



# Axis REIT

## 3Q 2010 Results Presentation

Oct 2010

# Disclaimer

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# Snapshot

Approved Fund Size	<input type="checkbox"/> 375,901,000 units
Manager	<input type="checkbox"/> Axis REIT Managers Bhd
Investment Properties	<input type="checkbox"/> 942.00 million (as at 30 September 2010 – Unaudited)
Market Capitalisation Unit Price	<input type="checkbox"/> RM811.95 million (as at 30 September 2010) <input type="checkbox"/> RM2.16 (as at 30 September 2010)
Gearing	<input type="checkbox"/> RM343.43 million (31.28% of Total Asset Value as at 30 September 2010 – Unaudited)
Distribution Policy	<input type="checkbox"/> 1 <sup>st</sup> to 3 <sup>rd</sup> Quarter - at least 95% of the current year-to-date distributable income and <input type="checkbox"/> 4 <sup>th</sup> Quarter – at least 99% of the current year-to-date distributable income

# Financial Results – Income Statement

**Net Property Income exceeds 2Q2009 by 27.89%**

	3Q2010	3Q2009	Changes / Movement
No. of Properties	23	19	+ 4
Property Income (RM'000)	22,003	17,520	+ 25.59%
Net Property Income (RM'000)	18,573	14,523	+ 27.89%
Profit before Taxation (RM'000)	12,589	10,249	+ 22.83%
Earnings Per Unit – sen	3.94#	3.83	+ 2.87%
Distribution per Unit – sen	4.00	4.06	- 1.48%
Management Expense Ratio	1.16%	1.22%	- 4.92%
Units in Circulation	375,901,000	307,081,200	+ 22.41%

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

# Based on weighted avg. no. of units in issue due to the listing of 68,819,800 units on 15 /9/2010

## Financial Results – Balance Sheet

**Trading at premium to NAV of 14.34%**

	3Q 2010 (RM '000)	31 DEC 2009 (RM'000)
Total Assets	1,097,859	907,745
Investment Properties	941,761	884,962
Borrowings	343,433	308,932
Net Asset Value	710,103	550,357
Unitholders' Funds	540,281	406,854
Gearing	31.28%	34.03%
NAV per unit	1.8891	1.7922
Price Premium to NAV	14.34%	7.69%

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**A**  **IS** 30 Sept 2010 Financial Results  
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## Financial Results – Income Statement

	3Q 2010 (RM '000)	3Q 2009 (RM'000)	Changes / Movement
No. of Properties	23	19	+ 4
Property Income	22,003	17,520	+ 25.59%
Property Expenses	(3,430)	(2,997)	+ 14.45%
Net Property Income	18,573	14,523	+ 27.89%
Interest Income	386	151	
Non-Property Expenses	(1,892)	(1,856)	+ 1.94%
Interest /Islamic financing cost	(4,478)	(2,569)	+ 74.31%
Income Before Taxation	12,589	10,249	+ 22.83%
Earnings Per Unit – sen	3.94 <sup>#</sup>	3.83	+ 2.87%
DPU – sen	4.00	4.06	- 1.48%
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.

# Based on weighted average of the no of units in issue.

# Financial Results – Income Statement

	YTD Sept 10 (RM '000)	YTD Sept 09 (RM'000)	Changes / Movement
No. of Properties	23	19	
Property Income	62,778	52,211	+ 20.24%
Property Expenses	(9,730)	(8,430)	+ 15.42%
Net Property Income	53,048	43,781	+ 21.17%
Interest Income	480	151	
Non-Property Expenses	(5,169)	(4,419)	+ 16.97%
Borrowing Cost	-	(574)	
Interest /Islamic financing cost	(11,941)	(7,686)	+ 55.36%
Income Before Taxation	36,418	31,253	+ 16.53%
Earnings Per Unit – sen	11.70	12.04	- 2.82%
Distribution Per Unit (DPU) – sen	11.70	12.06	- 2.99%
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 (qtr-to-qtr 2010)

	3Q 2010 (RM '000)	2Q 2010 (RM'000)	1Q 2010 (RM'000)
No. of Properties	23	23	23
Property Income – Note 1	22,003	20,978	19,798
Property Expenses – Note 2	(3,430)	(3,225)	(3,076)
Net Property Income	18,573	17,753	16,722
Interest Income – Note 3	386	43	51
Non-Property Expenses – Note 4	(1,892)	(1,697)	(1,581)
Interest /Islamic financing cost – Note 5	(4,478)	(3,983)	(3,478)
Income Before Taxation	12,589	12,116	11,714
Earnings Per Unit – sen	3.94#	3.95	3.81
DPU – sen	4.00	4.00	3.70
No. of units in issuance	375,901,000	307,081,200	307,081,200

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

# Based on weighted average of the no of units in issue.

# Notes to Financial Results – Income Statement

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## Note 1 – Property Income

Property Income in the current quarter increased by 5% compared to immediate preceding quarter mainly due to the followings:

- a) Rental income contribution from Quattro West;
- b) Positive rental reversion recorded up to September 2010 of 6.1%; and
- c) Share of rental income of Axis PDI Centre; where the Trust has settled up to 68% of the purchase price on 22 September 2010 using part of the proceeds from the recently concluded placement of 68,819,800 new units (“Net placement proceeds”).

## Note 2 – Property Expenses

Increase in property expenses are mainly due to the slight increase in property manager fee which is a function of property income and the additional maintenance cost incurred for cleaning and repainting the façade of Wisma Kemajuan. The ratio of property expenses over property income for the year is maintaining at 15%.

## Note 3 – Interest Income

Being Islamic REPO interest on Net placement proceeds in September.

# Notes to Financial Results – Income Statement

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## Note 4 – Non-Property Expenses

Increase in non-property expenses is mainly due to the RM70,000 Corporate Social Responsibility (“CSR”) donation made to the Selangor and Federal Territory Association for Mentally Handicapped Children.

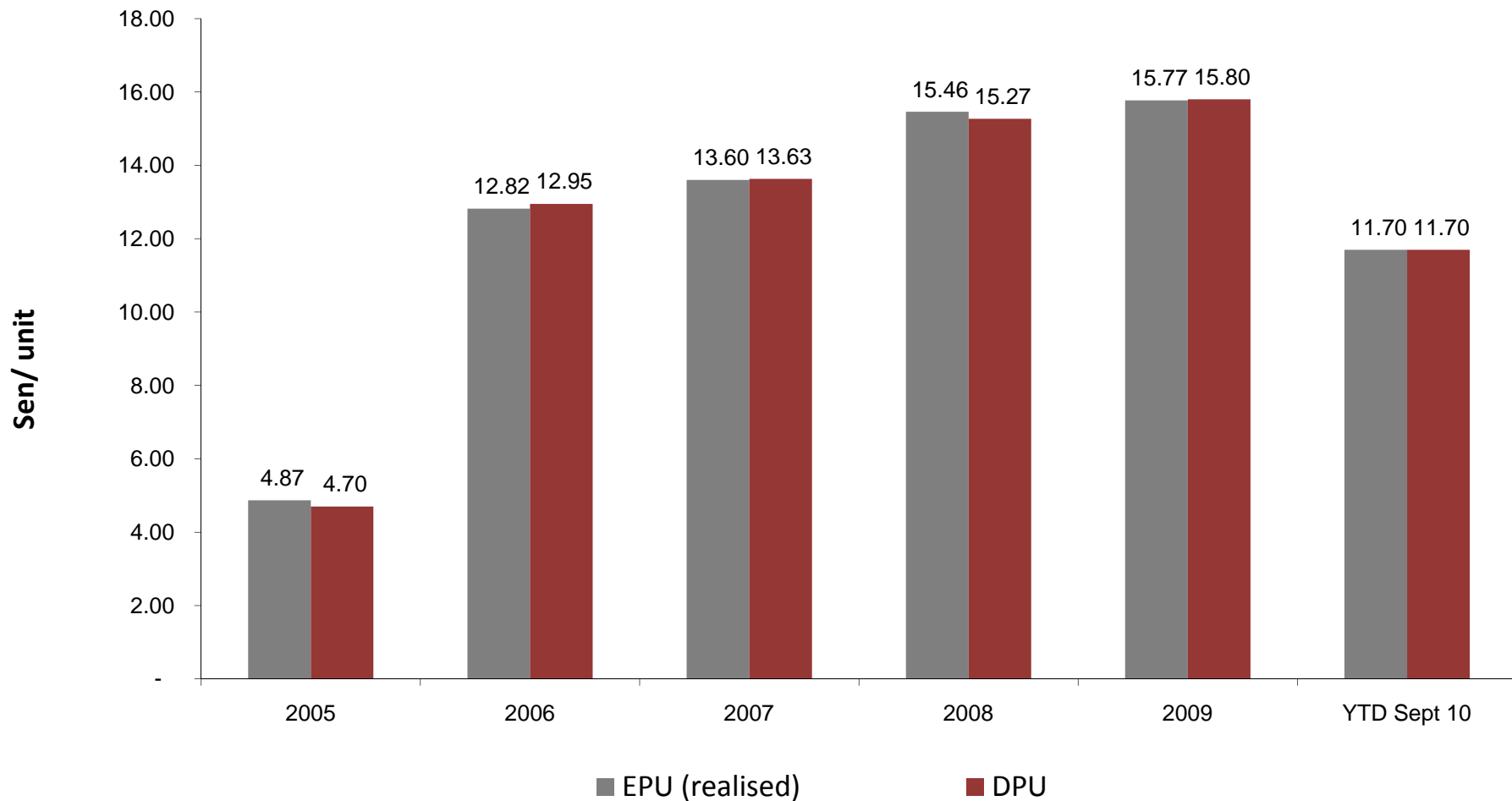
## Note 5 – Interest/Islamic financing cost

The RM133.4 million Net placement proceeds received on 15 September 2010 was used up in less than 2 weeks to bring into books the followings yield accretive properties:

- a) Payment for the partial purchase price for Axis PDI Centre on 22 Sept 2010;
- b) Payment for the balance purchase price of Tesco Bukit Indah on 1 Oct. 2010.

Therefore pushing the gearing back to 31.28% and only RM6.0 mil of the short term facility was redeemed in end September with the Net placement proceeds; thereby not resulting in much saving of interest/ islamic financing cost in the current quarter.

# Summary of EPU (Realised) and DPU

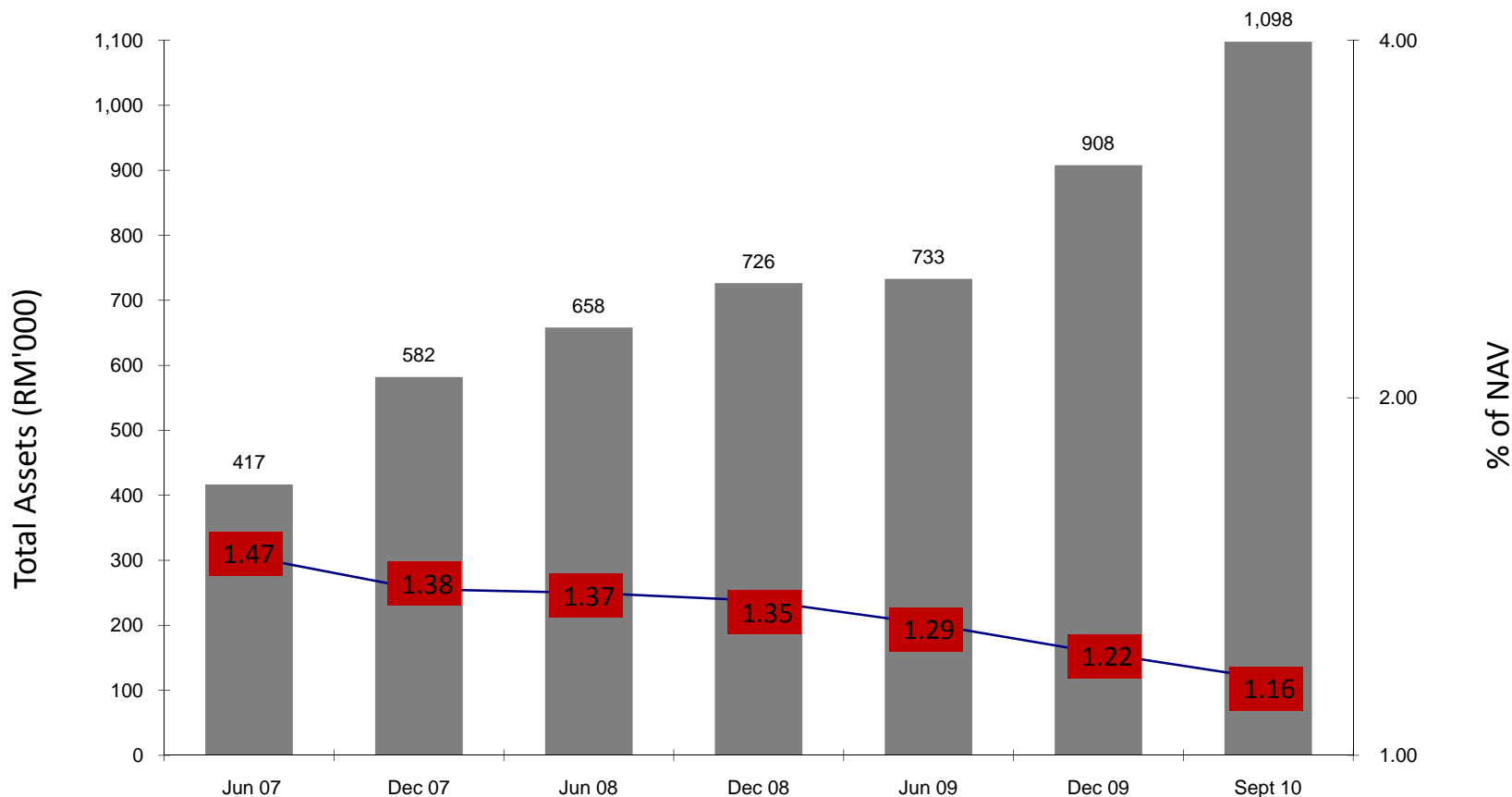


# Detailed Property Performance Analysis (RM'000)

30 Sept 2010		Book Value (a)	Fair Value Adjust (b)	Acq Cost + Enhancement (c)	Annualised Revenue (d)	Gross Yield (d) / (c)
1	ABP	107,000	21,883	85,117	11,366	13.35%
2	Axis Plaza	31,000	8,498	22,502	2,711	12.05%
3	Crystal Plaza	96,000	39,458	56,542	9,600	16.98%
4	Infinite Centre	36,000	10,352	25,648	3,562	13.89%
5	Menara Axis	95,800	20,766	75,034	9,682	12.90%
6	Wisma Kemajuan	53,614	20,386	33,228	5,239	15.77%
7	Axis North Port	15,314	2,157	13,257	1,080	8.15%
8	Kayangan Depot	22,041	5,380	16,661	1,856	11.14%
9	Wisma Bintang	38,750	6,066	32,684	2,860	8.75%
10	Shah Alam DC1	19,000	(499)	19,499	1,312	6.73%
11	Giant Hypermarket	39,000	322	38,678	3,108	8.04%
12	FCI – Senai	14,000	1,449	12,551	1,312	10.45%
13	Nestle Warehouse	8,200	849	7,351	616	8.38%
14	Quattro West	52,757	3,998	48,759	3,848	7.89%
15	Kompakar	40,000	2,443	37,557	3,419	9.10%
16	Niro	14,500	(311)	14,811	1,560	10.53%
17	BMW	28,500	980	27,520	3,460	12.57%
18	Delfi Warehouse	13,500	746	12,754	1,306	10.24%
19	Axis Vista	35,005	2,495	32,510	3,389	10.42%
20	Axis Steel Centre	75,000	9,118	65,882	7,056	10.71%
21	Bukit Raja D. Centre	80,200	7,564	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%
	<b>Total</b>	<b>941,761</b>	<b>165,904</b>	<b>775,857</b>	<b>86,342</b>	<b>11.13%</b>

# Management Expense Ratio (“MER”)

MER: Total administrative expenses incl. Manager and Trustee’s fees  
Average net asset value of the Fund.

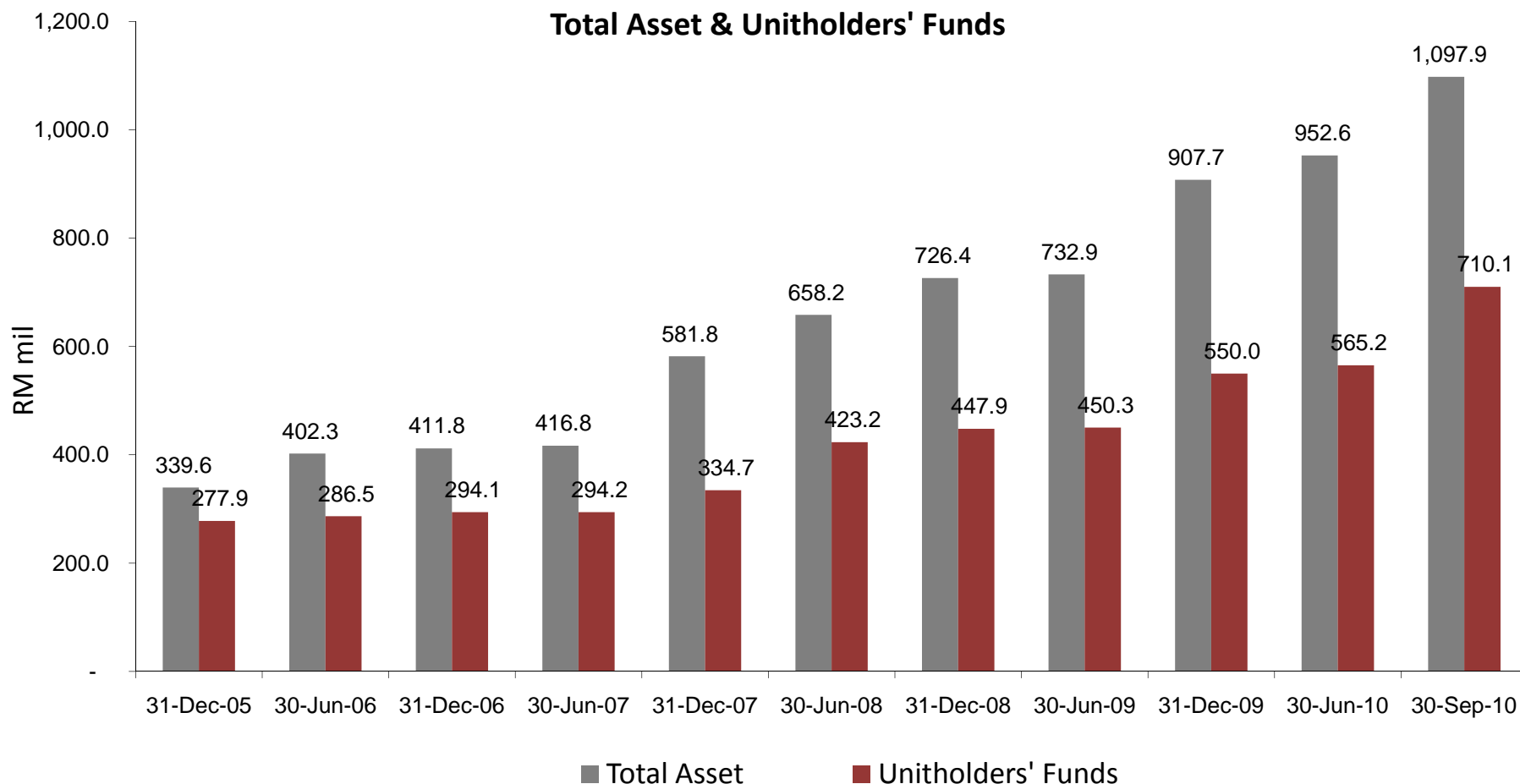


## Balance Sheet Highlights (RM'000)

	30/9/10	31/12/09	Changes
Investment Properties	941,761	884,962	+ 56,799
Other Assets	156,098	22,783	+ 133,315
<b>TOTAL ASSETS</b>	<b>1,097,859</b>	<b>907,745</b>	<b>+ 190,114</b>
Borrowings	343,433	308,932	+ 34,501
Other Payables	44,323	48,456	- 4,133
<b>TOTAL LIABILITIES</b>	<b>387,756</b>	<b>357,388</b>	<b>+ 30,368</b>
<b>NET ASSETS VALUE ("NAV")</b>	<b>710,103</b>	<b>550,357</b>	<b>+ 159,746</b>
Unitholders' Capital	540,281	406,854	133,427
Undistributed Distributable Income	33	179	- 146
Non-Distributable Reserve	169,789	143,324	+ 26,465
<b>TOTAL UNITHOLDERS' FUND</b>	<b>710,103</b>	<b>550,357</b>	<b>+ 159,746</b>
<b>GEARING</b>	<b>31.28%</b>	<b>34.03%</b>	
<b>NAV/unit (RM)</b>	<b>1.8891</b>	<b>1.7922</b>	
<b>No. of units in issuance (mil)</b>	<b>375.901</b>	<b>307.081</b>	+ 68,819



# Total Assets & Unitholders' Funds

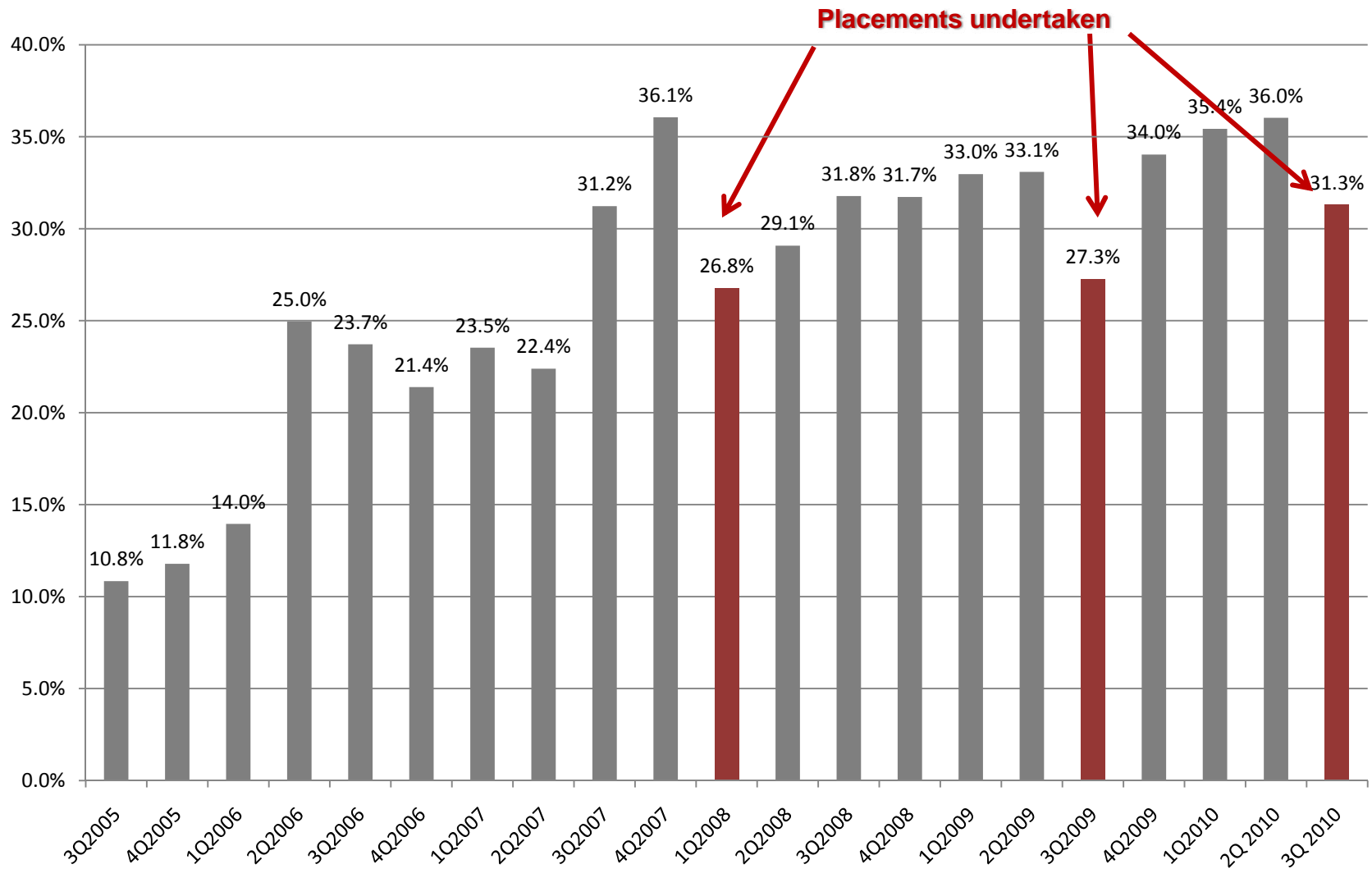


Total Asset and Unitholders' Funds have increased rapidly since IPO.

# Borrowings

	2006	2007	2008	2009	YTD Sept 10
Total Borrowings (RM'000)	88,089	209,816	230,456	308,932	343,433
Total Assets (RM'000)	411,781	581,857	726,371	907,745	1,097,859
Gearings	21.39%	36.06%	31.73%	34.03%	31.28%
Effective Interest Rate	4.38%	4.39%	4.28%	4.11%	4.44%
Percentage of short term borrowings- floating rates	100%	100%	100%	47%	36%
Percentage of medium term borrowings (more than 2 years and less than 5 years) – fixed rates	-	-	-	53%	64%

# Gearing Levels

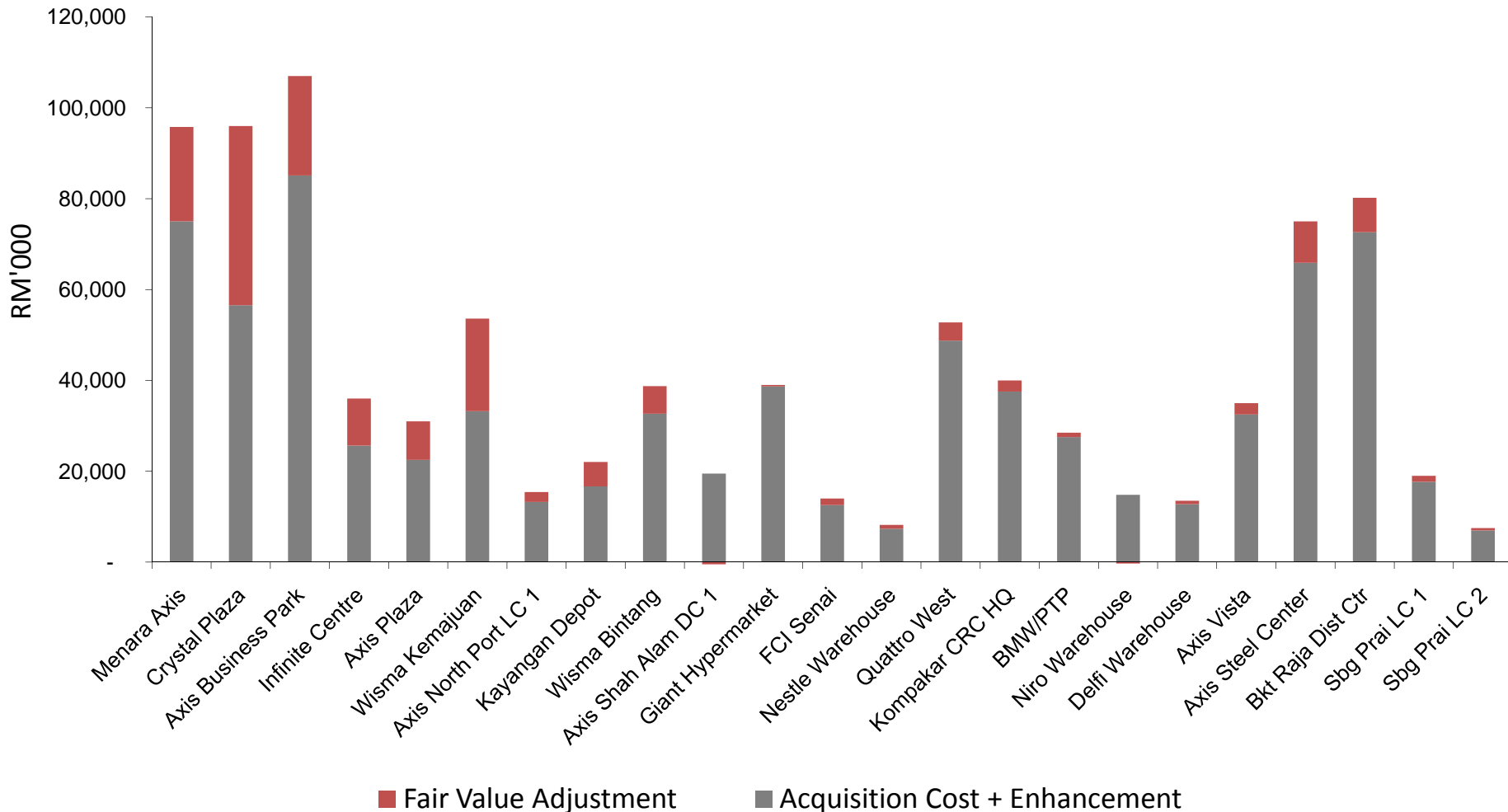


## Summary of Fair Value movement in 3Q 2010 (RM'000)

Name of Properties	Book Value as at 30 Sept 2010	Revaluation Amount	Surplus to be incorporated
1 FCI Senai	14,000	14,000	-
2 Axis Business Park	105,972	107,000	1,028
3 Axis Plaza	29,500	31,000	1,500
4 Crystal Plaza	89,805	96,000	6,195
5 Infinite Centre	34,702	36,000	1,298
6 Menara Axis	94,119	95,800	1,681
7 Kompakar CRC HQ	40,000	40,000	-
<b>Total gain in fair value of investment properties for 3Q 2010</b>			<b>11,702</b>

# Fair Valuation Gain on Investment Properties

## Properties Appreciation Value as at 30 Sept 2010



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A  IS 2010 Acquisitions  
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# 2010 Acquisition – Tesco, Johor

COMPLETED

Land Area	: 9.69 acres (422,370 sq ft)
Gross Built Up	: 308,128 sq ft
Land Tenure	: Freehold
Occupancy	: 100%
Tenure	: 30-yr lease
Purchase Price	: RM75.60 million
Acquisition Price	: RM76.90 million
Valuation	: RM85.00 million
Gain	: RM8.1 million
<b>Net Yield</b>	<b>: 7.5%</b>

- SPA signed on 24 August 2010
- **Completion Date : 1 October 2010**
- Tenant – Tesco Stores (Malaysia) Sdn Bhd
- Strengths – Brand new facility, good location and strong lease of 30 years with fixed step-ups every 3 years over the 30-year period





# 2010 Acquisition – Axis PDI Center

COMPLETED

- 4<sup>TH</sup> related party acquisition since IPO
- Sale & Purchase Agreement signed on 3 June 2010
- **Completion Date : 15 October 2010**
- The purchase price of RM85 million is at 7.61% discount to the market value providing Unitholders with a capital gain of approximately RM5.9 million
- Tenant – Konsortium Logistik Berhad

Land Area	: 48.29 acres (2,103,395 sq ft)
Gross Built Up	: 51,504 sq ft
Land Tenure	: leasehold land with 81 yrs expiring August 2091
Occupancy	: 100%
Tenure	: 5-yr lease with a 5 yr option
Purchase Price	: RM85.00 million
Acquisition Price	: RM86.10 million
Valuation	: RM92.00 million
Gain	: RM5.9 million
<b>Net Yield</b>	<b>: 9.5%</b>



# 2010 Acquisition – Axis Technology Center

- 3<sup>rd</sup> related party acquisition since IPO
- Sale & Purchase Agreement signed on 3 June 2010
- Estimated Completion Date : 8 November 2010
- Tenant – Sigma Elevators, Fresenius Medical, Fresenius Kabi, Green Packet
- Tenure – ranging from 2-year tenancy to 6-year tenancy

Land Area	: 4.13 acres (179,897 sq ft)
Gross Built Up	: 214,868 sq ft
Land Tenure	: leasehold land with 57 yrs expiring January 2067
Occupancy	: 100%
Purchase Price	: RM49.00 million
Acquisition Price	: RM49.70 million
Valuation	: RM52.00 million
Gain	: RM2.3 million
<b>Net Yield</b>	<b>: 8.1%</b>



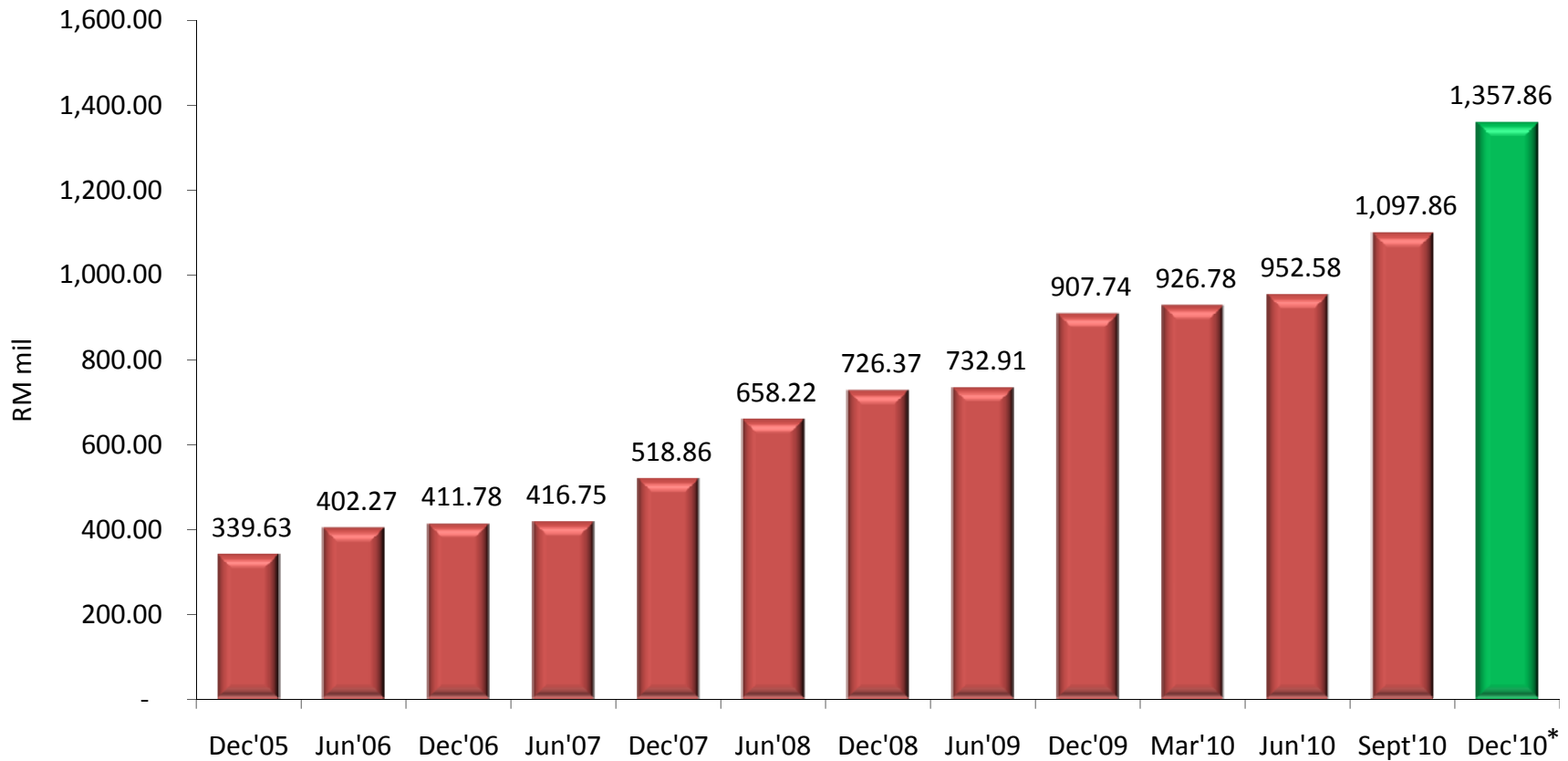
# 2010 Acquisition – PTP D8, Johor

- Sale & Purchase Agreement signed on 20 April 2010
- Estimated Completion Date : 30 November 2010
- The purchase price of RM30 million is at 3.23% discount to the market value providing Unitholders with a capital gain of approximately RM0.5 million
- Tenant – Nippon Express (M) Sdn Bhd
- Strengths of PTP D8– good location and strong lease of 10 years + 3 years with fixed step-ups.

Land Area	: 6.12 acres (266,587 sq ft)
Gross Built Up	: 187,000 sq ft
Land Tenure	: leasehold land with 47 yrs sub-lease expiring March 2055
Tenant	: Nippon Express (M) Sdn Bhd
Occupancy	: 100%
Tenure	: 10-yr lease with a 3 yr option
Purchase Price	: RM30.00 million
Acquisition Price	: RM30.50 million
Valuation	: RM31.00 million
Gain	: RM0.5 million
<b>Net Yield</b>	<b>: 9.16%</b>



# Impact on Asset Under Management



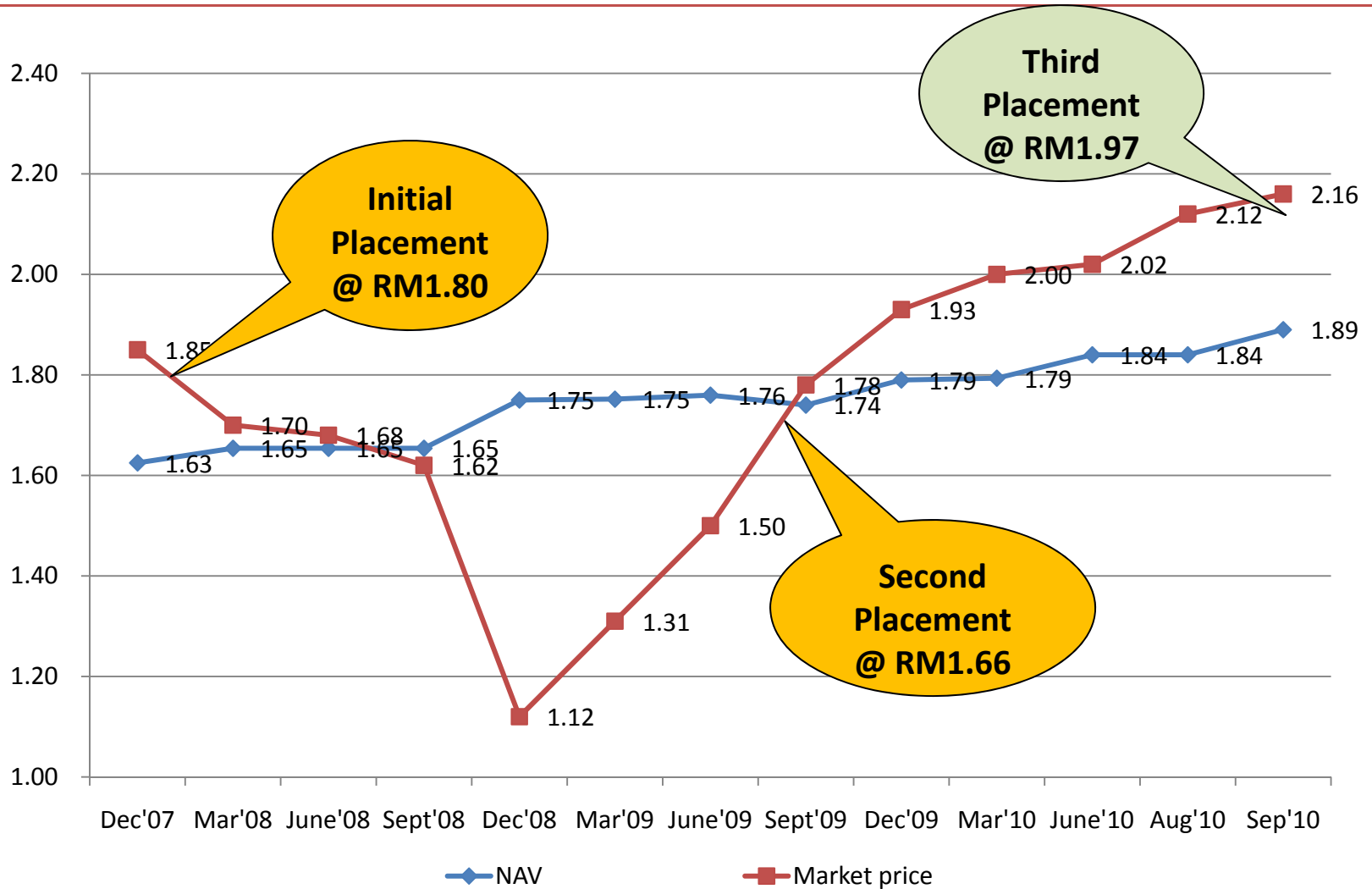
Note \* : assumes inclusion of Tesco Bukit Indah, Axis PDI Center, Axis Technology Center and PTP D8

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# Unit Placement – Trading @ Premium to NAV



# Placement Exercise

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- ❖ Third successfully placement since IPO. Issued another 68,819,800 units via private placement and new units were listed on 15 September 2010.
- ❖ The private placement received strong response from the existing Unitholders. The Placement was oversubscribed several times.
- ❖ The placement price was based on a 5-day VWAMP up to 26 August 2010 of **RM2.06**.
- ❖ The placement price of **RM1.97** represents **4.37%** discount to the 5-day VWAMP.

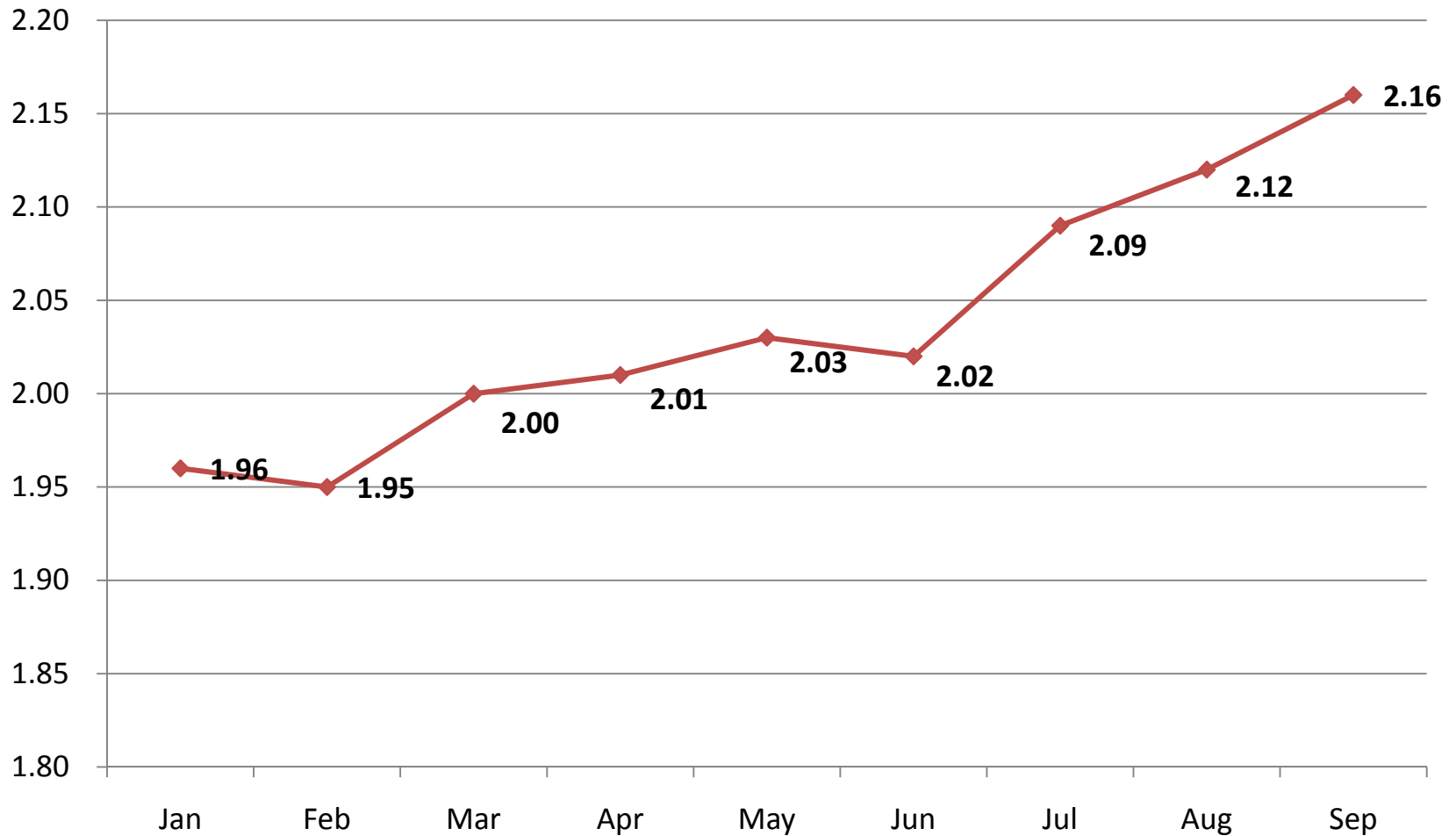


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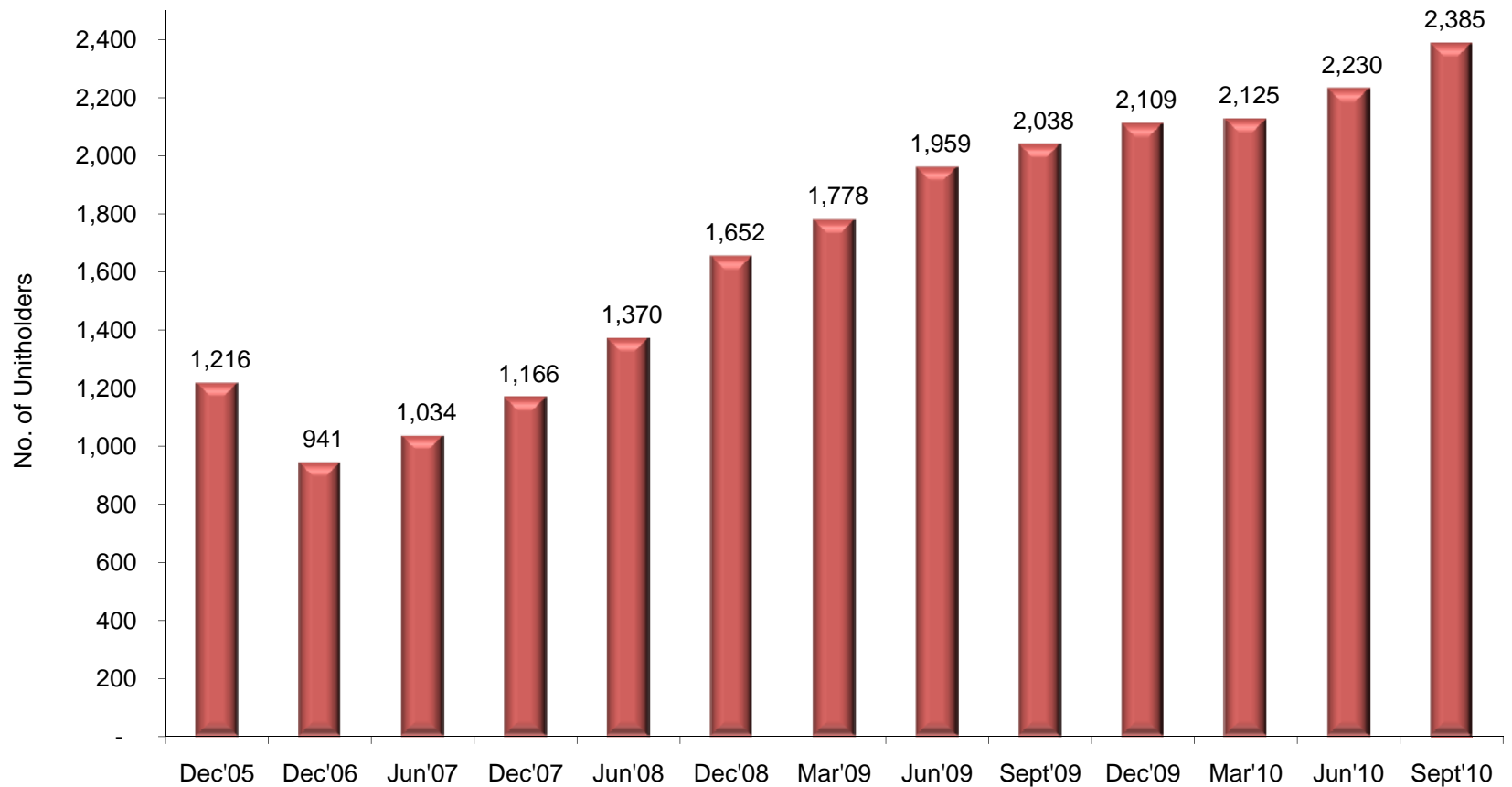
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# Improving Unit Price Performance



# Improving Investor Visibility and Liquidity



# Improving Investor Visibility and Liquidity

No	UNITHOLDERS	@ 30 SEP 2010	%
1	EMPLOYEES PROVIDENT FUND BOARD	30,543,600	8.13
2	TEW PENG HWEE @ TEOH PENG HWEE	27,335,500	7.27
3	ALEX LEE LAO	23,819,100	6.34
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	21,053,300	5.6
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	15,753,900	4.19
6	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	14,924,400	3.97
7	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	12,621,000	3.36
8	ABAS CARL GUNNAR BIN ABDULLAH	11,135,400	2.96
9	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	10,528,300	2.8
10	VALUECAP SDN BHD	9,982,800	2.66

- ❖ Have seen significant improvement in the liquidity of the stock for 2010.  
**3Q2010 – 41.7 million units transacted ; 3Q2009 – 37.4 million units transacted.**
- ❖ Total foreign holdings stand at 14.3%. Related party 10.6% ; non-related party 3.7%.
- ❖ Promoters current holdings stands at 20.1%.

# Investors Outreach Program



- ❖ In collaboration with AmFirst REIT, AmanahRaya REIT, Regroup Associates and OSK Investment Bank Bhd , Axis REIT Managers Bhd initiated the first of a series of Retail Investor Roadshows .
- ❖ The first roadshow was held in Penang on 4 July 2009, with over 200 members of the investing public attending. The second was held in Petaling Jaya followed by Ipoh, Melaka and Kuching.
- ❖ The next roadshows will be held in Johor on 23 October and Kota Kinabalu towards end of 2010.

# APREA Best Practices Award

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Recently won the Asia Pacific Real Estate Association (APREA) Best Practices Award 2010 (Emerging Markets Category)

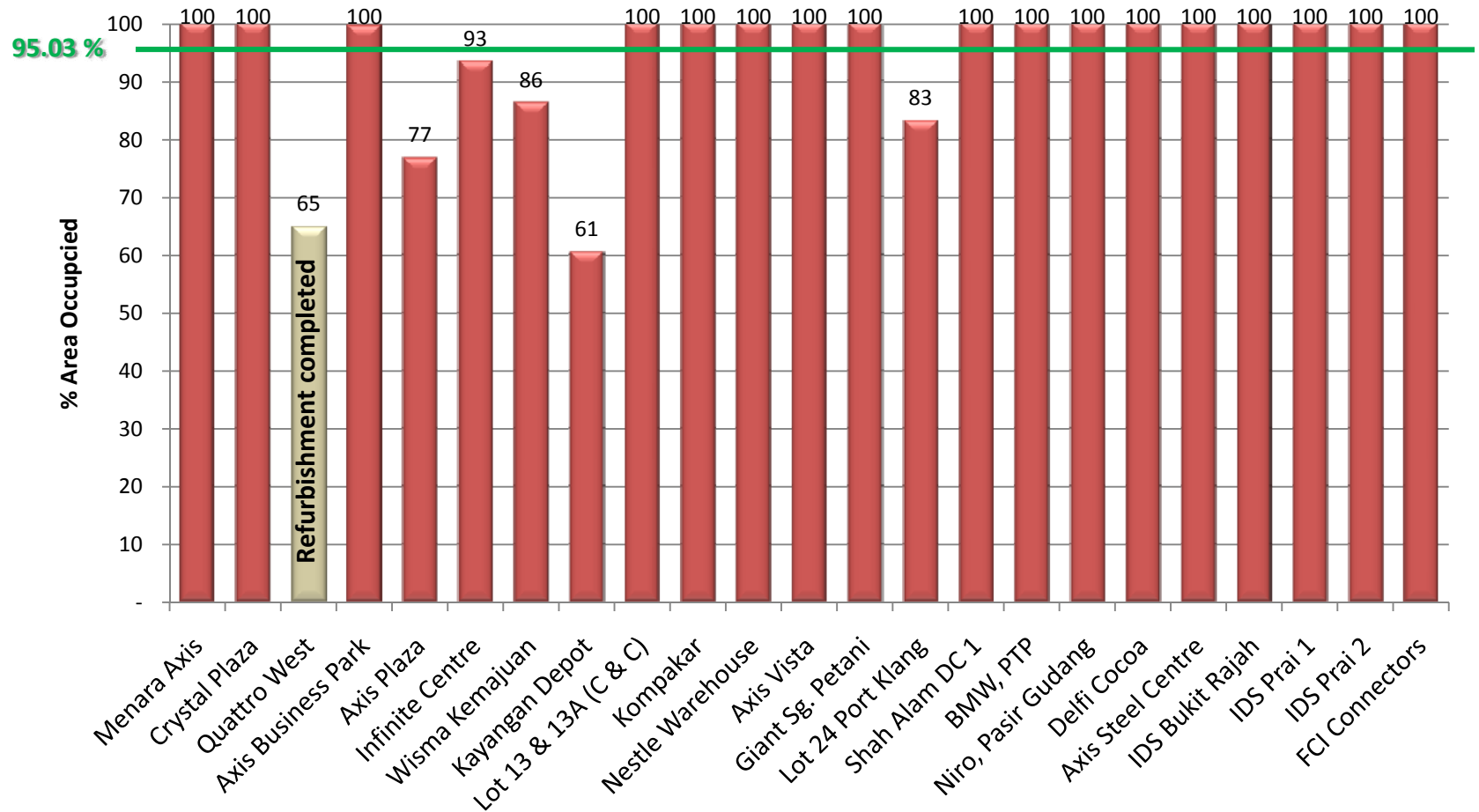
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# Occupancy Levels



Note : Quattro West – 64.9% space signed up with 3 tenants @ 30 Sept'10. Pre-committed take-up @1 Nov'10 will raise occupancy to 72.6%. The remaining space was committed to a prospective tenant that has subsequently withdrawn and is being actively marketed.

# Top 10 Tenants

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- ❖ IDS Logistics Services (M) Sdn Bhd
- ❖ Konsortium Logistik Berhad
- ❖ Fuji Xerox Asia Pacific Pte Ltd
- ❖ Tenaga Nasional Berhad
- ❖ Kompakar CRC Sdn Bhd
- ❖ BMW Asia Technology Center Sdn Bhd
- ❖ Scope International (M) Sdn Bhd
- ❖ GCH Retail (Malaysia) Sdn Bhd
- ❖ Cycle & Carriage Bintang Berhad
- ❖ FujiFilm (Malaysia) Sdn Bhd

# Lease Expiry Profile 2010 - 2012

Property	NLA Year 2010	% of Total NLA	% of Rental per month	NLA Year 2011	% of Total NLA	% of Rental per month	NLA Year 2012	% of Total NLA	% of Rental per month
Menara Axis	58,002	1.52	2.96	14,034	0.37	1.12	-	-	0.04
Crystal Plaza	169,146	4.42	7.83	9,118	0.24	0.49	12,433	0.33	0.63
Axis Business Park	40,189	1.05	1.17	260,967	6.83	9.58	21,996	0.58	0.70
Infinite Centre	77,753	2.03	2.15	33,447	0.87	0.91	31,282	0.82	0.79
Axis Plaza	38,812	1.02	1.15	57,439	1.50	1.67	-	-	-
Wisma Kemajuan	111,373	2.91	3.19	22,043	0.58	0.62	23,146	0.61	0.95
Axis North Port LC 1	98,510	2.58	0.90	13,000	0.34	0.15	-	-	-
Kayangan Depot	105,942	2.77	1.77	16,856	0.44	0.22	-	-	-
Wisma Bintang	-	-	-	-	-	-	172,967	4.52	3.18
Axis Shah Alam DC1	110,406	2.89	1.64	-	-	-	-	-	-
Kompakar CRC HQ	104,903	2.74	3.57	-	-	-	-	-	-
Axis Vista	57,617	1.51	1.80	60,400	1.58	1.27	-	-	-
FCI Senai	-	-	-	-	-	-	136,619	3.57	1.46
	972,653	25.44	28.12	487,304	12.74	16.02	398,443	10.42	7.74

# Maintaining Positive Rental Reversions

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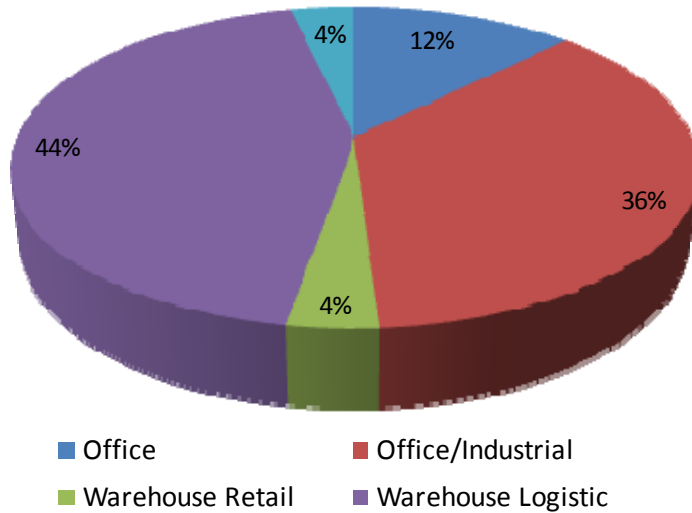
Multi Tenanted Properties	Space Negotiated	% Movement
Menara Axis	44,304	+ 5.61%
Crystal Plaza	169,146	+ 8.41%
Axis Business Park	40,189	+ 4.83%
Infinite Centre	77,753	+ 7.24%
Axis Plaza	32,873	+ 0.13%
Wisma Kemajuan	65,570	+ 5.16%
Kayangan Depot	76,278	No change
Kompakar CRC HQ	104,903	+ 5.88%

The Manager has successfully renegotiated **611,016 sq ft** of space representing approximately **63%** of total lettable space in 2010 which are due for renewals.

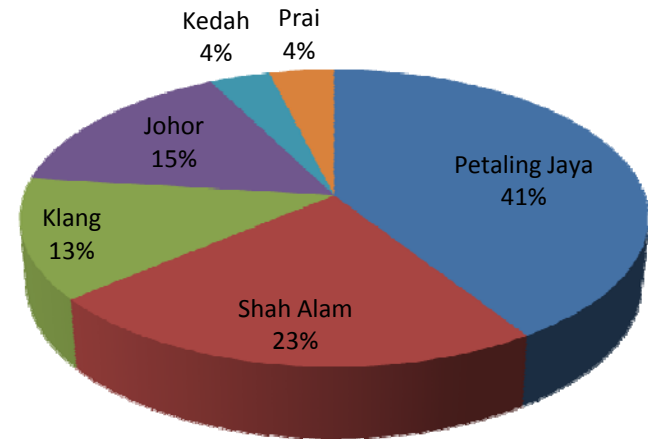
Achieved an average positive rent reversion of 6.1% throughout the portfolio.

# Portfolio Diversifications

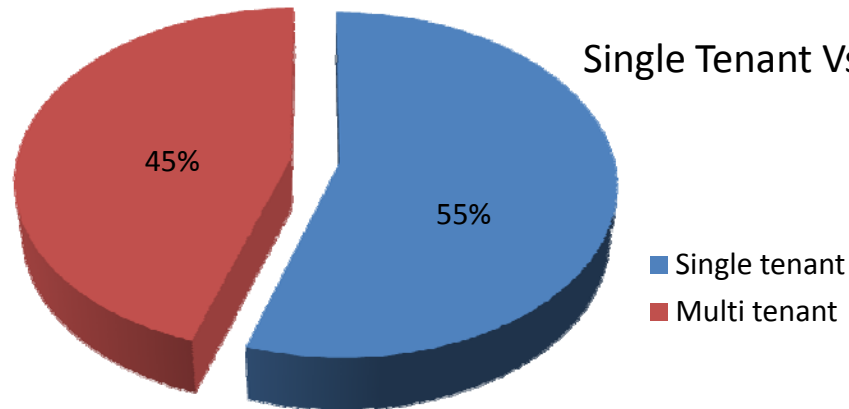
Portfolio Diversification by Type and NLA



Portfolio Diversification by Geographical and NLA



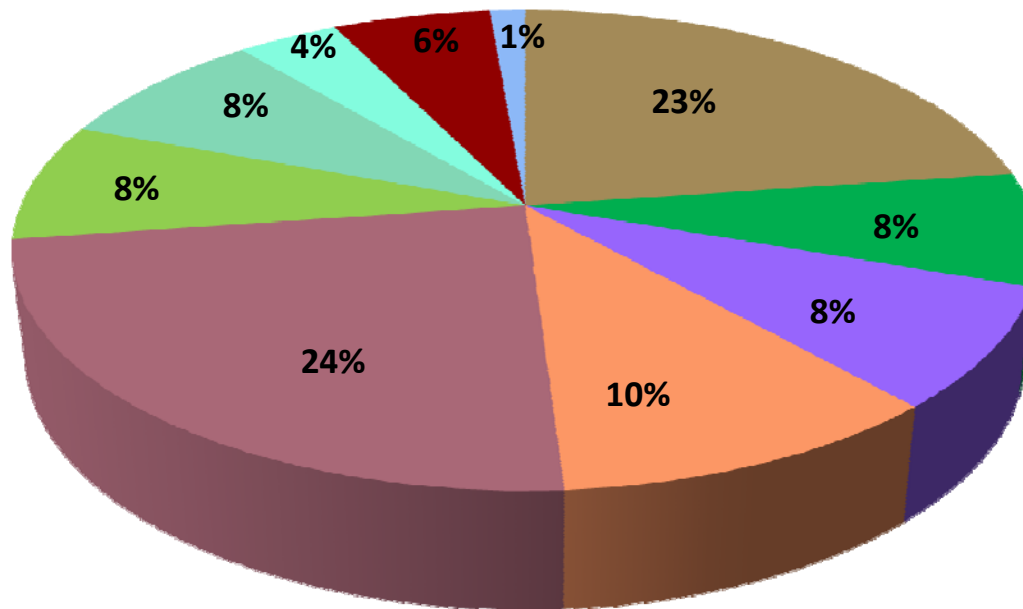
Single Tenant Vs Multi-Tenants



# Portfolio Diversifications

## Portfolio Diversification by Sector and Revenue

- Services
- Financial Services
- IT/Electronics
- Others
- Healthcare & Lifestyle
- Logistics
- Retail
- Engineering/Building Materials
- Automotive
- Consumer Products





Thank You

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