



Axis REIT Managers Bhd

Presentation of 4Q results 2008



Disclaimer

This the information contained in this document is provided for information purposes only and in no way constitutes an offer of services or solicitation.

Past performance is not indicative of future performance

We decline any responsibility with respect to direct or indirect damages or consequences of the inaccuracy of information reproduced in this document, nor for any actions taken in reliance thereon.

No information or data contained herein may be reproduced by any process whatsoever without written consent.

Certain statements that we make in this presentation are forward looking statements. These forward looking statements are based upon current assumptions and beliefs in light of the information currently available, but involve known and unknown risks and uncertainties. Our actual actions or results may differ materially from those discussed in the forward looking statements and we undertake no obligation to publicly update any forward looking statement.

January 2009



Contents

1. Overview of Axis REIT
2. Acquisition Pipeline
3. Financials for 2008



A Quick Snapshot

Approved Fund Size	❑ 255,901,000 units
Manager	❑ Axis REIT Managers Bhd
Listing Date	❑ 3 August 2005
Market Capitalisation	❑ RM286.61 million (as at 31 December 2008)
Gearing	❑ RM230.46million (31.73% of Total Asset Value as at 31 December 2008 – Unaudited)
Unit Price	❑ RM1.12 (as at 31 December 2008)
Distribution Policy	❑ Distribute at least 99% of the distributable income on a semi-annual basis










Highlights YTD December 2008

- ❖ Successful Equity Raising of RM 90,000,000 from the placement of 50,000,000 new Axis-REIT Units
- ❖ Completion of 5 new properties to the portfolio raising the number up to 19
- ❖ Successful conversion into the world first Islamic Office / Industrial REIT
- ❖ Successful refinancing of debt into Islamic
- ❖ Best results to date with a Earnings per Unit of 15.46 sen and a DPU of 15.27 sen for 2008
- ❖ Best coverage of an M REIT in the media and by analysts
- ❖ Strong brand recognition



Highlights YTD Dec'08 vs YTD Dec'07

Excluding unrealised earnings due to changes in fair value of investment properties.	YTD 2008 (RM '000) (Unaudited)	YTD 2007 (RM'000) (Unaudited)	Changes / Movement	
No. of Properties	19	14	+ 5	
Property Income	63,331	46,819	+ 35.3 %	
Property Expenses	(9,876)	(8,639)		
Net Property Income	53,455	38,180	+ 40.0 %	
Interest Income	111	8		
Total Income	53,566	38,188	+ 40.3 %	
Non-Property Expenses	(6,202)	(4,743)		
Interest Expense	(8,393)	(5,454)		
Income before Taxation	38,971	27,991	+ 39.2 %	
Earnings Per Unit – sen	15.46	13.59	+ 13.8 %	
Distribution per Unit – sen	15.27	13.63	+ 12.0 %	

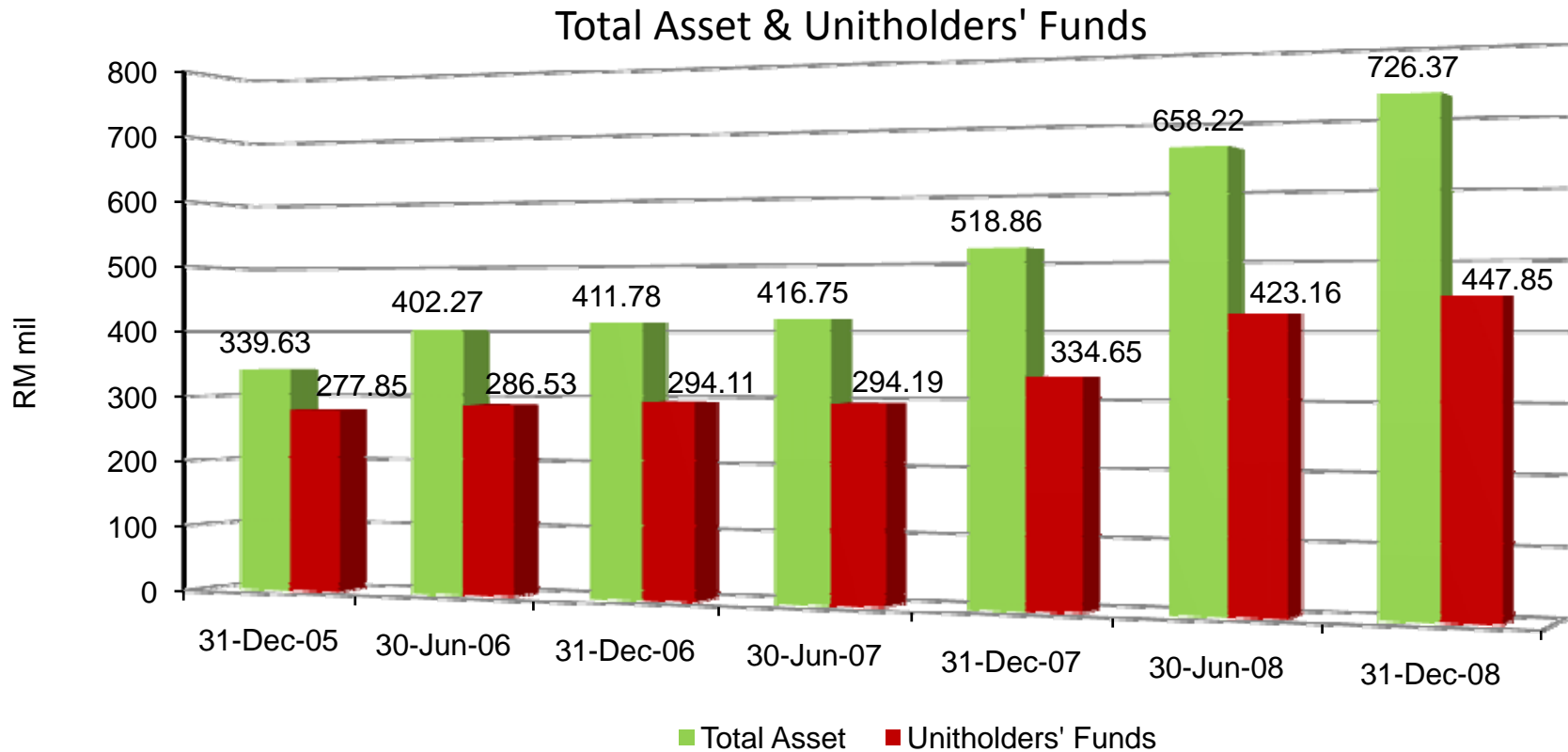


Financial Ratios

Item	31/12/07	30/6/08	31/12/08
No. of Properties	14	17	19
Total Assets – (RM'000)	581,857	658,221	726,371
Total Borrowings – (RM '000)	209,816	191,403	230,456
Units in Issue – '000	205,901	255,901	255,901
Unit Price - RM	1.85	1.68	1.12
Realized Earnings Per Unit (sen) Annualised	13.59	15.02	15.27
Earnings Yield – current price	7.34 %	8.94 %	13.63%
10 years – MGS Return	4.10 %	4.90 %	3.10%
Earnings Yield – IPO Retail – RM 1.25	10.88 %	12.02 %	12.22%
Gearing	36.06 %	29.08 %	31.73%
Interest Cover	6.1 X	5.9 X	5.6 X



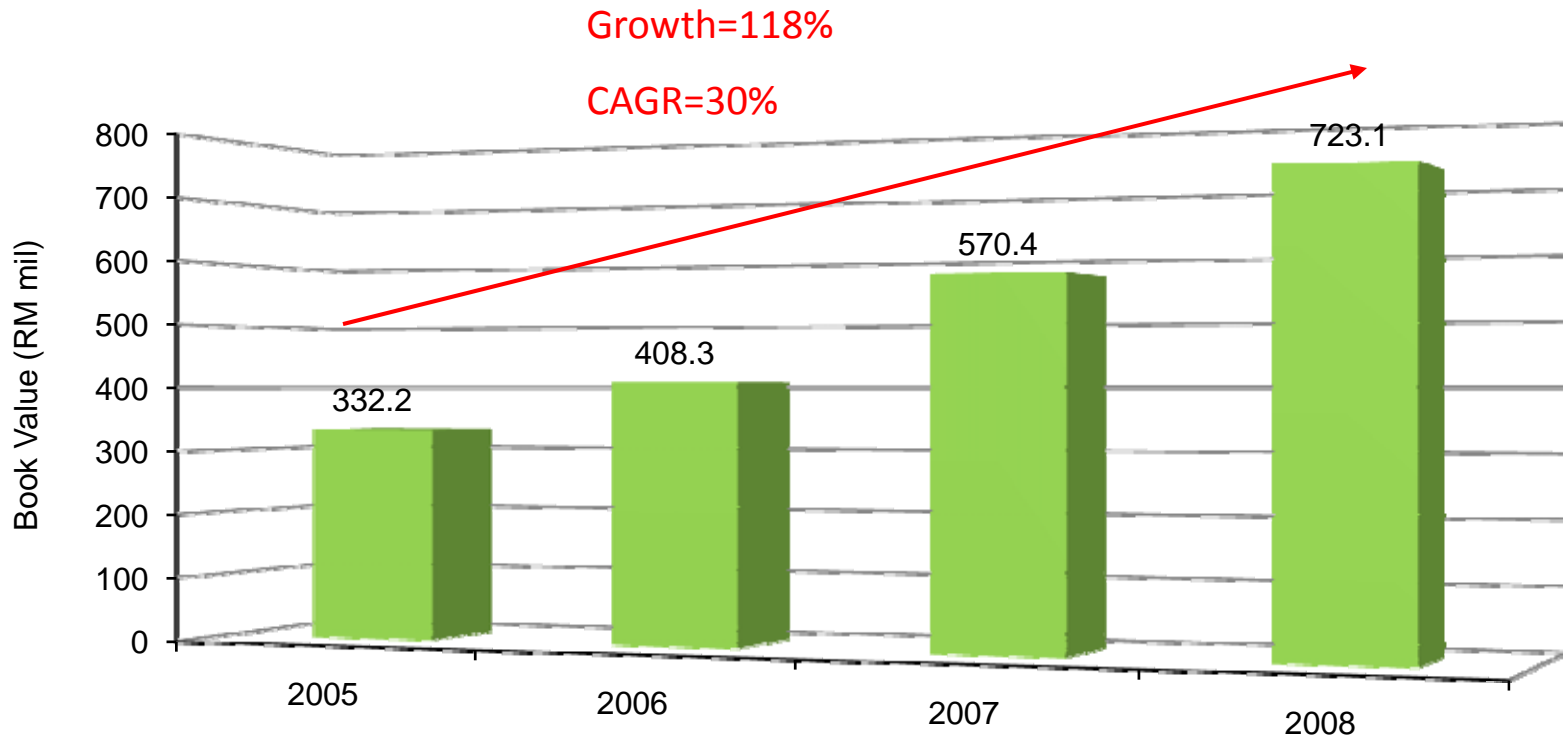
Financial Highlights



Total asset and Unitholders' funds has increased rapidly since IPO.



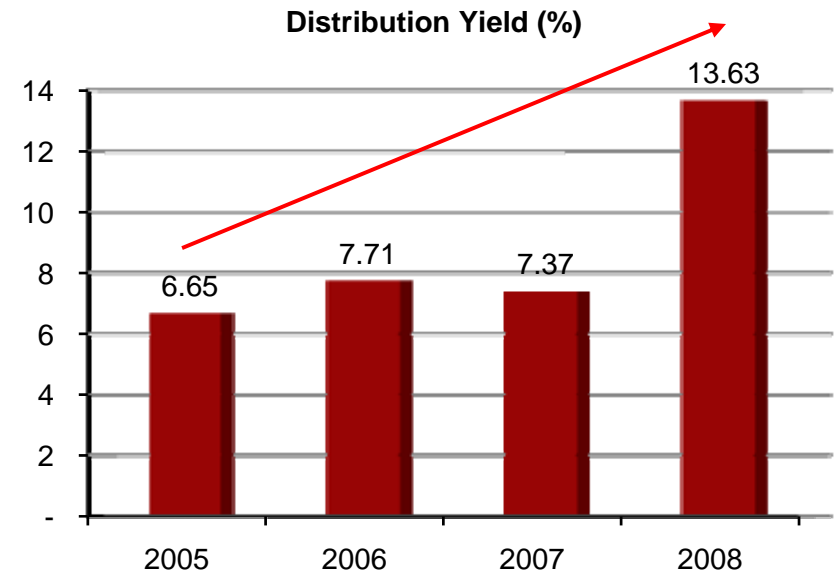
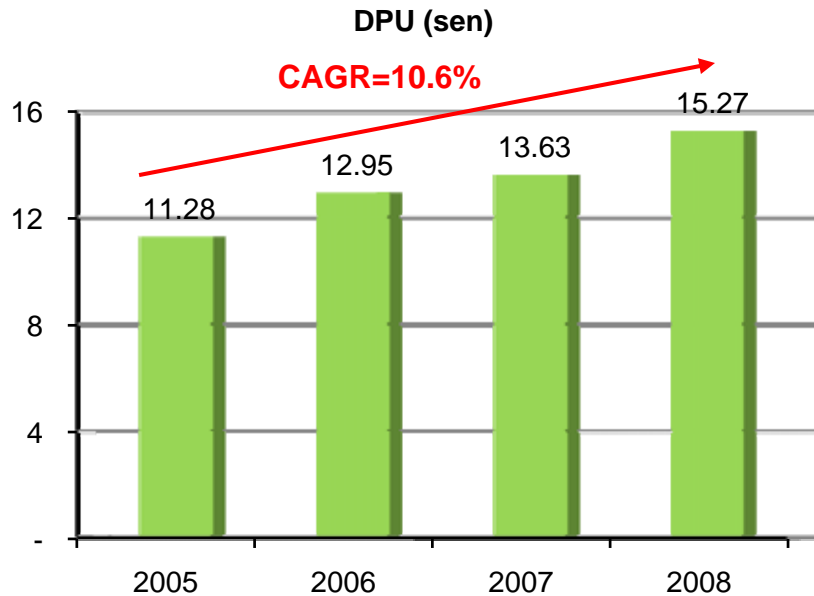
Consistent AUM Growth Yield Enhancement



- Book value of AUM has increased by over **118%** since the IPO in August 2005.
- Maintained an AUM CAGR of **30%** per annum since IPO.



Consistent AUM Growth Yield Enhancement

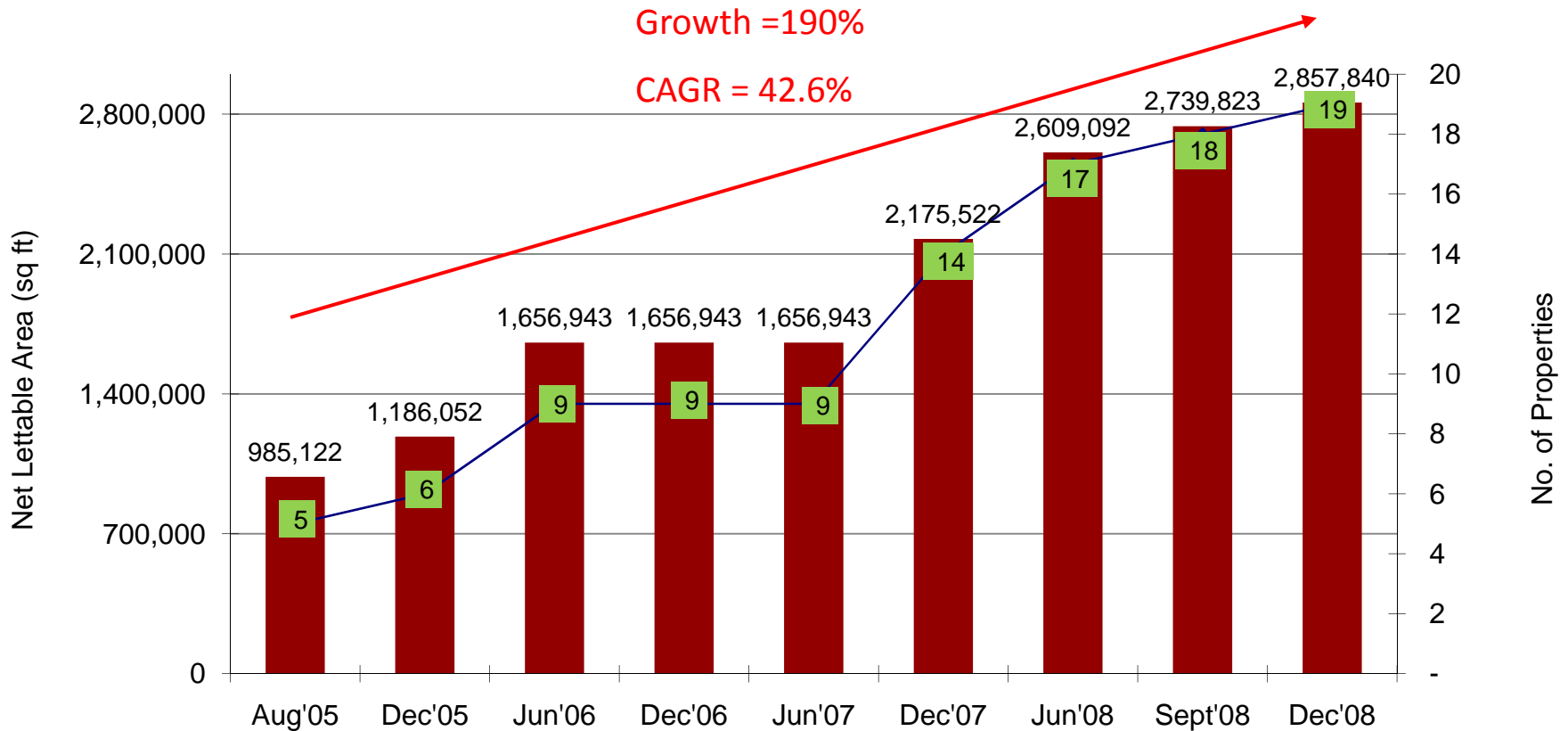


1. DPU and distribution yield of 2005 have been annualised.
2. 2008 distribution yield is based on a trading price of RM1.12.
3. 2008 distribution yield based on NAV of RM1.75, would be 8.73%.

Axis REIT is declaring a DPU of **15.27 sen** for FY2008, translates to DPU CAGR of **10.6%**.



Consistent AUM Growth Growth of Space



- As at 31 Dec 2008, space under management increased to 2,857,840 sq ft with a growth of **190%** and CAGR of **42.6%** since IPO.



Consistent AUM Growth Yield Accretive Acquisitions in 2008

Focus on high-quality yield accretive properties

- Over 1st Half of 2008, Axis REIT acquired the following properties – **BMW/PTP, Kompakar, Niro Granite Warehouse**

PTP, Johor



Petaling Jaya



Johor



- On 4th August 2008, completed the acquisition of the **Delphi Cocoa Warehouse**

Johor



- On 9 December 2008, completed the acquisition of the **Axis Vista**

Petaling Jaya

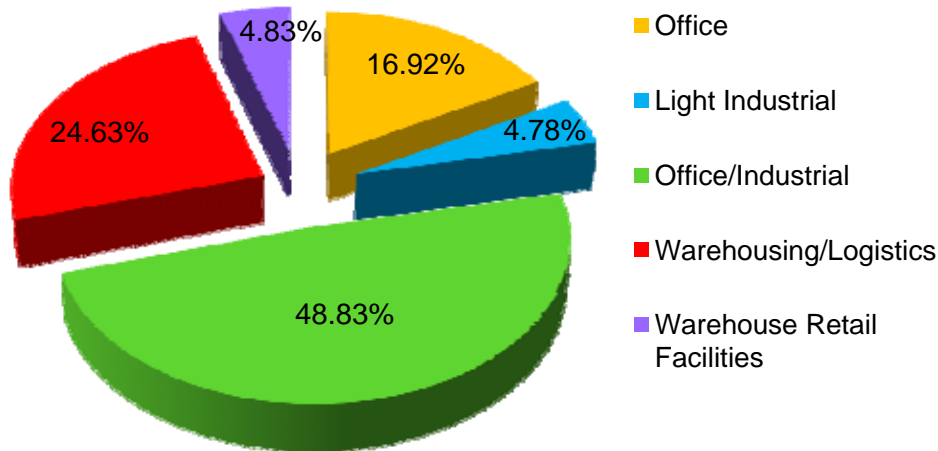


Axis REIT asset size is currently is **RM723.1million**

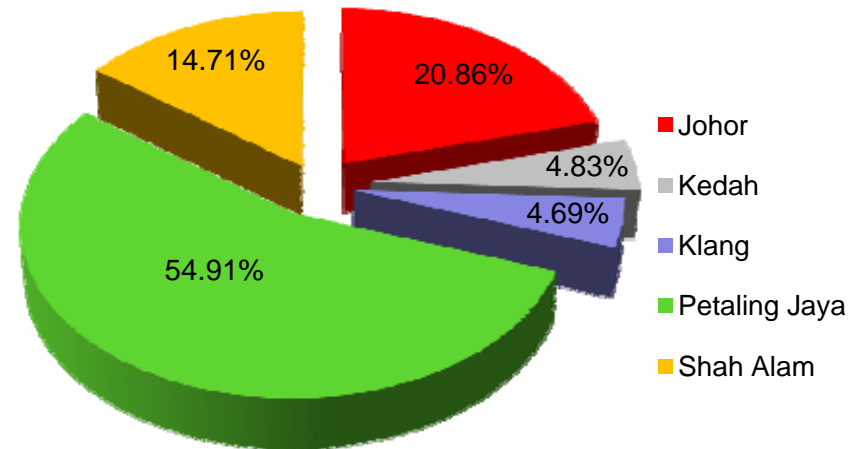


Portfolio Diversification Type of Properties

Portfolio Diversification by Type and NLA



Portfolio Diversification by Geographical and NLA

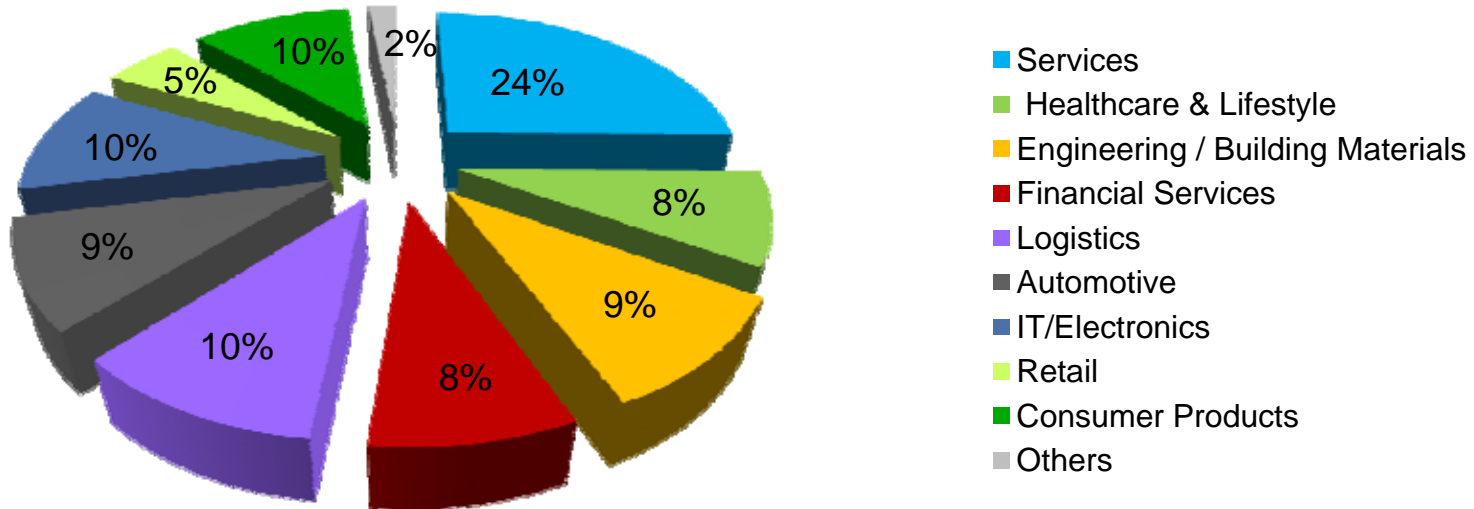


- Each subsectors are exposed to different growth drivers.
- 54.91% of the portfolio assets are located in Petaling Jaya



Portfolio Diversification Type of Properties

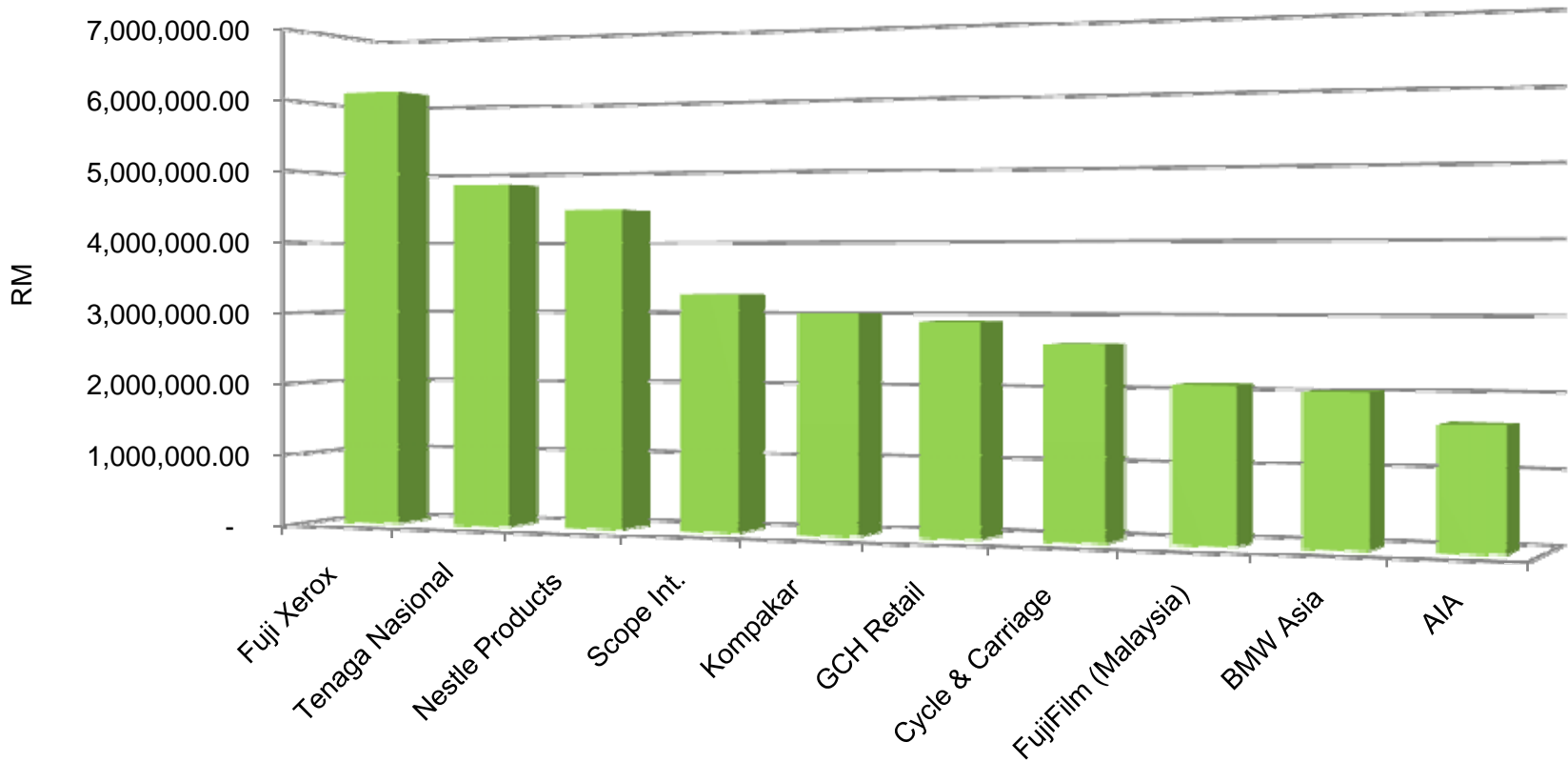
Portfolio Diversification by Sector and NLA



- Portfolio of properties have tenants in diverse industry sectors.



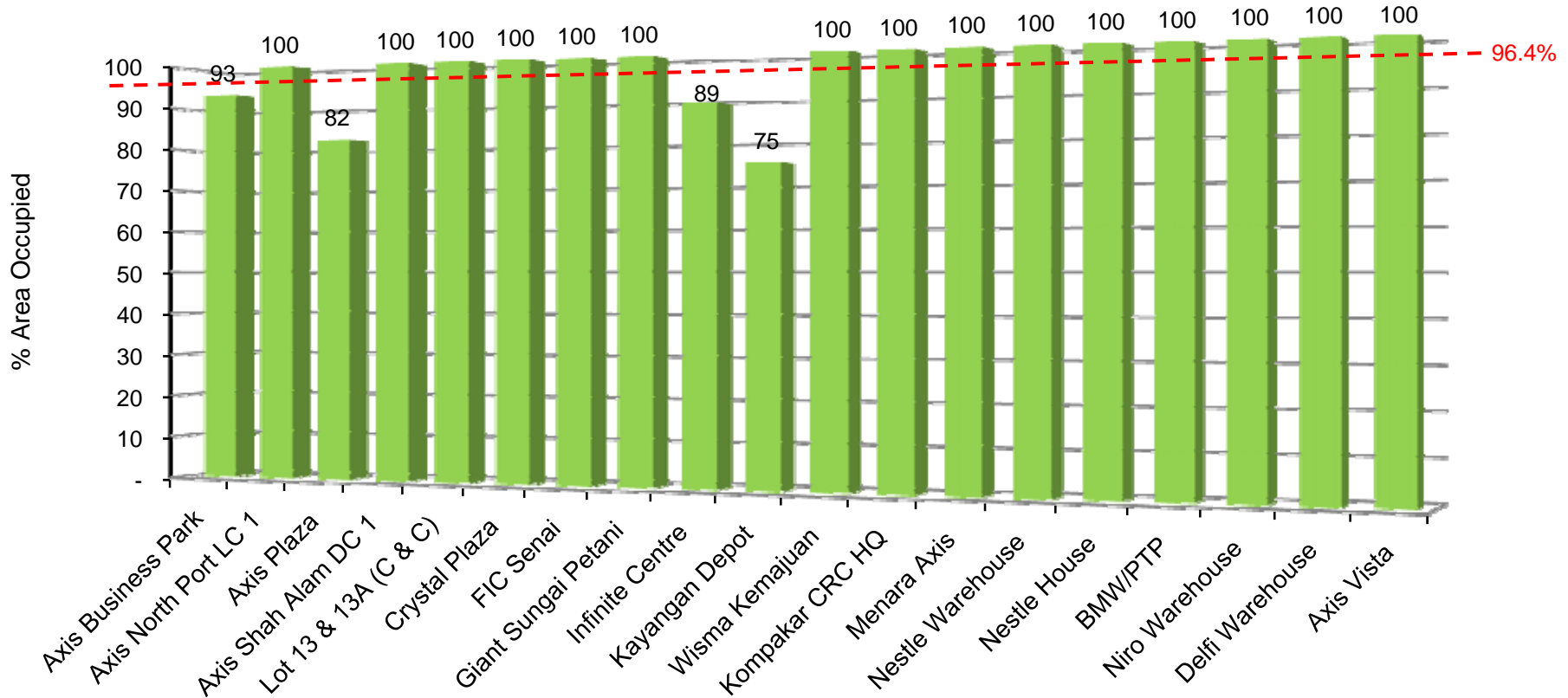
Portfolio Diversification Tenancy



- The top ten tenants accounted for **51.8%** or **RM32.85 million** of the year-to-date gross rental income.



Portfolio Diversification Occupancy Rate



- Reduced the overall vacancy of the portfolio from **7.3%** on 31 Dec 2007 to **3.6%** on 31 Dec 2008.
- Average occupancy currently stands at **96.4%** as at 31 Dec 2008.



Maintaining Positive Rental Reversions

Multi Tenanted Properties	Space Negotiated	% Movement
Crystal Plaza	33,830	+ 13.29%
Menara Axis	16,440	+ 2.04%
Infinite Centre	60,712	+ 6.38%
Axis Business Park	282,758	+ 4.76%
Axis Plaza	64,398	+ 6.39%
Wisma Kemajuan	90,430*	- 8.46%
Kayangan Depot	25,448	+ 13.66%

* Rental rate increased by 20% but reduced space occupied

Over 2008, the Manager successfully renegotiated a total of **574,016 sq ft** of space representing **20%** of the total lettable space in the portfolio as of 31 Dec 2008.



Asset Enhancements on Current Portfolio

Upgrading of Axis Plaza

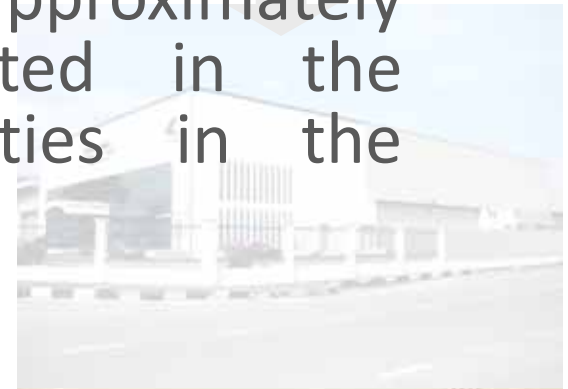
- Repainting and cleaning of the building
- Injected new lease of life to it



Up to 31 Dec 2008, approximately **RM7,233,000** enhancements on the properties in the Portfolio.

Completed the external works for Kompakar HQ

- Repainting of building
- Upgrading of air conditioning equipment



Upgrading of Axis Business Park

- Repainting of Fuji Xerox HQ and Block B
- Refurbishment of lift lobbies
- Attract new high profile companies





Planned Asset Enhancements for 2008/2009

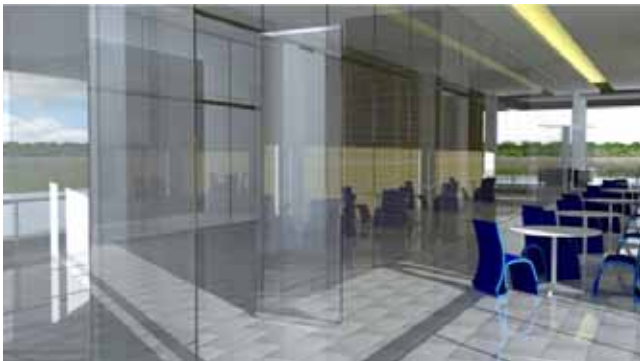
Menara Axis

- Refurbishment of exterior planned with the addition of two extra lifts
- Application to convert the 13th Floor for office use which will add additional 6,000 sq ft to the portfolio [in progress]
- Completion 1st Quarter 2009
- Capital commitment – RM4.2 million





Planned Asset Enhancements for 2008/2009



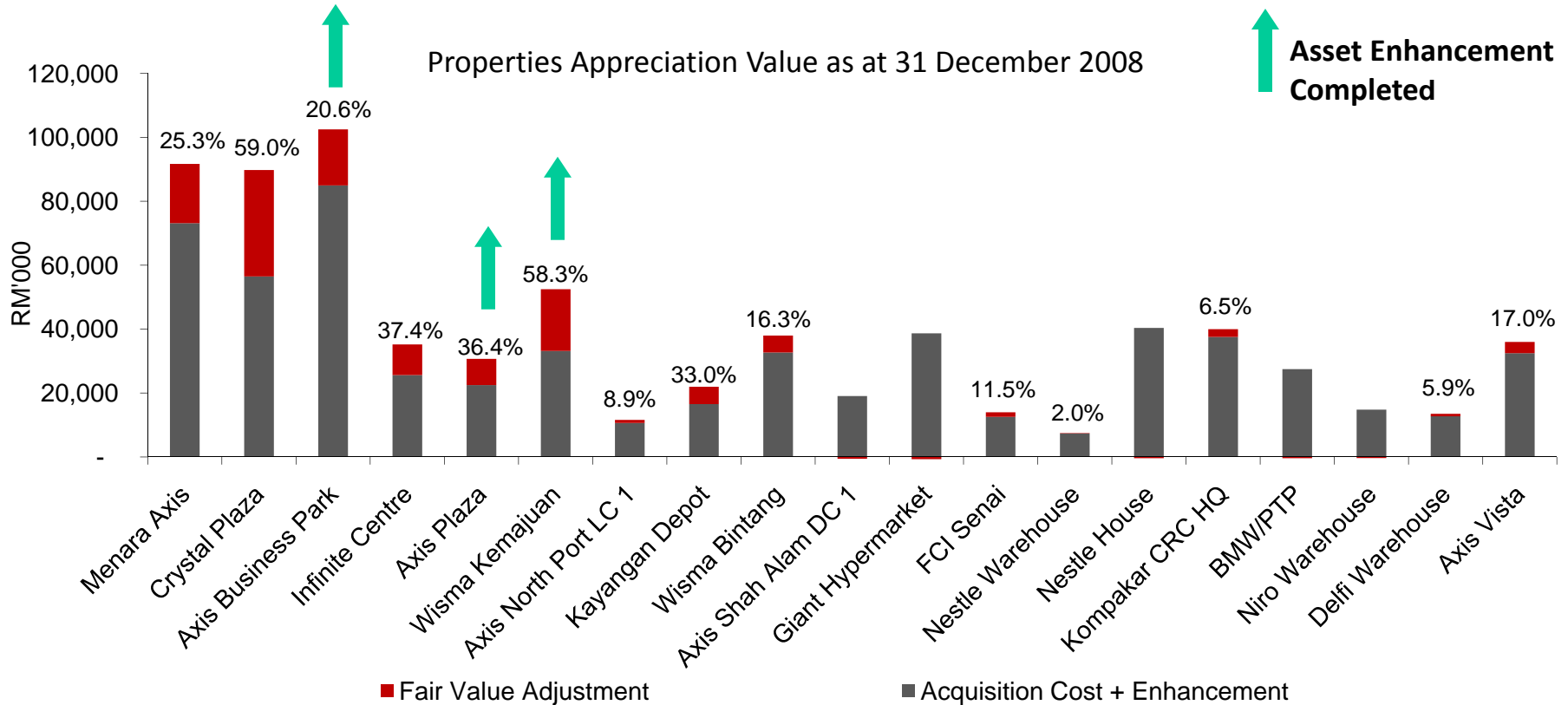
Crystal Plaza

- Refurbishment of exterior planned
- Upgrade of toilets and lift lobbies
- New covered drop off zone and F&B facilities
- Completion 2010





Asset Enhancements & Impact on Valuation

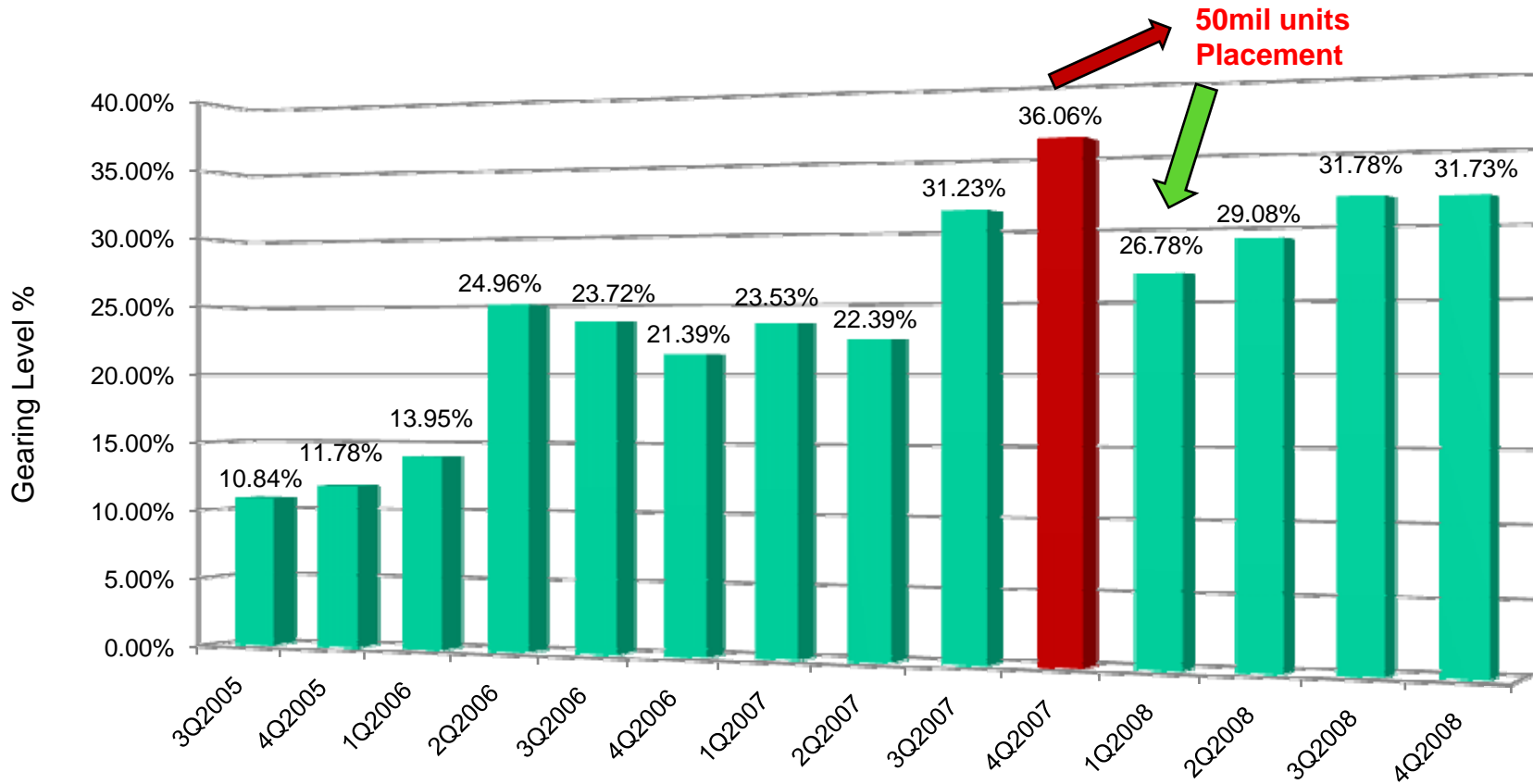


As at 31 Dec 2008, the Portfolio has recorded a favourable gain in fair value of **RM124.2million**.

Book values of the portfolio are not at the top-end of market valuations.



Gearing Levels



Axis REIT operates at conservative gearing levels.



Capital Raising

- Axis REIT successfully placed out all 50million units @ RM1.80 per unit back in January 2008. The placement proceeds of RM90million provided a war chest for the 5 property acquisitions in 2008. These acquisitions proved to be yield accretive to the Fund with average gross yields of 10.5%.
- Deferred the capital raising via general mandate towards end of 2008 due to the weakness in the market price. Furthermore, management took the view to pursue capital raising upon successful Shariah reclassification which will provide a broader pool of investors.
- We take cognisance of the current market price of Axis REIT which is trading at 28% discount to NAV and will defer any dilutive capital raising. Future capital raising will be dependant on market price recovery or an potential acquisition which will accrete to the Fund at current prices.
- Management are already taking preparatory steps to raise capital when the market recovers. Will obtain a fresh general mandate from Unitholders for 2009.



Axis REIT completes its Conversion into Islamic

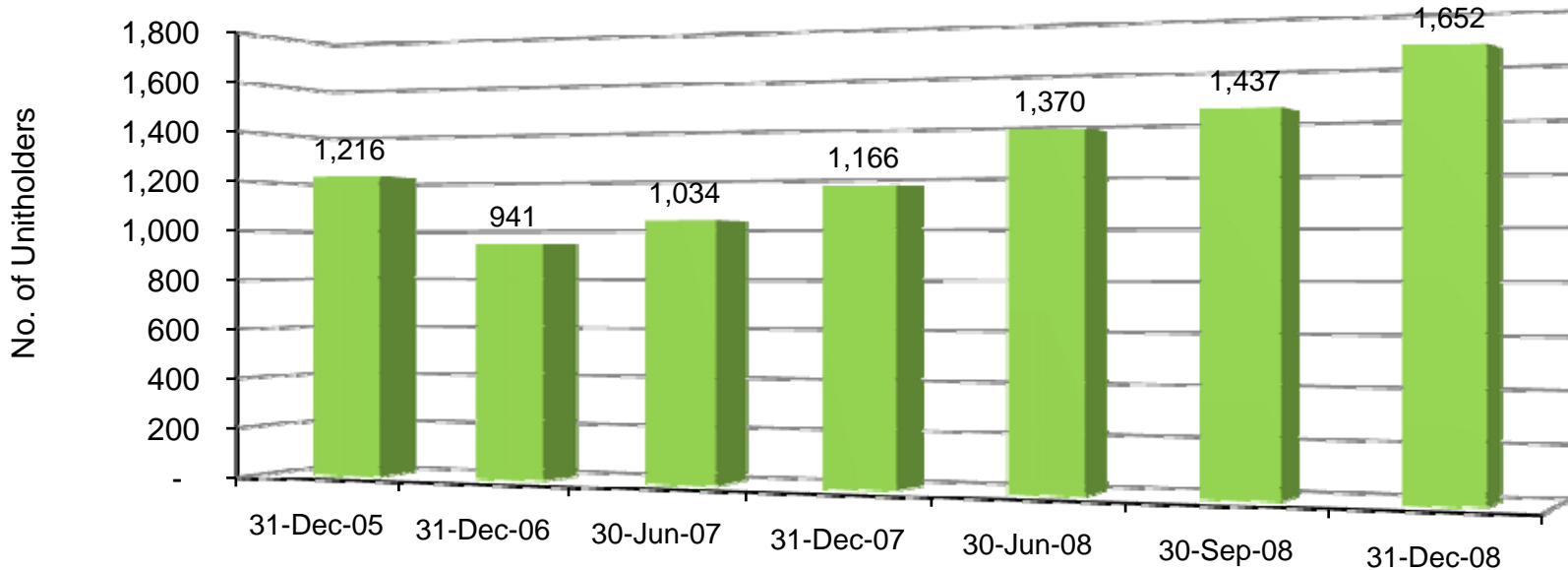
The reclassification was completed on 11 December 2008

Why?

- To widen Axis REIT's investor base to include locally based Shariah Funds as well develop investors interest from Foreign Shariah Funds.
- Allow Axis REIT to tap the growing Islamic funds in Malaysia and the Middle East.
- Expedite its asset growth with new strategic partners.
- To become the 1st Office Industrial REIT globally to comply with Shariah REIT Guidelines.



Improving Investor Visibility and increasing liquidity



- **Budget 2009.** Cut foreign withholding tax from 20% to 10% and individual investor tax rate from 15% to 10% coupled to its Islamic status should widen the appeal of Axis-REIT to retail and international investors. This is reflected in the sudden surge of unitholders since 30 Sept 2008.
- Since the reclassification, Shariah funds are taking positions in Axis REIT.



Acquisition Pipeline for 2009-10



Acquisition Strategy

- Axis REIT has an existing pipeline of properties from the sponsors.
- The manager will also use 2009 to start lining up properties from 3rd party vendors in preparation for when the markets recover.
- Acquisition may take the form of a cash and units deal that will have to be non-dilutive to the existing Unitholders. Yields, current unit price in the market and the availability of funding hold the key to completing any deal moving forward.



Financial Results for 2008



Financial Results – Income Statement

Excluding unrealised earnings due to changes in fair value of investment properties.	4Q2008 (RM '000) (Unaudited)	3Q2008 (RM '000) (Unaudited)	Changes / Movement
No. of Properties	19	18	+ 1 ↑
Property Income – Note 1	16,862	16,367	+ 3.0 % ↑
Property Expenses	(2,638)	(2,559)	+ 3.1 % ↑
Net Property Income	14,224	13,808	+ 3.0 % ↑
Interest Income – Note 2	76	-	
Total Income	14,300	13,808	+ 3.6 % ↑
Non-Property Expenses – Note 3	(1,404)	(1,771)	- 20.7 % ↑
Borrowing Cost	-	-	↓
Interest Expense – Note 4	(2,401)	(2,181)	+ 10.1 % ↑
Income before Taxation	10,495	9,856	+ 6.5 % ↑
Earnings Per Unit – sen	4.10	3.85	



Financial Results – Income Statement

Excluding unrealised earnings due to changes in fair value of investment properties.	YE 2008 (RM '000) (Unaudited)	YE 2007 (RM '000) (Unaudited)	Changes / Movement
No. of Properties	19	14	+ 5 ↑
Property Income	63,331	46,819	+ 35.3 % ↑
Property Expenses	(9,876)	(8,639)	+ 14.3 % ↑
Net Property Income	53,455	38,180	+ 40.0 % ↑
Interest Income	111	8	
Total Income	53,566	38,188	+ 40.3 % ↑
Non-Property Expenses	(5,975)	(4,143)	+ 44.2 % ↑
Borrowing Cost	(227)	(600)	- 62.2 % ↓
Interest Expense	(8,393)	(5,454)	+ 53.9 % ↑
Income before Taxation	38,971	27,991	+ 39.2% ↑
Earnings Per Unit – sen	15.46	13.60	



Notes to Financial Results – Income Statement (Unaudited)

Note 1 – Property Income

Property income increased by 3% compared to 3rd quarter due to the acquisition of Axis Vista which was completed on 9 Dec 2008.

Note 2 – Interest Income

Interest income is mainly derived from the refundable earnest deposit placed with stakeholder lawyer for the acquisition of the Celestica properties.

Note 3 – Non Property Expenses

Non-property expenses for the 4th quarter includes the followings expenses:

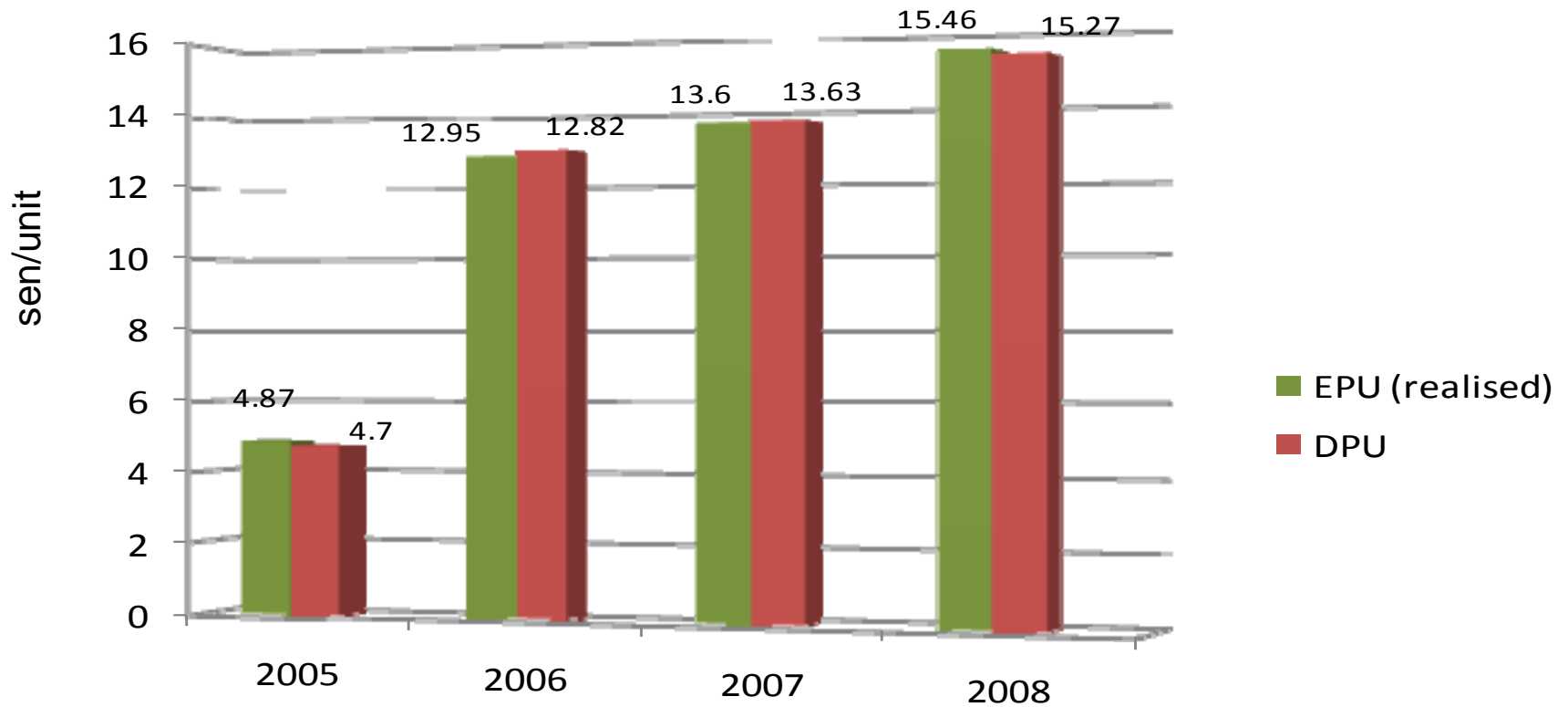
-Abortive cost of Celestica	RM 94,698
-Islamic reclassification exercise	RM340,000
-Abortive of 2008 general mandate	RM 49,000

Note 4 – Interest Expense

Increase in interest expense is due to additional borrowings utilized for the acquisition of Axis Vista.



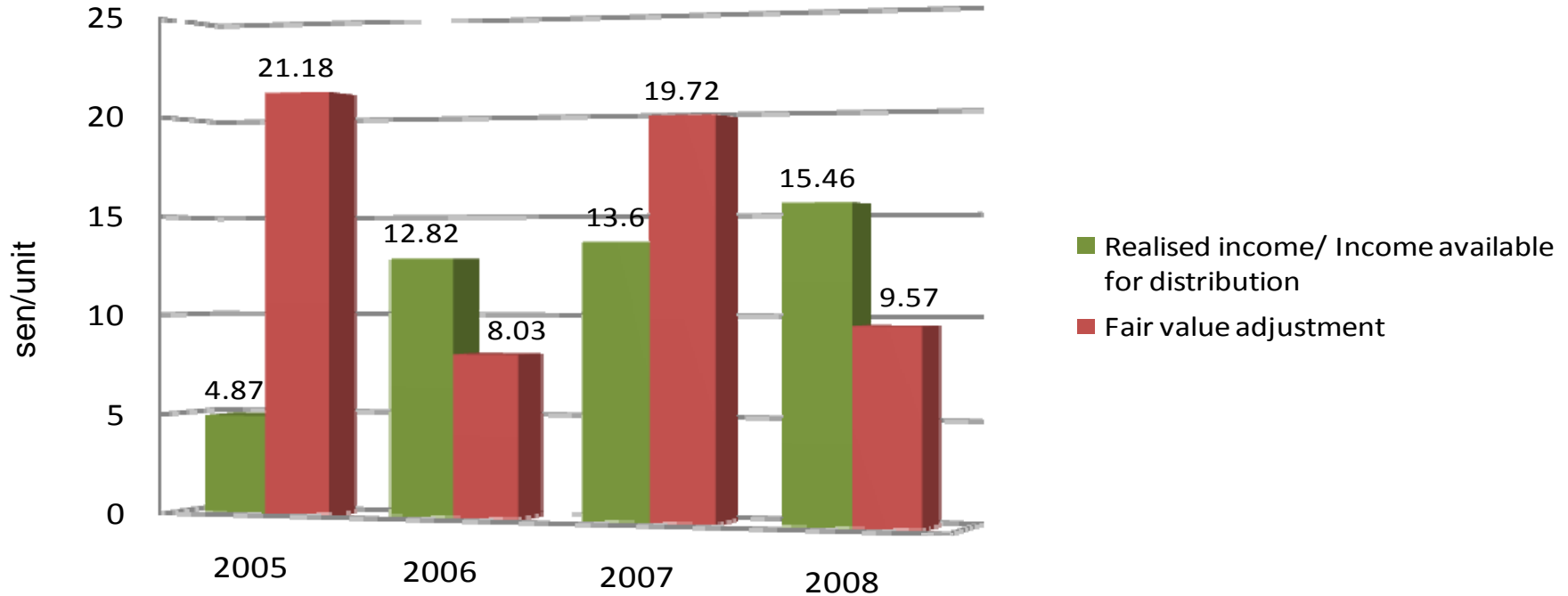
Summary of EPU (realised) and DPU



EPU (realised) = Income available for distribution



Summary of EPU



The total fair value adjustment of investment properties over the years amounted to RM124.226 million



Detailed Property Performance Analysis – 31/12/08 (RM'000)

	Book Value (a)	Fair Value Adjustment (b)	Acq Cost + Enhancement (c)	12 Months Gross Revenue (d)	Gross Yield (d) / (c)
1 ABP	102,500	17,536	84,964	10,645	12.53%
2 Axis Plaza	30,700	8,198	22,502	2,764	12.28%
3 Crystal Plaza	89,800	33,304	56,496	9,349	16.55%
4 Infinite Centre	35,200	9,587	25,613	3,666	14.31%
5 Menara Axis	91,700	18,529	73,171	9,519	13.01%
6 Wisma Kemajuan	52,500	19,326	33,174	4,591	13.84%
7 Axis North Port	11,600	950	10,650	1,154	10.84%
8 Kayangan Depot	22,000	5,462	16,538	2,257	13.65%
9 Wisma Bintang	38,000	5,316	32,684	2,610	7.99%
10 Shah Alam DC1	18,500	(563)	19,063	1,233	6.47%
11 Giant Hypermarket	38,000	(678)	38,678	2,898	7.49%
12 FCI – Senai	14,000	1,449	12,551	1,311	10.45%
13 Nestle Warehouse	7,500	149	7,351	615	8.37%
14 Nestle House	40,000	(376)	40,376	3,816	9.45%
15 Kompakar *	40,000	2,443	37,557	3,210	8.55%
16 Niro *	14,500	(311)	14,811	1,560	10.53%
17 BMW *	27,100	(371)	27,471	3,024	11.01%
18 Delfi Warehouse *	13,500	757	12,743	1,306	10.25%
19 Axis Vista *	36,000	3,519	32,481	2,760	8.50%
* Annualised	723,100	124,226	598,874	68,288	Average Gross Yield 11.40%



Balance Sheet Highlights (Unaudited)

	31/12/08	30/09/08	Changes /
	RM '000	RM '000	Movement
Investment Properties	723,100	665,765	+ 57,335
Other Assets	3,271	10,733	- 7,462
TOTAL ASSETS	726,371	676,498	+ 49,873
Borrowings	230,456	214,992	+ 15,464
Other Payables	48,069	38,251	+ 9,818
TOTAL LIABILITIES	278,525	253,243	+ 25,282
NET ASSETS VALUE ("NAV")	447,846	423,255	+24,591
Unitholders' Capital	323,338	323,338	-
Undistributed Income	124,508	99,917	+24,591
TOTAL UNITHOLDERS' FUND	447,846	423,255	+24,591
GEARING	31.73%	31.78%	-
NAV/unit (RM) – based on 255,901,000 units	1.750	1.654	-



Balance Sheet Highlights (Unaudited)

	31/12/08	31/12/07	Changes /
	RM '000	RM '000	Movement
Investment Properties	723,100	570,400	+ 152,700
Other Assets	3,271	11,457	- 8,186
TOTAL ASSETS	726,371	581,857	+ 144,514
Borrowings	230,456	209,816	+ 20,640
Other Payables	48,069	37,389	+ 10,680
TOTAL LIABILITIES	278,525	247,205	+ 31,320
NET ASSETS VALUE ("NAV")	447,846	334,652	+113,194
Unitholders' Capital	323,338	234,892	+88,446
Undistributed Income	124,508	99,760	+24,748
TOTAL UNITHOLDERS' FUND	447,846	334,652	+113,194
GEARING	31.73%	36.06%	-
NAV/unit (RM) – based on 255,901,000 units	1.750	1.625	-



REAL ESTATE INVESTMENT TRUST

Thank You