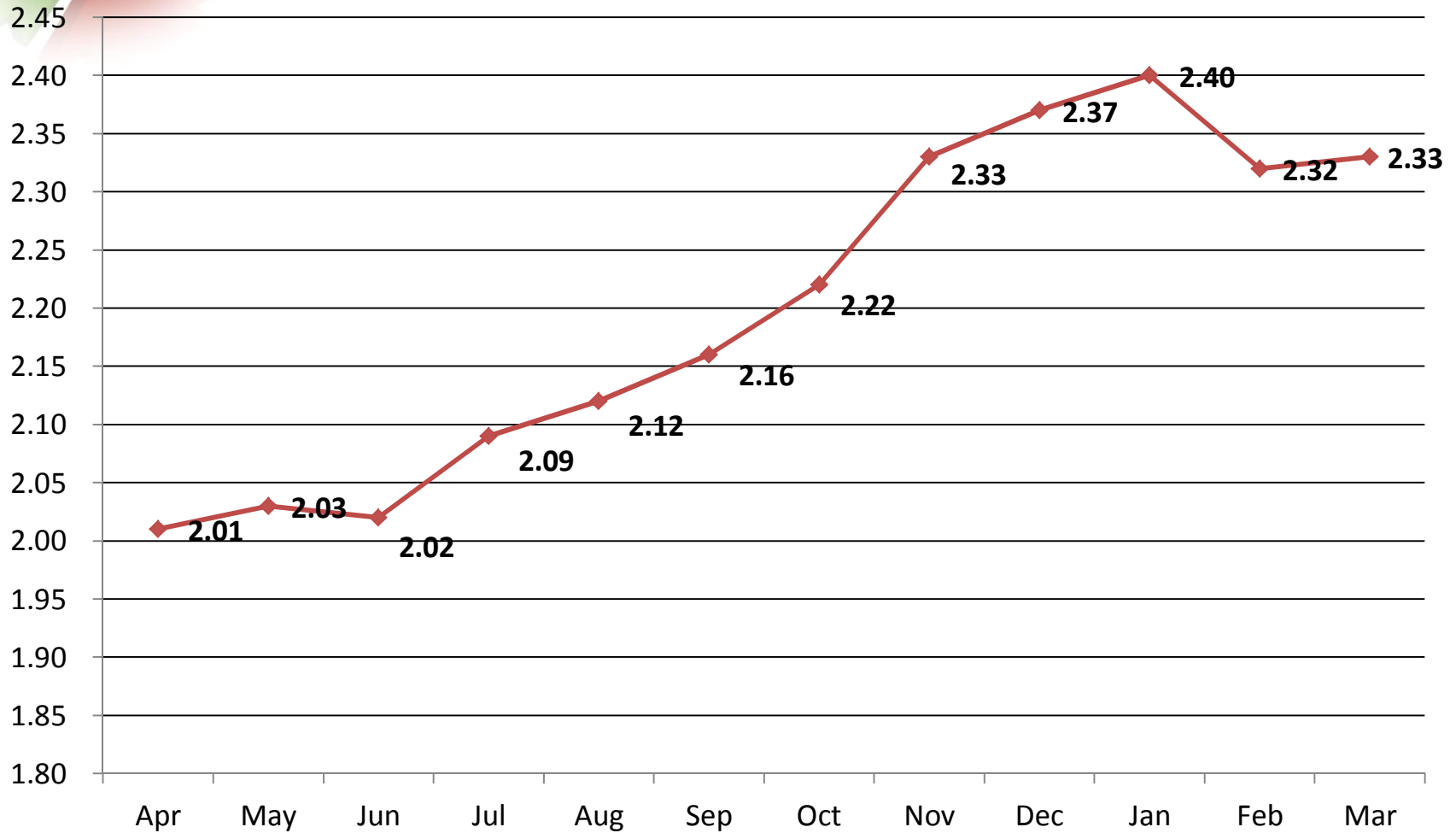
Logistics Warehouse in Penang

Valued in the region of RM 425,757,000.



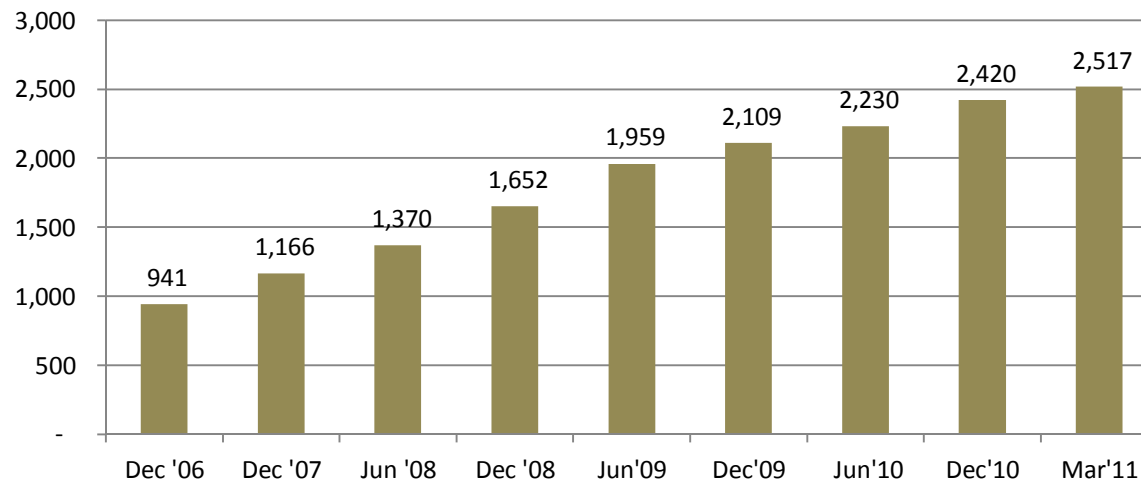
Investor Information

Unit Price Performance

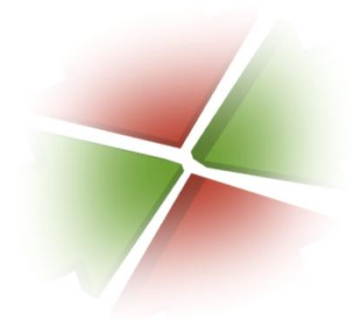


Improving Investor Visibility and Liquidity

Number of Unitholders



- ❖ Have seen significant improvement in the liquidity of the stock **4Q2010 – 6.22 million units transacted ; 1Q2011 – 17.68 million units transacted.**
- ❖ Total foreign holdings stand at 14.3%. Related party 10.6% ; non-related party 3.8%.
- ❖ Promoters current holdings stands at 20.1%.



Property Portfolio Performance



Asset Performance - 2011

It is all about

INCOME GROWTH



RISK MANAGEMENT



ASSET ENHANCEMENT



Income Growth – The Four Paths to Success

1. Acquisitions
2. Organic Growth - rental reversions
3. Increase Occupancy
4. Improve Efficiency

Organic Growth – Rental Reversions in Q1 2011

Properties	Space Negotiated Sq Ft	% Movement
Menara Axis	17,976	+ 7.64%
Crystal Plaza	7,746	+ 10.0%
Axis Business Park	189,923	-4.75%
Infinite Centre	21,068	+ 3.07%
Wisma Kemajuan	28,283	+ 5.42%
Kayangan Depot	2,609	No Change
North Port Logistic Center	13,000	No Change

❖ The Manager has successfully renegotiated **280,605 sq ft** of space in Q1 2011 accounting **6.3%** of total NLA of the portfolio



Increasing Occupancy Rates for Q1 2011

As at 31st Dec, 2010

95.73%

As at 31st Mar 2011

95.83%

A Comparison to the Market

Selangor Office Occupancy Rates

Q4. 2010

78.20%

Axis Multi-tenanted Buildings *

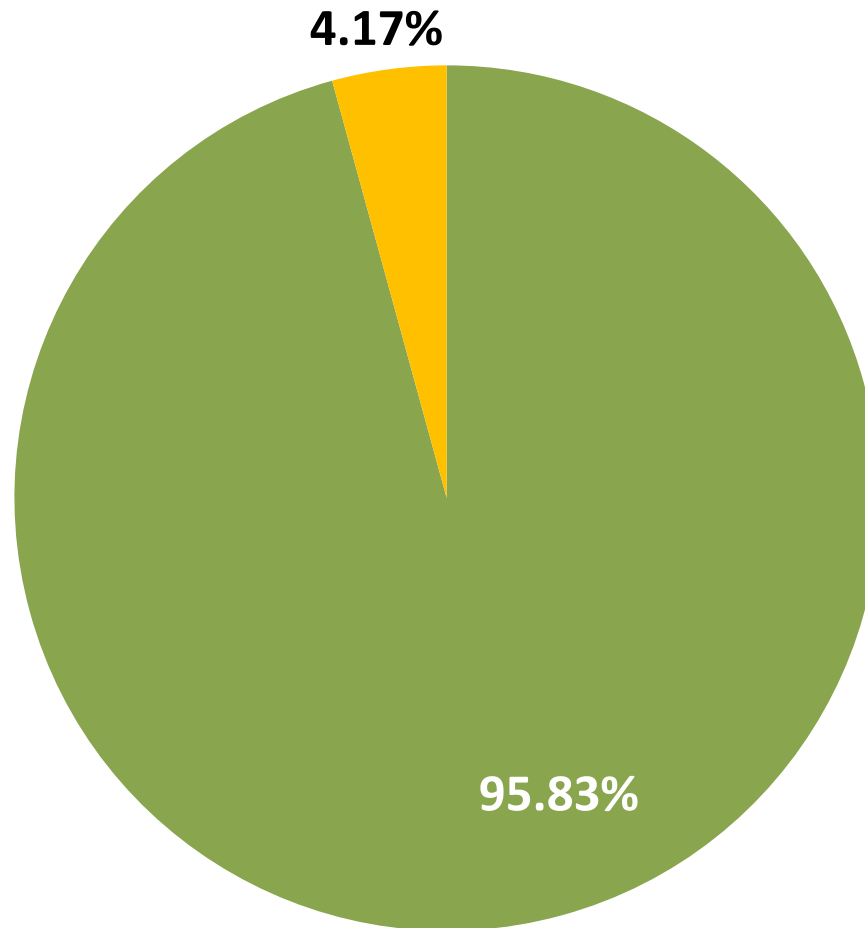
Q4. 2010

90.09%

Occupancy Rates – Q1 2011

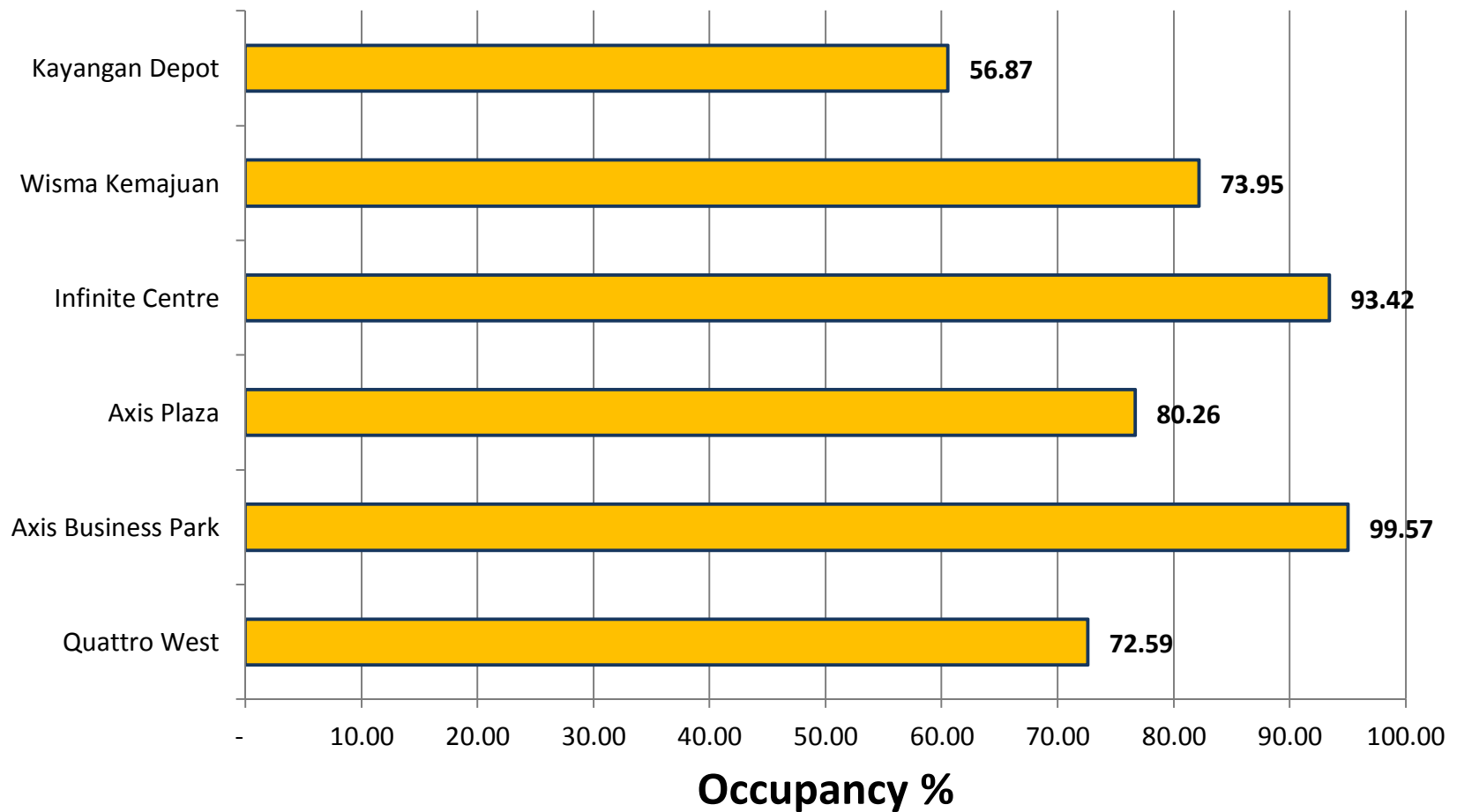
As at 31st Mar 2011 we have only 6 of our 27 buildings that carry any vacancy.

This is only **4.17%** of NLA



Occupancy Rates – Q1 2011

Occupancy rates of the 6 buildings as of 31 March 2011 are:





Increasing Efficiency of Building Operations - Q1 2011

Income less operational building costs produce our Net Operating Income [NOI] for the assets.

Measures to improve operational efficiency include:

- ❖ Life cycle Management of Assets
- ❖ Vendor / contractor management and benchmarking
- ❖ Improved building operations controls

Weighted Efficiency	Dec 2009	15.5%
	Dec 2010	14.2%
	Mar 2011	13.7%



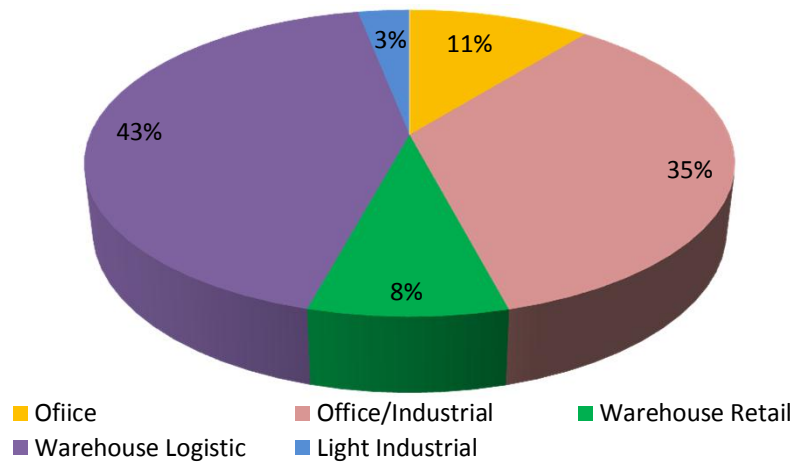
Top Ten Tenants -Strong Rental Covenants

1. **Konsortium Logistik Bhd**
2. **IDS Logistics Services (M) Sdn Bhd**
3. **Fuji Xerox Asia Pacific**
4. **Tenaga Nasional Bhd**
5. **Strateq Data Center Sdn Bhd (formerly Kompakar CRC Sdn Bhd)**
6. **BMW Asia Technology Centre Sdn Bhd**
7. **Scope International (M) Sdn Bhd**
8. **GCH Retail (M) Sdn Bhd'**
9. **Cycle & Carriage Bintang berhad**
10. **Fujifilm (M) Sdn Bhd**

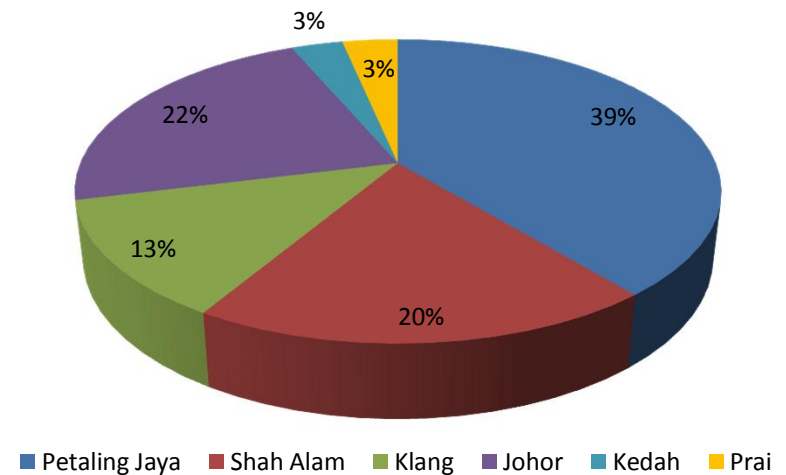
The Top Ten tenants account for 50% of the total revenue of the Trust which in 1Q 2011 accounted for RM13,648,388

Portfolio Diversifications

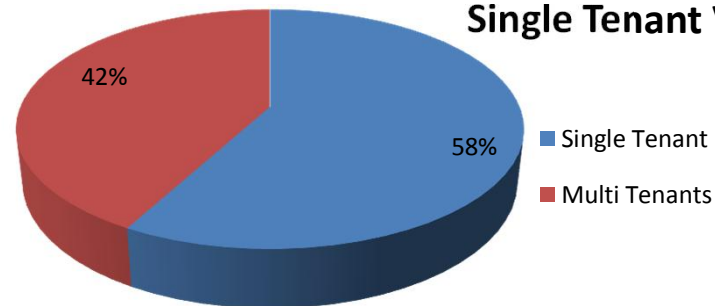
Portfolio Diversification by Type and NLA



Portfolio Diversification by Geographical and NLA

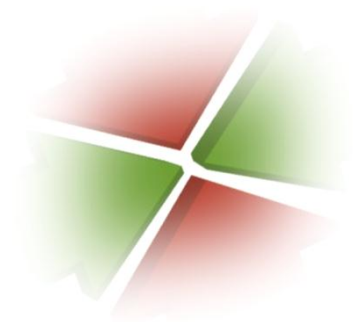


Single Tenant Vs Multi-Tenants



Lease Expiry Profile

Property	Year	% of	% of Rental	Year	% of	% of Rental	Year	% of	% of Rental
	2011	Total NLA	Income/ month	2012	Total NLA	Income/ month	2013	Total NLA	Income/ month
Menara Axis	29,313	0.66	1.49	555	0.01	0.06	65,204	1.46	2.79
Crystal Plaza	9,262	0.21	0.40	12,433	0.28	0.53	181,517	4.07	7.22
Axis Business Park	261,017	5.85	7.68	28,996	0.65	0.68	41,304	0.93	0.95
Infinite Centre	38,933	0.87	0.84	30,745	0.69	0.62	67,055	1.50	1.61
Axis Plaza	57,439	1.29	1.33				44,125	0.99	1.15
Wisma Kemajuan	40,632	0.91	0.89	23,146	0.52	0.76	97,391	2.18	2.46
Axis North Port LC 1	13,000	0.29	0.12			0.00			
Kayangan Depot	19,465	0.44	0.22	2,609	0.06	0.05	64,580	1.45	0.89
Wisma Bintang				172,967	3.88	2.54			
Kompakar CRC HQ							104,903	2.35	3.24
Axis Vista	60,400	1.35	1.01				57,617	1.29	1.65
FCI Senai				136,619	3.06	1.16			
Quattro West				16,489	0.37	0.70	59,294	1.33	2.53
Nestle Office/Warehouse							27,554	0.62	0.61
Delfi Warehouse							130,743	2.93	1.16
Axis Technology Centre	40,052	0.90	0.98	78,366	1.76	1.83	34,020	0.76	0.45
	569,513	12.77	14.96	502,925	11.28	8.93	975,307	21.87	26.70



Asset Enhancement

Asset Enhancement

The aim of asset enhancement is to assess the REIT assets from a “property player’s” perspective. We employ our experience as a group to enhance and reposition these assets to increase their performance.



Quattro West : The Results

❖ Occupancy 72.6% (will be 80.3% from 2Q)



❖ Rental increases up by 25%

❖ Valuation of the property

2009

RM38 mil

2010

RM52 mil



Up by 37%

Enhancements Underway - 2011

❖ **Menara Axis**

New penthouse Level 8,039 sf. Completed on 16th April 2011.

❖ **Crystal Plaza**

Upgrading façade & common areas. Strategy is the retention of tenants.

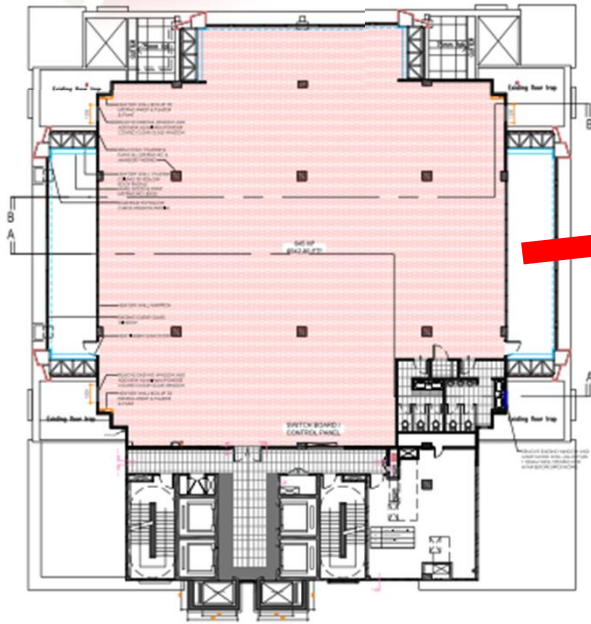
❖ **Fuji Xerox**

New lifts, facelift for common areas. New lease signed.

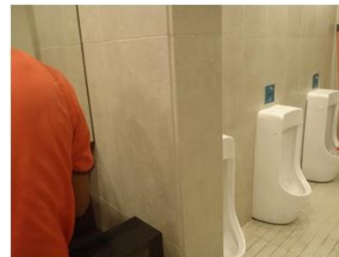
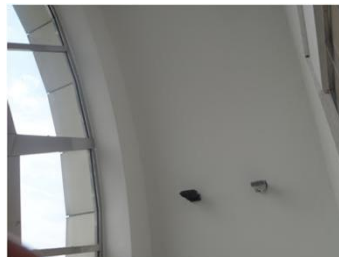
❖ **Infinite Centre Refurbishment**

New lifts, facelift for common areas and upgrading façade. Strategy is the retention of tenants. The refurbishment to be competitive with new buildings coming up in P.J.

Menara Axis – A New Penthouse Level Completed

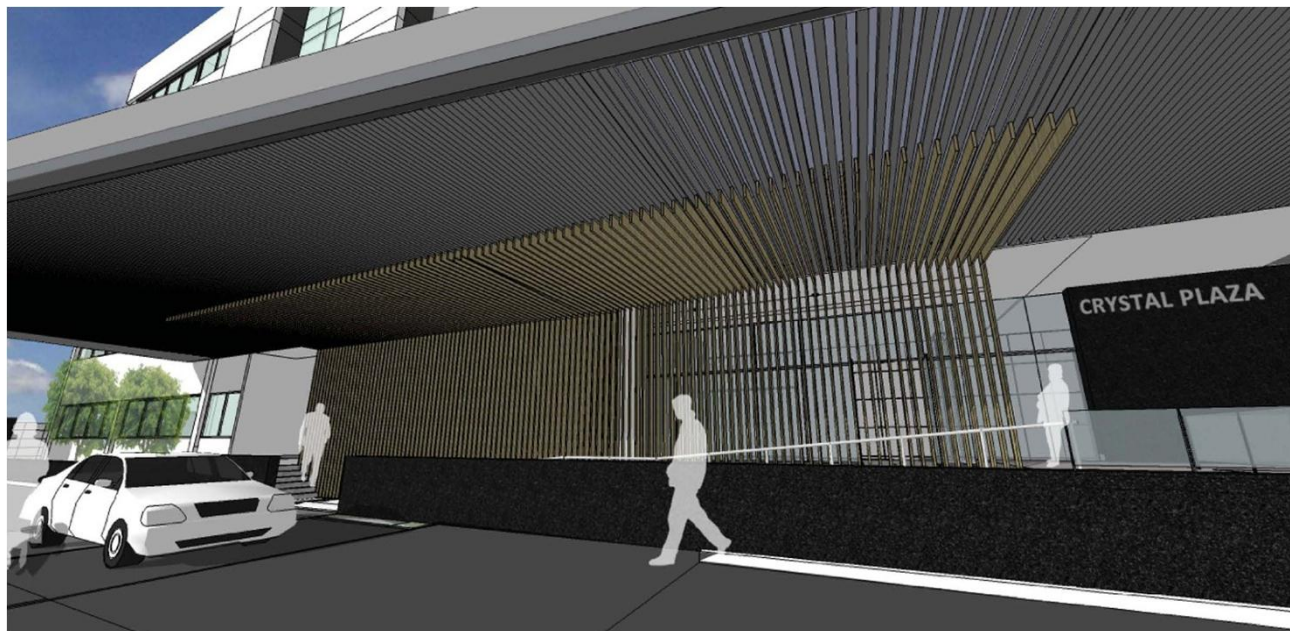


Previously unused area comprising 8,039 sf, will be converted to grade A office space with high grade toilets and fittings completed on 16th April 2011



Crystal Plaza – Refurbishment

- ❖ New drop off area
- ❖ New toilets and lobbies
- ❖ Improvements to M&E systems
- ❖ New restaurants at ground floor



Crystal Plaza Refurbishment

Major upgrading of Lobbies and Toilets





Asset Enhancement

Other Major Asset Enhancements Planned for 2011

❖ Infinite Centre

Refurbishment to improve the façade, upgrade lifts and common areas.

❖ Axis Business Park – Fuji Xerox Toilets and Lift Lobbies Refurbishment

Part of Axis commitment for tenant Fuji Xerox

❖ Niro Ceramic upgrading

Part of Axis commitment for tenant Niro Ceramic

Infinite Centre – existing site



Infinite Centre – Refurbishment Project



New entrance with internal staircase exposed using reflective glass paneling and façade cladding. Louvers to hide split A/C, with repositioning of driveway





Thank You