

4Q  
2016

# Axis REIT Managers Berhad Results Presentation



19 January 2017

# Our Milestones



- ✓ Assets Under Management RM296 million → RM2.24 billion
- ✓ Space Under Management 978,000 sq ft → 7,606,863 sq ft
- ✓ Properties 5 → 39
- ✓ Fund Size RM206 million → RM1.39 billion
- ✓ Valuation Gain since listing RM303,000,000
- ✓ First REIT to be listed on Bursa Malaysia
- ✓ First REIT to convert into an Islamic REIT
- ✓ First REIT to introduce the Income Distribution Reinvestment Plan
- ✓ First REIT to implement Unit Split
- ✓ Axis-REIT undertakes first built-to-suit development



2016

HIGHLIGHTS

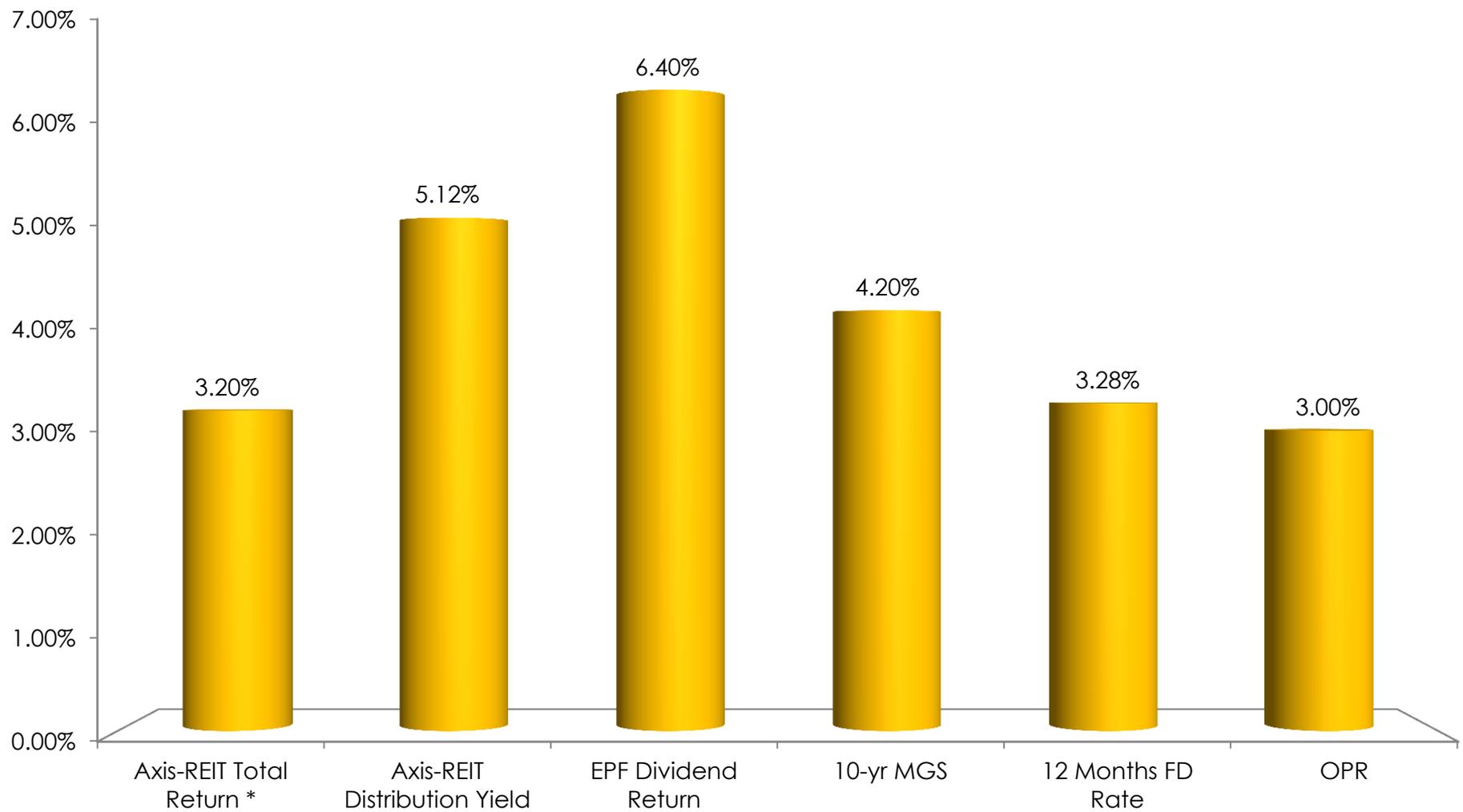
**RM 2,198,149,000**



Investment  
Properties

- ✓ Completed the acquisition of 5 industrial properties:
  - Beyonics i-Park Campus Block A, B, C & D for RM61.0 million on 28 January 2016
  - Scomi Facility @ Rawang for RM42.0 million on 15 November 2016
- ✓ Signed the Sale & Purchase Agreement for the acquisition of Kerry Warehouse located at Pasir Gudang, Johor for RM33.0 million on 23 May 2016.
- ✓ Entered into an agreement to build-and-lease to develop the Nestle National Distribution Centre on half of Axis PDI Centre for a lease term of 10+3+3 years.
- ✓ Signed the Sale & Purchase Agreement for the disposal of Axis Eureka for RM56.1 million on 24 October 2016
- ✓ A total of RM29.9 million revaluation gain recorded for 2016.
- ✓ Declared total of 8.25 sen DPU for 2016.
- ✓ Successfully implemented the Income Distribution Reinvestment Plan (IDRP) in conjunction with the payment of the 1<sup>st</sup> Interim 2016 DPU with a success rate of 79%.
- ✓ Currently trades at a premium of 28%<sup>5</sup> to NAV.

# 2016 Return Comparatives



\* (Based on annualised DPU from operations + movement in market price)/opening market price as at 1 January 2016)



2016  
FINANCE  
REPORT

	4Q2016
Total Net Income ("Realised") (RM' 000)	90,186
Income Available for Distribution ("Realised") (RM' 000)	91,122
Earnings per Unit ("EPU") ("Realised") (Sen)	8.19
Income Distribution Declared (RM'000)	91,067
Distribution per Unit ("DPU") (Sen) *	8.25
Number of Investment Properties	39
Units in Circulation (Units)	1,105,173,591
Assets Under Management (RM'000)	2,244,274
Total Financing (RM'000)	780,665
Gearing Ratio (%)	34.78
Total Unitholder's Fund (RM'000)	1,392,971
Market Capitalization (RM'000)	1,779,329
Net Asset Value per Unit (RM)	1.2605
IPO Retail Unit Price (RM) (restated from RM1.25)	0.625
Unit Price as at 31 December 2016 (RM)	1.61
Number of Unitholders	3,891

\* Final income distribution to be paid on 28 February 2017

# Income Statement 4Q2016 vs 4Q2015



	4Q2016 (RM '000)	4Q2015 (RM'000)	Changes
No. of Properties	39	34	+5
Property Income	42,230	39,832	+6.02%
Property Expenses	(6,625)	(6,004)	+10.34%
Net Property Income	35,605	33,828	+5.25%
Profit Income / other income	160	176	
Non-Property Expenses	(4,417)	(4,668)	-5.38%
Islamic Financing Cost	(8,228)	(7,581)	+8.53%
Net Income	23,120	21,755	+6.27%
DPU (sen)	2.10	2.00	+5.00%
No. of units in issuance	1,105,173,591	1,099,793,068	+0.50%

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

# Income Statement YTD 2016 vs 2015



	2016 (RM'000)	2015 (RM'000)	Changes
No. of Properties	39	34	+5
Property Income - <b>Note 1</b>	166,685	163,077	+2.21%
Property Expenses - <b>Note 2</b>	(27,048)	(23,746)	+13.91%
Net Property Income	139,637	139,331	+0.22%
Profit Income / other income	678	744	
Non-Property Expenses - <b>Note 3</b>	(18,125)	(18,530)	-2.19%
Islamic Financing Cost - <b>Note 4</b>	(32,004)	(29,935)	+6.91%
Income Tax Expenses	-	(73)	
Net Income	90,186	91,537	-1.48%
DPU (sen)	8.25	8.40	-1.79%
No. of units in issuance – <b>Note 5</b>	1,105,173,591	1,099,793,068	+0.50%

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

## **Note 1 – Property Income**

The property income is RM3.6 million higher than 2015 notwithstanding that Axis PDI Centre is undergoing development. The increase is contributed by rental proceeds from the 5 newly acquired properties coupled with positive rental reversion during the year.

## **Note 2 – Property Expenses**

Increase in property expenses is due to higher costs of scheduled routine maintenance works and the additional expenses of the 5 new properties in the portfolio.

## **Note 3 – Non-Property Expenses**

The MER of the Fund dropped to 1.25% of NAV, as compared to 1.36% in 2015.

## **Note 4 – Islamic Financing Cost**

Increase in financing cost due to additional financing facilities utilised to fund the 5 new acquisitions.

## **Note 5 – No. of Units in Issuance**

Increase in Fund's units is due to the issuance of new units pursuant to IDRP implemented during the year.

# Gross Yield of Investment Properties



Properties	Gross yield (%)	<b>Average YTD gross yield = 9.50%</b>	
1 Wisma Kemajuan	18.56%	21 Infinite Centre	9.21%
2 FCI Senai	14.64%	22 Axis Business Park	9.16%
3 Crystal Plaza	14.48%	23 Axis Steel Centre	8.87%
4 Menara Axis	14.21%	24 Tesco Bukit Indah	8.76%
5 Delfi Warehouse	13.80%	25 Axis Shah Alam DC 3	8.15%
6 BMW Centre PTP	13.75%	26 Beyonics i-Park Campus Block C	7.98%
7 D8 Logistics Warehouse	12.12%	27 Beyonics i-Park Campus Block B	7.96%
8 Strateq Data Centre	11.91%	28 Beyonics i-Park Campus Block A	7.96%
9 Niro Warehouse	11.50%	29 Beyonics i-Park Campus Block D	7.95%
10 Fonterra HQ	11.38%	30 Scomi Facility @ Rawang	7.86%
11 Seberang Prai Logistic Warehouse 3	10.72%	31 Axis MRO Hub	7.82%
12 Emerson Industrial Facility Nilai	10.30%	32 Axis Shah Alam DC 2	7.74%
13 Wisma Academy Parcel	10.00%	33 Axis Vista	7.72%
14 Bayan Lepas Distribution Centre	9.84%	34 Axis Eureka	7.65%
15 Seberang Prai Logistic Warehouse 1	9.64%	35 Axis Technology Centre	7.57%
16 Axis Shah Alam DC 1	9.55%	36 Axis Steel Centre@ SiLC	7.46%
17 Bukit Raja Distribution Centre	9.48%	37 The Annex	6.17%
18 Quattro West	9.40%	38 Axis Business Campus	1.70%
19 Giant Hypermarket, Sungai Petani	9.37%	39 Axis PDI Centre	<i>Under development</i>
20 Seberang Prai Logistics Warehouse 2	9.23%		

# Net Yield of Investment Properties

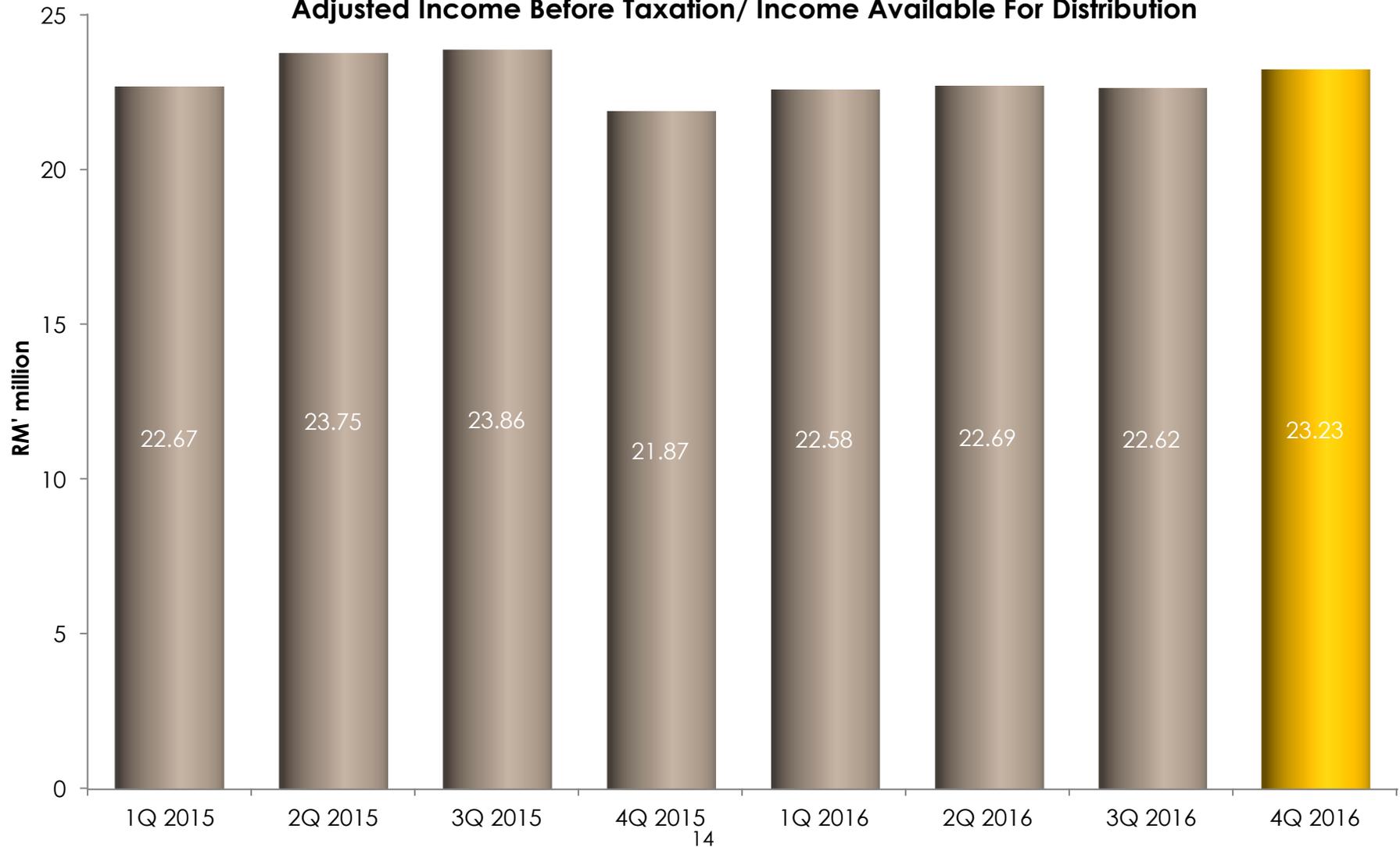


Properties	Net yield (%)	<b>Average YTD net yield = 8.17%</b>	
1 Wisma Kemajuan	14.48%	21 Scomi Facility @ Rawang	7.50%
2 FCI Senai	13.23%	22 Quattro West	7.28%
3 BMW Centre PTP	12.35%	23 Beyonics i-Park Campus Block D	7.26%
4 Crystal Plaza	12.05%	24 Wisma Academy Parcel	7.26%
5 Delfi Warehouse	12.02%	25 Beyonics i-Park Campus Block A	7.25%
6 Menara Axis	11.77%	26 Beyonics i-Park Campus Block B	7.24%
7 Strateq Data Centre	11.24%	27 Beyonics i-Park Campus Block C	7.23%
8 D8 Logistics Warehouse	10.99%	28 Axis MRO Hub	7.15%
9 Niro Warehouse	10.50%	29 Axis Shah Alam DC 3	7.11%
10 Fonterra HQ	9.83%	30 Axis Steel Centre @ SiLC	7.10%
11 Seberang Prai Logistic Warehouse 3	9.50%	31 Axis Shah Alam DC 2	6.96%
12 Emerson Industrial Facility Nilai	9.37%	32 Axis Business Park	6.95%
13 Seberang Prai Logistic Warehouse 1	9.18%	33 Axis Vista	6.63%
14 Bukit Raja Distribution Centre	8.92%	34 Axis Technology Centre	5.71%
15 Bayan Lepas Distribution Centre	8.77%	35 Infinite Centre	5.52%
16 Axis Shah Alam DC 1	8.70%	36 Axis Eureka	4.79%
17 Giant Hypermarket, Sungai Petani	8.59%	37 The Annex	4.62%
18 Seberang Prai Logistics Warehouse 2	8.49%	38 Axis Business Campus	0.40%
19 Tesco Bukit Indah	8.14%	39 Axis PDI Centre	<i>Under development</i>
20 Axis Steel Centre	8.06%		

# Income Available for Distribution



**Adjusted Income Before Taxation/ Income Available For Distribution**



# Summary of Realised EPU and DPU



# Statement of Financial Position



	31/12/16 (RM'000)	31/12/15 (RM'000)	Changes
Investment Properties – Note 1	2,198,149	2,048,626	+149,523
Fixed Assets	2,899	3,602	-703
Other Assets – Note 2	43,226	89,265	-46,039
<b>TOTAL ASSETS</b>	<b>2,244,274</b>	<b>2,141,493</b>	<b>+102,781</b>
Borrowings – Note 3	780,665	731,814	+48,851
Other Payables	70,638	57,194	+13,444
<b>TOTAL LIABILITIES</b>	<b>851,303</b>	<b>789,008</b>	<b>+62,295</b>
<b>NET ASSET VALUE (NAV)</b>	<b>1,392,971</b>	<b>1,352,485</b>	<b>+40,486</b>
Unitholders' Capital – Note 4	1,060,320	1,052,272	+8,048
Undistributed Distributable Income	19,368	19,036	+332
Non-Distributable Reserve – Note 5	313,283	281,177	+32,106
<b>TOTAL UNITHOLDERS' FUND</b>	<b>1,392,971</b>	<b>1,352,485</b>	<b>40,486</b>
<b>GEARING</b>	<b>34.78%</b>	<b>34.17%</b>	
<b>NAV/unit (RM)</b>	<b>1.2605</b>	<b>1.2298</b>	
<b>No. of units in issuance</b>	<b>1,105,173,591</b>	<b>1,099,793,068</b>	

## Note 1 – Investment Properties

The acquisition of Beyonics i-Park Campus Block A, B, C and D completed on 28 January 2016 at RM62.0 million and Scomi Facility @ Rawang completed on 15 November 2016 at RM42.0 million.

During the year, a total of RM11.3 million was spent on enhancement works of the properties in the portfolio, RM3.6 million development cost for the Nestle National Distribution Centre and RM29.9 million revaluation gain has been recorded.

## Note 2 – Other assets

The average collection of trade receivables is as shown below:

For Period Ended	Avg. Collection Period (in days)
31-Dec-14	2
31-Dec-15	9
31-Dec-16	3

# Statement of Financial Position – Note 3

## Borrowings



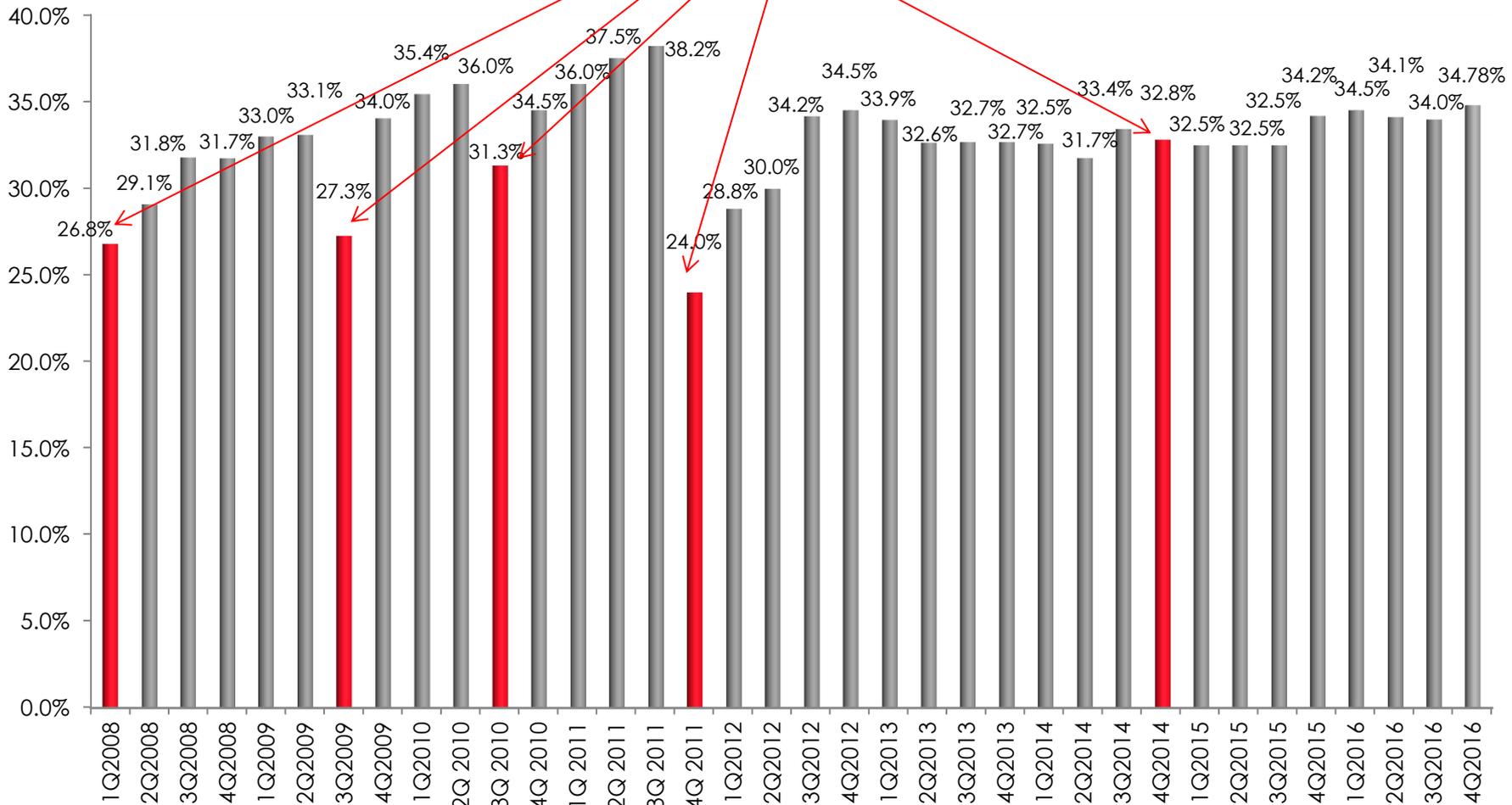
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Total Borrowings (RM'000)</b>	209,816	230,456	308,932	416,609	311,338	548,920	528,004	683,769	731,814	<b>780,665</b>
<b>Total Assets (RM'000)</b>	581,857	726,371	907,745	1,208,897	1,298,431	1,589,408	1,616,523	2,085,883	2,141,493	<b>2,244,274</b>
<b>Gearing</b>	36.06%	31.73%	34.03%	34.46%	23.98%	34.54%	32.66%	32.78%	34.17%	<b>34.78%</b>
<b>Effective Profit Rate</b>	4.39%	4.28%	4.11%	4.48%	4.66%	4.58%	4.38%	4.24%	4.28%	<b>4.25%</b>
<b>Percentage of short term borrowings (Maturity &lt; 1 Year)</b>	100%	100%	47%	48%	52%	62%	50%	61%	55%	<b>58%</b>
<b>Percentage of medium/ long term borrowings (Maturity &gt;1 year and &lt;7 years)</b>	-	-	53%	52%	48%	38%	50%	39%	45%	<b>42%</b>
<b>Percentage of floating rate borrowings</b>	100%	100%	47%	48%	52%	62%	40%	47%	50%	<b>53%</b>
<b>Percentage of fixed rate borrowings</b>	-	-	53%	52%	48%	38%	60%	53%	50%	<b>47%</b>
<b>Total unencumbered assets</b>	8	13	12	11	12	6	5	5	10	<b>15</b>
<b>Percentage of unencumbered assets/total assets</b>	34%	44%	52%	42%	44%	19%	16%	21%	26%	<b>30%</b>
<b>Financing cost cover</b>	5.6	5.5	4.8	4.1	3.8	4.6	4.5	4.5	4.1	<b>3.8</b>

# Statement of Financial Position

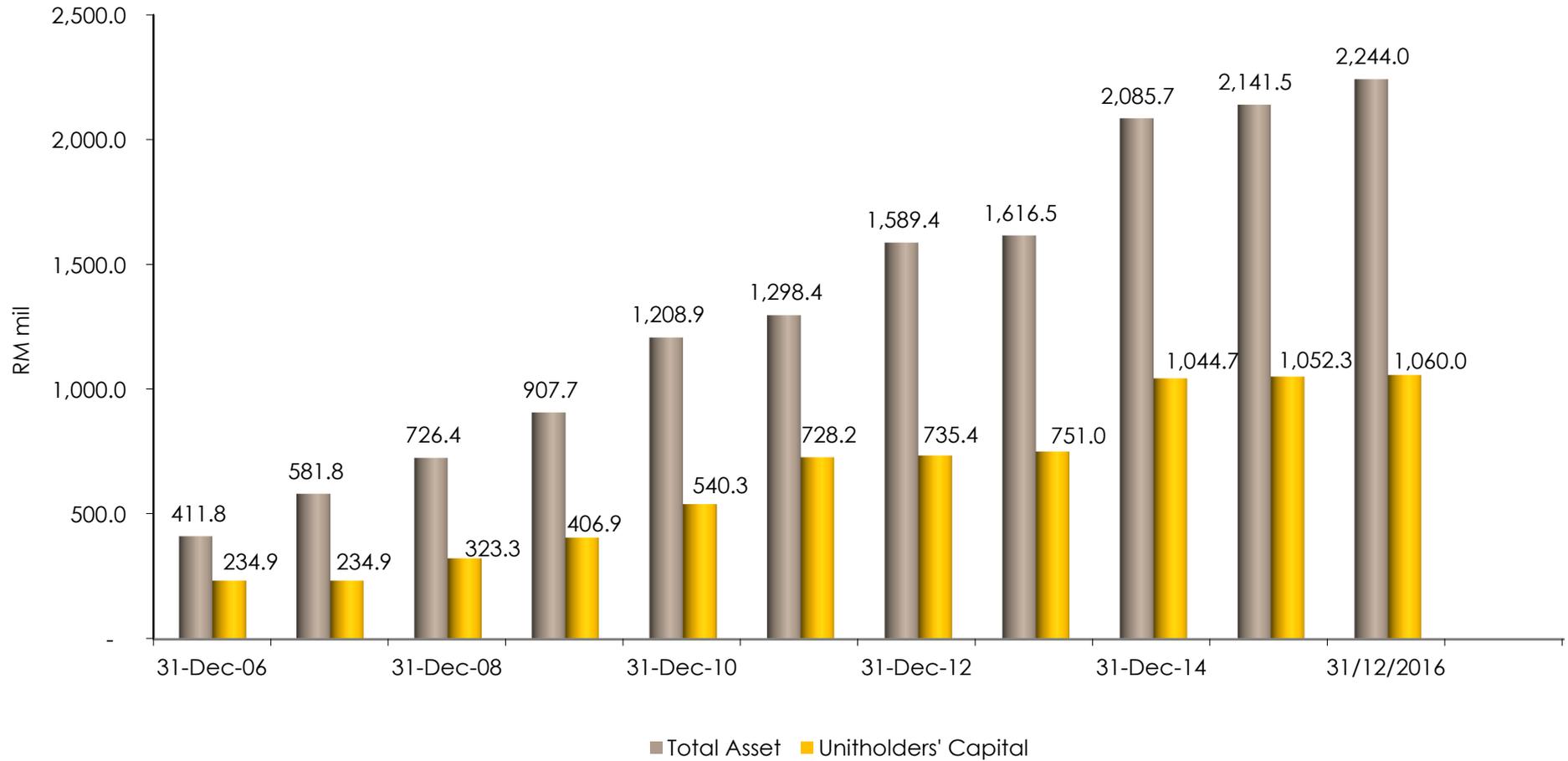
## Gearing Levels



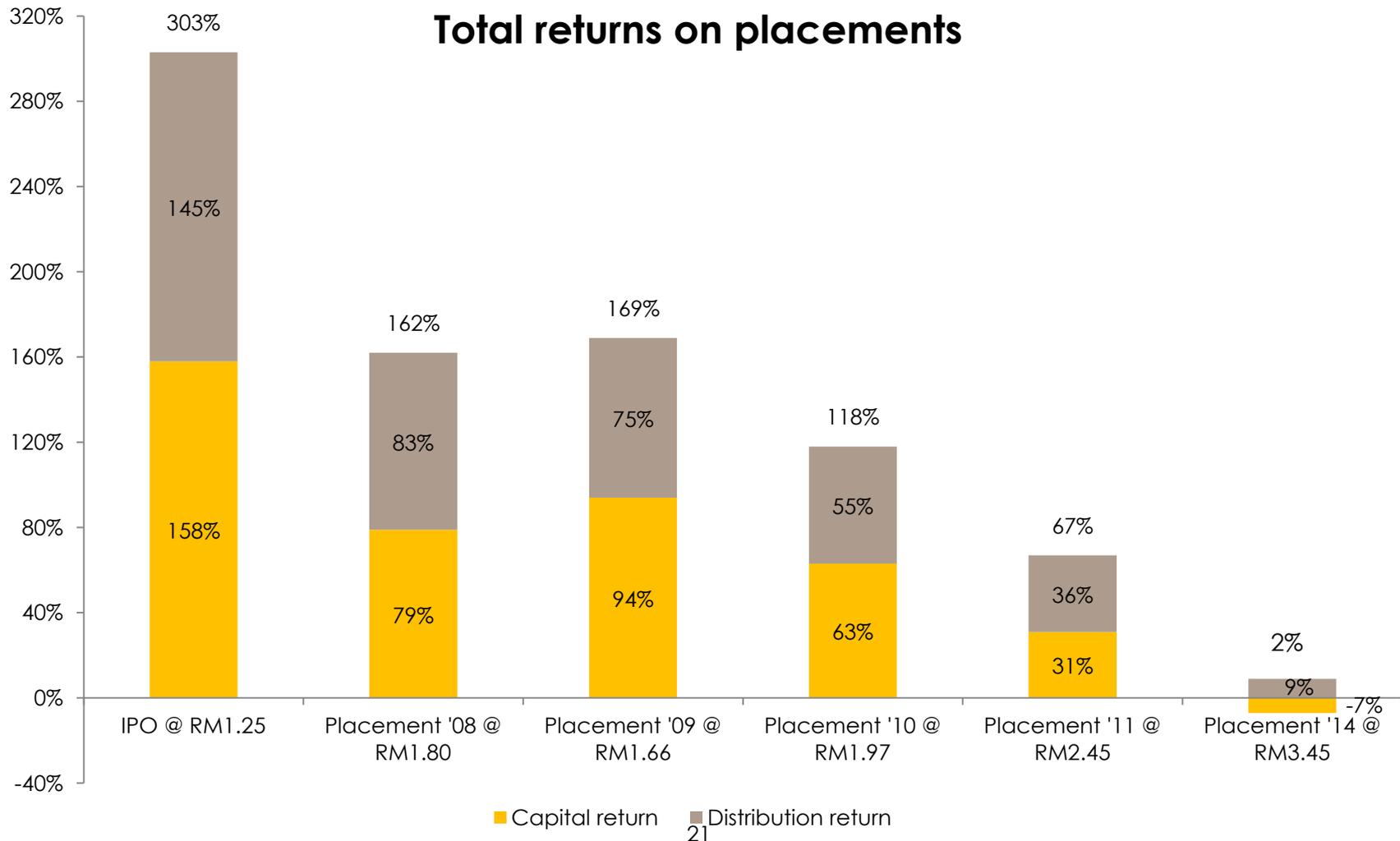
### Placements Undertaken



# Unitholders' Capital – Note 4



... resulting in good total returns to unitholders.



# Statement of Financial Position – Note 5

## Non-distributable Reserve



Non-distributable reserve mainly comprises the favorable gain in fair value of approximately **RM303** million to date.

Property	Gain/(loss) RM'000	Property	Gain/(loss) RM'000
Crystal Plaza	44,754	Seberang Prai Logistic Warehouse 3	3,183
Menara Axis	37,617	Delfi Warehouse	2,997
Wisma Kemajuan	26,710	Seberang Prai Logistic Warehouse 1	2,678
Bukit Raja Distribution Centre	26,073	D8 Logistics Warehouse	2,252
Axis Vista	22,140	BMW Centre PTP	2,217
Axis Business Park	20,232	Axis Eureka	1,764
Tesco Bukit Indah	19,076	Bayan Lepas Distribution Centre	1,417
Strateq Data Centre	14,271	Axis Shah Alam DC 2	819
Axis Business Campus	12,841	Seberang Prai Logistic Warehouse 2	815
Axis Shah Alam DC 1	9,853	Axis Steel Centre@ SiLC	551
Infinite Centre	7,557	Scomi Facility @ Rawang	304
FCI Senai	7,307	Beyonics – Block D	196
Giant Hypermarket, Sungai Petani	7,027	Beyonics – Block B	185
Quattro West	5,925	Beyonics – Block C	166
The Annex	5,678	Beyonics – Block A	131
Fonterra HQ	5,572	Wisma Academy Parcel	(369)
Axis Steel Centre	3,888	Axis MRO Hub	(375)
Niro Warehouse	3,766	Axis PDI Centre	(1,687)
Axis Technology Centre	3,746	Axis Shah Alam DC 3	(1,936)
Emerson Industrial Facility Nilai	3,183		



# 2016 PROPERTY REPORT

As at 31 December 2016, the occupancy rate of Axis-REIT's portfolio of properties stands at 92% with a stable weighted average lease expiry period of 4.45 years (based on rental). The Manager achieved 86% tenants' retention rate with positive rental reversion of 3%.

For 2017, 1,353,271 sq. ft. of space will be coming for renewal, representing 17.8% of the portfolio. Out of this, 290,048 sq. ft. has been renewed, representing 21.43%.

The Manager secured 667,919 sq. ft. of new leases in 2016. This includes 515,000 sq. ft. of the Nestle National Distribution Centre to be completed and handed over in 2018 and 53,252 sq. ft. of new space taken up by our existing tenants, Fuji Xerox, Montreal Trading, Brightstar, Computer Asia, Achieva, Quantum Diagnostics and Hitachi eBworx. In addition, we have secured new tenants to occupy 99,667 sq. ft.

The office and industrial market is expected to remain challenging in 2017 with new supply continuing to outstrip demand coupled with impact from the soft global economic conditions. Prospective tenants are looking to achieve rental savings in their relocation exercise. Our properties are in the affordable rental category and continue to appeal to companies that are expanding or relocating from properties with higher rental rates.

Vacancy in the portfolio currently stands at 606,585 sq. ft. The Manager's focus in 2017 is to fill the voids and tenants retention. Our leasing team is committed and working hard to secure new tenants. By filling the current 24 vacant spaces, we expect to add as much as 1.65 sen to the annual DPU.

As at 31 December 2016, the portfolio has 39 assets comprising 7,606,863 sq. ft. and 139 tenants.

	2016	2015	Movement	
No of properties	39	34	↑	5
Property Income (RM' 000)	166,685	163,077	↑	2.2%
Property Expenses (RM' 000)	27,048	23,746	↑	13.9%
Net Property Income (RM' 000)	139,637	139,331	↑	0.2%
Occupancy	92.03%	91.97%	↑	0.06%

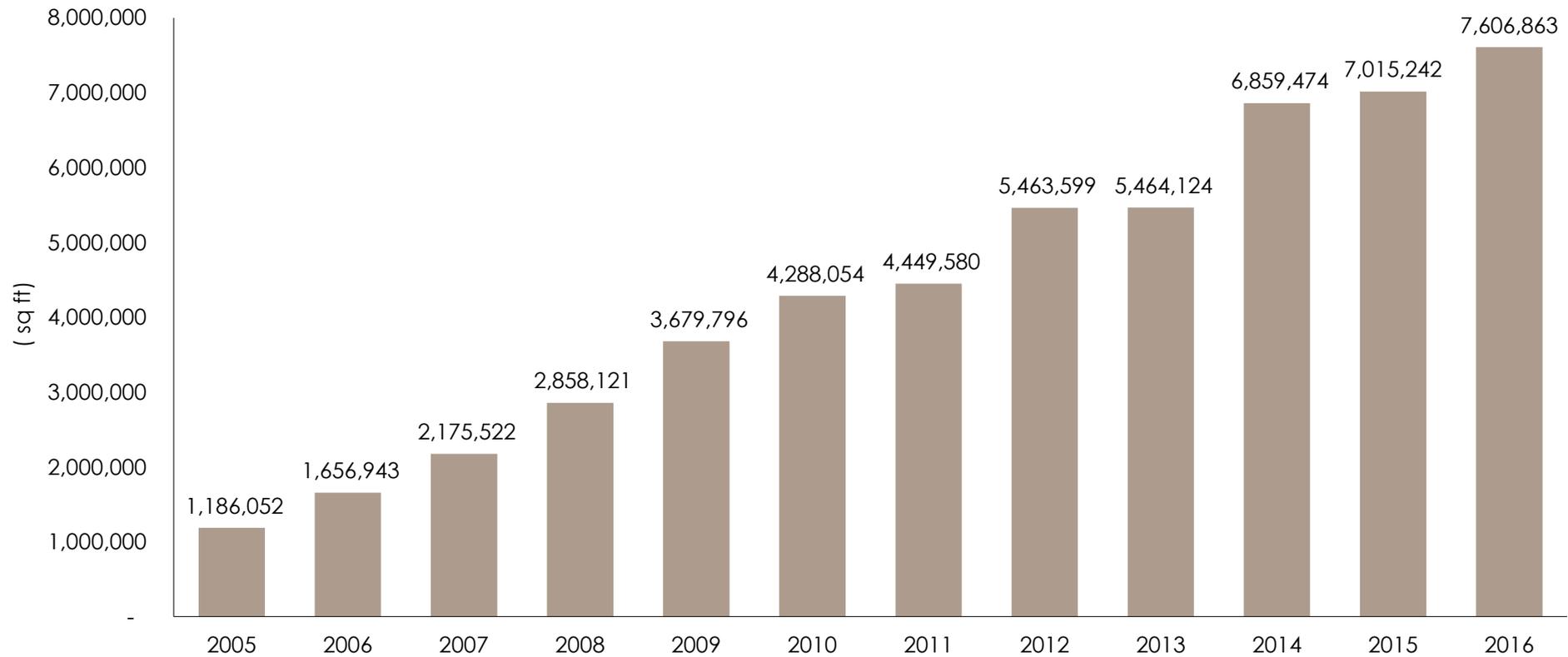
## Average Rental Rates:

Type of Properties	2016	2015	Movement	
Office (RM/sq. ft.)	4.80	4.64	↑	0.16
Office Industrial (RM/sq. ft.)	2.73	2.72	↑	0.01
Manufacturing Facilities (RM/sq. ft.)	1.29*	1.33	↓	0.04
Warehouse Logistics (RM/sq. ft.)	1.53	1.52	↑	0.01
Hypermarket (RM/sq. ft.)	2.36	2.24	↑	0.12

**Note:**

The reduction in average rental for manufacturing facilities is due to the RM1.00 per sq. ft. rental of Scomi Facility @ Rawang.

# Space Under Management (sq. ft.)



As at 31 December 2016, Axis-REIT has only 12 out of 39 properties that carry vacancy, while 1 is undergoing development.

26 properties enjoy 100% occupancy.

## Occupancy

As at 31 December 2016 92.03 %

## Vacancy

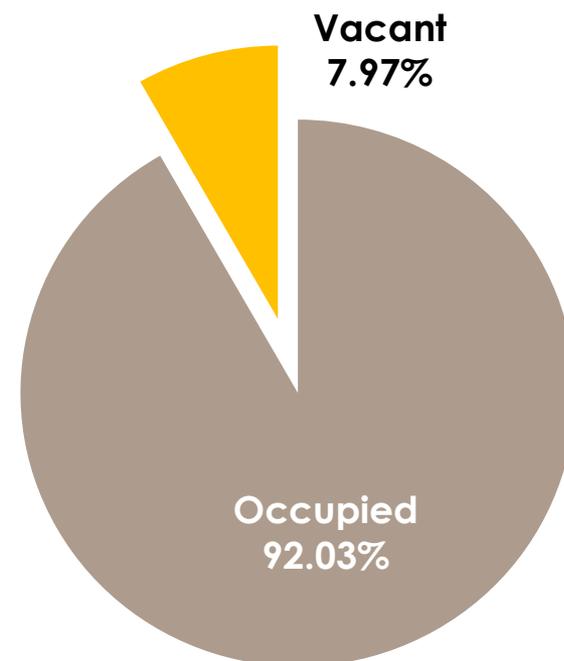
As at 31 December 2016 7.97 %  
Space to be let out 606,585 sq. ft.

## Occupancy

Multi-tenants properties 82%  
Single tenant properties 99.8%

Unbilled space income **RM18.2 million per year**  
Potential annual DPU upside 1.65 sen per unit/year

## Occupancy Rate



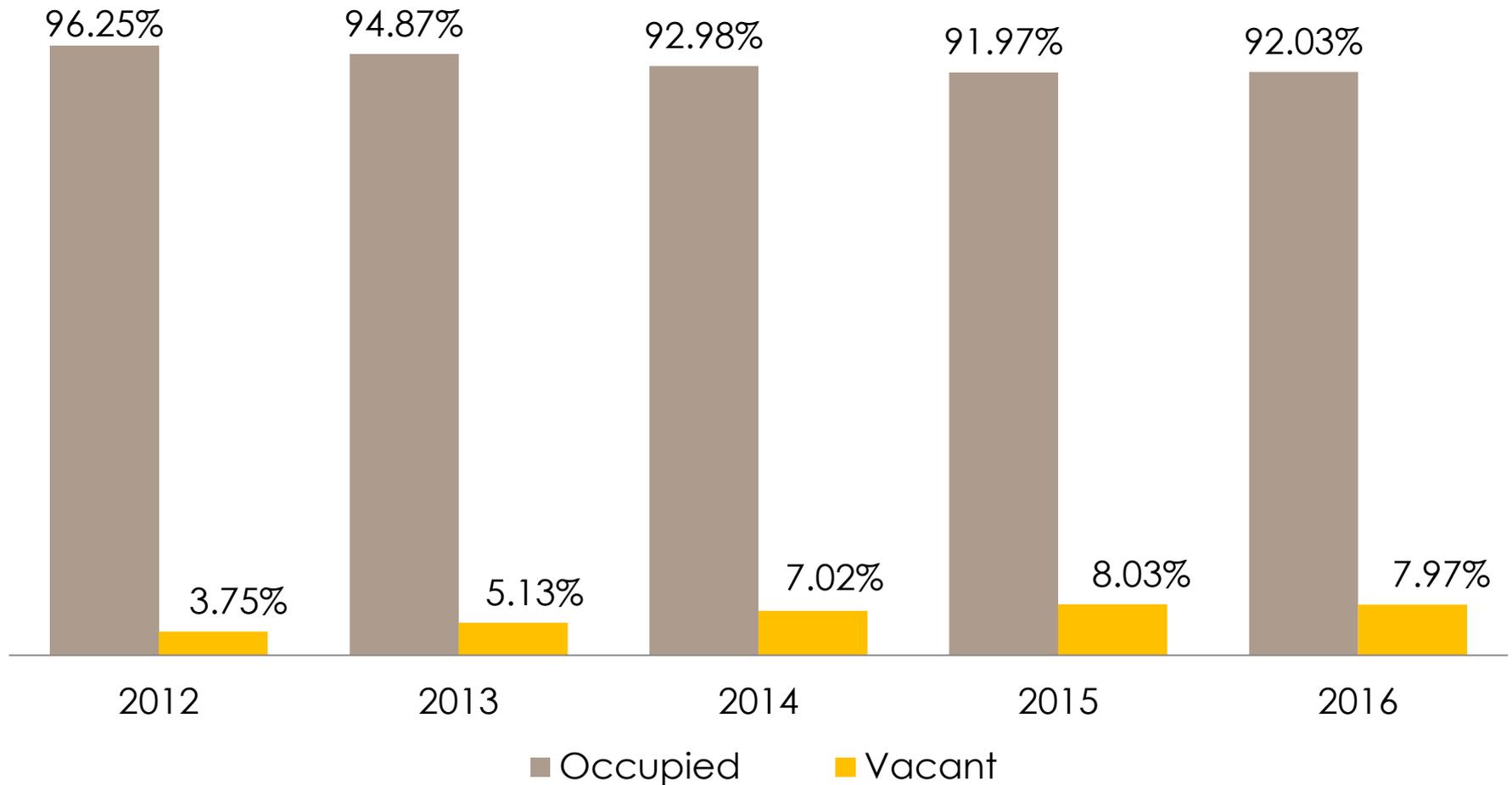
# Occupancy Rates by Property as at 31 December 2016



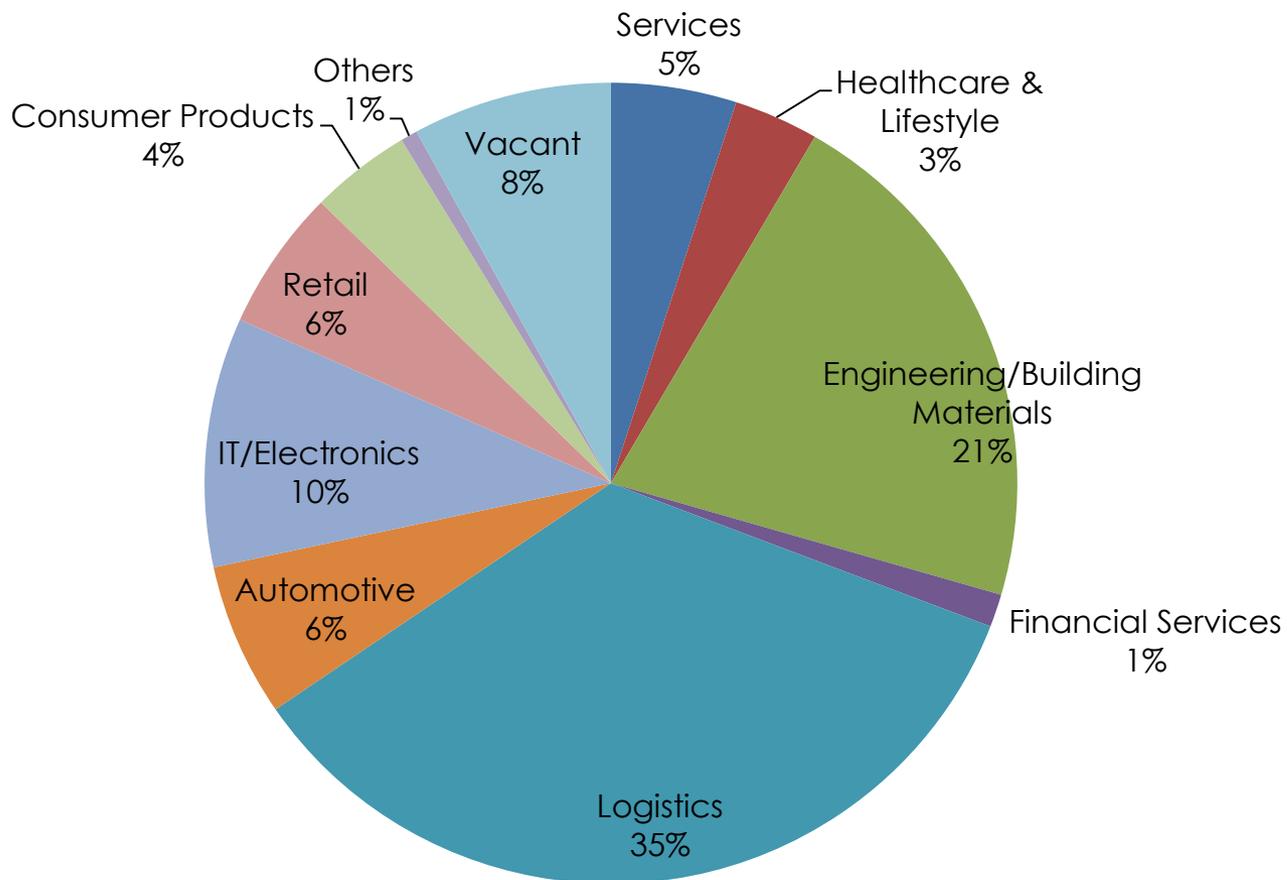
1	Menara Axis	93.75%	21	Axis Steel Centre	100.00%
2	Crystal Plaza	81.19%	22	Bukit Raja Distribution Centre	100.00%
3	Quattro West	65.90%	23	Seberang Prai Logistic Warehouse 1	100.00%
4	Axis Eureka	59.64%	24	Seberang Prai Logistic Warehouse 2	100.00%
5	Axis Business Park	69.80%	25	Axis PDI Centre	<i>Under development</i>
6	Infinite Centre	68.08%	26	D8 Logistics Warehouse	100.00%
7	Wisma Kemajuan	92.01%	27	FCI Senai	100.00%
8	Axis Business Campus	11.94%	28	Bayan Lepas Distribution Centre	100.00%
9	Strateq Data Centre	100.00%	29	Seberang Prai Logistic Warehouse 3	100.00%
10	Fonterra HQ	84.96%	30	Emerson Industrial Facility Nilai	100.00%
11	Axis Vista	65.31%	31	Axis Shah Alam DC 3	100.00%
12	Axis Tech Centre	82.88%	32	Axis MRO Hub	100.00%
13	Wisma Academy Parcel	81.00%	33	Axis Steel Centre @ SiLC	100.00%
14	The Annex	100.00%	34	Axis Shah Alam DC 2	100.00%
15	Giant Hypermarket Sg. Petani	100.00%	35	Beyonics I-Park Campus Block A	100.00%
16	Tesco Bukit Indah	100.00%	36	Beyonics i-Park Campus Block B	100.00%
17	Axis Shah Alam DC 1	100.00%	37	Beyonics i-Park Campus Block C	100.00%
18	BMW Centre PTP	100.00%	38	Beyonics i-Park Campus Block D	100.00%
19	Niro Warehouse	100.00%	39	Scomi Facility @ Rawang	100.00%
20	Delfi Warehouse	100.00%			



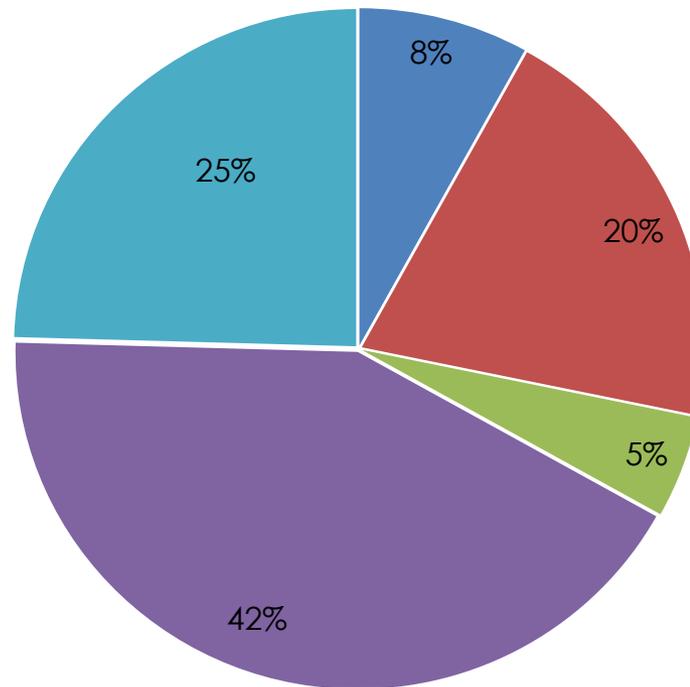
# Occupancy Rates – 5 Year Analysis



## NLA by Industry Sector

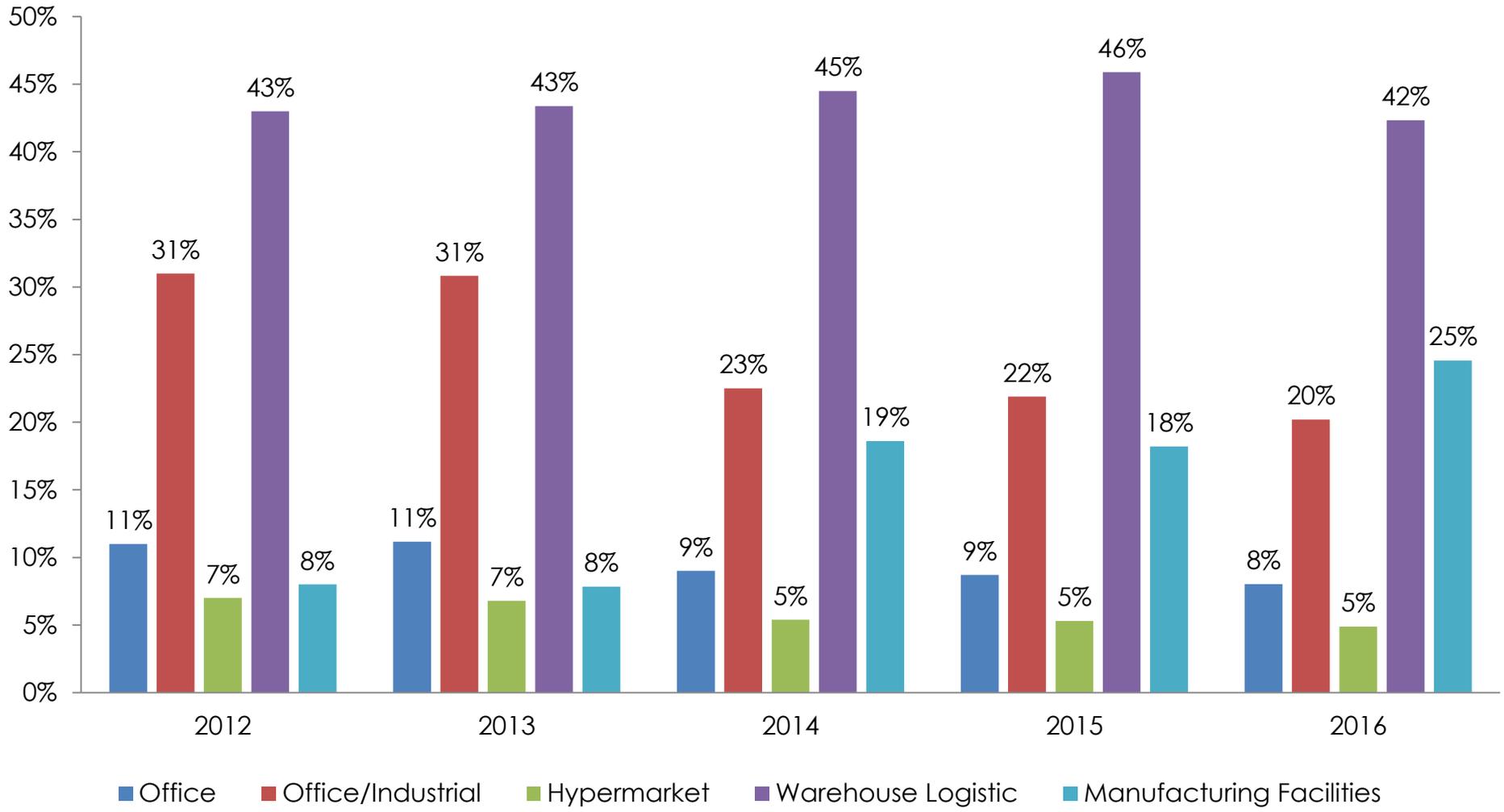


## Portfolio Diversification by Type and NLA

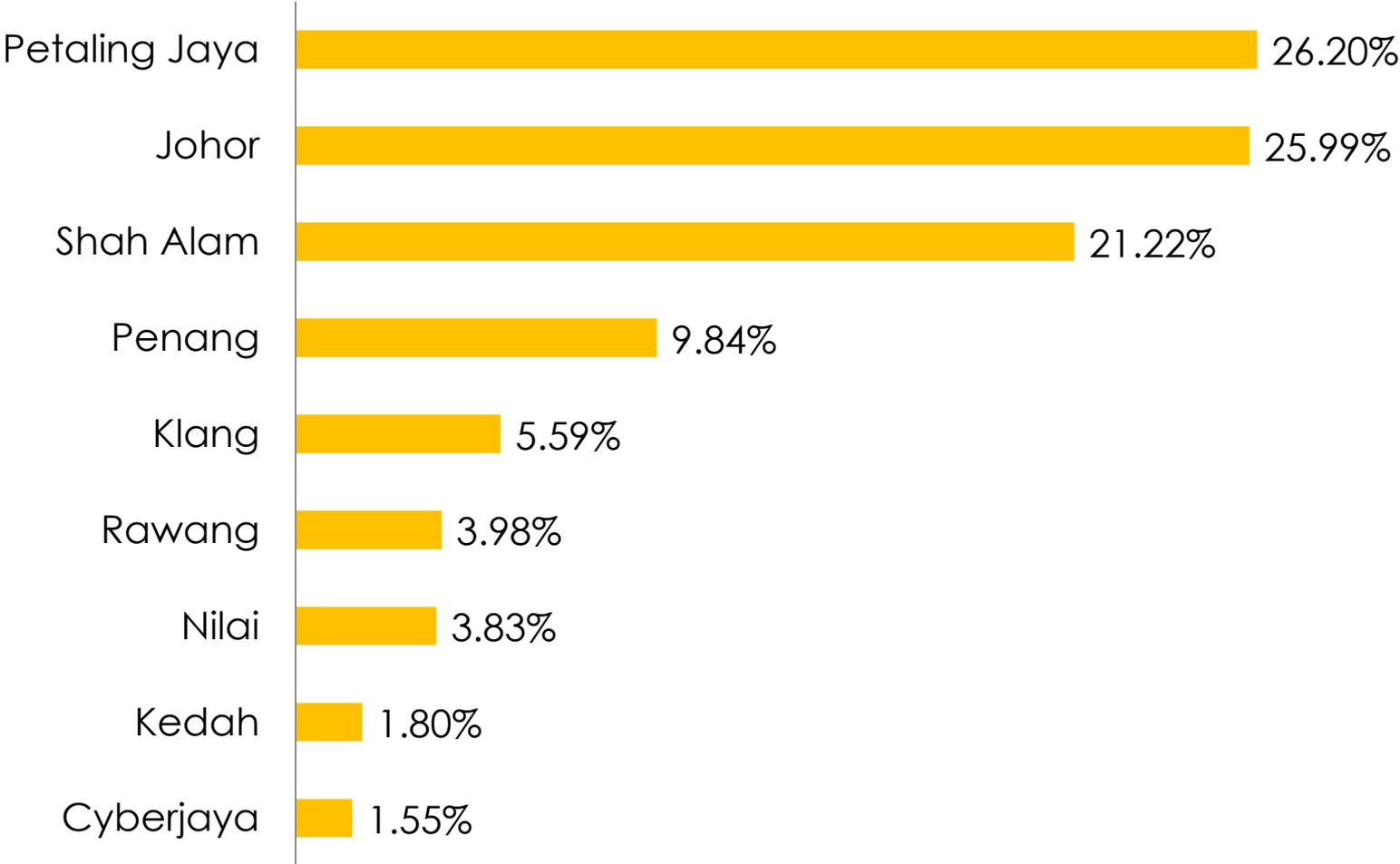


- Office
- Office/ Industrial
- Hypermarkets
- Warehouse Logistic
- Manufacturing Facilities - Light Industrial

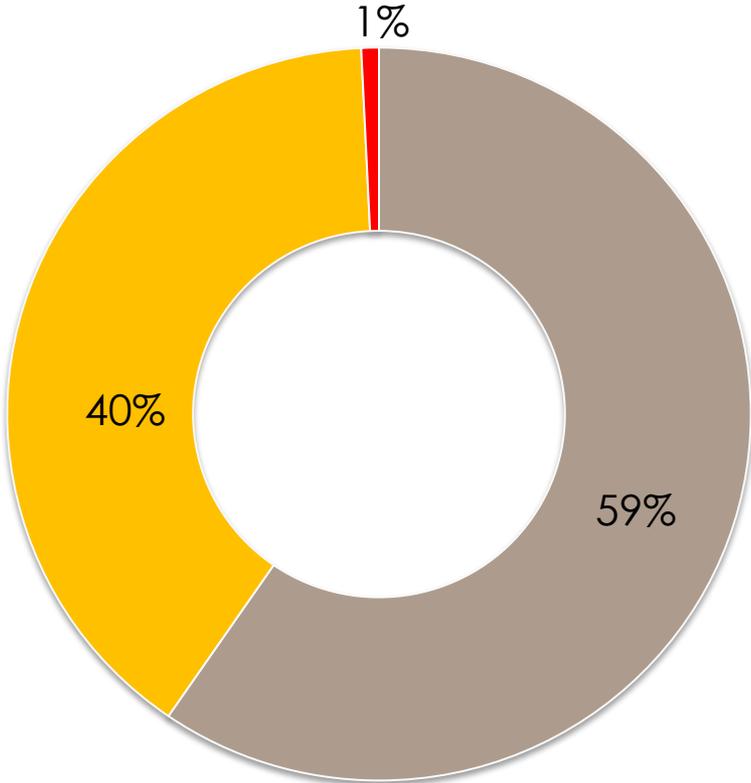
## Portfolio Diversification by Type and NLA



## Portfolio Diversification by Geographical Location

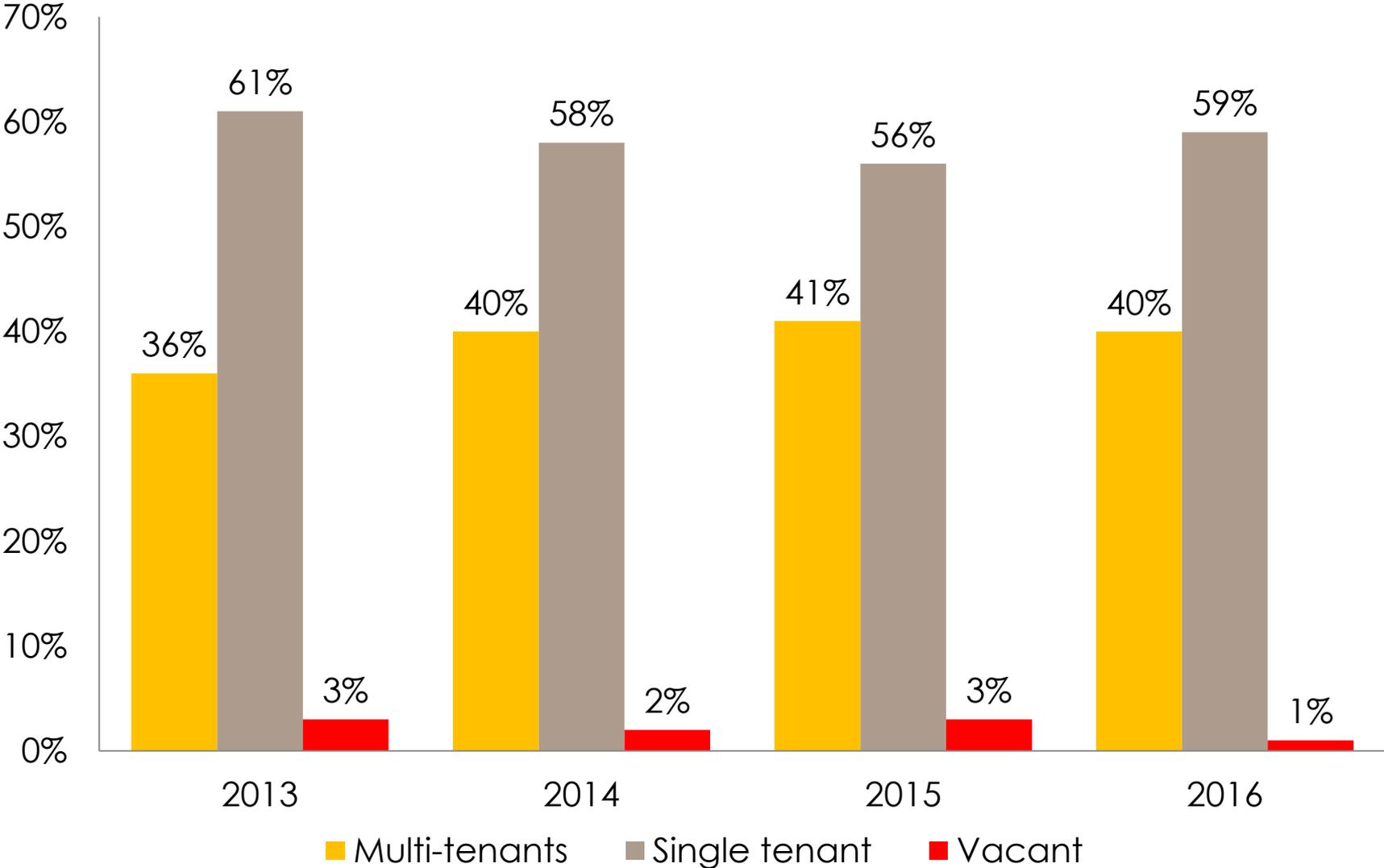


### Single Tenant vs Multi-Tenants



■ Single Tenant   ■ Multi Tenants   ■ Vacant

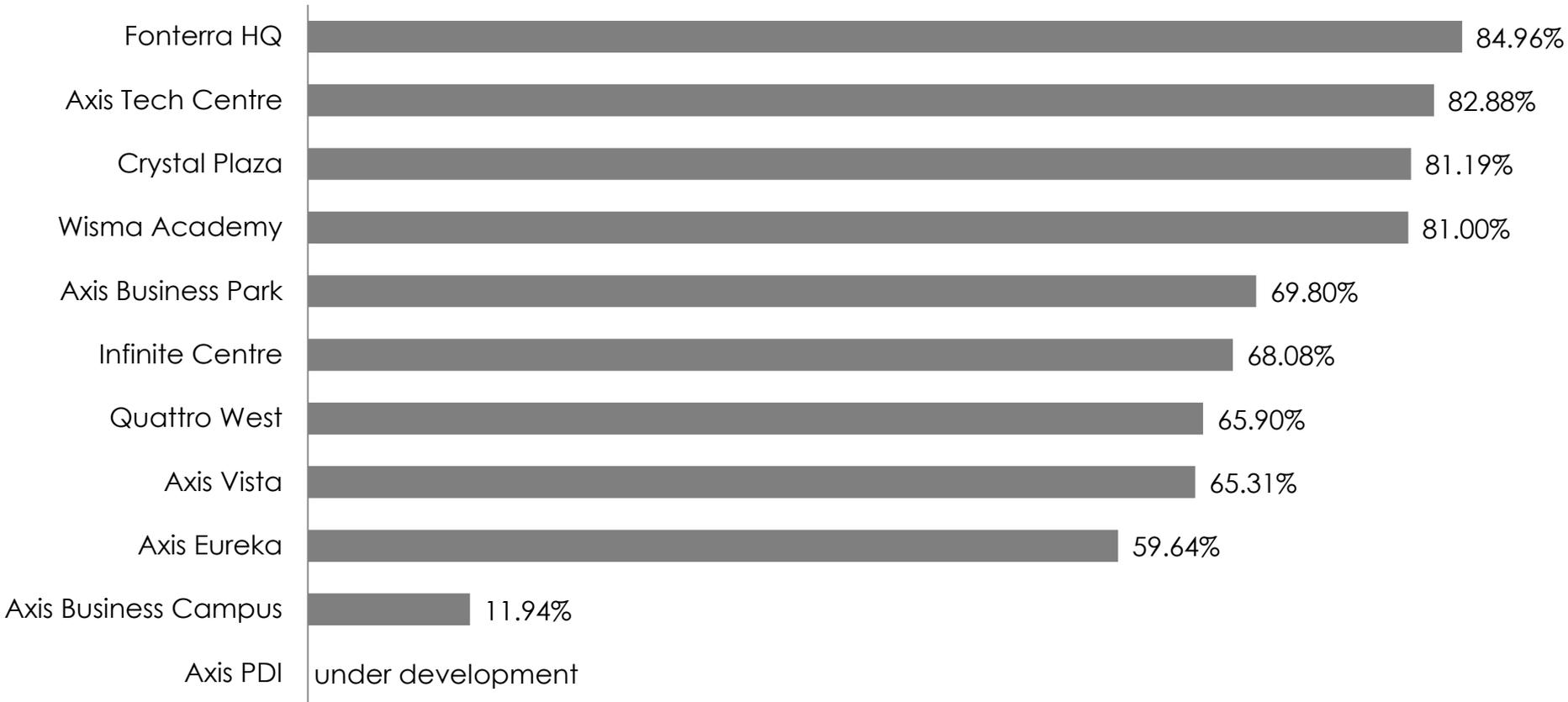
# Tenancy Mix – 4 Years Analysis



# Properties Below 90% Occupancy



Occupancy rates of properties below 90% as at 31 December 2016



Note:  
1. Vacant space in Fonterra HQ is built for future expansion.  
2. Axis Vista will achieve 100% occupancy by 15 February 2017.

# Lease Expiry Profile – Looking Forward



Property	Year 2017	% of Total NLA	% of Rental Income/month	Year 2018	% of Total NLA	% of Rental Income/month	Year 2019	% of Total NLA	% of Rental Income/month
Menara Axis	33,578	0.44	1.49	-	-	0.03	122,177	1.61	4.73
Crystal Plaza	47,313	0.62	1.45	-	-	-	118,981	1.56	3.93
Axis Business Park	154,786	2.03	3.54	17,395	0.23	0.35	44,626	0.59	0.82
Infinite Centre	30,383	0.40	0.46	21,096	0.28	0.38	46,195	0.61	0.98
Wisma Kemajuan	57,574	0.76	1.38	52,203	0.69	0.99	73,339	0.96	1.25
Axis Vista	77,080	1.01	1.26	-	-	-	41,477	0.55	0.58
Quattro West	17,422	0.23	0.57	18,160	0.24	0.54	16,607	0.22	0.68
Axis Technology Centre	54,072	0.71	0.72	66,374	0.87	1.19	25,616	0.34	0.48
Axis Eureka	54,259	0.71	1.58	-	-	-	15,235	0.20	0.56
Wisma Academy Parcel	65,940	0.87	1.35	84,628	1.11	1.56	43,286	0.57	0.94
The Annex	27,400	0.36	0.23	18,000	0.24	0.25	-	-	-
Emerson Industrial Facility Nilai	-	-	-	-	-	-	291,642	3.83	1.80
Axis Steel Centre	366,839	4.82	3.60	-	-	-	-	-	-
Bayan Lepas Distribution Centre	205,151	2.70	3.04	-	-	-	-	-	-
Seberang Prai Logistic Centre	-	-	-	-	-	-	395,225	5.20	4.11
Axis Shah Alam DC 3	-	-	-	362,167	4.76	4.13	-	-	-
BMW Centre PTP	161,474	2.12	2.38	-	-	-	-	-	-
Axis Shah Alam DC 2	-	-	-	164,400	2.16	1.95	-	-	-
D8 Logistics Warehouse	-	-	-	171,000	2.25	2.28	-	-	-
FCI Senai	-	-	-	136,619	1.80	1.16	-	-	-
Delfi Warehouse	-	-	-	-	-	-	-	-	-
Axis Business Campus	-	-	-	-	-	-	18,103	0.24	0.47
	<b>1,353,271</b>	<b>17.78</b>	<b>23.05</b>	<b>1,112,042</b>	<b>14.63</b>	<b>14.81</b>	<b>1,252,509</b>	<b>16.48</b>	<b>21.33</b>

# Positive Rent Reversions



Properties	Space Renegotiated (sq. ft.)	Rent Movement (%)
Menara Axis	103,019	4.44%
Crystal Plaza	119,796	0.90%
Axis Business Park	43,893	1.37%
Infinite Centre	46,195	5.98%
Wisma Kemajuan	121,251	1.81%
Quattro West	19,004	5.29%
Axis Technology Centre	61,234	0%
Axis Eureka	15,235	6.52%
Wisma Academy Parcel	53,302	2.10%
Emerson	291,642	8.03%
Fonterra	600	5.42%
The Annex	43,046	0%
Shah Alam Distribution Centre 3	362,167	-2.32%
Seberang Prai Logistic Warehouse 3	395,225	0%

3% positive rental reversion for 2016

# Lease Expiry – Leasing Profile 2012 to 2016



	2012	2013	2014	2015	2016
Space expiring (sq. ft.)	757,195	938,917	1,825,949	902,252	1,938,654
% over total NLA	13.86%	17.18%	26.62%	12.86%	25.49%
Space renewed (sq. ft.)	507,841	789,795	1,445,092	736,554	1,675,609
% over total NLA	9.29%	14.45%	21.06%	10.50%	22.03%
Space left in portfolio (sq. ft.)	249,354	149,122	380,857	165,698	263,045
% over total NLA	4.56%	2.73%	5.55%	2.36%	3.46%
% of rental reversion	9.96%	8.08%	2.60%	7.95%	3.00%

# Weighted Average Lease Expiry (WALE)



The WALE for the portfolio is:

By Year	2016	2015	2014	2013	2012
By NLA	4.33	3.89	4.22	3.89	4.43
By Rental	4.45	3.99	4.33	3.99	4.17

# Portfolio Efficiency (PE)



The Portfolio Efficiency Ratio =  
Operating Cost for the Portfolio / Gross Property Income

2016	2015	2014	2013	2012
16.23%	14.56%	15.66%	14.73%	15.17%

1. LF Logistics Services (M) Sdn Bhd
2. POS Logistics Berhad (formerly known as Konsortium Logistik Berhad)
3. Yongnam Engineering Sdn Bhd
4. Tenaga Nasional Berhad
5. Tesco Stores (M) Sdn Bhd
6. Schenker Logistics (M) Sdn Bhd
7. Strateq Data Center Sdn Bhd
8. DHL Properties (M) Sdn Bhd
9. SR Technics Malaysia Sdn Bhd
10. GCH Retail (M) Sdn Bhd

The top ten tenants account for 52% of the total revenue of the Trust.



**2016  
ASSET**

**ENHANCEMENTS**

## **Menara Axis**

Lifts upgrading

Status : In progress

## **Axis Shah Alam DC 1**

Upgrading fire fighting system in the property to comply with Authority Code of Compliance.

Status: Completed

## **Axis Shah Alam DC 3**

Upgrading fire fighting system in the property to comply with Authority Code of Compliance.

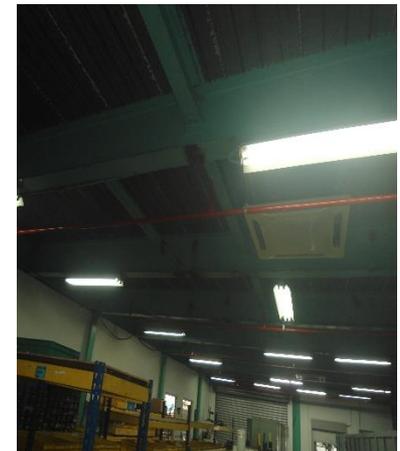
Status: In progress

## **Axis Business Park – Block C**

Upgrading air conditioning system on Ground and Level 1 occupied by Fuji Xerox

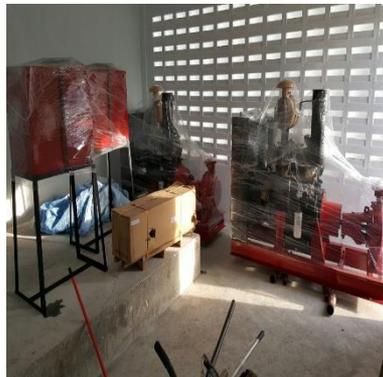
Status: In progress

# Enhancement Works



## Axis Shah Alam DC 1

Upgrading fire fighting system in the property to comply with Authority Code of Compliance.  
Status - completed



## Axis Shah Alam DC 3

Upgrading fire fighting system in the property to comply with Authority Code of Compliance.  
Status – in progress



# 2016 PROPERTY DEVELOPMENT

The Manager is pleased to announce that on 19 August 2016, RHB Trustees Berhad signed an Agreement to Build and Lease with Nestle Products Sdn Bhd to develop a 515,000 sq. ft. distribution warehouse facility for Nestle as their national distribution centre (“Nestle National Distribution Centre”). The agreement is for an initial lease term of 10 years plus an option to renew for further two terms of three years each.

Axis-REIT expects to derive annual rental income of about RM19.22 million with a step-up every three years.

This development was granted a special waiver by the Securities Commission Malaysia to allow Axis-REIT to develop and lease the distribution centre. This project would increase the fund’s gross revenue, net property income and income distribution to its unitholders, whilst enlarging the size of its assets under management.

Nestle National Distribution Centre is the first phase of the development of Axis PDI Centre, which will take up 24.78 acres of the 50 acres property. The development has commenced in December 2016 and is on schedule to complete by end 2017.

# Axis PDI Centre – Proposed Development (Before)



# Axis PDI Centre – Proposed Development (After)



# Nestle National Distribution Centre



# Axis PDI Centre – Proposed Development (Current Condition)



Phase 2 land – Rented as vehicle storage yard



# 2016 SUSTAINABILITY INITIATIVES

- ✓ Axis-REIT's inaugural sustainability report 2016 will be published in February 2017 and has been prepared in accordance with the Global Reporting Initiative ("GRI") G4 guidelines – core, and the GRI Construction and Real Estate Sector Supplement ("CRESS"). Going forward, the Manager will report its sustainability performance on an annual basis.
- ✓ 545,633 sq. ft. of roof space is leased for installation of solar panels, generating annual income of RM1,316,085. This initiative not only supports the Manager's ESG agenda but also generates rental income for the trust.

Property	Lettable Area (sq. ft.)	Monthly Rental (RM)
Axis Eureka	16,145	3,000.00
Axis SADC 3	297,311	61,898.75
Axis MRO Hub	40,000	8,000.00
Axis SADC 2	145,312	30,375.00
Wisma Kemajuan	16,145	2,400.00
Axis Business Campus	30,720	4,000.00
<b>TOTAL</b>	<b>55 545,633</b>	<b>109,673.75</b>



# 2016 INVESTMENTS REPORT



## **Beyonics iPark Campus Block A, B, C, D, Kulaijaya, Johor**

Completion Date	:	28 January 2016
Land Area	:	Approx. 10 acres
Land Tenure	:	Freehold
Occupancy	:	100%
Purchase Price	:	RM61 million
Projected Net Property Yield	:	7.12%
WALE	:	10 years



## Scomi Facility @ Rawang, Selangor

Completion Date	:	15 November 2016
Land Area	:	Approx. 15.25 acres
Land Tenure	:	Freehold
Occupancy	:	100%
Purchase Price	:	RM42 million
Projected Net Property Yield	:	7.3%
WALE	:	15 years



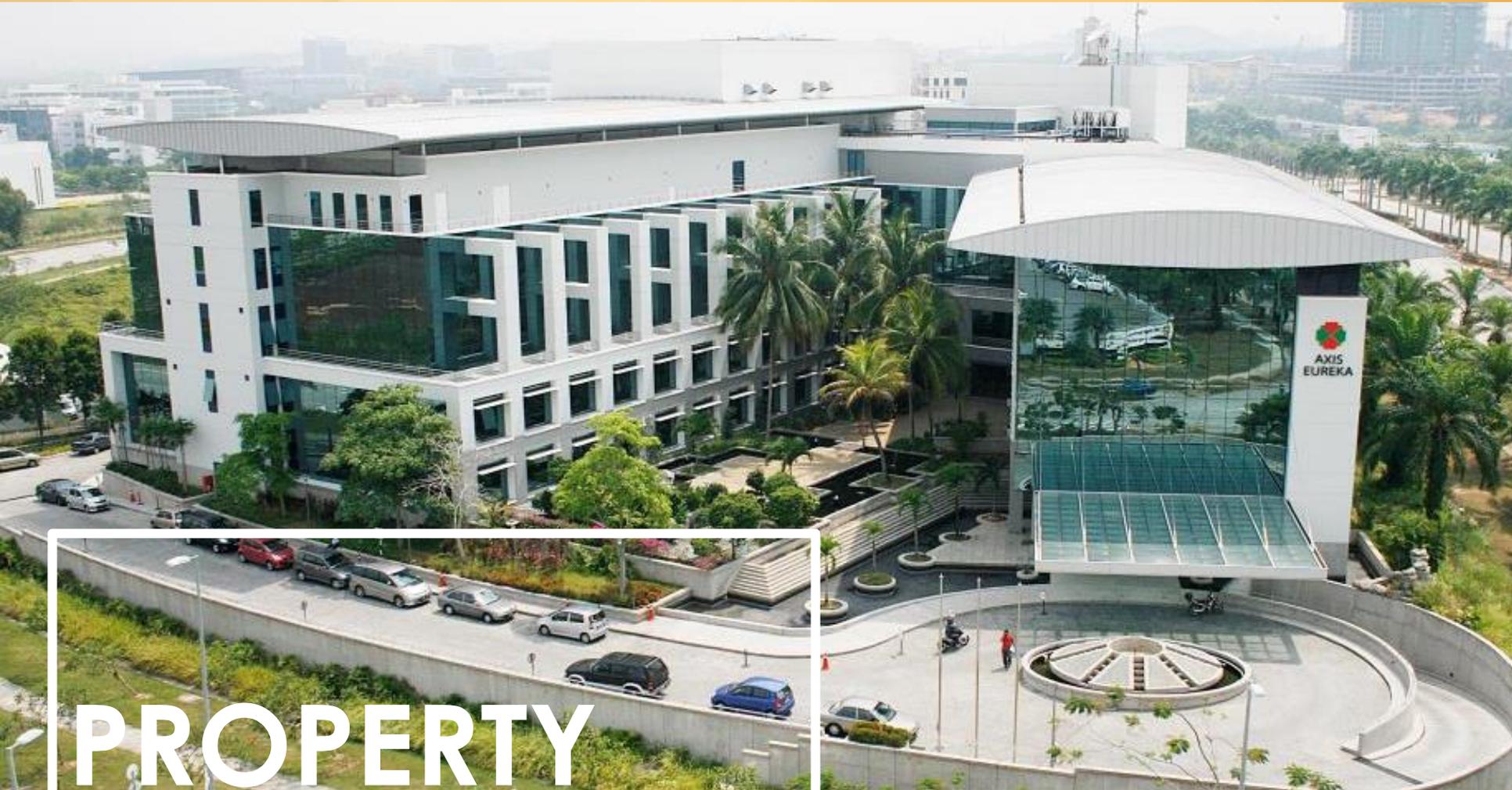
## Kerry Warehouse – Pasir Gudang, Johor

Target Completion Date	:	1Q 2017
Land Area	:	Approx. 6 acres
Land Tenure	:	Leasehold
Occupancy	:	100%
Purchase Price	:	RM33 million
Projected Net Property Yield	:	7.5%
WALE	:	5 years

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

1. Industrial facility in Section 51, Petaling Jaya, Selangor
2. Logistic facility in Sepang, Selangor
3. Industrial facility in Kuantan, Pahang
4. Industrial facility in Nusajaya, Johor

**Total Estimated Value of RM400 million**



# PROPERTY DISPOSAL

## **Axis Eureka – Cyberjaya, Selangor**

SPA Signing Date:	24 October 2016
Price:	RM56,132,075.00
Buyer:	Malaysia Qualifications Agency (Agensi Kelayakan Malaysia)
Occupancy Rate:	59.6% as at 31 December 2016
Net Yield:	4.8% for 2016
Expected Completion Date:	1 <sup>st</sup> Quarter 2017
Gain on Disposal:	RM1.2 million
Estimated Contribution to DPU:	0.11 sen

## **Axis Eureka – Cyberjaya, Selangor**

### **Rationale for Disposal**

The Manager believes that in the 5 years of owning Axis Eureka, it has maximised the income-generating potential of this asset and that there is limited upside for future rental growth.

Given the favourable market price for this asset sale, it is an opportune time for the disposal of Axis Eureka and to redeploy the capital gain towards potential yield-accretive properties.

### **Utilisation of Proceeds**

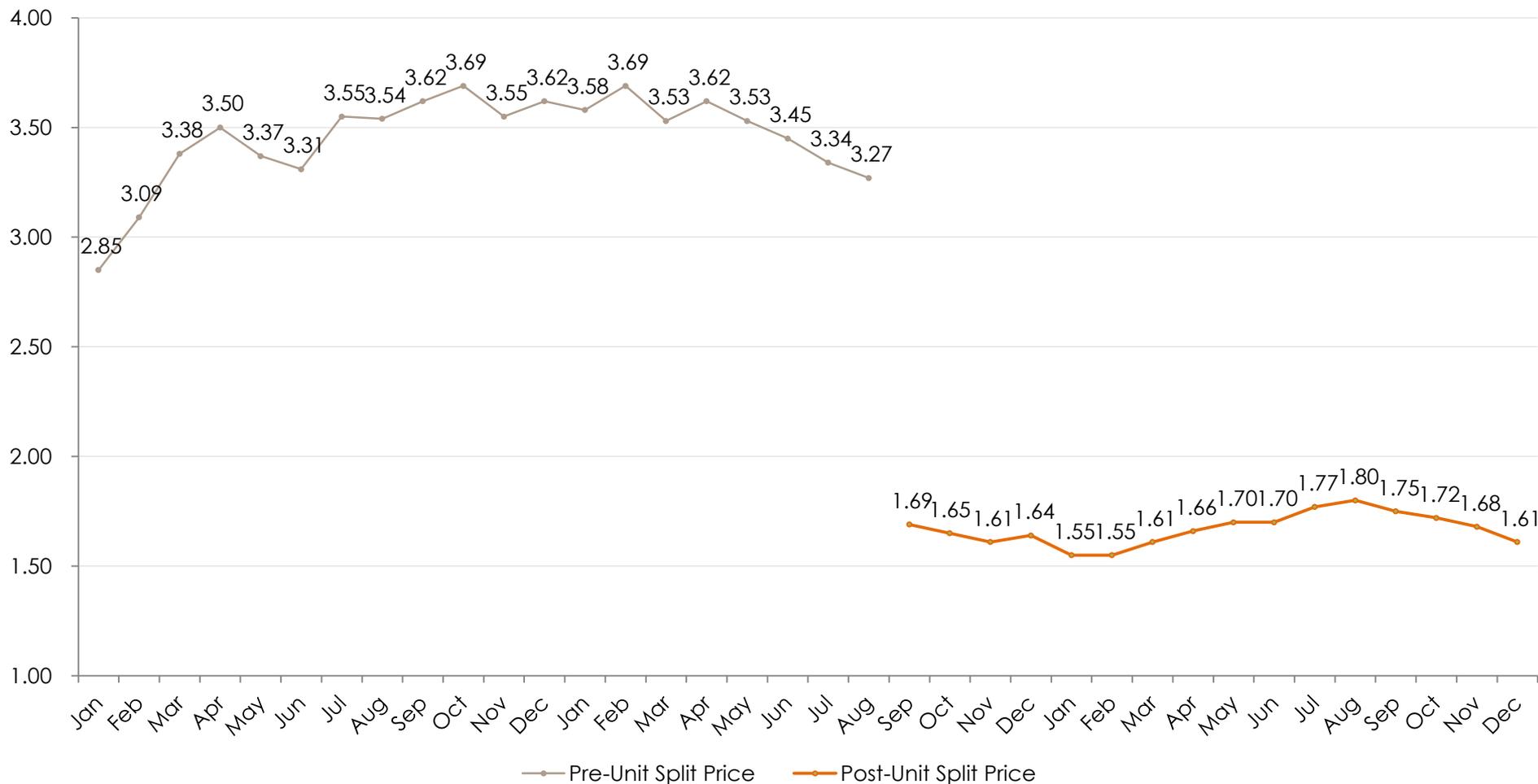
The gain of approximately RM1.2 million will be distributed to unitholders after completion; translated into additional DPU of 0.11 sen per unit.

The capital (net of incidental disposal cost) will be used to pare down borrowings reducing the gearing from 35% to 34%.

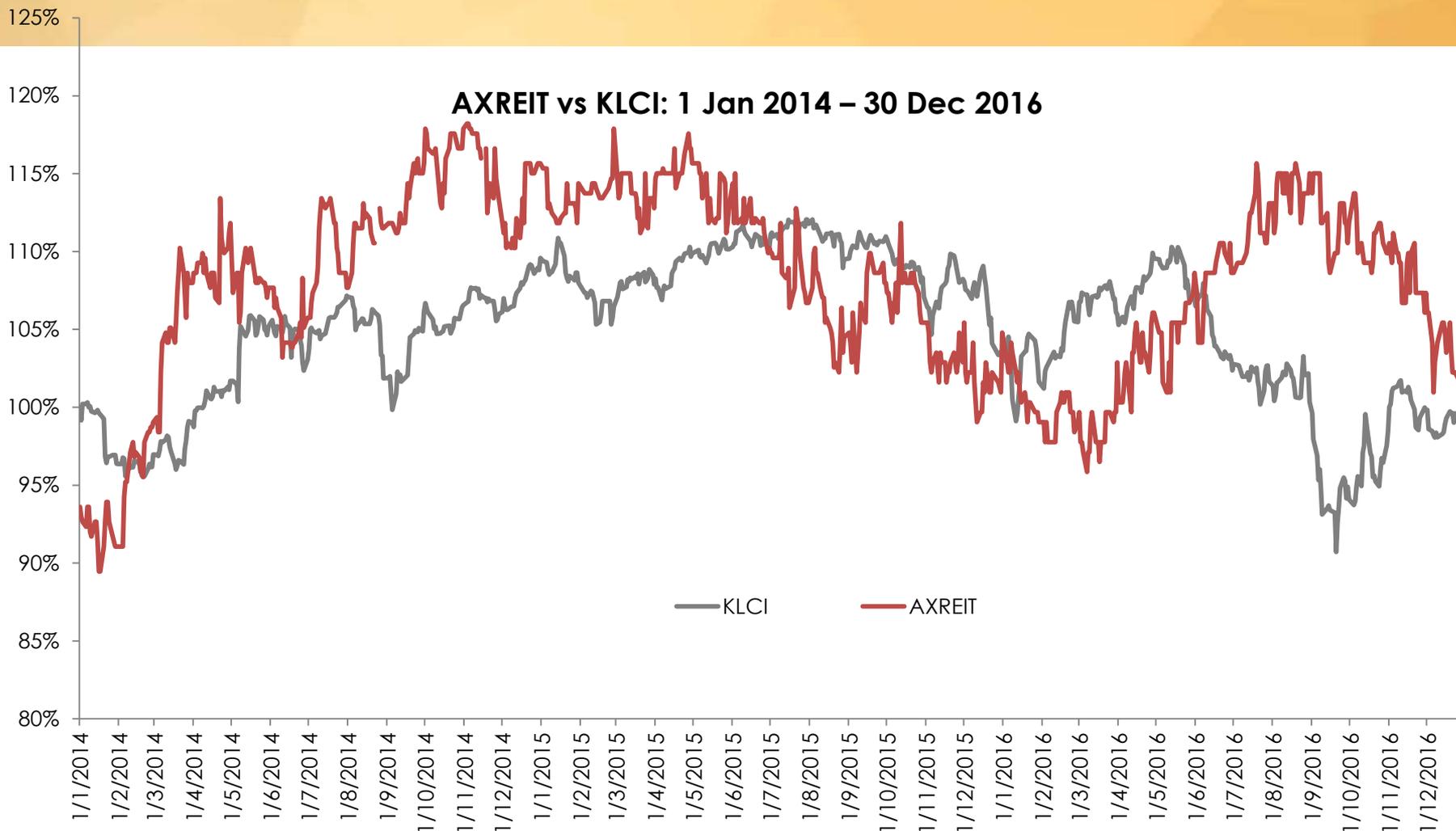


# 2016 INVESTOR RELATIONS REPORT

## AXREIT: 1 Jan 2014 – 31 Dec 2016



# Unit Price Movement 2016



## Price Statistics

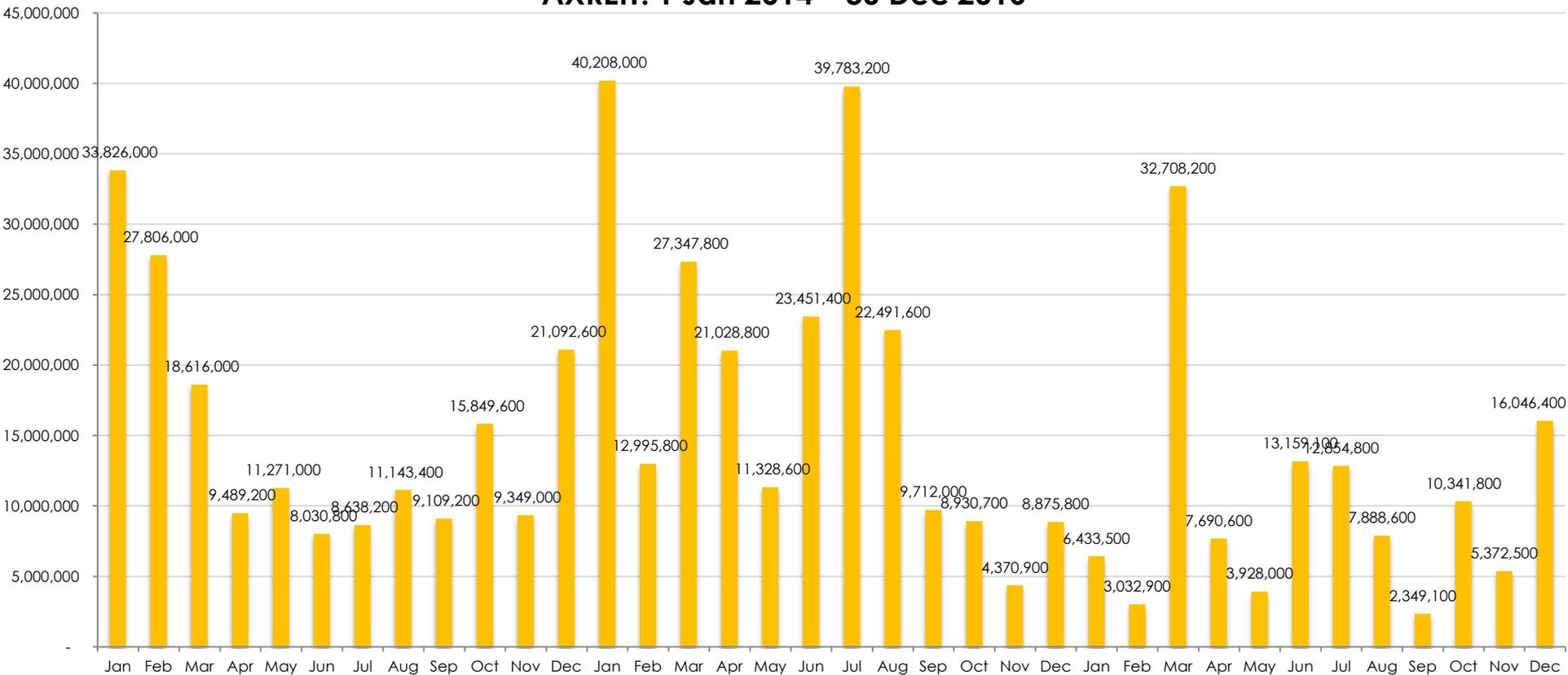
4Q2016: Unit Price @ 30 Dec 2016      RM1.61

Highest Price YTD: August 2016      RM1.81

3Q2016: Unit Price @ 31 Sep 2016      RM1.75

Lowest Price YTD: March 2016      RM1.50

## AXREIT: 1 Jan 2014 – 30 Dec 2016



### Volume Statistics

Average Monthly Volume 2016 10,150,458

Highest Monthly Volume: March 2016 32,708,200

Lowest Monthly Volume: September 2016 67 2,349,100

# Top 10 Unitholders 2016



1	EMPLOYEES PROVIDENT FUND	10.27%
2	AMANAH SAHAM BUMIPUTERA	9.05%
3	LEMBAGA TABUNG HAJI	5.43%
4	TEW PENG HWEE @ TEOH PENG HWEE	5.04%
5	ALEX LEE LAO	4.53%
6	PERMODALAN NASIONAL BERHAD	3.95%
7	AMANAH SAHAM MALAYSIA	2.84%
8	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	2.78%
9	AMANAH SAHAM DIDIK	2.60%
10	AMANAH SAHAM BUMIPUTERA 2	2.26%

Holdings Breakdown	Units Held 4Q2016	Units Held 3Q2016	Q-on-Q Change
Top 5 Unitholders	37.23%	36.51%	0.72%
Top 10 Unitholders	50.48%	50.31%	0.17%
Unitholders with > 2 million unitholdings	87.37%	87.01%	0.36%

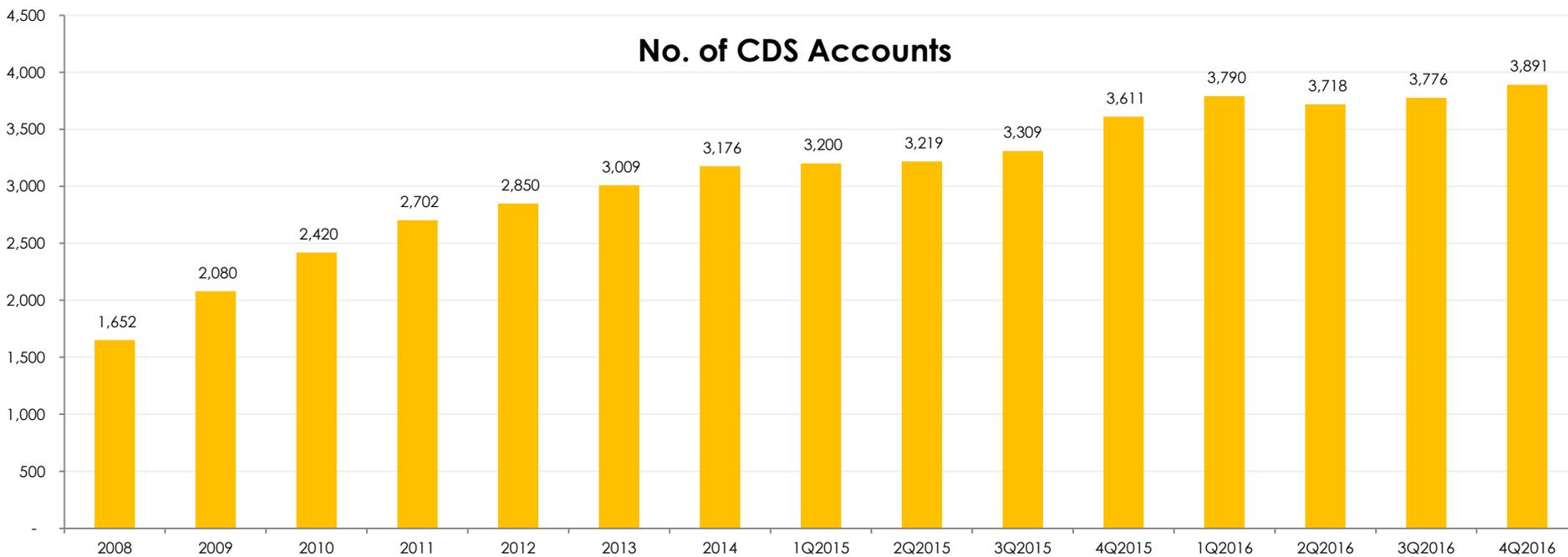
## Top 5 increases in unitholdings:

	Last Quarter Increase
PAMB FOR PRULINK EQUITY FUND	1.6%
AMANAH SAHAM MALAYSIA	0.5%
AMANAH SAHAM WAWASAN 2020	0.5%
AMANAH SAHAM BUMIPUTERA 2	0.4%
PUBLIC ITTIKAL SEQUEL FUND	0.4%

## Top 5 decreases in unitholdings:

	Last Quarter Decrease
EASTSPRING INVESTMENTS BERHAD	-2.2%
AMANAH SAHAM BUMIPUTERA	-2.0%
EXEMPT AN CLR (A) FOR AMANAHRAYA TRUSTEES BERHAD	-0.7%
EXEMPT AN FOR UBS SWITZERLAND AG (CLIENTS ASSETS)	-0.2%
LEMBAGA TABUNG HAJI	-0.1%

## No. of CDS Accounts



✓ Quarter-on-quarter, total number of CDS accounts increased by 115 to 3,891

	Units Held 4Q2016	Units Held 3Q2016	Q-on-Q Change
Total foreign holdings	12.30%	12.25%	0.05%
Foreign holdings – related-party	7.67%	7.65%	0.02%
Foreign holdings – non-related-party	4.63%	4.60%	0.03%
Promoters	14.00%	13.98%	0.02%

# Analyst Coverage 4Q2016



Coverage	Rating	Target Price (RM)	Published Date
Alliance DBS	Hold	1.75	25-Oct-16
Hong Leong IB	Hold	1.73	25-Oct-16
KAF	Hold	1.70	25-Oct-16
Kenanga	Hold	1.71	25-Oct-16
Maybank	Hold	1.70	25-Oct-16
MIDF	Hold	1.72	25-Oct-16
UOBKayHian	Hold	1.80	25-Oct-16
RHB	Hold	1.75	25-Oct-16
<b>S&amp;P Capital IQ Consensus</b>		<b>1.73</b>	<b>1-Dec-2016</b>

Recommendation	Movement		4Q2016	3Q2016
Buy	↔		0	0
Hold	↓		8	9
Sell	↔	71	0	0

# THANK YOU

