



Axis REIT Managers Bhd  
Analysts Luncheon Briefing  
Q4 2014 Results Presentation  
Westin Kuala Lumpur  
20<sup>th</sup> January 2015

2014

2014

Highlights

**RM 2,085,748,000**

Total  
Assets Under  
Management  
crosses the  
RM 2 Billion  
Mark for the  
first time

# 2014 Highlights



Declared a record DPU of 19.75 sen



Revaluation Gain  
RM 25.97 Million



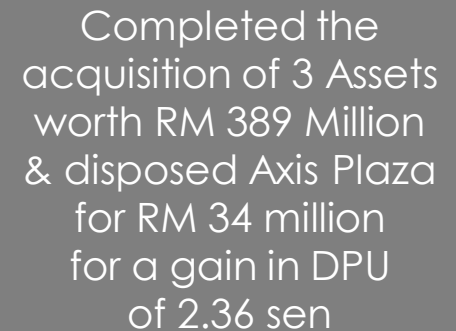
Unitholders Funds  
>RM 1 Billion



Successful Placement of 83,579,942 Units



Premium to NAV 49.4%



Completed the acquisition of 3 Assets worth RM 389 Million & disposed Axis Plaza for RM 34 million for a gain in DPU of 2.36 sen

# 2014 Milestones

- ✓ Successfully completed the acquisition of 2 out of 3 properties with related parties, Axis Shah Alam DC3 and Axis MRO Hub, on 18 December 2014, whereas the acquisition of Axis Shah Alam DC2 is expected to be completed in 1Q 2015.
- ✓ Successfully completed the acquisition of Axis Steel Centre @ SiLC on 30 December 2014.
- ✓ Total acquisitions achieved for 2014 is a record at RM389 million.
- ✓ Successfully issued and listed 83,579,942 Placement units at RM3.45 per unit on 12 December 2014. The proceeds received is being used to pare down the financing of Axis-REIT which were drawn down earlier to finance acquisitions.
- ✓ DPU rises by 6.8% to 19.75 sen DPU for YTD 2014 (DPU for YTD 2013 was 18.5 sen) which includes 100% of the distributable gain of RM10.952 million from the disposal of Axis Plaza, which was completed on 25 March 2014.
- ✓ A total of RM25.97 million revaluation gain has been recorded for YTD 2014.

# 2014 Milestones

- ✓ Inaugural issuance of new units for the purpose of the payment of management fee to the Manager for 2H 2014 to strengthen the alignment of Manager's interest.
- ✓ Traded at a premium of 49.4% to our NAV as of 31 December 2014.
- ✓ Axis Business Campus ready for leasing after enhancement.
- ✓ Implementation of Yardi Voyager system Phase 2 on Advanced Budgeting, Forecasting and Job Costing in 1Q 2014.
- ✓ Implementation of GST configuration on Yardi Voyager system.
- ✓ Launched the Trust's Sustainability Program.
- ✓ Successfully implemented the Income Distribution Reinvestment Plan (IDRP) in 1H2014 with a success rate of 84%.

# Our 2014 Strategy

- ✓ Targeting growth in our asset class.
- ✓ To build on our SUKUK presence in the market. To continue to improve on our capital management.
- ✓ Continue to enhance existing assets to drive value and income.
- ✓ Trading of assets to reward our Unitholders.
- ✓ Best Practices and Corporate Governance to be core to the management values.
- ✓ Leading the Malaysian REIT Managers Association to drive Regulatory and Tax Reform.
- ✓ Setting Standards as a World Class Asset Management Company.
- ✓ Leveraging on Technology and Sustainability.

Q4

Finance

Report

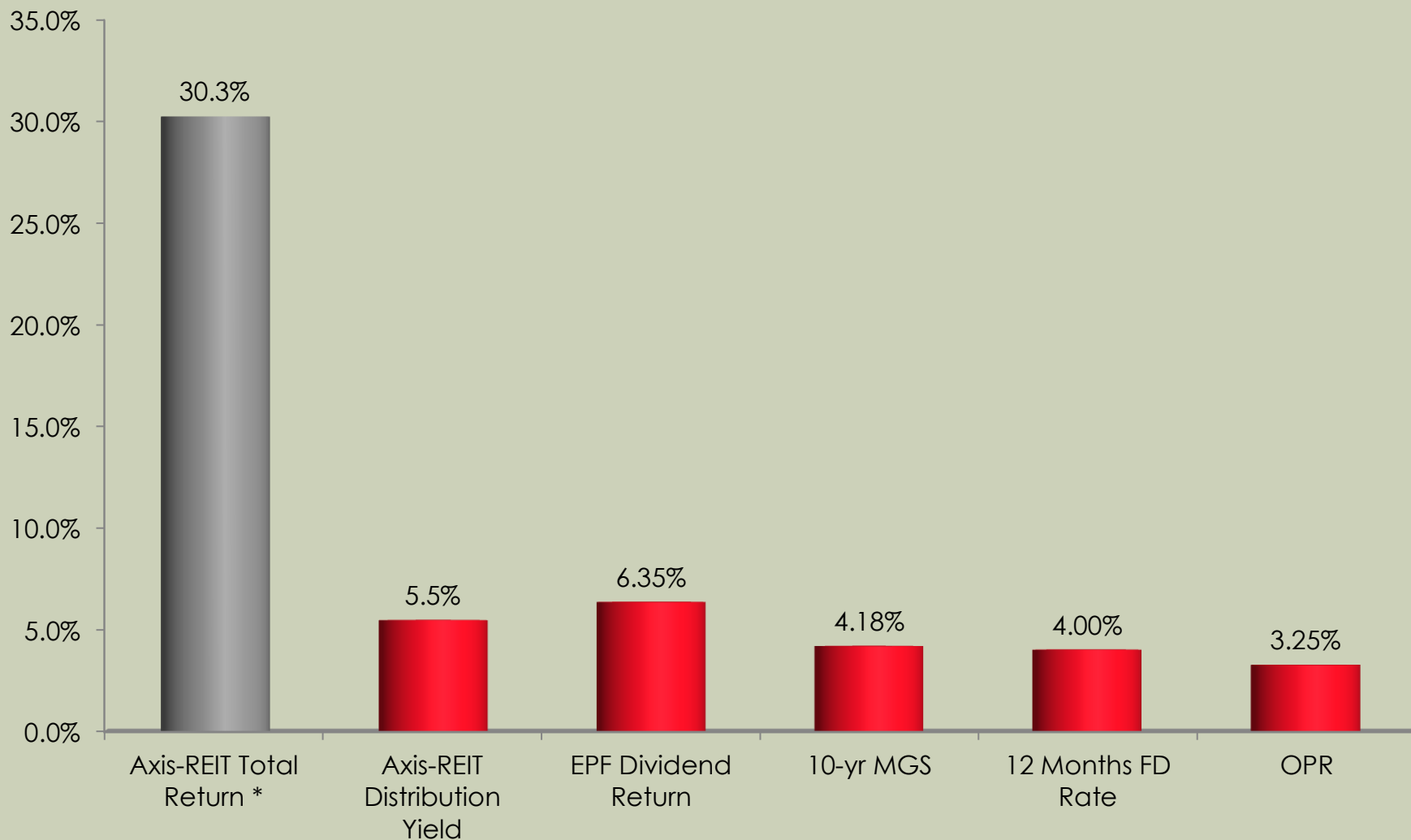


# 2014 Summary

	YTD 2014
Total Net Income ("Realised") (RM' 000)	81,286
Income Available for Distribution ("Realised") (RM' 000)	92,720
Earnings per Unit ("EPU") ("Realised") (Sen)	17.41
Income Distribution Declared (RM'000)	92,684
Distribution per Unit ("DPU") (Sen) *	19.75
Number of Investment Properties	33
Units in Circulation (Units)	547,522,040
Assets Under Management (RM'000)	2,085,748
Total Financing (RM'000)	683,769
Gearing Ratio	32.78%
Total Unitholder's Fund (RM'000)	1,326,369
Market Capitalization (RM'000)	1,982,030
Net Asset Value per Unit (RM)	2.42
IPO Retail Unit Price (RM)	1.25
Unit Price as at 31 December 2014 (RM)	3.62
Number of Unitholders	3,176

\* Final income distribution to be paid on 27 February 2015

# 2014 Return Comparatives



\* (Based on DPU from operations + gain on disposal + movement in market price)/  
Opening market price as at 1 January 2014)

# Income Statement Q4 2014 vs Q4 2013

	Q4 2014 (RM '000)	Q4 2013 (RM'000)	Changes / Movement
No. of Properties	33	31	+ 2
Property Income	34,370	36,007	- 4.5%
Property Expenses	(5,235)	(5,387)	- 2.8%
Net Property Income	29,135	30,620	- 4.8%
Profit Income	663	187	
Non-Property Expenses	(3,590)	(3,476)	+ 3.3%
Islamic Financing Cost	(6,879)	(5,878)	+ 17%
Net Income	19,329	21,453	- 9.9%
DPU (sen)	4.15	4.70	- 11.7%
No. of units in issuance	547,522,040	461,239,089	+ 18.7%

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

# Income Statement 2014 vs 2013

	2014 (RM '000)	2013 (RM'000)	Changes / Movement
No. of Properties	33	31	+ 2
Property Income - <b>Note 1</b>	137,625	141,314	- 2.6%
Property Expenses - <b>Note 2</b>	(21,553)	(20,812)	+ 3.6%
Net Property Income	116,072	120,502	- 3.7%
Profit Income	1,210	667	
Gain on disposal of investment - <b>Note 3</b>	1,614	-	
Non-Property Expenses - <b>Note 4</b>	(13,762)	(12,805)	+ 7.5%
Islamic Financing Cost - <b>Note 5</b>	(23,848)	(23,837)	+ 0.05%
Net Income	81,286	84,527	- 3.8%
DPU (sen)	19.75	18.50	+ 6.8%
No. of units in issuance	547,522,040	461,239,089	+ 18.7%

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

## **Note 1 – Property Income**

Property income is 2.6% lower as compared to 2013. This is due to loss of rental from the sale of Axis Plaza and the time taken to complete Axis Business Campus due to enhancement.

## **Note 2 – Property Expenses**

Property expenses increased due to higher maintenance cost including repainting works carried out in most of the properties during the year.

# Income Statement 2014 vs 2013

## Note 3 – Gain on disposal of investment

### Computation of Distributable Gain on Disposal:

	<b>RM'000</b>
Disposal price	34,000
Less: Current book value	<u>(32,034)</u>
	1,966
Less : <u>Incidental cost</u>	
Legal fees - SPA	(85)
Valuation fees	(8)
Disposal fee	(180)
Defect repair works	(79)
	<u>(352)</u>
Gain on Disposal recognized in income statement	<u><b>1,614</b></u>
Add: Realization of unrealized income	<u><b>9,338</b></u>
<b>Total Distributable Gain on Disposal</b>	<u><b>10,952</b></u>
Translated into additional DPU	<b>2.36 sen</b>

## Note 3 – Gain on disposal of investment

The disposal of Axis Plaza, which was completed on 25 March 2014, has resulted in a total realized gain on disposal of RM10,952,000 (“Gain on disposal”) which is represented by the gain on disposal of RM1,614,000 and realization of unrealized income of RM9,338,000\*. The Gain on disposal translates to additional income distribution of 2.36 sen per Unit.

In ensuring stability of the Fund’s income distribution payment, the Manager is pleased to report that the Gain on disposal was distributed in 3 tranches as part of the interim income distribution as follows:

	Distribution of Gain on Disposal (RM)	Additional DPU
<b>1<sup>st</sup> interim 2014</b>	3.7 million	0.80 sen
<b>2<sup>nd</sup> interim 2014 **</b>	3.7 million	0.80 sen
<b>3<sup>rd</sup> interim 2014 ***</b>	3.5 million	0.76 sen
	<b>10.9 million</b>	<b>2.36 sen</b>

\*realization of unrealized income – recognition of prior years unrealized fair value gain on market value of Axis Plaza as realized income upon the disposal.

\*\* based on existing units in issuance of 463,700,098

\*\*\* based on then existing units in issuance of 463,942,098

## **Note 4 – Non-Property Expenses**

The MER of the Fund as at 31 December 2014 is 1.29% of NAV as compared to 1.25% for 2013. The increase is due to increase in the Manager's and Trustee's fees which resulted from the increase in the NAV of the Fund.

## **Note 5 – Islamic Financing Cost**

Despite higher gearing during the year, the Islamic Financing Cost remains almost the same for 2014 due to reduction in Islamic financing rate from 4.38% in 2013 to 4.24% in 2014.



# Gross Yield of Investment Properties

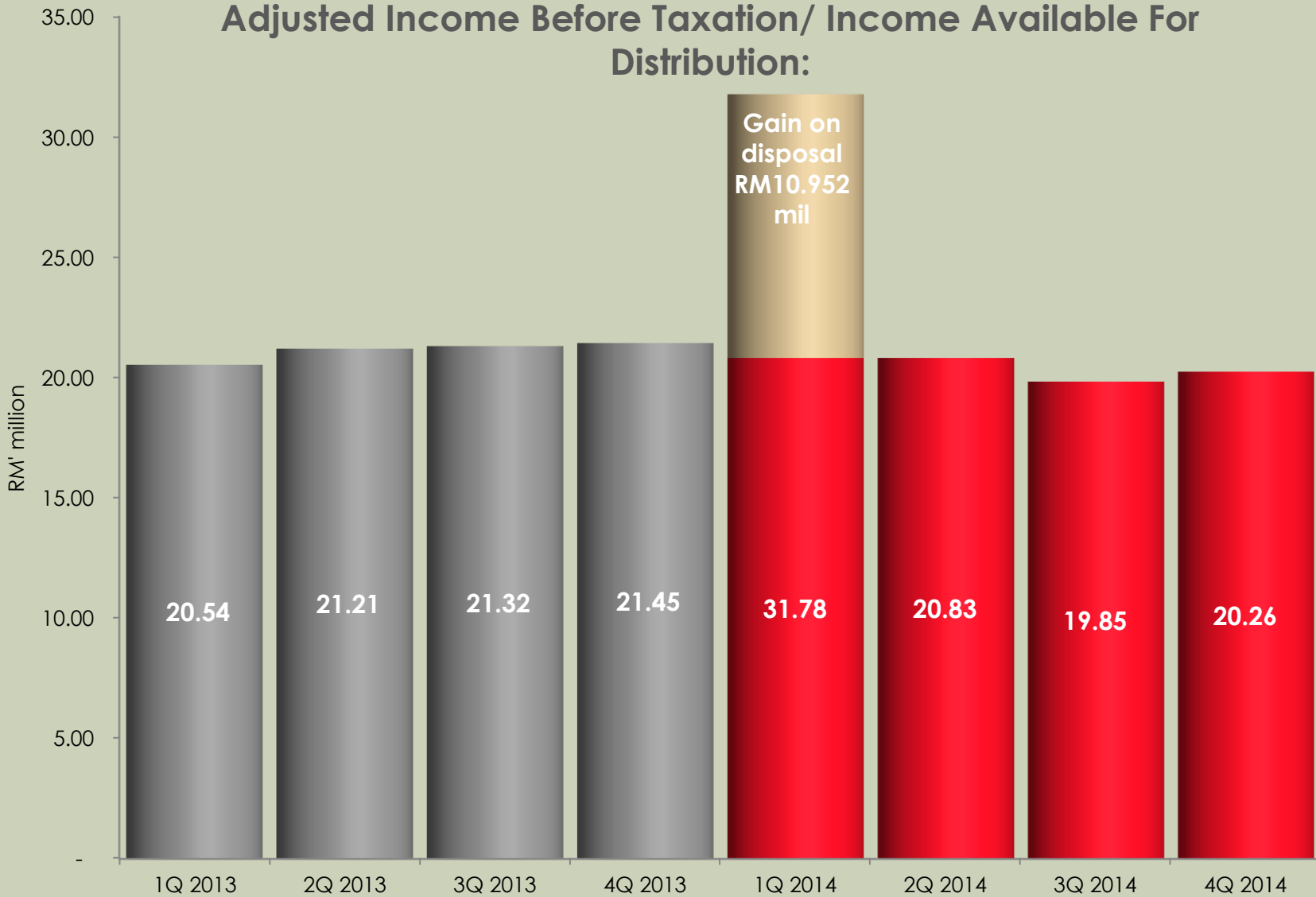
Properties		Gross yield (%)	Average gross yield = 10.24%	
1	Wisma Kemajuan	17.89%		
2	Crystal Plaza	15.92%	18	Axis PDI Centre 9.96%
3	Menara Axis	14.87%	19	Emerson Industrial Facility Nilai 9.86%
4	FCI Senai	12.95%	20	Axis Business Park 9.71%
5	Delfi Warehouse	12.25%	21	Axis Steel Centre 9.67%
6	BMW Centre PTP	12.20%	22	Bayan Lepas Distribution Centre 9.49%
7	Axis Shah Alam DC 3	12.08%	23	Giant Hypermarket, Sungei Petani 9.03%
8	Axis MRO Hub	11.74%	24	Seberang Prai Logistic Warehouse 1 9.01%
9	Niro Warehouse	11.28%	25	Bukit Raja Distribution Centre 8.89%
10	Quattro West	11.24%	26	Seberang Prai Logistic Warehouse 2 8.60%
11	Strateq Data Centre	11.23%	27	Tesco Bukit Indah 8.43%
12	D8 Logistics Warehouse	10.96%	28	Axis Technology Centre 8.30%
13	Seberang Prai Logistic Warehouse 3	10.94%	29	Axis Steel Centre@ SiLC 8.02%
14	Axis Eureka	10.69%	30	Axis Shah Alam DC 1 8.00%
15	Fonterra HQ	10.61%	31	Axis Vista 7.59%
16	Infinite Centre	10.50%	32	The Annex 4.84%
17	Wisma Academy Parcel	10.40%	33	Axis Business Campus 0.91%

# Net Yield of Investment Properties / Cost

Properties		Net yield (%)	Average net yield per property = 8.82%	
1	Crystal Plaza	13.63%		
2	Wisma Kemajuan	13.26%	18	Bayan Lepas Distribution Centre 8.57%
3	Menara Axis	12.26%	19	Seberang Prai Logistic Warehouse 1 8.44%
4	FCI Senai	11.57%	20	Bukit Raja Distribution Centre 8.41%
5	Axis Shah Alam DC 3	11.53%	21	Infinite Centre 8.26%
6	Axis MRO Hub	11.01%	22	Giant Hypermarket, Sungei Petani 8.25%
7	BMW Centre PTP	10.96%	23	Wisma Academy parcel 7.94%
8	Delfi Warehouse	10.87%	24	Seberang Prai Logistic Warehouse 2 7.94%
9	Strateq Data Centre	10.32%	25	Tesco Bukit Indah 7.79%
10	Niro Warehouse	10.30%	26	Axis Steel Centre@ SiLC 7.52%
11	D8 Logistics Warehouse	10.14%	27	Axis Business Park 7.30%
12	Seberang Prai Logistic Warehouse 3	9.95%	28	Axis Eureka 7.29%
13	Fonterra HQ	9.21%	29	Axis Shah Alam DC 1 7.09%
14	Emerson Industrial Facility Nilai	8.84%	30	Axis Technology Centre 6.40%
15	Axis Steel Centre	8.81%	31	Axis Vista 6.22%
16	Axis PDI Centre	8.73%	32	The Annex 3.17%
17	Quattro West	8.69%	33	Axis Business Campus 0.31%

# Income Statement

## Adjusted Income Before Taxation/ Income Available For Distribution:



## 4th Quarter 2014 Income Distribution

### a) 4<sup>th</sup> interim DPU of 2.70 sen

The DPU payment of 2.70 sen for the period 1 October 2014 to 1 December 2014 due to the placement of the 83,579,942 new units was paid on 8 January 2015.

### b) Final 2014 DPU of 1.45 sen

This is based on a 99.9% payout ratio on Income Available for Distribution (after adding back non-cash items as allowed under the Trust Deed) for the period 2 December 2014 to 31 December 2014.

Important dates:

Ex-date: 29 January 2015

Entitlement date: 4 February 2015

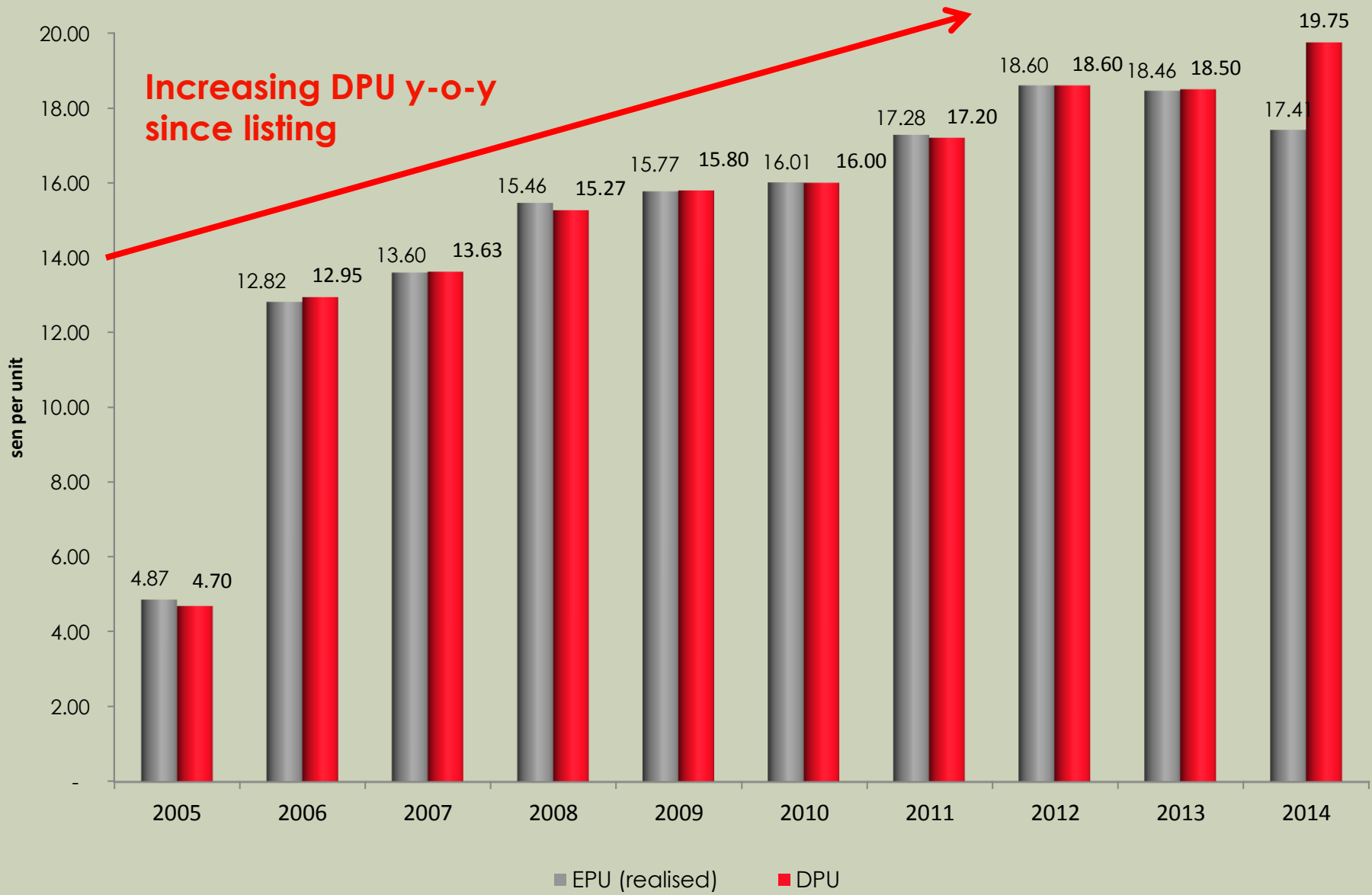
Payment date: 27 February 2015

## Details of the 2014 IDRP (in conjunction with 2014 First Interim Income Distribution):

Income Distribution	: 5.30 sen
Electable portion	: 2.20 sen
Issue Price	: RM3.20
Discount Rate	: 5.9%
Subscription rate	: 84%
Net Proceed	: <b>RM7.9 million</b>

In view of the placement which took place in December 2014, the IDRP for 3<sup>rd</sup> quarter 2014 was cancelled as the number of new units that can be issued under the placement will then need to be adjusted by the IDRP units subscribed.

# Summary of EPU (Realized) and DPU



# Statement of Financial Positions

	31/12/14 (RM'000)	31/12/13 (RM'000)	Changes
Investment Properties – <b>Note 1</b>	1,982,587	1,543,248	+ 439,339
Fixed Assets	2,821	2,407	+ 414
Other Assets – <b>Note 2</b>	100,340	70,868	+ 29,472
<b>TOTAL ASSETS</b>	<b>2,085,748</b>	<b>1,616,523</b>	<b>+ 469,225</b>
Borrowings – <b>Note 3</b>	683,769	528,004	+ 155,765
Other Payables	75,610	59,879	+ 15,731
<b>TOTAL LIABILITIES</b>	<b>759,379</b>	<b>587,883</b>	<b>+ 171,496</b>
<b>NET ASSETS VALUE (“NAV”)</b>	<b>1,326,369</b>	<b>1,028,640</b>	<b>+ 297,729</b>
Unitholders' Capital – <b>Note 4</b>	1,044,664	750,966	+ 293,698
Undistributed Distributable Income	5,555	21,355	- 15,800
Non-Distributable Reserve – <b>Note 5</b>	276,150	256,319	+ 19,831
<b>TOTAL UNITHOLDERS' FUND</b>	<b>1,326,369</b>	<b>1,028,640</b>	<b>+ 297,729</b>
<b>GEARING</b>	<b>32.78%</b>	<b>32.68%</b>	
<b>NAV/unit (RM)</b>	<b>2.4225</b>	<b>2.2302</b>	
<b>No. of units in issuance</b>	<b>547,522,040</b>	<b>461,239,089</b>	

# Statement of Financial Positions

## Note 1 – Investment properties

The completion of total acquisitions of RM389 million including Axis MRO Hub and Axis Shah Alam DC3 were completed on 18 December 2014 whilst the acquisition of Axis Steel Centre @ SiLC was completed on 30 December 2014. A total of RM18.33 million has been incurred for enhancement of the Properties.

## Note 2 – Other assets

Trade receivables dropped by 46.5%. The average collection for 2014 has reduced to 2 days as shown below:

For Period Ended	Avg. Collection Period (in days)
<b>31-DEC-13</b>	<b>3</b>
<b>31-MAR-14</b>	<b>3</b>
<b>30-JUN-14</b>	<b>2</b>
<b>30-SEP-14</b>	<b>2</b>
<b>31-DEC-14</b>	<b>2</b>

Also included in Other Assets is total of RM4.5 million; as deposit for the proposed acquisitions of Axis Shah Alam DC 2.



# Statement of Financial Positions - Note 3 Borrowings

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Jan 2015*
<b>Total Borrowings (RM'000)</b>	88,089	209,816	230,456	308,932	416,609	311,338	548,920	528,004	683,769	623,769
<b>Total Assets (RM'000)</b>	411,781	581,857	726,371	907,745	1,208,897	1,298,431	1,589,408	1,616,523	2,085,748	2,085,748
<b>Gearing</b>	21.39%	36.06%	31.73%	34.03%	34.46%	23.98%	34.54%	32.66%	32.78%	30.79%
<b>Effective Profit Rate</b>	4.38%	4.39%	4.28%	4.11%	4.48%	4.66%	4.58%	4.38%	4.24%	4.24%
<b>Percentage of short term borrowings- Maturity &lt; 1 Year</b>	100%	100%	100%	47%	48%	52%	62%	50%	61%	58%
<b>Percentage of medium/ long term borrowings (maturity more than 1 years and less than 9 years)</b>	-	-	-	53%	52%	48%	38%	50%	39%	42%
<b>Percentage of floating rate borrowings</b>	100%	100%	100%	47%	48%	52%	62%	40%	47%	42%
<b>Percentage of fixed rate borrowings</b>	-	-	-	53%	52%	48%	38%	60%	53%	58%
<b>Total unencumbered assets</b>	7	8	13	12	11	12	6	5	5	5
<b>Percentage of unencumbered assets/total assets</b>	57%	34%	44%	52%	42%	44%	19%	16%	21%	22%
<b>Financing cost cover</b>	9.4	5.6	5.5	4.8	4.1	3.8	4.6	4.5	4.5	NA

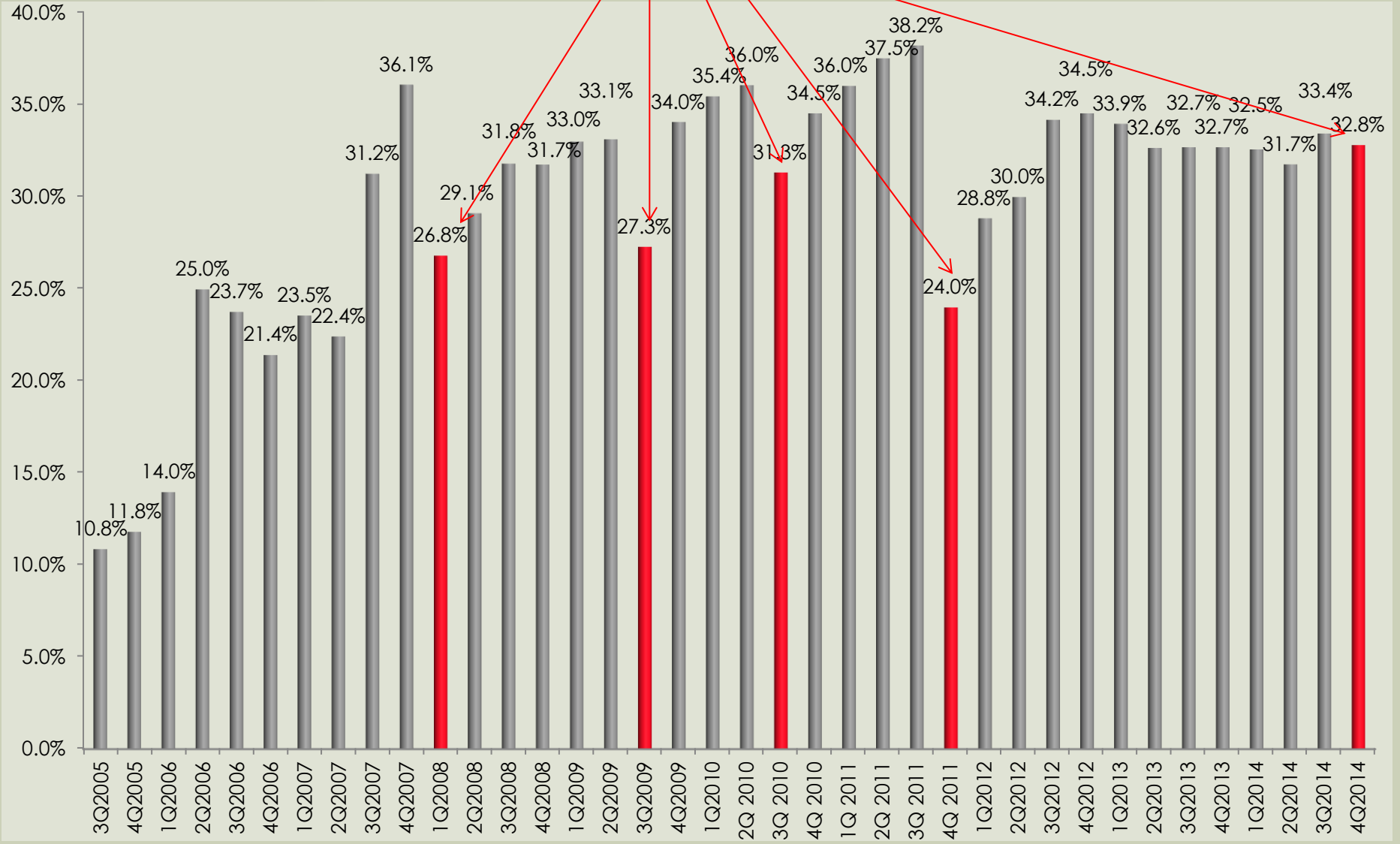
## **Note 3 – Borrowings (continued)**

By the end of 31 January 2015, the balance proceed from placement of 83,579,942 units of RM60 million (as at 31 December 2014) will be fully utilized to repay borrowings that matures in the month of January 2015.

# Statement of Financial Positions

## Gearing Levels

## Placements Undertaken



# Statement of Financial Positions

## Note 4 – Unitholders' capital

### a) Increases via Equity Placement Exercises

Since the Listing of the Fund in year 2005, there have been 5 rounds of equity placements to the market; increasing the unitholders capital of the Fund as follows:

	Year	No. of units	Issue price per Unit (RM/Unit)	Discount rate
1	2008	50,000,000	RM1.80	3.22%
2	2009	51,180,200	RM1.66	5.14%
3	2010	68,819,800	RM1.97	4.37%
4	2011	75,180,200	RM2.45	3.92%
5	2014	83,579,942	RM3.45	3.97%
		<hr/> <u>328,760,142</u> <hr/>		

**Raised  
RM775.75  
million**

# Statement of Financial Positions

## Note 4 – Unitholders' capital

### b) Increase via the Income Distribution Reinvestment Plan (“IDRP”)

The historical IDRP issue price & discount rate as follow :

	Year	No. of units	Issue price per Unit (RM/Unit)	Discount rate
1	2011	2,732,896	RM2.30	5.70%
2	2012	2,703,125	RM2.68	5.08%
3	2013	4,721,868	RM3.40 & RM3.20	6.03% & 5.80%
4	2014	2,461,009	RM3.20	5.90%
		<hr/> <u>12,618,898</u> <hr/>		

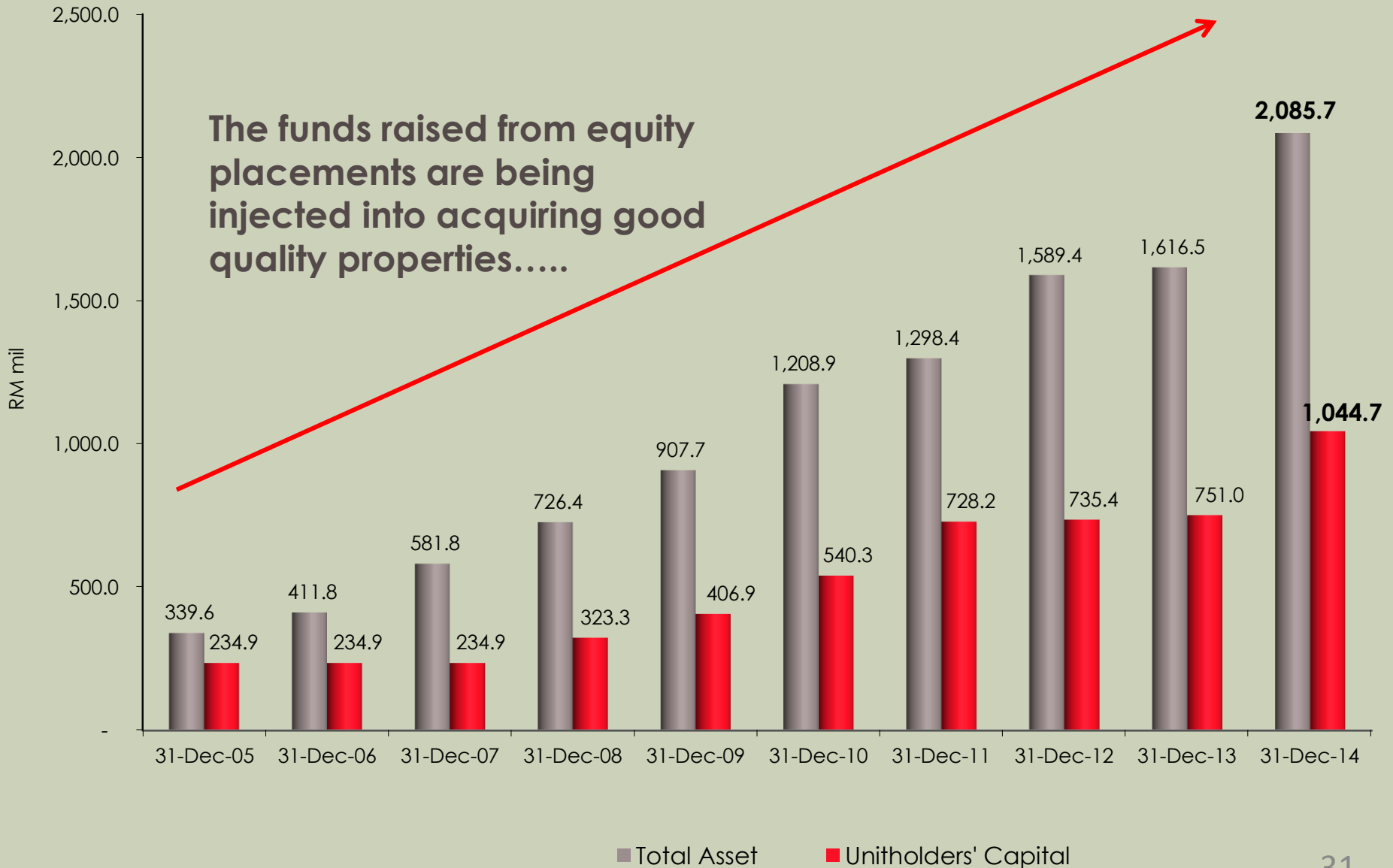
**Raised  
RM36.7 million**

## Placement of 83,579,942\* units

- ✓ Completed and listed on 12 December 2014.
- ✓ Raised approximately RM288.351 million at RM3.45 per unit.
- ✓ As at 31 December 2014, there is a balance of approximately RM60 million which will be utilized to repay financing of Axis-REIT maturing in January 2015.

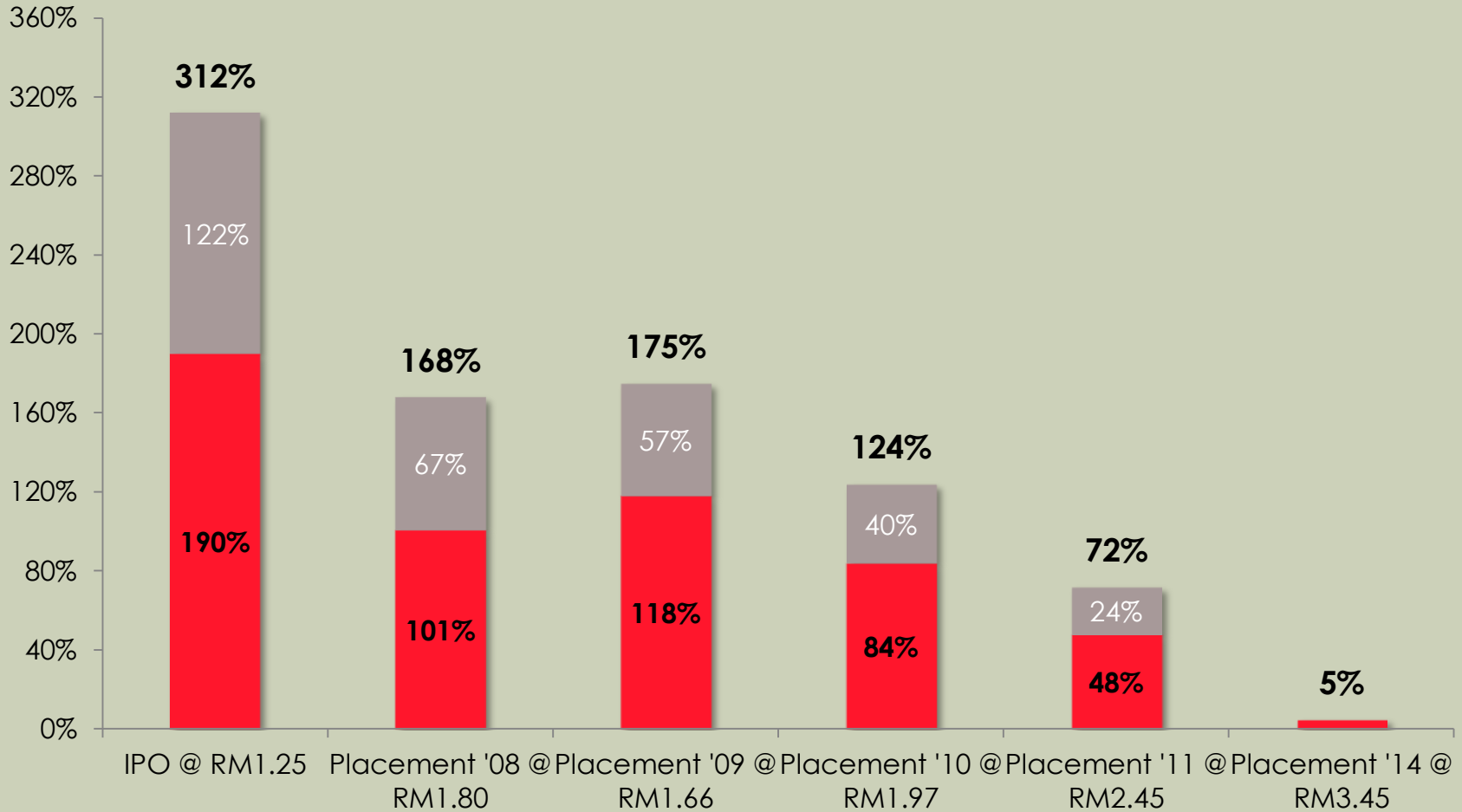
## Total Assets cross the RM 2 Billion mark

The funds raised from equity placements are being injected into acquiring good quality properties.....



# Placement 2014

... resulting in good total returns to unitholders.



■ Capital return   ■ Distribution return



# Statement of Financial Positions

## Note 5 – Non-distributable reserve

Non-distributable reserve mainly comprises the favorable gain in fair value of approx. **RM267** million to date.

Building	Gain /(Loss) RM
Crystal Plaza	44,328,521.16
Infinite Centre	7,112,117.51
Menara Axis	38,001,548.62
Axis Business Park	24,286,543.74
Wisma Kemajuan	21,919,971.92
Axis Business Campus	10,087,016.72
Axis Shah Alam DC 1	5,828,695.50
Giant Hypermarket, Sungei Petani	2,102,093.48
FCI Senai	3,341,231.24
Fonterra HQ	3,937,494.39
Quattro West	5,350,526.87
Strategiq HQ	10,368,047.92
BMW Centre PTP	1,936,716.76
Niro Warehouse	2,465,906.49
Delfi Warehouse	2,797,433.15
Axis Vista	22,388,365.47
Axis Steel Centre	3,727,478.20

Building	Gain /(Loss) RM
Bukit Raja Distribution Centre	20,583,986.70
Tesco Bukit Indah	13,699,489.00
Seberang Prai Logistic Warehouse 1	2,498,315.15
Seberang Prai Logistic Warehouse 2	675,388.00
Axis PDI Centre	5,664,466.00
Axis Technology Centre	2,891,122.40
D8 Logistics Warehouse	1,913,585.00
Axis Eureka	(243,098.20)
Bayan Lepas Distribution Centre	692,431.00
Seberang Prai Logistic Warehouse 3	1,929,244.60
Emerson Industrial Facility Nilai	2,183,212.20
Wisma Academy parcel	2,557,101.34
The Annex	4,641,440.04
Axis MRO Hub	(357,053.73)
Axis Shah Alam DC 3	(2,416,011.36)
Axis Steel Centre 3	(20,410.29)

Q4

# Revaluation of Properties

# Revaluation of Properties

Name of Properties		Net Book Value as at 31 December 2014 (RM'000)	Open Market Value (RM'000)	Surplus/(deficit) to be incorporated into Axis-REIT (RM'000)
1	Axis Business Park	119,281	119,000	(281)
2	Crystal Plaza	106,553	109,000	2,447
3	Menara Axis	114,788	118,000	3,212
4	Infinite Centre	42,500	41,500	(1,000)
5	Wisma Kemajuan	57,346	57,700	354
6	Axis Business Campus	73,096	68,000	(5,096)
7	Axis Shah Alam DC 1	21,758	25,700	3,942
8	Giant Hypermarket	40,122	41,000	878

# Revaluation of Properties

Name of Properties		Net Book Value as at 31 December 2014 (RM'000)	Open Market Value (RM'000)	Surplus/(deficit) to be incorporated into Axis-REIT (RM'000)
9	FCI Senai	15,945	16,000	55
10	Fonterra HQ	14,197	15,000	803
11	Quattro West	53,866	55,800	1,934
12	Strateq Data Centre	52,726	53,000	274
13	BMW Centre PTP	29,805	30,000	195
14	Niro Warehouse	17,024	17,700	676
15	Delfi Warehouse	14,500	15,600	1,100
16	Axis Steel Centre	75,881	70,000	(5,881)

# Revaluation of Properties

Name of Properties		Net Book Value as at 31 December 2014 (RM'000)	Open Market Value (RM'000)	Surplus/(deficit) to be incorporated into Axis-REIT (RM'000)
17	Bukit Raja Distribution Centre	91,085	94,500	3,415
18	Seberang Prai Logistic Warehouse 1	20,006	20,200	194
19	Seberang Prai Logistic Warehouse 2	8,040	8,000	(40)
20	Tesco Bukit Indah	90,028	90,500	472
21	Axis PDI Centre	92,115	92,000	(115)
22	Axis Technology Centre	52,370	53,000	630
23	D8 Logistics Warehouse	32,065	32,500	435
24	Axis Eureka	54,640	53,000	(1,640)

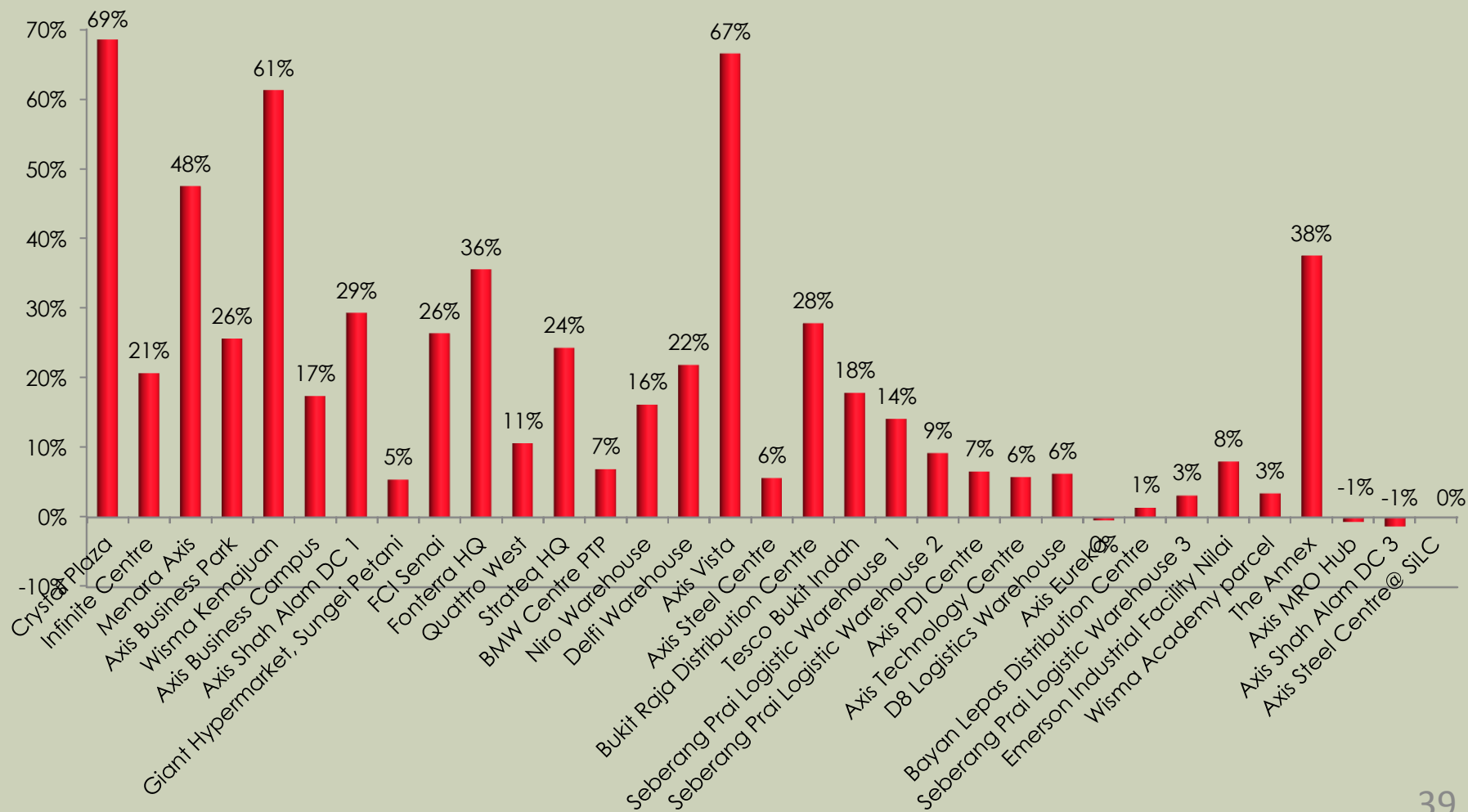
# Revaluation of Properties

Name of Properties	Net Book Value as at 31 December 2014 (RM'000)	Open Market Value (RM'000)	Surplus/(deficit) to be incorporated into Axis-REIT (RM'000)
25 Emerson Industrial Facility Nilai	29,430	29,490	60
26 Wisma Academy Parcel	77,058	77,000	(58)
27 The Annex	16,070	17,000	930
28 Axis Shah Alam DC 3	185,661	183,245	(2,416)
29 Axis MRO Hub	53,358	53,000	(358)
30 Axis Steel Centre @ SiLC	156,020	156,000	(20)
<b>Total</b>	<b>1,807,334</b>	<b>1,812,435</b>	<b>5,101</b>

# Revaluation of Properties

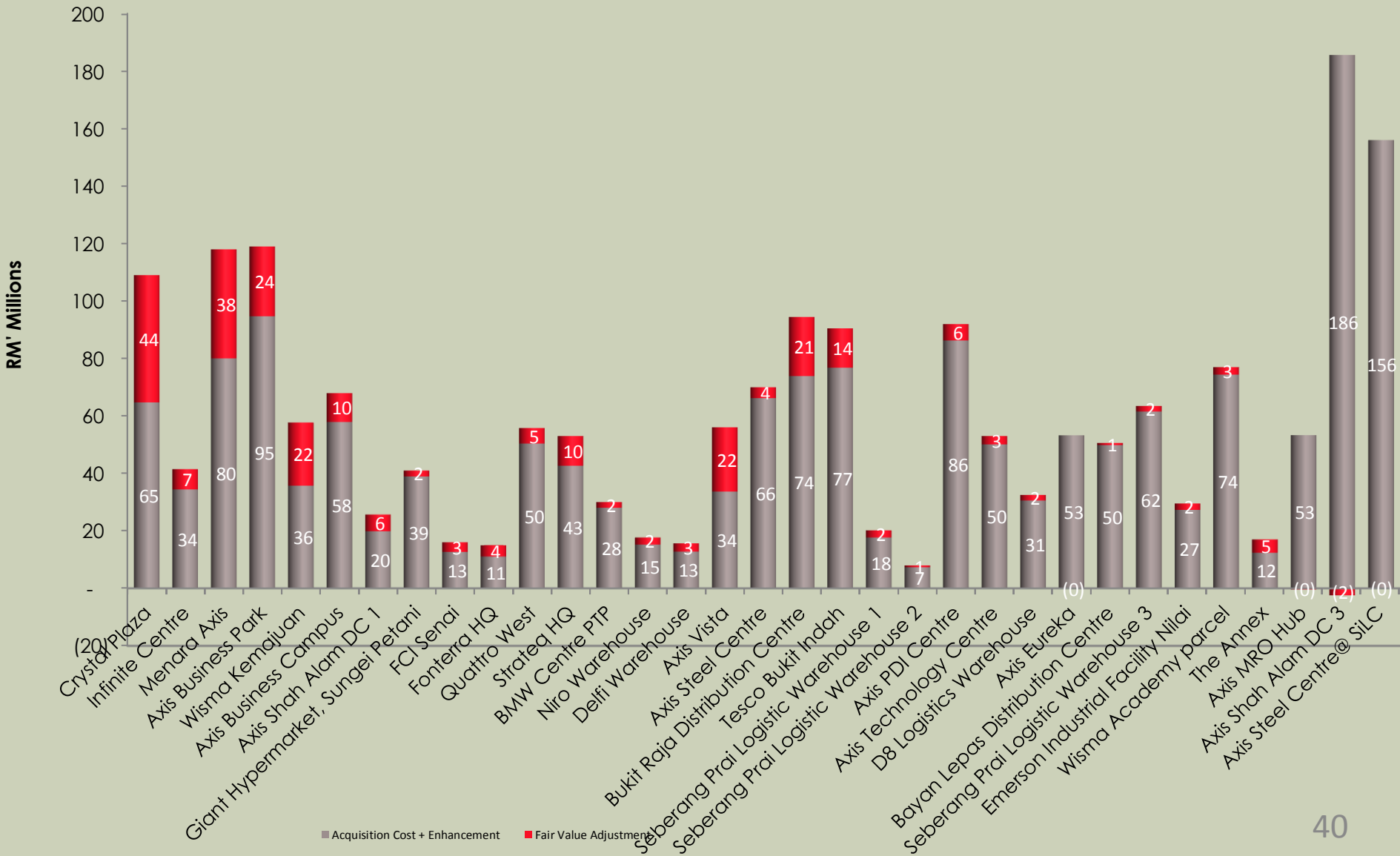
**% of Revaluation on Properties =  $\frac{\text{Revaluation Surplus to date}}{\text{Investment Cost}}$**

The increase in value demonstrated the ability of the Manager to create value to the assets



# Revaluation of Properties

## Properties Appreciation Value as at 31 December 2014





Q4

Property

Report

# 2014 Overview

As we enter our 10<sup>th</sup> Year of Asset Management many leases in our portfolio that were in place since the time of our listing, came due for renewal in 2014. Unfortunately some of our tenants decided to relocate to other countries or relocate as their space requirements outstripped our ability to house them in our properties.

As a result we have experienced a drop in occupancy in some of our multi tenanted properties with an accompanying fall in operating income.

The Manager has always held the view that when tenants leave we take the opportunity to refurbish the vacant spaces and sometimes the entire building to ensure the offering is highly competitive and contemporary.





We are optimistic that as we introduce new tenants to our newly refurbished buildings the trend will be reversed. We strongly feel that our assets are still much in demand due to their unique configuration or by the fact that they are well located.

By filling the voids we expect to add as much as 3.7 sen to the DPU and the team is working hard to achieve these results.

# Key Metrics





## Property Size:

As at 31 December 2014 the Portfolio has 33 assets comprising 6,859,474 sq. ft. and 134 tenants

Type	Q4 2014	Q3 2014	Movement
Property Income (RM' 000)	34,370	33,004	 4.14%
Property Expenses (RM' 000)	5,235	5,099	 2.66%
Net Property Income (RM' 000)	29,135	27,905	 4.41%
Occupancy	92.98%	90.54%	 2.44%

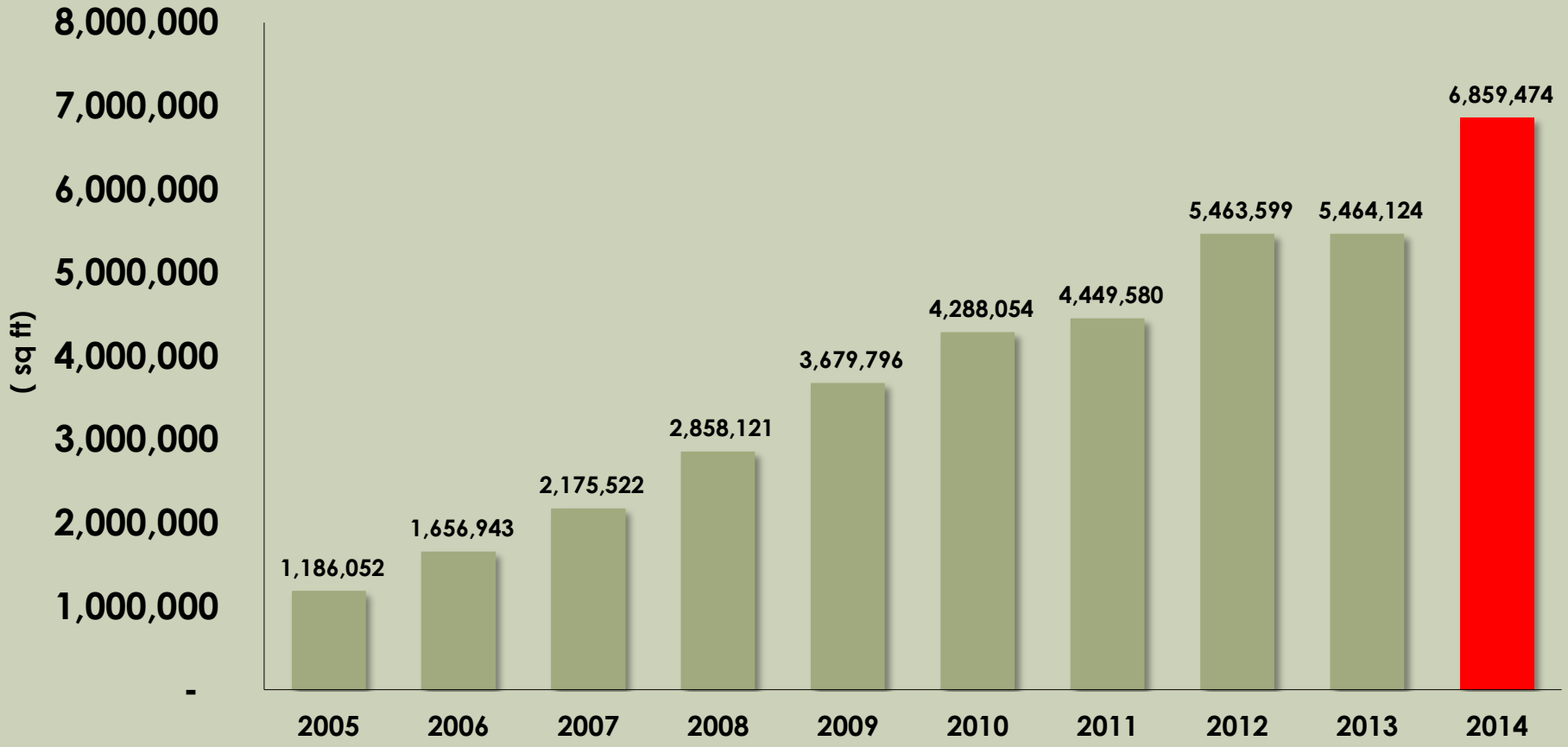
# Key Metrics

## Average Rental Rates:

Type of Properties	Q4 2014	Q3 2014	Movement
Office (RM/sq. ft.)	4.55	4.56	 - 0.01
Office Industrial (RM/sq. ft.)	2.61	2.60	 + 0.01
Manufacturing Facilities (RM/sq. ft.)	1.29	0.84	 + 0.45
Warehouse Logistics (RM/sq. ft.)	1.66	1.63	 + 0.03
Hypermarket (RM/sq. ft.)	2.24	2.24	No change

# Space Under Management (Sq. Ft.)

## Space Under Management (sq ft)



# Portfolio Occupancy Rate

As at 31 Dec 2014 Axis REIT has only 10 out of 33 properties that carry vacancy. 23 properties enjoy 100% occupancy.

## Occupancy

As at 30 Sept 2014	90.54%
As at 31 Dec 2014	92.98%

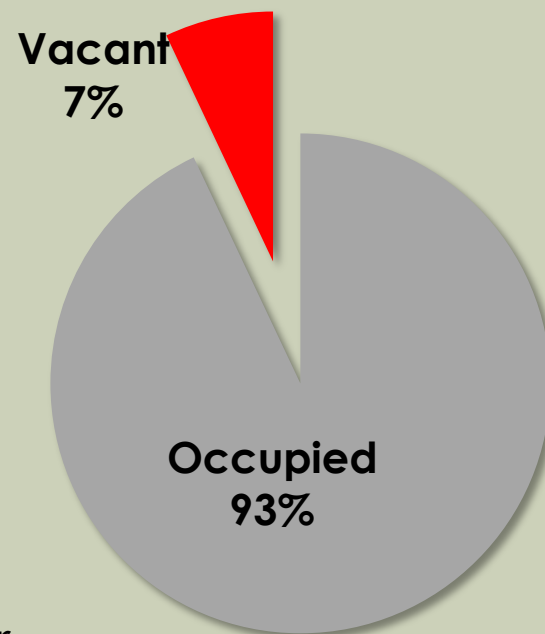
## Vacancy

As at 31 Dec 2014	7.02%
Space to be let out	481,259 sq. ft.

Unbilled space income RM20.2 million per year.  
Potential DPU upside = 3.7 sen per unit/year

For Axis REIT multi-tenanted properties 4Q 2014  
Occupancy rate is **82.43%**

## Occupancy Rate



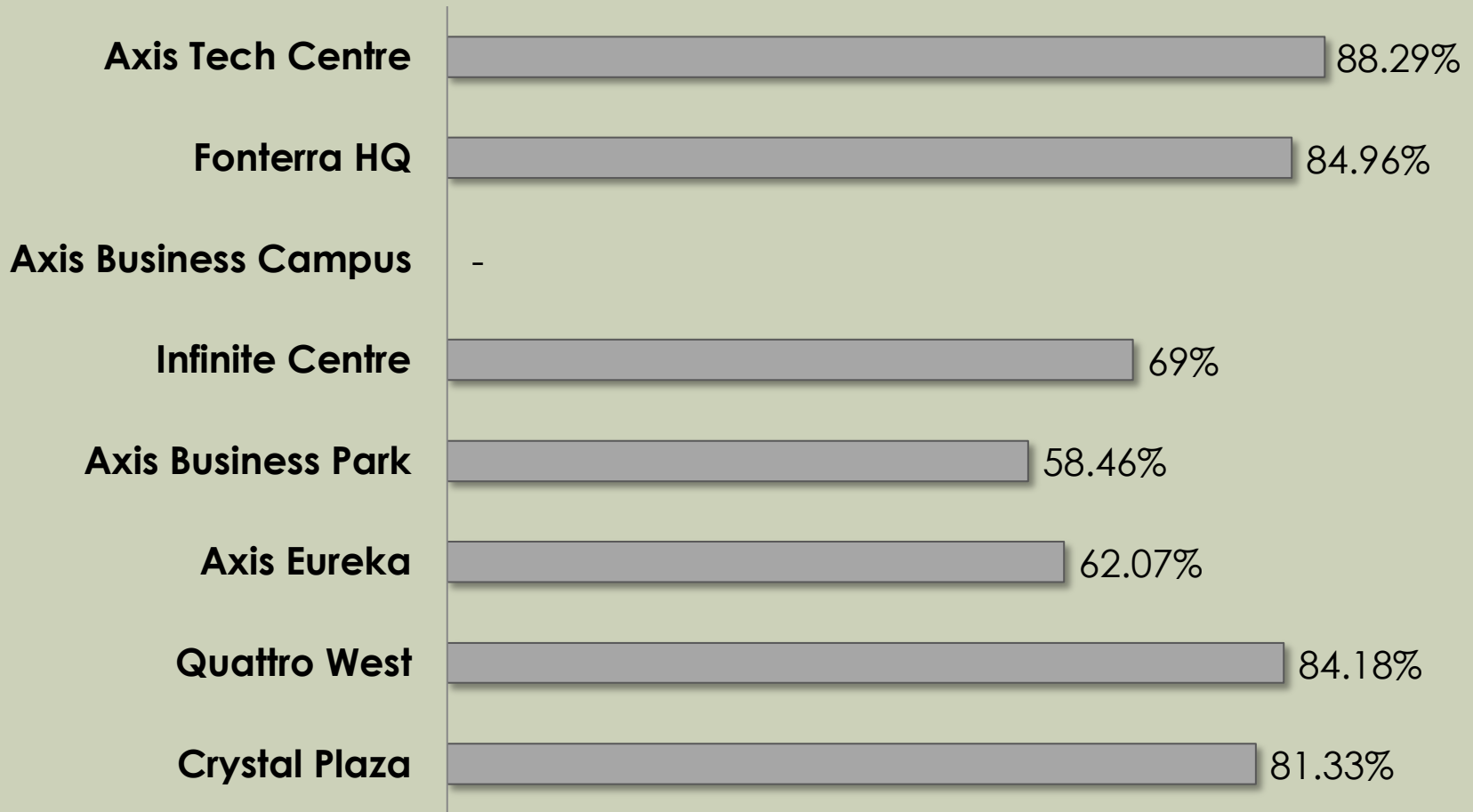
# Occupancy Rates by Property As At 31 Dec 2014

1	Menara Axis	100.00 %
2	Crystal Plaza	81.33 %
3	Quattro West	84.18 %
4	Axis Eureka	62.07 %
5	Axis Business Park	58.46 %
6	Infinite Centre	69.00 %
7	Wisma Kemajuan	97.38 %
8	Axis Business Campus	-
9	Strateq Data Centre	100.00 %
10	Fonterra HQ	84.96 %
11	Axis Vista	100.00 %
12	Axis Tech Centre	88.29 %
13	Wisma Academy Parcel	94.33 %
14	Annex	100.00 %
15	Giant Hypermarket Sg. Petani	100.00 %
16	Tesco Bukit Indah	100.00 %
17	Axis Shah Alam DC 1	100.00 %

18	BMW Asia Technology Centre	100.00 %
19	Niro Warehouse	100.00 %
20	Delfi Warehouse	100.00 %
21	Axis Steel Centre	100.00 %
22	Bukit Raja Distribution Centre	100.00 %
23	Seberang Prai DC1	100.00 %
24	Seberang Prai DC 2	100.00 %
25	Axis PDI Centre	100.00 %
26	D8 Logistics Warehouse	100.00 %
27	FCI	100.00 %
28	Bayan Lepas DC	100.00 %
29	Seberang Prai DC 3	100.00 %
30	Emerson Ind Facility Nilai	100.00 %
31	Axis SADC 3	100.00 %
32	Axis MRO Hub	100.00 %
33	Axis Steel Centre @ SiLC	100.00 %

# Properties Below 90% Occupancy

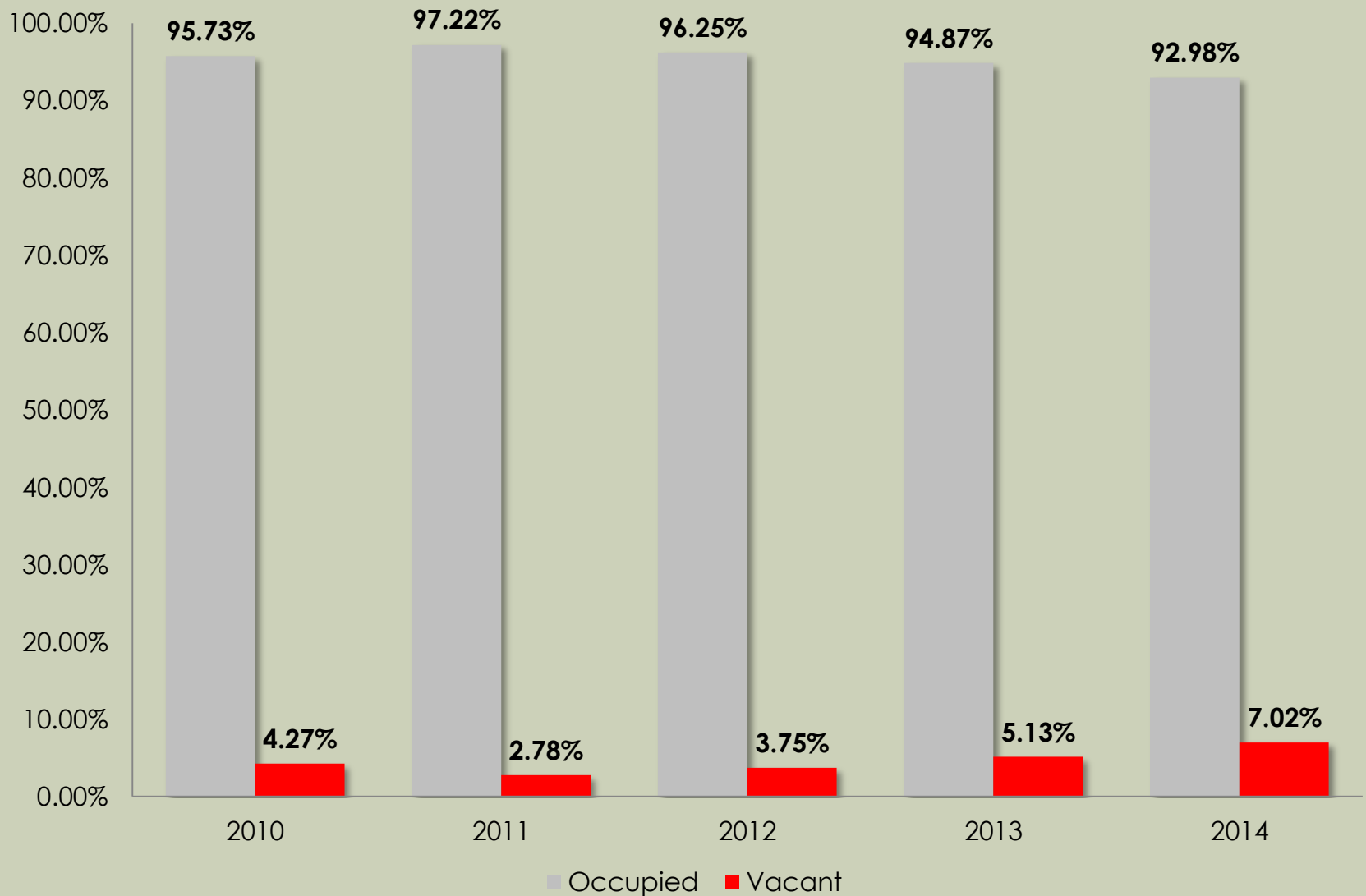
Occupancy rates of properties below 90% as at 31 Dec 2014



Note: Vacant space in Fonterra HQ is built for their future expansion  
Enhancement work in Block C Axis Business Park

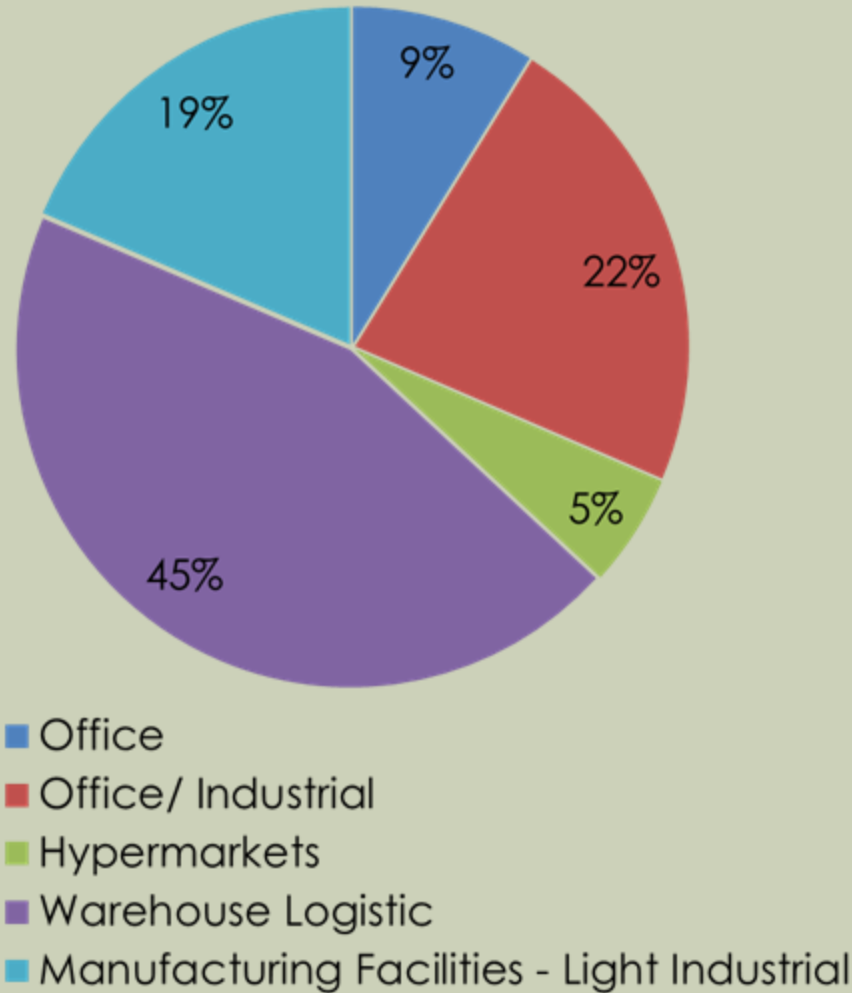


# Occupancy Rates – 5 Year Analysis



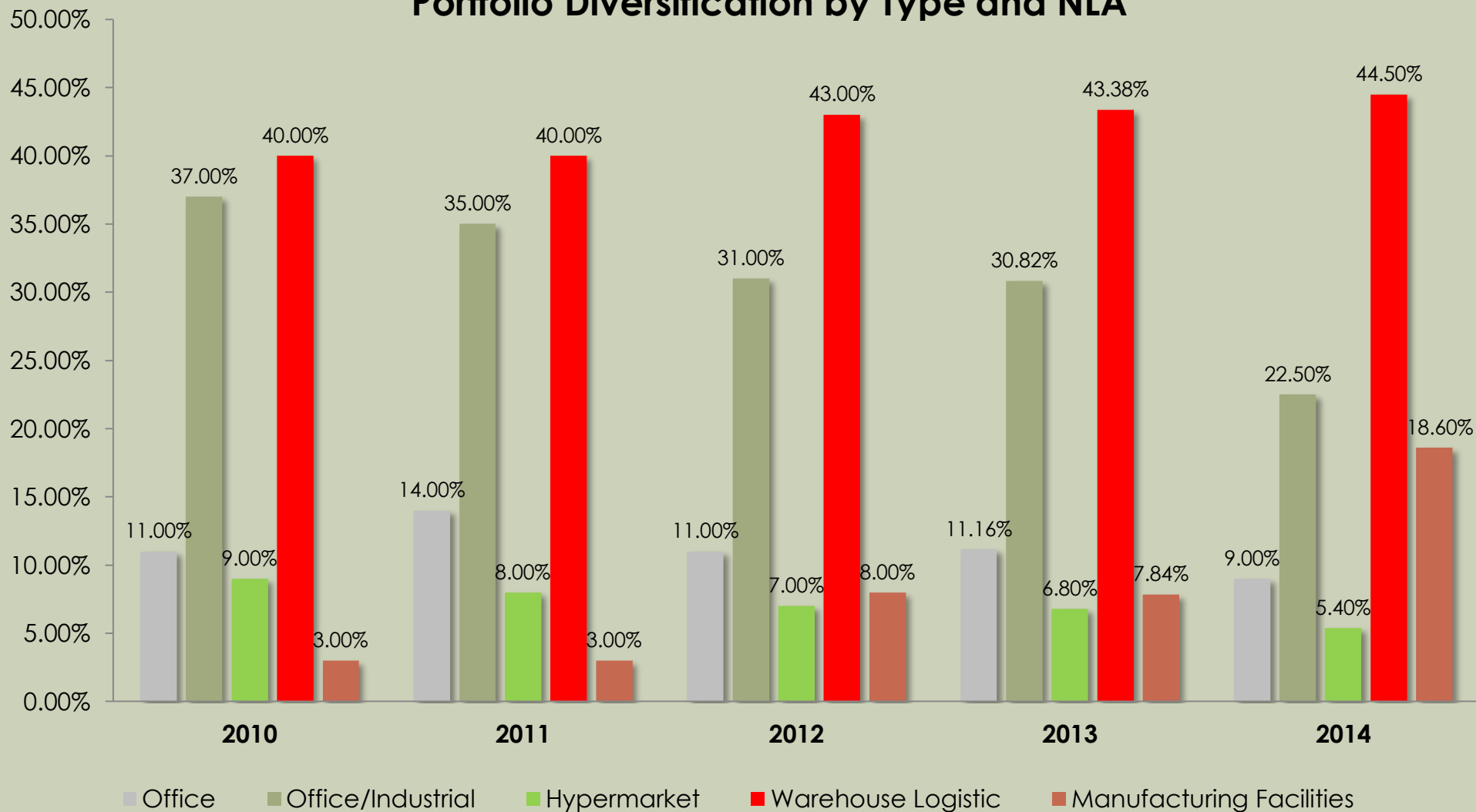
# Diversified Portfolio

Portfolio Diversification by Type and NLA

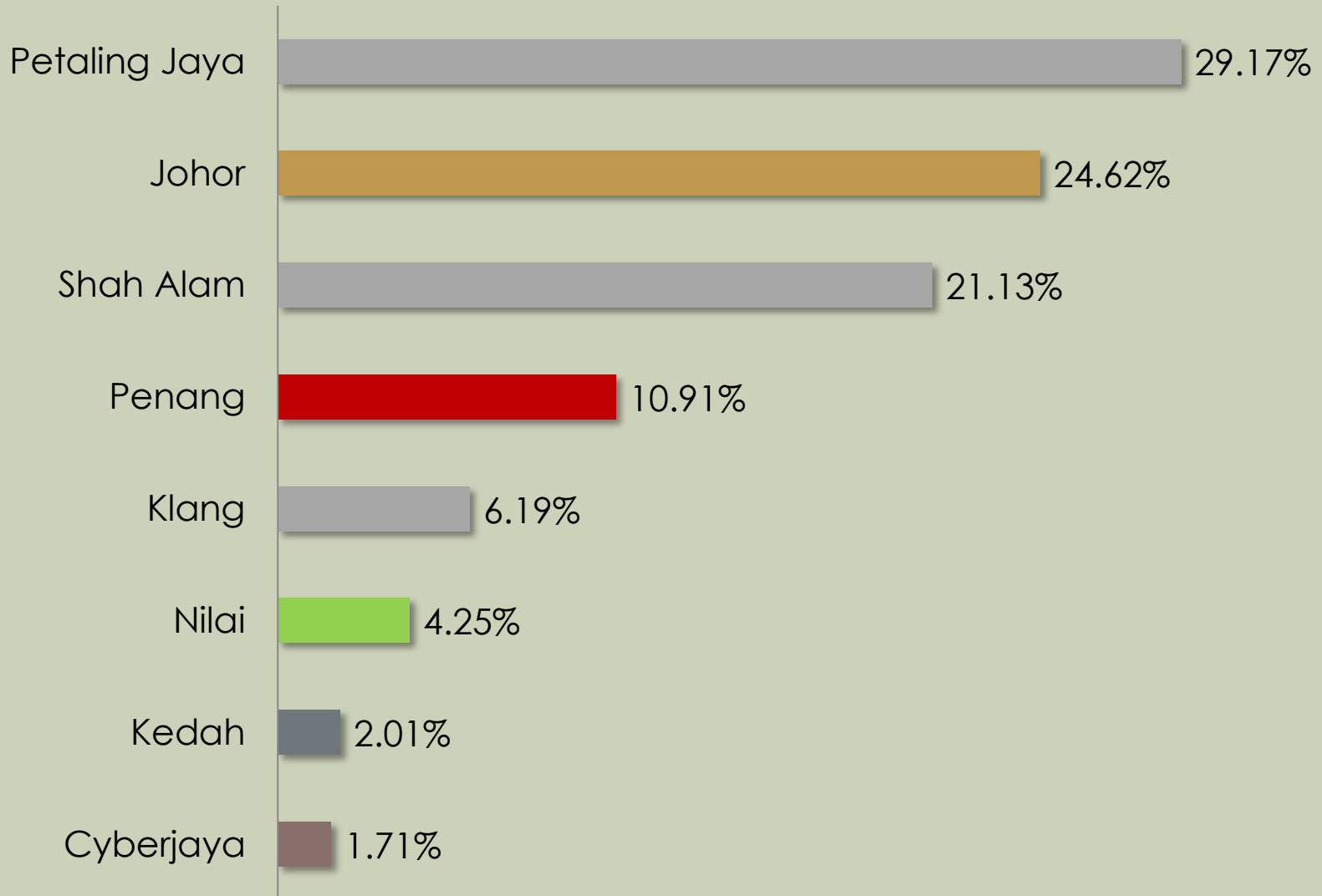


# Diversified Portfolio – 5 Years Analysis

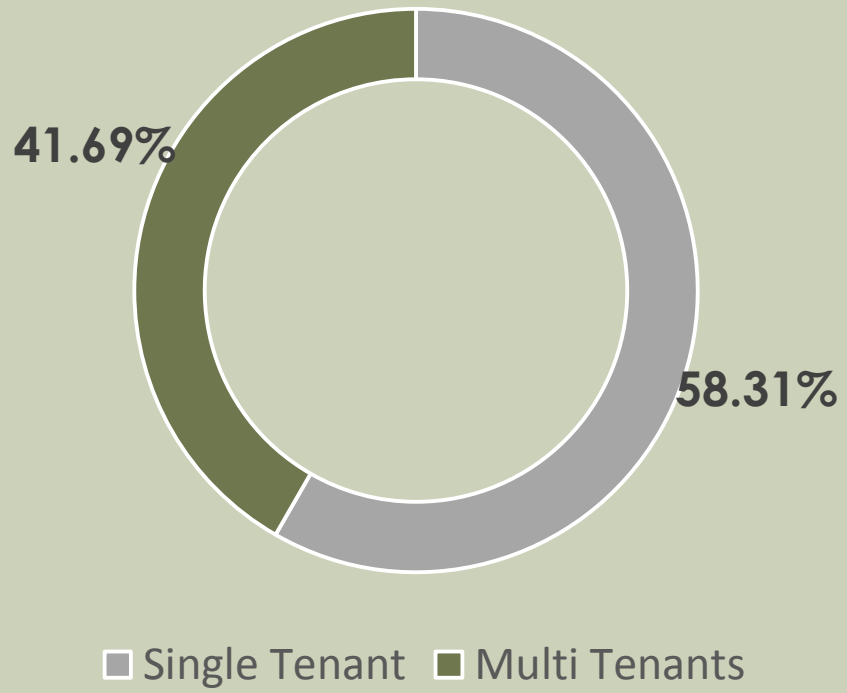
## Portfolio Diversification by Type and NLA



## Portfolio Diversification by Geographical Location



## Single Tenant vs Multi-Tenants



# Lease Expiry Profile – Looking Forward

<b>Year</b>	<b>Area up for renewal</b>	<b>% of Total NLA</b>	<b>% of Rental Income</b>
<b>2015</b>	902,252 sq. ft.	13.15%	18.24%
<b>2016</b>	1,653,053 sq. ft.	24.10%	30.89%
<b>2017</b>	1,082,431 sq. ft.	15.78%	20.84%

# Leasing Profile – 2010 to 2014

	2010	2011	2012	2013	2014
Sq. Ft. of space expiring	972,653	557,738	757,195	938,917	1,825,949
% over total NLA	22.68%	12.54%	13.86%	17.18%	26.62%
Sq. Ft. of space renewed	791,386	540,279	507,841	789,795	1,445,092
% over total NLA	18.46%	12.14%	9.29%	14.45%	21.06%
Sq. Ft. of space left portfolio	181,267	17,459	249,354	149,122	380,857
% over total NLA	4.23%	0.39%	4.56%	2.73%	5.55%
% of rental reversion	8.90%	-0.12%	9.96%	8.08%	2.60%

# Positive Rent Reversions

Space Renegotiated		
Properties	Space Renegotiated (Sq. Ft.)	% Rent Movement
Menara Axis	15,763	+4.87%
Crystal Plaza	7,747	+9.91%
Axis Business Park	131,803	+9.76%
Infinite Centre	28,074	+11.76%
Wisma Kemajuan	9,583	+4.66%
Axis Eureka	19,768	+6.61%
Axis Steel Centre	366,839	-17.54%
SPLC 3	395,225	No Change
Quattro West	17,422	+8.14%
Niro	167,193	+7.65%
Axis Vista	60,400	+10.14%
Wisma Academy	45,202	+3.01%
Fonterra HQ	600	+3.75%
The Annex	18,000	No Change
BMW	161,474	No Change



# Income Growth – Leasing Profile

- ✓ Successfully renegotiated 1,445,092 sq. ft. space out of 1,825,949 sq. ft. space due for renewal in 2014.
- ✓ 79% tenants retention achieved.
- ✓ Rental growth of 753,506 sq. ft. space achieved from pre-negotiated rent step up in the leases.
- ✓ The leases in the portfolio achieved positive rent reversion of 2.6%.
- ✓ The Manager also secured new tenancies for 141,206 sq. ft. space.

# Weighted Average Lease Expiry (“WALE”)

The “WALE” for the portfolio is:

By Year	Q4 2014	Q4 2013	Q4 2012	Q4 2011
By NLA	4.22	3.89	4.43	5.64
By Rental	4.33	3.99	4.17	5.19

Note: Improvement in WALE is contributed by new leases from asset acquisition and renewals of expiring leases.

# Portfolio Efficiency (“PE”)

The Efficiency Ratio =

Operating Cost for the Portfolio / Gross Property Income

Q4 2014	Q4 2013	Q4 2012	Q4 2011	Q4 2010
15.66%	14.73%	15.17%	15.19%	14.20%

# Top 10 Tenants – Strong Rental Covenants

1. Konsortium Logistik Berhad
2. LF Logistics Services (M) Sdn Bhd
3. Schenker Logistics (M) Sdn Bhd
4. Tenaga Nasional Berhad
5. Tesco Stores (M) Sdn Bhd
6. Strateq Data Center Sdn Bhd
7. DHL Properties (M) Sdn Bhd
8. GCH Retail (M) Sdn Bhd
9. Nippon Express (M) Sdn Bhd
10. Fuji Xerox Asia Pacific Pte Ltd

The top ten tenants account for 46% of the total revenue of the Trust.

# Asset Enhancement Initiatives

# Axis Business Campus Refurbishment



# Axis Business Campus Awards

## AXIS BUSINESS CAMPUS WINS INTERNATIONAL PROPERTY AWARD FOR COMMERCIAL RENOVATION/ REFURBISHMENT IN MALAYSIA AND ASIA PACIFIC

Axis REIT walked away as winners at the prestigious Asia Pacific Property Awards 2014, taking home 2 awards for Axis Business Campus.

At the awards ceremony held at the Shangri-La Hotel in Kuala Lumpur on 9 May 2014, Axis-REIT's newly completed Axis Business Campus received the Five-Star Award for the Best Commercial Renovation/ Redevelopment in Malaysia and for Asia Pacific.



# Axis Business Campus Refurbishment Projected ROI

Project	Analysis
Axis Business Campus (ABC)	<p data-bbox="556 301 1673 462">Initial Cost : RM 34,173,526.21 Redevelopment : RM 23,639,326.00 Total Cost : RM 57,812,852.21</p> <p data-bbox="556 529 1572 634">NLA : 155,401 sq. ft. Estimated Property Income : RM 7,600,000</p> <p data-bbox="556 705 1389 768"><b>Projected Gross Yield: 13%</b></p>



# Axis Business Park Block C Refurbishment-Before



# Axis Business Park Block C Progress



# Axis Business Park Block C Project Photos



New environmentally-friendly R410A air-conditioning system cluster on rooftop



New smoke spill system complying with Bomba requirements

# Axis Business Park Block C Project Photos



Typical lift lobbies on all floors

Typical toilets on all floors



# Axis Business Park Block C - Projected ROI

Project	Analysis
ABP Block C Refurbishment	<p data-bbox="531 449 1574 492">Initial Cost : RM 46,393,274</p> <p data-bbox="531 506 1700 549">Redevelopment : RM 12,324,149 (est.)</p> <p data-bbox="531 564 1574 606">Total cost : RM 58,735,423</p> <p data-bbox="531 678 1555 721">NLA : 182,187 sq. ft.</p> <p data-bbox="531 735 1323 778">Number of Car parks: 179</p> <p data-bbox="531 792 1545 835">Estimated Property Income : RM 7,200,000</p> <p data-bbox="531 906 1468 963"><b>Projected Gross Yield : 12.26%</b></p>

# The Annex Redevelopment

## Current Status



# The Annex Redevelopment

After Enhancement



# The Annex Redevelopment - Projected ROI

Project	Analysis
Annex Redevelopment	<p data-bbox="556 446 1798 606">Initial Cost : RM 12,289,272.25 Redevelopment : RM 30,000,000.00 (est.) Total cost : RM 42,289,272.25</p> <p data-bbox="556 675 1705 782">NLA : 127,133 sq. ft. (30% office &amp; 70% warehouse)</p> <p data-bbox="556 789 1363 835">Number of Car Parks: 266</p> <p data-bbox="556 846 1673 892">Estimated Gross Property Income : RM 4,500,000</p> <p data-bbox="556 965 1460 1025"><b>Projected Gross Yield : 10.6%</b></p>



# Sustainability Initiatives

# Initiatives Carried Out Up To Q4 2014

- ✓ Sustainability policy drafted and implemented
- ✓ Attended various trainings and conferences
- ✓ Energy audit initiated
  - Menara Axis was test case
  - Identified air-conditioning system for replacement
  - Pilot programme to replace with VRV air-conditioning system on 3 floors
  - “Before vs. After” analysis indicates energy saving of 27-34%
  - Translates to total savings per year of RM116,578 against investment of RM630,660 – 18.5% return or RM0.30 psf/month.
  - Have begun replacing air-conditioning system on other floors
- ✓ Energy audit for Crystal Plaza initiated
- ✓ Basement carpark lighting for Menara Axis and Crystal Plaza replaced with energy-efficient T8 lighting
- ✓ Total of 353,456 sq. ft. of roof space is being rented to generate solar energy giving us a monthly rent of RM72,898

Q4

Business

Development

Report

## 4 New Yield Accretive Acquisitions at Total Value of RM434 million

### COMPLETED TRANSACTIONS

- ✓ 3 acquisition transactions completed as of 31 December 2014, located in prime Shah Alam and Johor Bahru industrial areas.
  - Axis MRO Hub, Section 15 – completed 18 December 2014
  - Axis Shah Alam Distribution Centre 3 (Axis SADC 3), Section 33 – completed 18 December 2014
  - Axis Steel Center @ SiLC – completed 30 December 2014
- ✓ Total purchase price for completed transactions – RM389 million.

### ONGOING TRANSACTIONS

- ✓ 1 transaction is pending completion subject to the fulfilment of a condition precedent:
  - Axis Shah Alam Distribution Centre 2(Axis SADC 2), Section 16
  - Expected completion date is mid-February 2015.
  - Purchase price for ongoing transaction – RM45 million.

# Axis MRO Hub - Section 15 Shah Alam



Transaction completed @ RM52.5 million

# Axis MRO Hub - Section 15 Shah Alam



Land Area	:	Approx. 3 acres
Gross Floor Area	:	Total – approx. 172,000 sf
Land Tenure	:	Leasehold – expiring 12 Jan 2086
Occupancy	:	100%
Purchase Price	:	RM52.5 million
Valuation	:	RM53 million
Projected Initial Net Yield	:	7.07%
Overall WALE	:	approx. 7 years

# Axis SADC 3- Section 33 Shah Alam



Building C – LF Logistics



Building A&B – Konsortium Logistik

Transaction completed @ RM183 million

# Axis SADC 3 - Section 33 Shah Alam

Land Area	:	Approx. 23 acres
Gross floor area	:	Total – approx. 694,000 sf
	:	Building A & B – approx. 362,000 sf (Konsortium Logistik)
	:	Building C – approx. 331,000 sf (LF Logistics)
Land Tenure	:	Freehold
Occupancy	:	100%
Solar Panel Leases	:	Approx. 297,000sf of roof space
Purchase Price	:	RM183 million
Valuation	:	RM183.245 million
Projected Initial Net Yield	:	7.06%
Overall WALE	:	Approx. 4 years



# Axis Steel Centre @ SiLC Johor



Transaction completed @ RM153.5 million

# Axis Steel Centre @ SiLC Johor



Land Area	:	Approx. 27 acres
Gross Floor Area plus hardstand	:	504,400 sf + 183,611 sf
Land Tenure	:	Freehold
Occupancy	:	100%
Purchase Price	:	RM153.5 million
Valuation	:	RM156.0 million
Projected Initial Net Yield	:	7.2%
Overall WALE	:	15 years

# Axis Steel Centre @ SiLC Johor



# Axis SADC 2- Section 16 Shah Alam



Completion Q1 2015  
Transaction value of RM45 million

# Axis SADC 2- Section 16 Shah Alam



Land Area	:	Approx. 6 acres
Gross floor area	:	171,650 sf
Land Tenure	:	Leasehold expiring 8 August 2066
Occupancy	:	100%
Solar panel leases	:	Approx. 145,000sf of roof space
Purchase Price	:	RM45 million
Valuation	:	RM46 million
Projected initial net yield	:	7.0%
WALE	:	3 years

# Prospective Acquisition Targets

The Manager is currently undergoing assessments for the following assets as future acquisition targets:

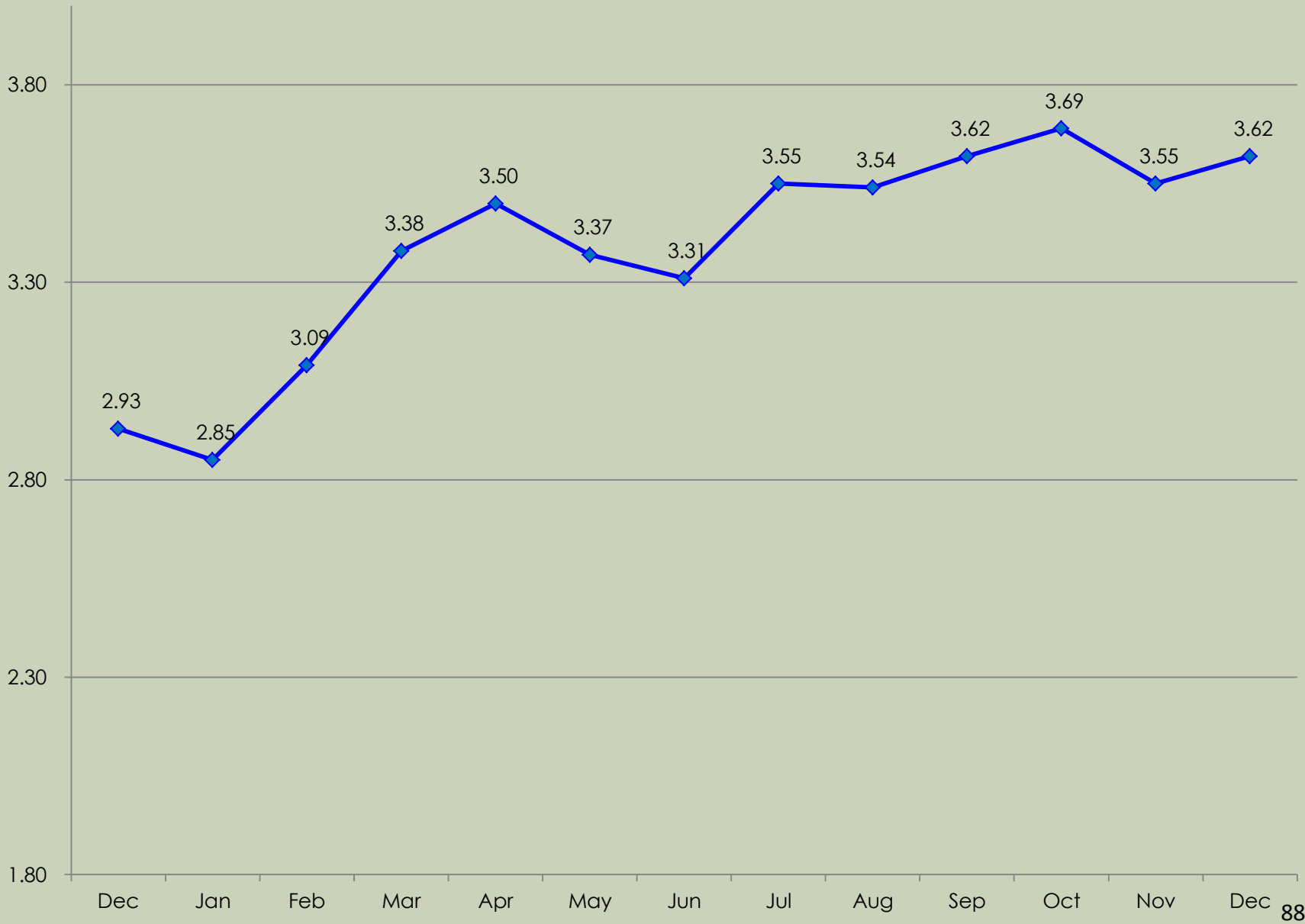
- 1.An industrial facility at Bayan Lepas
- 2.An industrial facility in Seberang Prai
- 3.A warehouse in Seberang Prai

**Total Estimated Value of RM160 million**

Q4

Investor  
Relations  
Report

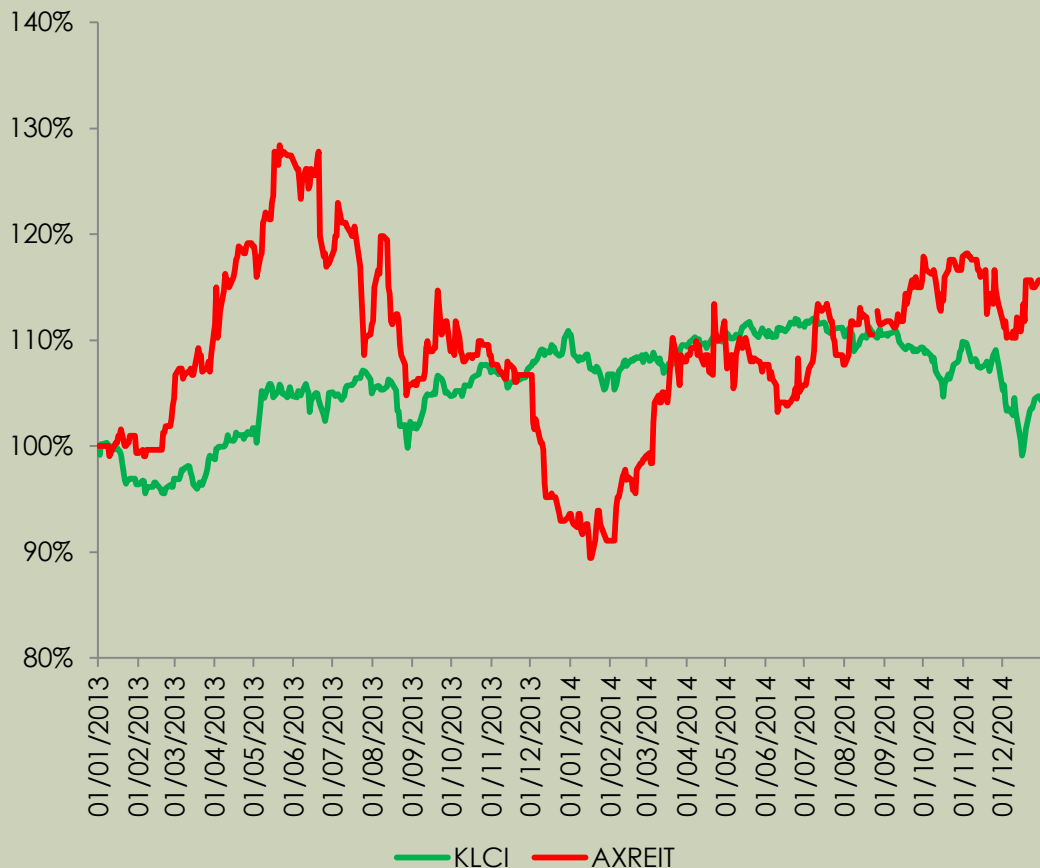
# Share Price Performance YTD 2014





# KLCI vs Axis-REIT

1 Jan 2013 – 31 December 2014

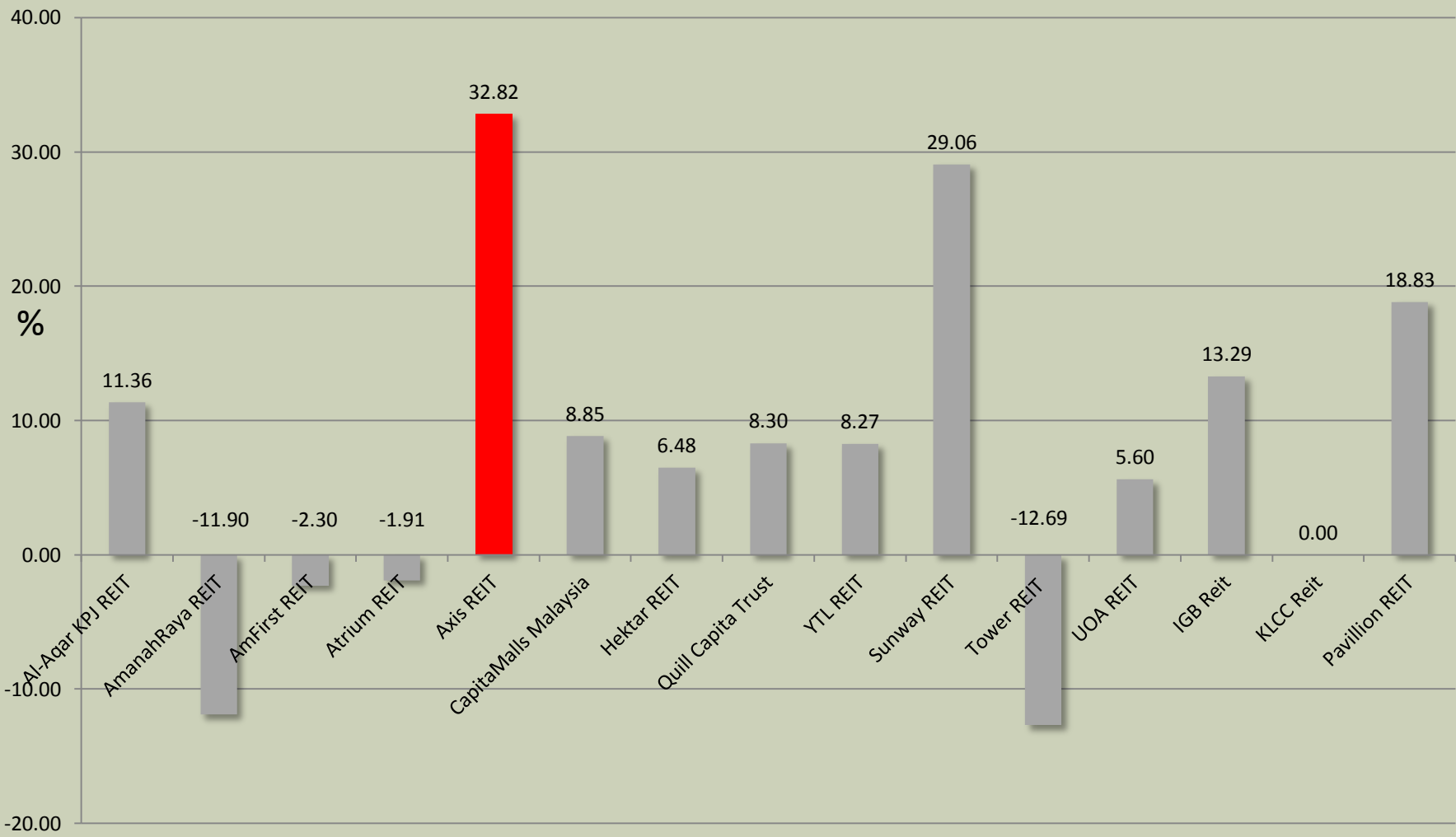


Source: Kenanga Online

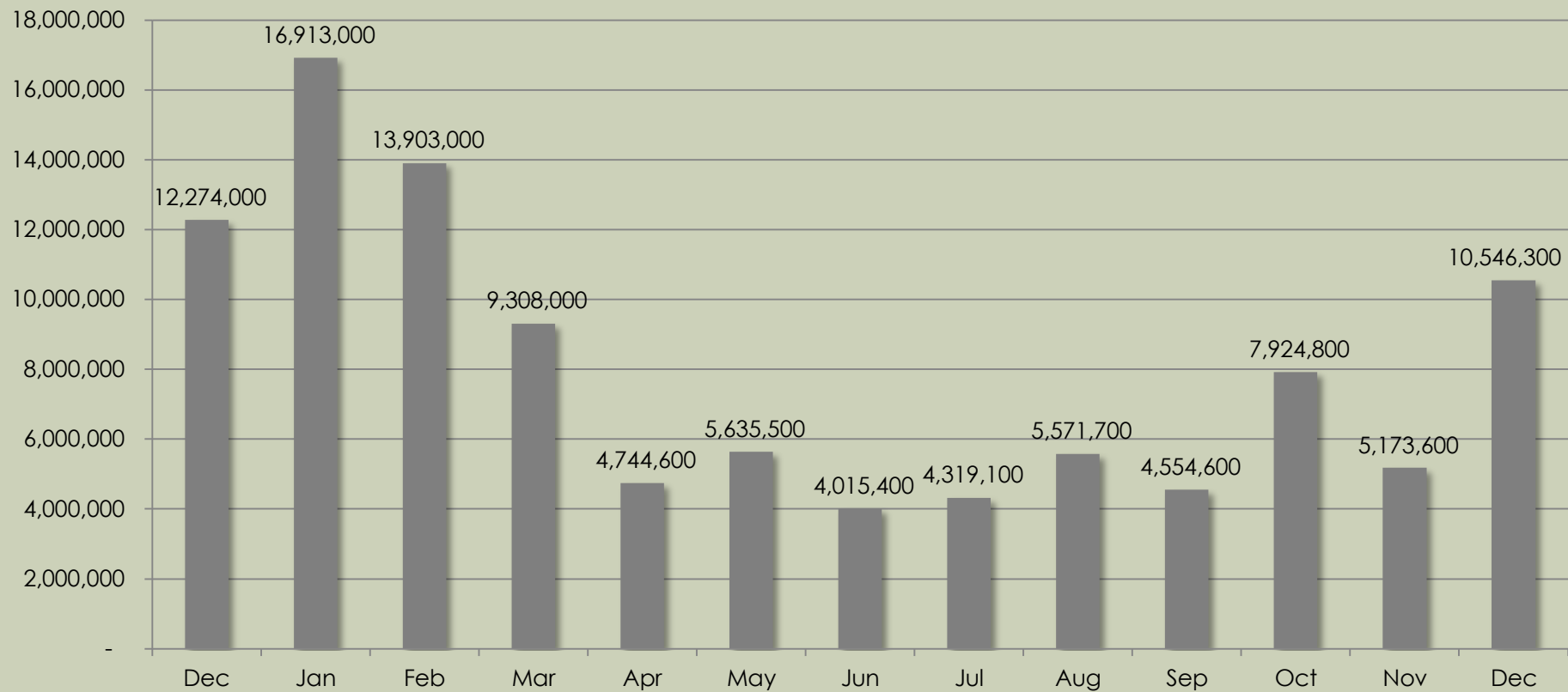
## Price & Volume Statistics

Unit Price @ 31 Dec 2014	RM 3.62
Unit Price @ 30 Jun 2014	RM 3.31
Unit Price @ 31 Dec 2013	RM 2.93
Highest Price 4Q2014 (November 2014)	RM 3.70
Lowest Price 1Q 2014 (January 2014)	RM 2.80
Unit Price appreciation from 1 Jan 2014 to 31 Dec 2014	23.5%.
Average Monthly Volume (1 Jan 2014 - 31 Dec 2014)	7,717,400
Highest Monthly Volume (January 2014)	16,913,000
Lowest Monthly Volume (June 2014)	4,015,400

# Total Return Comparables for MREITs YTD 2014



# Share Volume YTD 2014



Average Monthly Volume  
(1 Jan 2014 - 31 Dec 2014)

7,717,400

Highest Monthly Volume  
(January 2014)

16,913,000

Lowest Monthly Volume  
(June 2014)

4,015,400

# Top 10 Unitholders YTD 2014

1	EMPLOYEES PROVIDENT FUND
2	SKIM AMANAH SAHAM BUMIPUTERA
3	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)
4	TEW PENG HWEE @ TEOH PENG HWEE
5	ALEX LEE LAO
6	EXEMPT AN FOR AIA BHD.
7	DATO' CARL GUNNAR MYHRE
8	PERMODALAN NASIONAL BERHAD
9	AMANAH SAHAM 1MALAYSIA
10	EXEMPT AN FOR EASTPRING INVESTMENTS BHD.

## Top Unitholders' Percentage Holdings

1. Top 5 CDS accounts hold approximately 38% of total units in issue
2. Top 10 Unitholders hold approximately 53% of total units in issue
3. Unitholders with > 1 million unitholdings cumulatively account for 87% of total units in issue

# Analysis of >1 million Unitholders

## **Top 5 increases in unitholdings :**

- Lembaga Tabung Haji
- Kumpulan Wang Persaraan (Diperbadankan)
- EPF
- Skim Amanah Saham Bumiputera
- Permodalan Nasional Berhad

## **Top 5 decreases in unitholdings :**

- TNTC for Mondrian Emerging Markets Small Cap Equity Fund
- Exempt an for the Bank of New York Mellon (Mellon Acct)
- CBNY for Old Westbury Global Small and Mid Cap Fund
- Eng Guan Chan Sdn Bhd
- CBNY for DFA International Real Estate Securities Portfolio of DFA  
Investment Dimensions Group Inc

## No. of CDS Accounts



- ✓ Quarter-on-quarter, total number of CDS accounts increased by 38 to 3,176. Year-on-year increased is 5.6% from 3,009.
- ✓ Total foreign holdings is recorded at 14.41%, of which 7.48 % is related party and 6.93% is non-related party.
- ✓ Promoters' current holdings stand at 13.81%.

# 2014 Seminar Presentations & Investor Meetings

11-Jan	Wealth Mastery Convention; presentation on "Industrial Market Outlook and Performance for Year 2014"
26-Feb	Industrial Real Estate and Business Parks Conference
08-Apr	APREA Property Leaders Forum 2014
15-Apr	Public Mutual Investor Meeting
18-Apr	Aberdeen Asset Management Investor Meeting
07-May	Nomura (Japan) Investor Conference Call
14-May	DIAM Asset Management Investor Meeting
01-Jun	Star Property Fair 2014
03-Jun	Public Mutual Investor Meeting
16-Jul	Mondrian Investor Meeting
26-Aug	ASLI's 17th National Housing and Property Summit; presentation on "Commercial and Industrial Property Outlook: Where is the Market Heading?"
26-Aug	Hong Leong Investor Meeting
03-Sep	Kenanga Islamic Investments Investor Meeting
10-Nov	Sumitomo Mitsui Asset Management Company Visit
03-Dec	Invesco Investor Meeting
15-Dec	London Islamic Fund & Asset Management Expert Rounds; presentation on "Improving Product Diversity and Innovation in Islamic Funds"
24-Dec	Submission for The Brand Laureate BestBrands award; Category: Corporate Branding, Best Brands in Financial Services - REIT

# Analyst Coverage

Coverage	Rating	Target Price (RM)	Coverage Period
<b>CIMB Bank</b>	Buy	3.85	3Q2014
<b>RHB</b>	Hold	3.55	3Q2014
<b>Maybank</b>	Hold	3.34	3Q2014
<b>Kenanga</b>	Underperform	3.48	3Q2014
<b>Nomura</b>	Buy	4.15	3Q2014
<b>Alliance DBS</b>	Hold	3.65	3Q2014
<b>Affin Hwang</b>	Hold	3.90	3Q2014
<b>Nomura</b>	Buy	4.15	4Q2014 (Post-placement)
<b>Kenanga</b>	Underperform	3.48	4Q2014 (Post-placement)

Covered by a total of 7 investment banks for 3Q2014, including 1 newly-initiated coverage.



# 2014 Engagements: Unitholders, Analyst & Media

Category	Date	Description
<b>Unitholders</b>	29-April	Second Annual General Meeting
	29-April	Unitholders' Meeting
	19-Nov	Extraordinary General Meeting
<b>Analysts &amp; Press</b>	21-Jan	Announcement of fourth quarter 2013 results
	4-July	Announcement of second quarter 2014 results
	20-Oct	Announcement of third quarter 2014 results
<b>Media</b>	5-Dec	Media Appreciation Night 2014

THANK  
YOU