

Presentation for  
Axis-REIT's  
Unaudited Results  
4Q 2012



## Highlights for 2012



## Highlights 2012

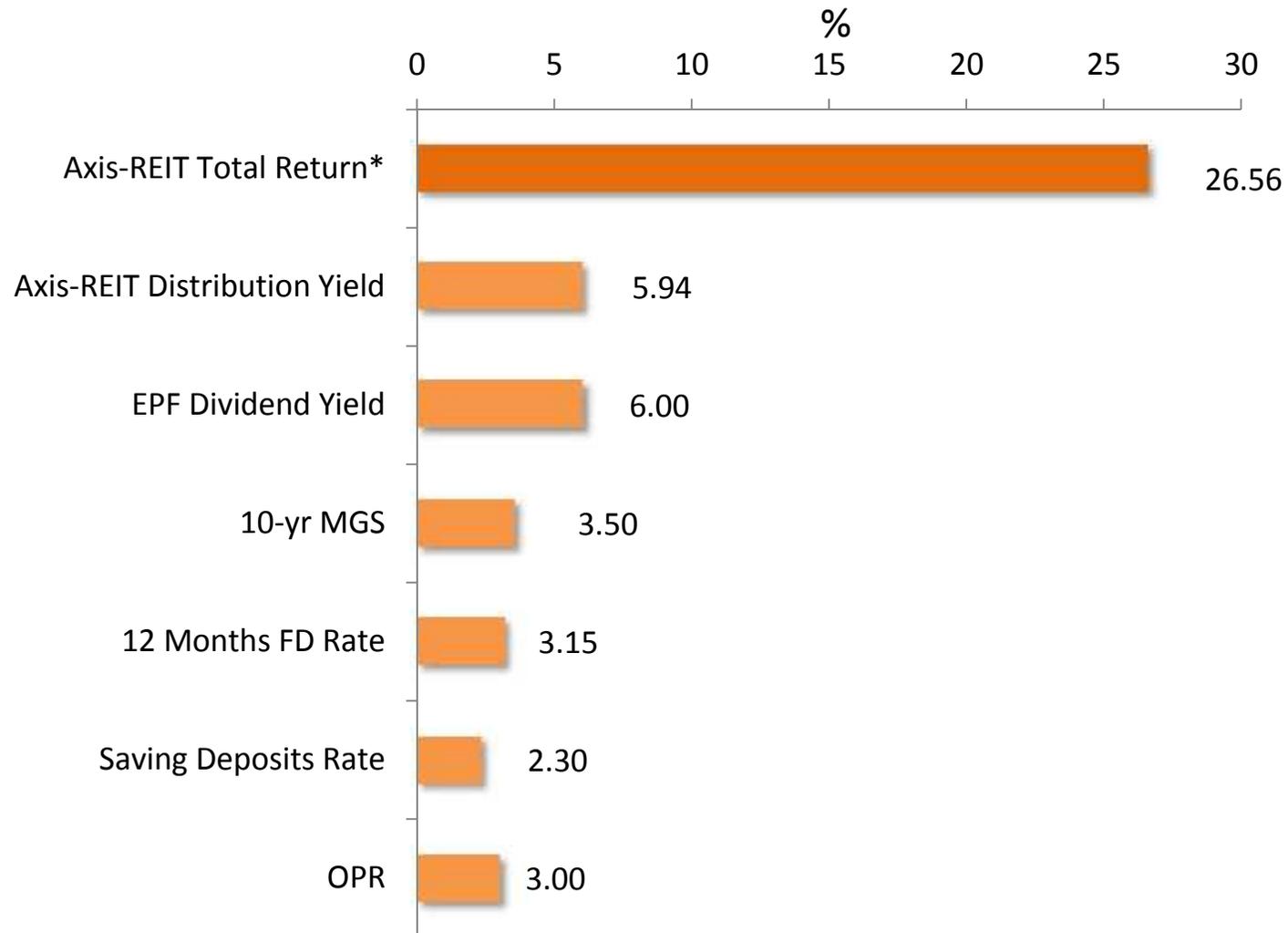
- ✓ Achieved the highest DPU of 18.6 sen for 2012
- ✓ Provided our unitholders with a total return for 2012 of 26.56%
- ✓ A total of **RM24 million** revaluation gain has been recorded in year 2012.
- ✓ Launched our first RM 110 million 10 year Sukuk at a very attractive coupon of 4.6%
- ✓ Used RM 110 million of a RM 300 million Sukuk program
- ✓ Acquired RM 219 million worth of property in 2012 at very attractive yields.
- ✓ Disposal of Kayangan Depot ,one of our poorest performing properties at a gain of RM 5.9 million to the Fund.
- ✓ Commenced an IT Transformation program for the company with the adoption of the YARDI platform
- ✓ Currently trades at a premium of 50% to our NAV
- ✓ Restructuring Management to roll out the Fund's 5 year strategy plan.

## Highlights 2012



We won the APREA Emerging Markets Highly Commended Award  
This is the 3<sup>rd</sup> year running Axis REIT has scored tops in Corporate Governance in Asia  
Pacific.

## Return Comparatives



\*Total Return = (Movement in share price for FY2012 + Dividend)/(FY2011 Closing Share Price)

## Our Strategy



## Our Strategy

- ✓ Targeting Growth in our asset class
- ✓ Leading the Malaysian REIT Managers Association to drive Regulatory and Tax Reform
- ✓ To build on our SUKUK presence in the market
- ✓ Continue to enhance existing assets to drive value and income
- ✓ Trading of assets to reward our Unit holders
- ✓ Best practices & Corporate Governance
- ✓ Setting Standards as a World Class Asset Management Company
- ✓ Leveraging on Technology & Sustainability

Axis- REIT  
Financials for 31  
December 2012



## Unaudited Financial Results – Income Statement 4Q 2011 vs 4Q 2012

	4Q 2012 (RM '000)	4Q 2011 (RM'000)	Changes / Movement
No. of Properties	31*	27	+ 4
Property Income	34,906	29,526	+ 18.22%
Property Expenses	(5,393)	(4,597)	+ 17.32%
Net Property Income	29,513	24,929	+ 18.39%
Gain on Disposal of Investment Property	1,012	-	
Interest Income	93	279	
Non-Property Expenses	(3,050)	(2,523)	+20.89%
Islamic Financing Cost	(6,793)	(5,883)	+15.47%
Income Before Taxation	20,775	16,802	+ 23.65%
Realisation of Revaluation Gain on Disposal	4,918	-	
Adjusted Income Before Taxation	25,693	16,802	+ 52.92%
DPU – sen	5.60	4.20	+33.33%
No. of units in issuance	456,517,221	453,814,096	+ 0.60%



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

\* Number of properties excludes Kayangan Depot which was disposed on 31 December 2012

## Financial Results – Income Statement y-o-y

	2012 (RM '000)	2011 (RM'000)	Changes / Movement
No. of Properties	31	27	+ 4
Property Income	132,673	114,311	+16.06%
Property Expenses	(20,125)	(17,359)	+ 15.93%
Net Property Income	112,548	96,952	+ 16.09%
Accounting gain/(loss) on disposal	1,012	(258)	
Interest Income	293	421	
Non-Property Expenses	(11,949)	(9,393)	+ 27.21%
Islamic financing cost	(22,254)	(22,890)	- 2.78%
Income Before Taxation	79,650	64,832	+ 22.86%
Realisation of Revaluation Gain on Disposal	4,918	1,043	
Adjusted Income Before Taxation	84,568	65,875	+ 28.38%
Earnings Per Unit – sen	18.60	17.28	+7.60%
DPU – sen	18.60	17.20	+8.14%
No.of units in issuance ('mil)	456.517	453.814	+0.60%

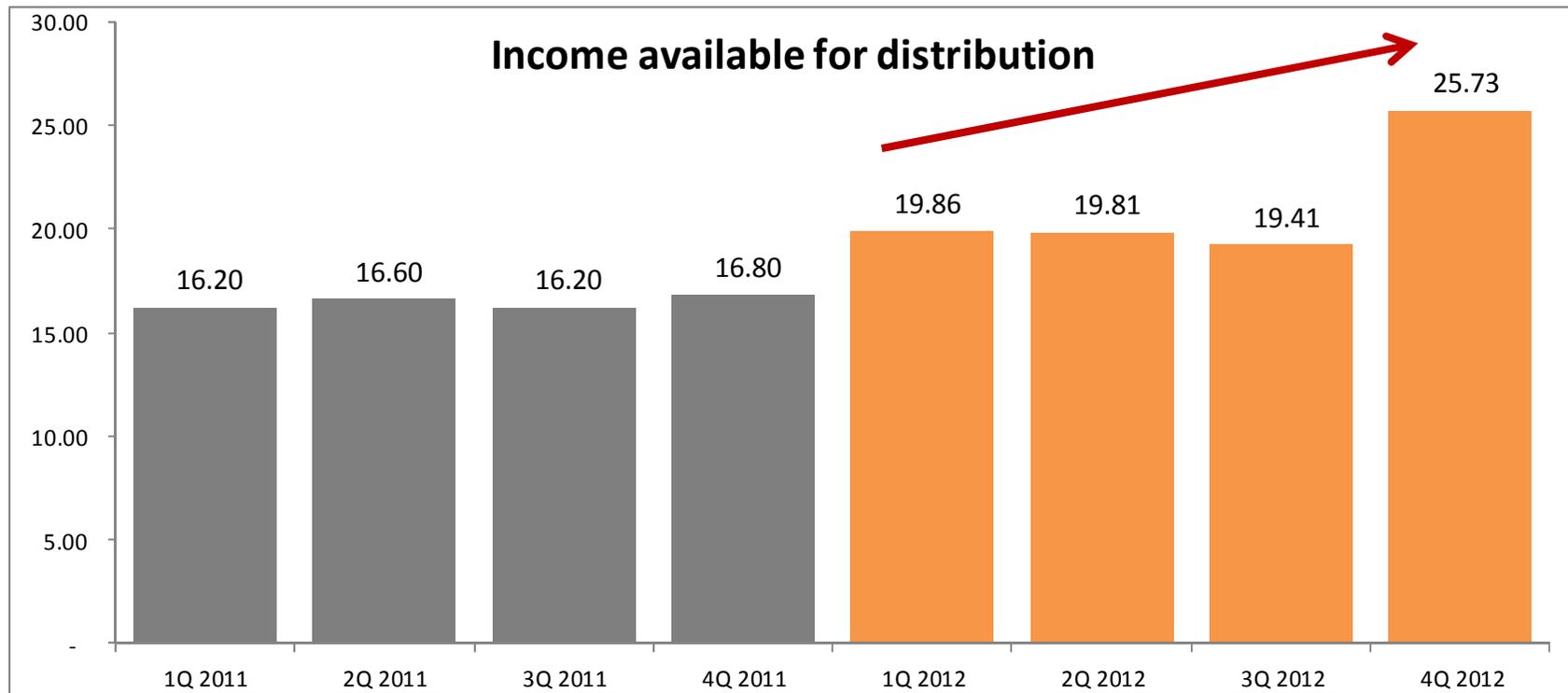
Note: The above financials excludes unrealised earnings due to changes in fair value of investment properties/tenants' deposits.

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\* Number of properties excludes Kayangan Depot which was disposed on 31 December 2012

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

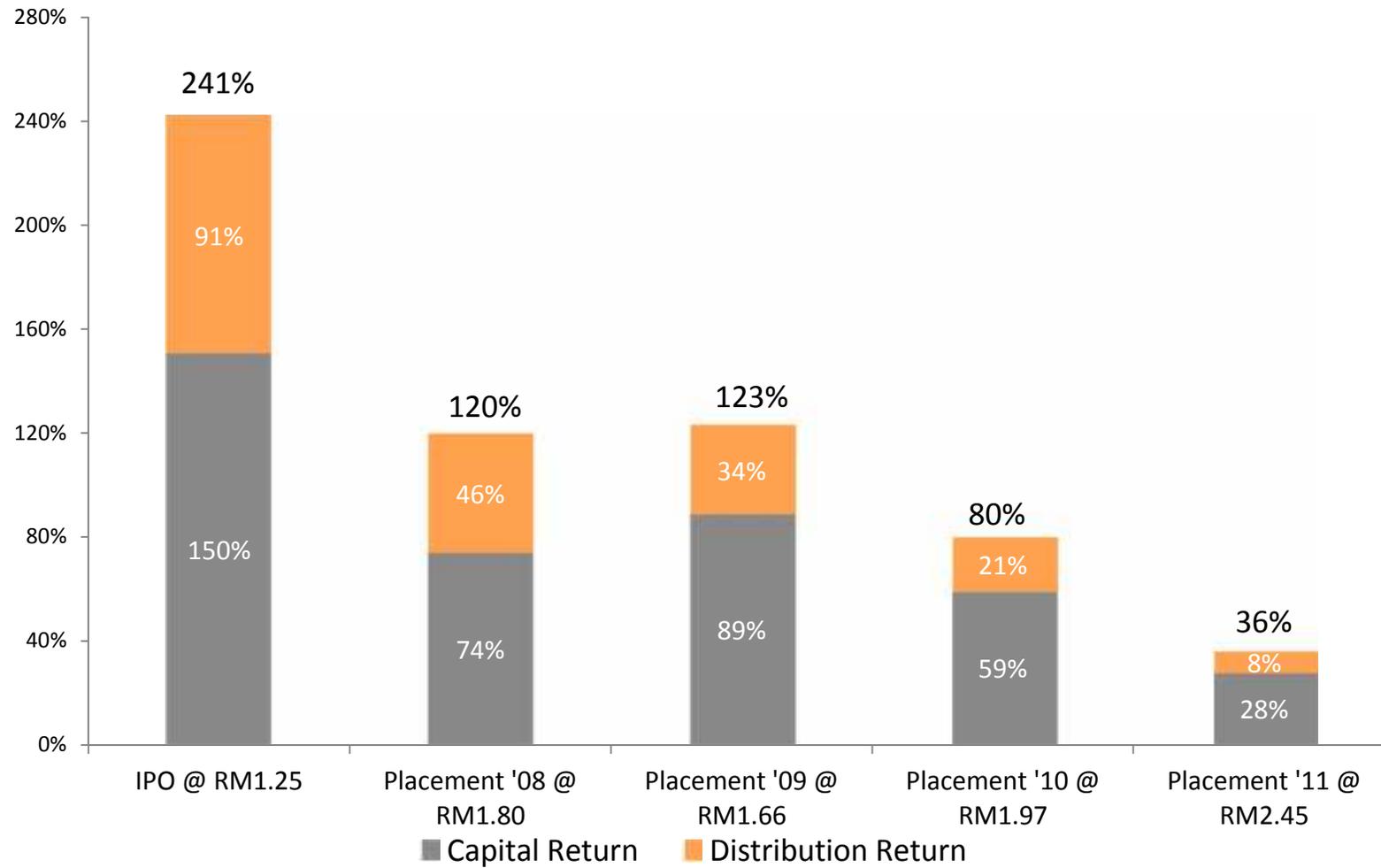
Earnings by Quarter (FY2012 4 Quarters vs Previous 4 Quarters in FY2011)



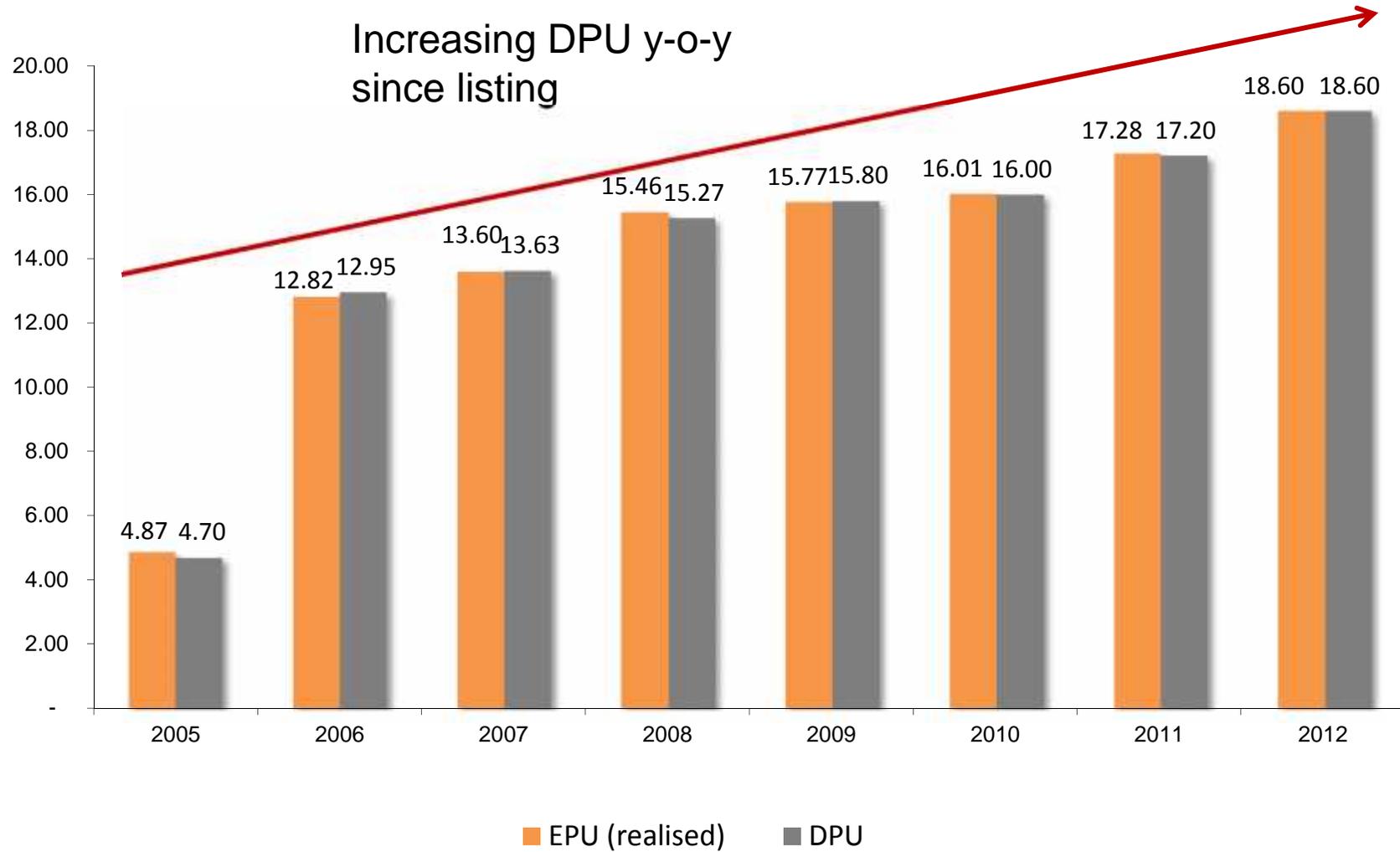
## Balance Sheet Highlights (RM'000)

	31/12/12	31/12/11	Changes
Investment Properties	1,519,519	1,276,180	+ 243,339
Fixed Assets	521	102	+ 419
Other Assets	69,368	22,149	+47,219
<b>TOTAL ASSETS</b>	<b>1,589,408</b>	<b>1,298,431</b>	<b>+ 290,977</b>
Borrowings	548,920	311,338	+ 237,582
Other Payables	50,783	42,996	+ 7,787
<b>TOTAL LIABILITIES</b>	<b>599,703</b>	<b>354,334</b>	<b>+ 245,369</b>
<b>NET ASSETS VALUE ("NAV")</b>	<b>989,705</b>	<b>944,097</b>	<b>+ 45,608</b>
Unitholders' Capital	735,429	728,217	+ 7,212
Undistributed Distributable Income	25,617	6,515	+19,102
Non-Distributable Reserve	228,659	209,365	+ 19,294
<b>TOTAL UNITHOLDERS' FUND</b>	<b>989,705</b>	<b>944,097</b>	<b>+45,608</b>
<b>GEARING</b>	<b>34.54%</b>	<b>23.98%</b>	
<b>NAV/unit (RM)</b>	<b>2.1679</b>	<b>2.0804</b>	
<b>No. of units in issuance</b>	<b>456,517,221</b>	<b>453,814,096</b>	

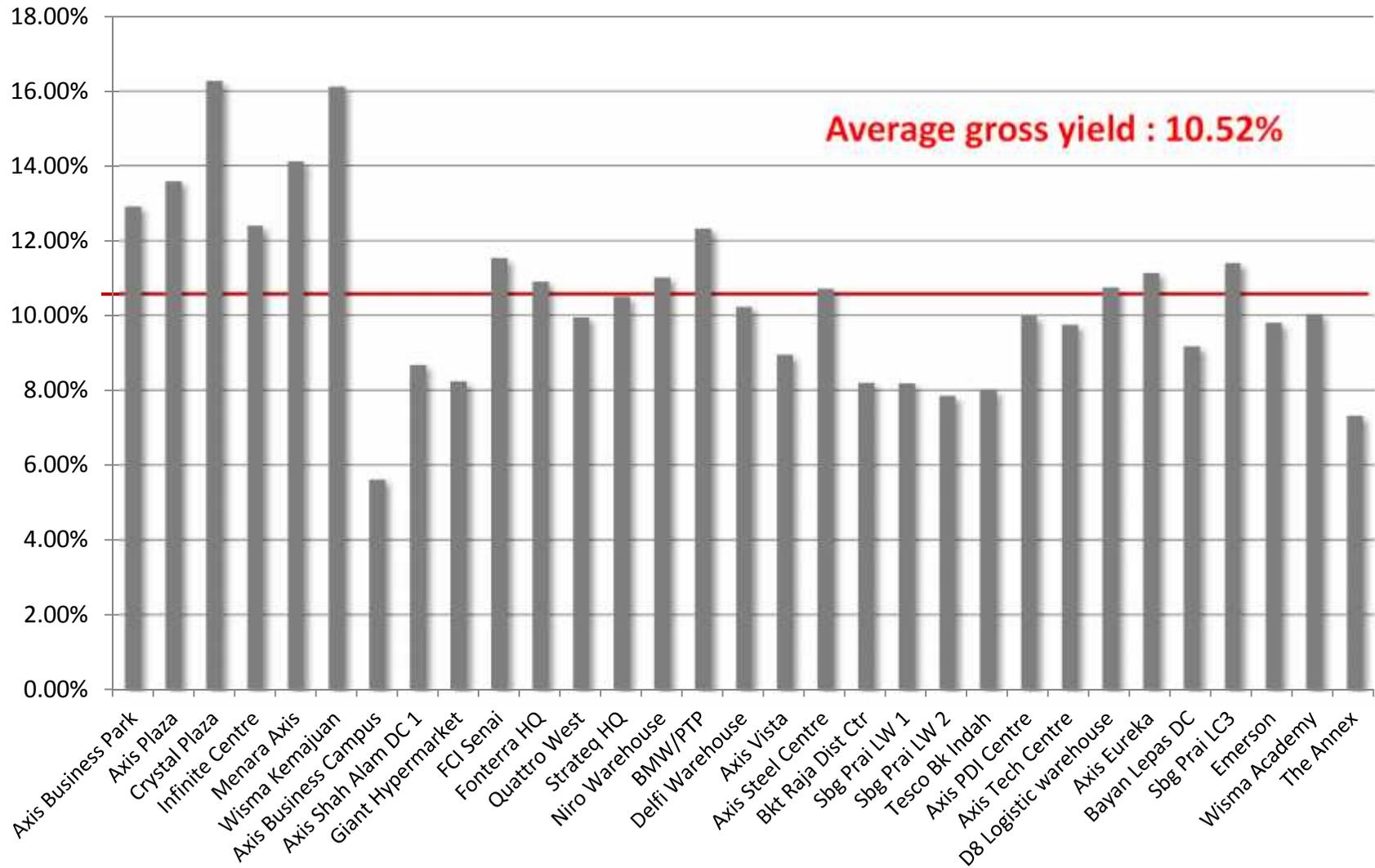
## Capital Return and Dividend Return



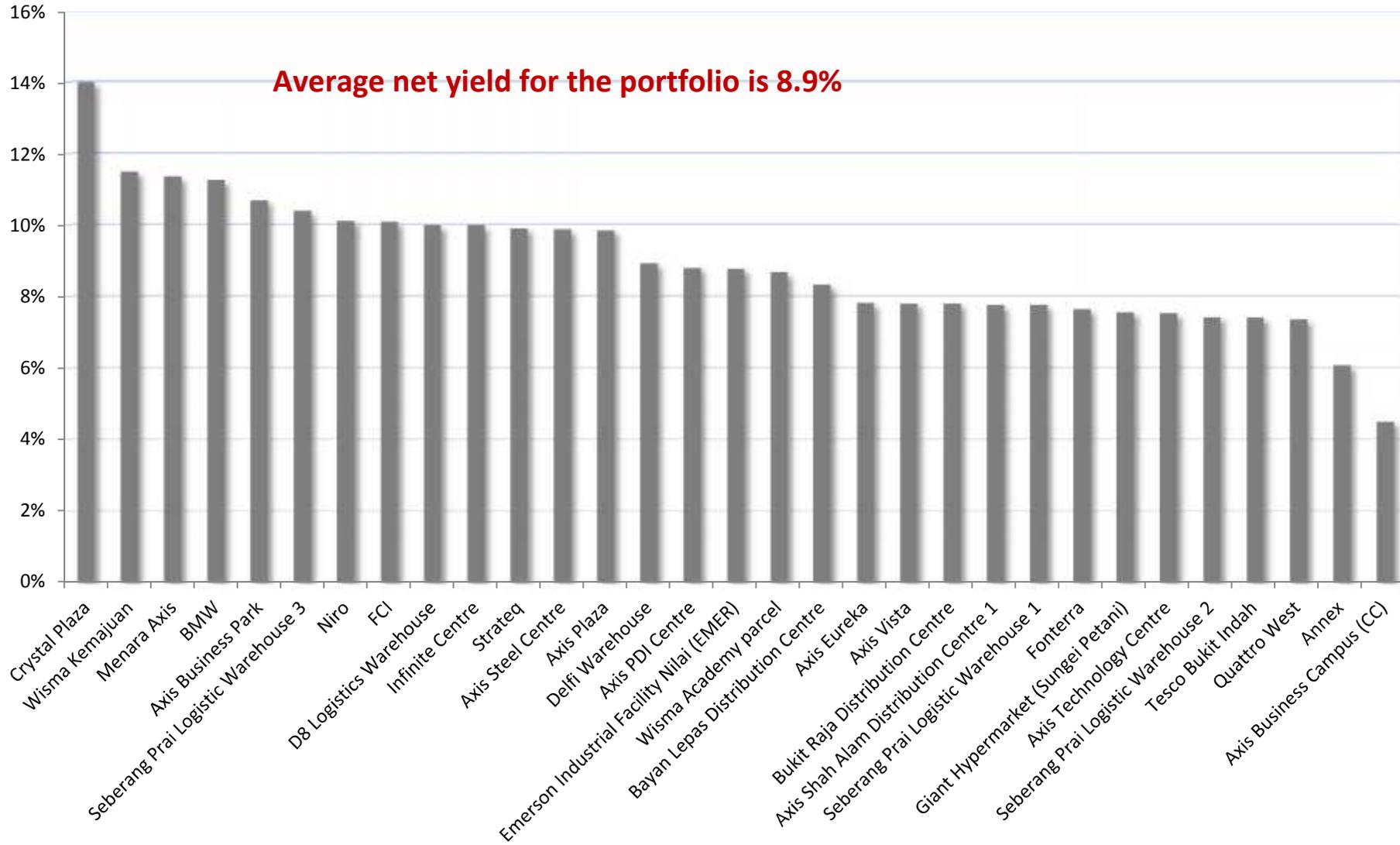
## Summary of EPU (Realized) and DPU



## Gross Yield Of Investment Properties



## Net Yield Of Investment Properties/ Cost

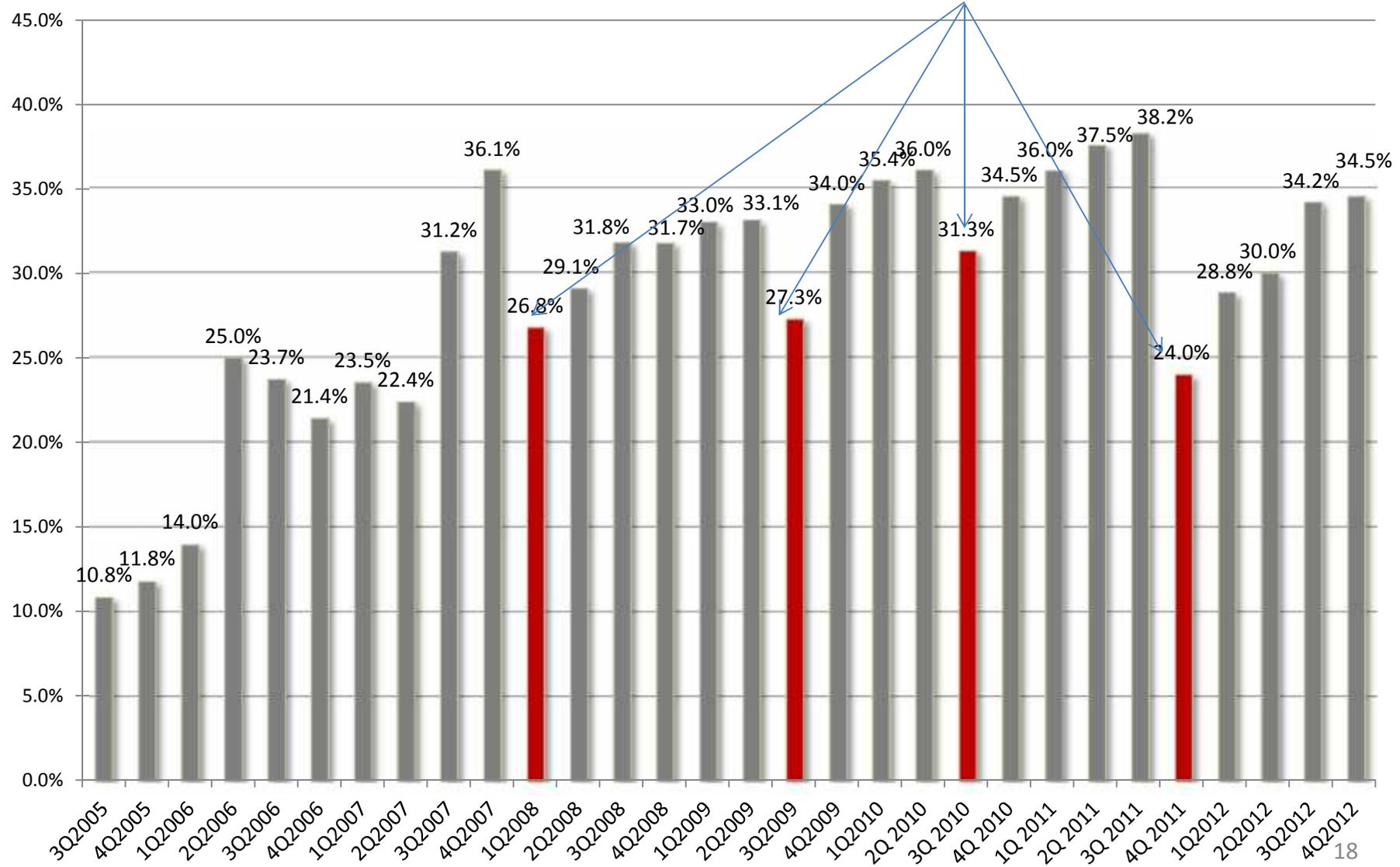


## Borrowings

	2006	2007	2008	2009	2010	2011	2012
Total Borrowings (RM'000)	88,089	209,816	230,456	308,932	416,609	311,338	548,920
Total Assets (RM'000)	411,781	581,857	726,371	907,745	1,208,897	1,298,431	1,589,408
Gearings	21.39%	36.06%	31.73%	34.03%	34.46%	23.98%	34.54%
Effective Interest Rate	4.38%	4.39%	4.28%	4.11%	4.48%	4.66%	4.58%
Percentage of short term borrowings- Maturity < 1 Year	100%	100%	100%	47%	48%	52%	62%
Percentage of medium term borrowings (maturity more than 1 years and less than 5 years)	-	-	-	53%	52%	48%	38%

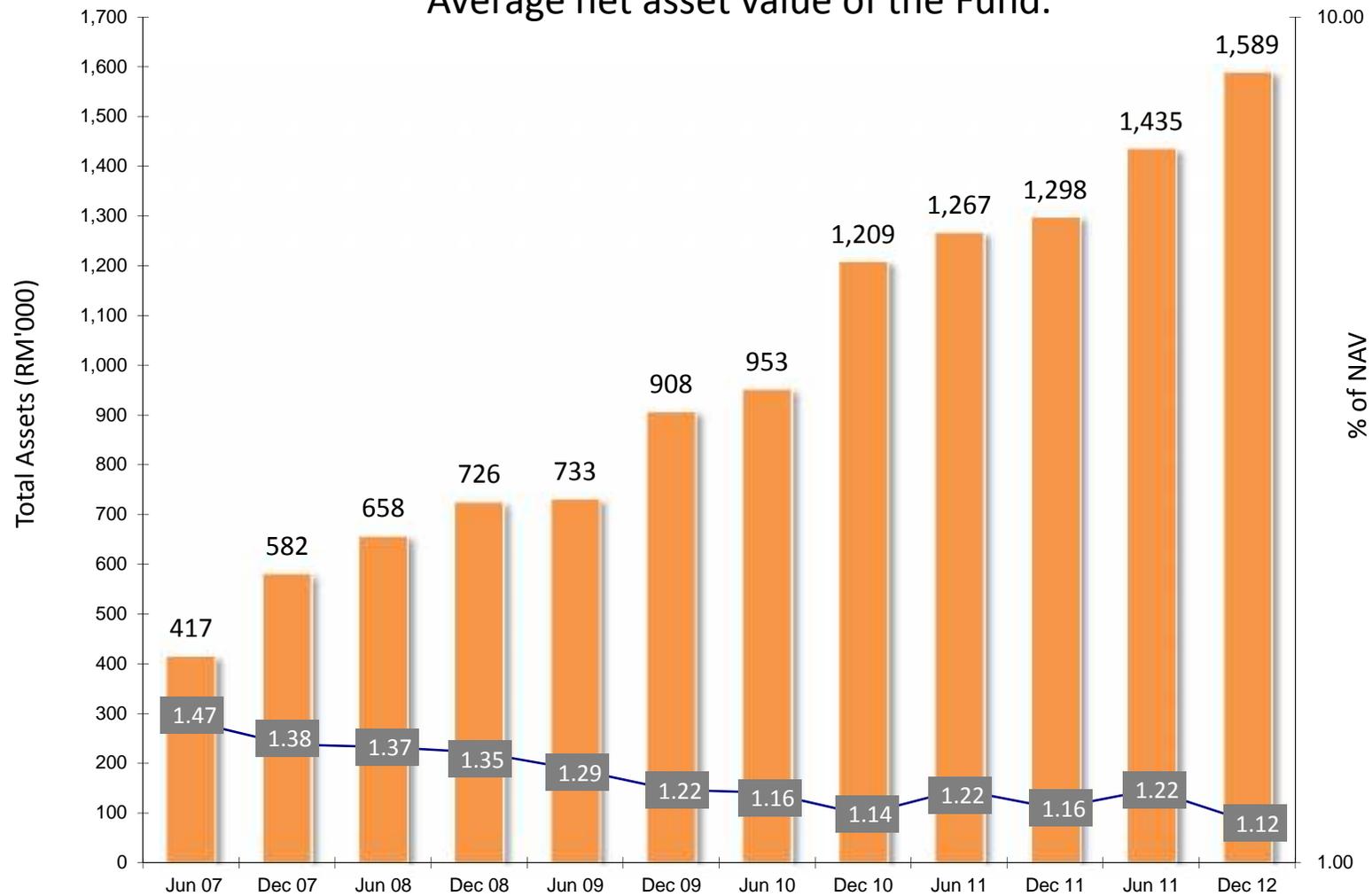
# Gearing Levels

## Placements Undertaken

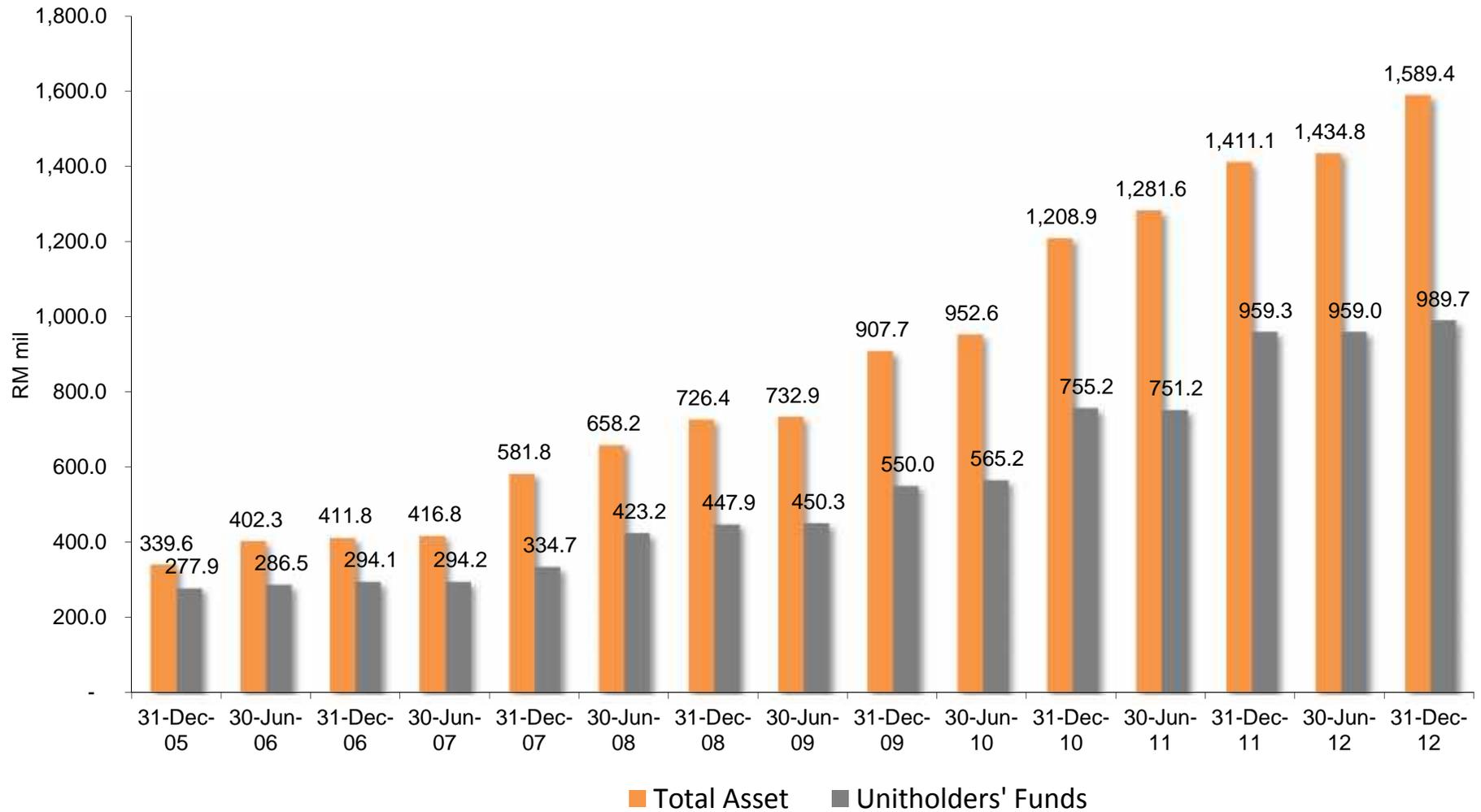


## Management Expense Ratio ("MER")

**MER=** Total administrative expenses incl. Manager and Trustee's fees  
Average net asset value of the Fund.



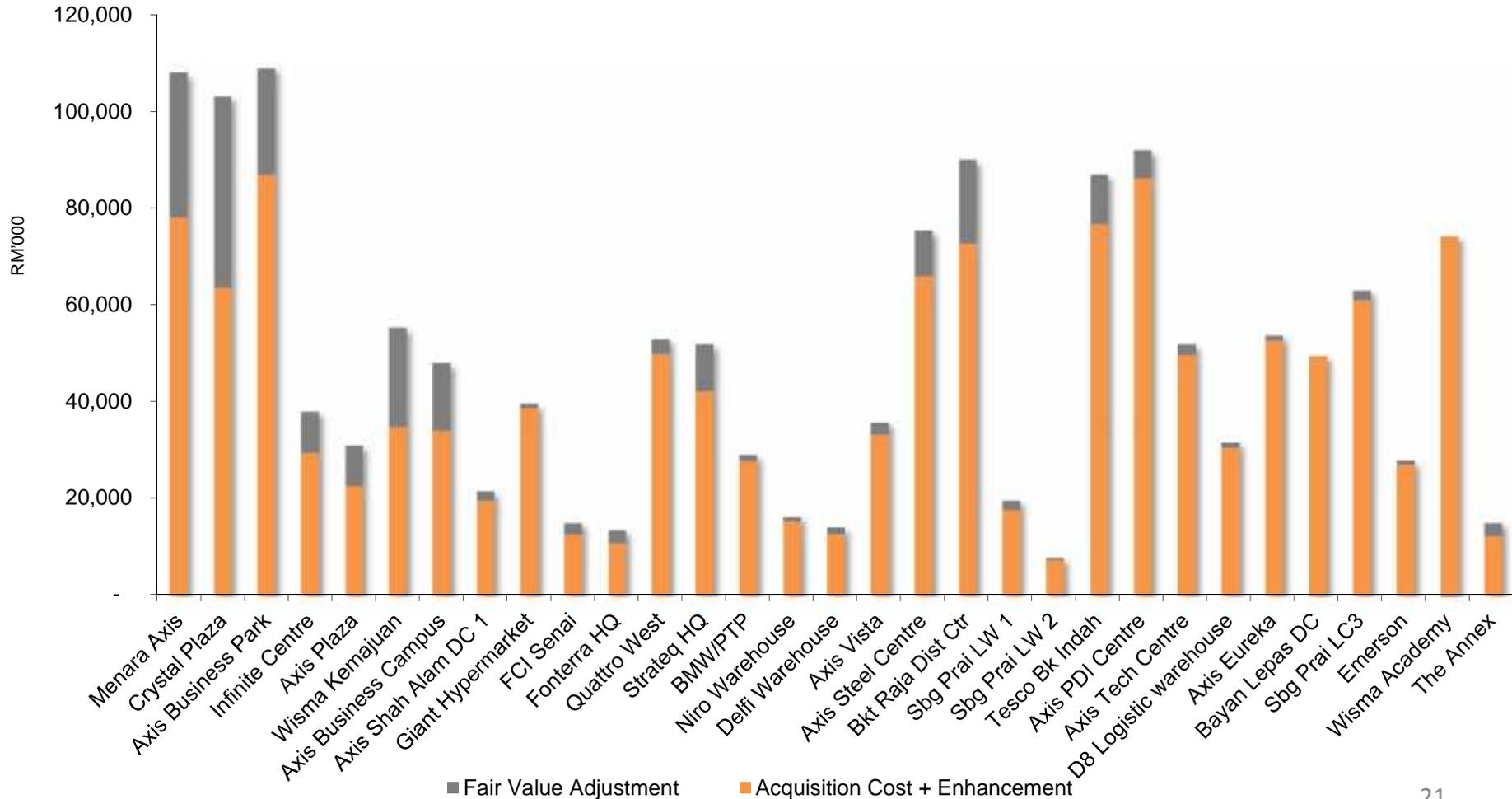
## Total Assets and Unitholders' Funds



## Asset Enhancement & Appreciation of Values

- A total of **RM24 million** revaluation gain has been recorded in year 2012.
- Overall the Portfolio has recorded a favorable gain in fair value of RM222.8million to date.

Properties Appreciation Value as at 31 December 2012

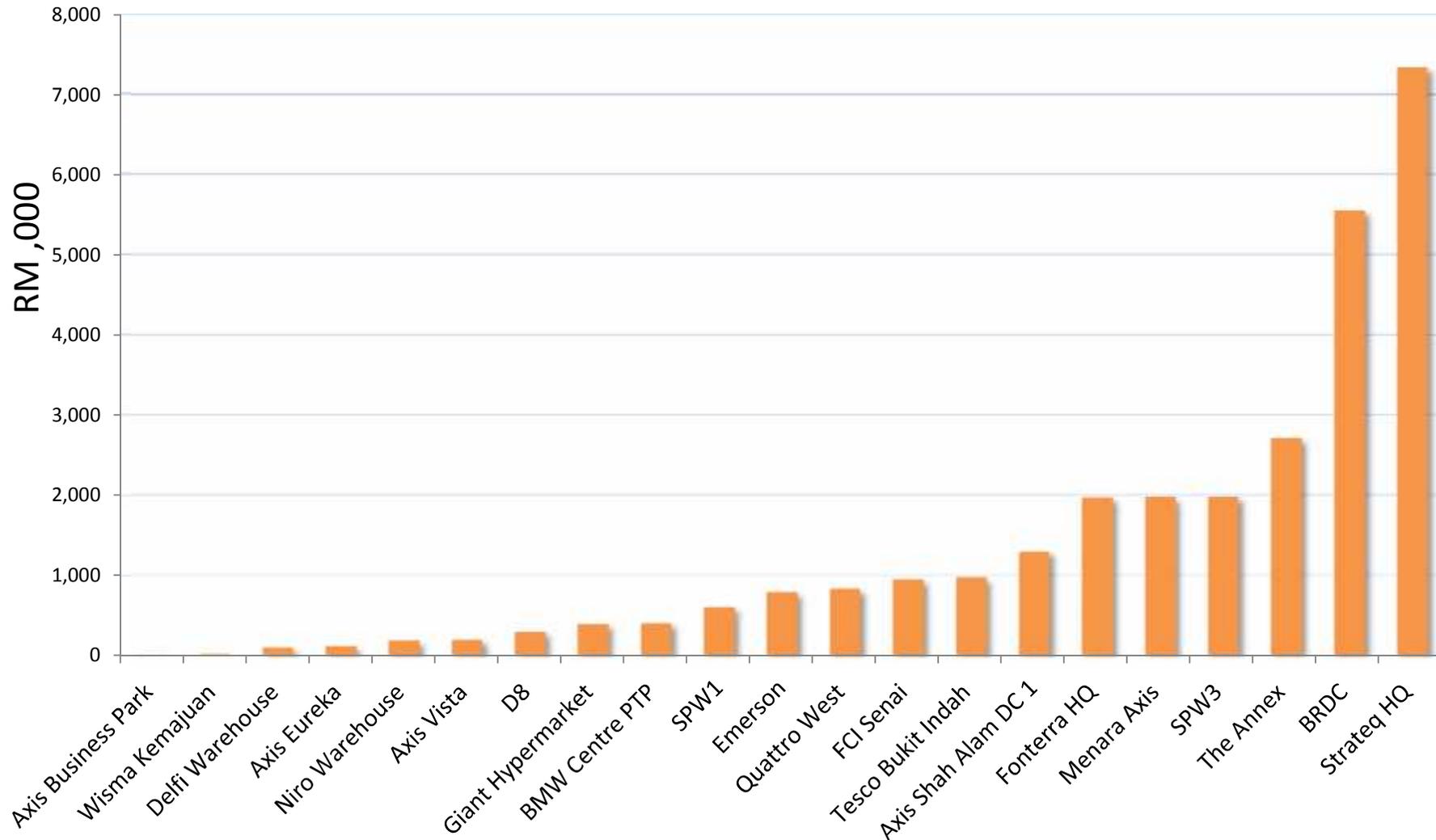


## Revaluation on Properties

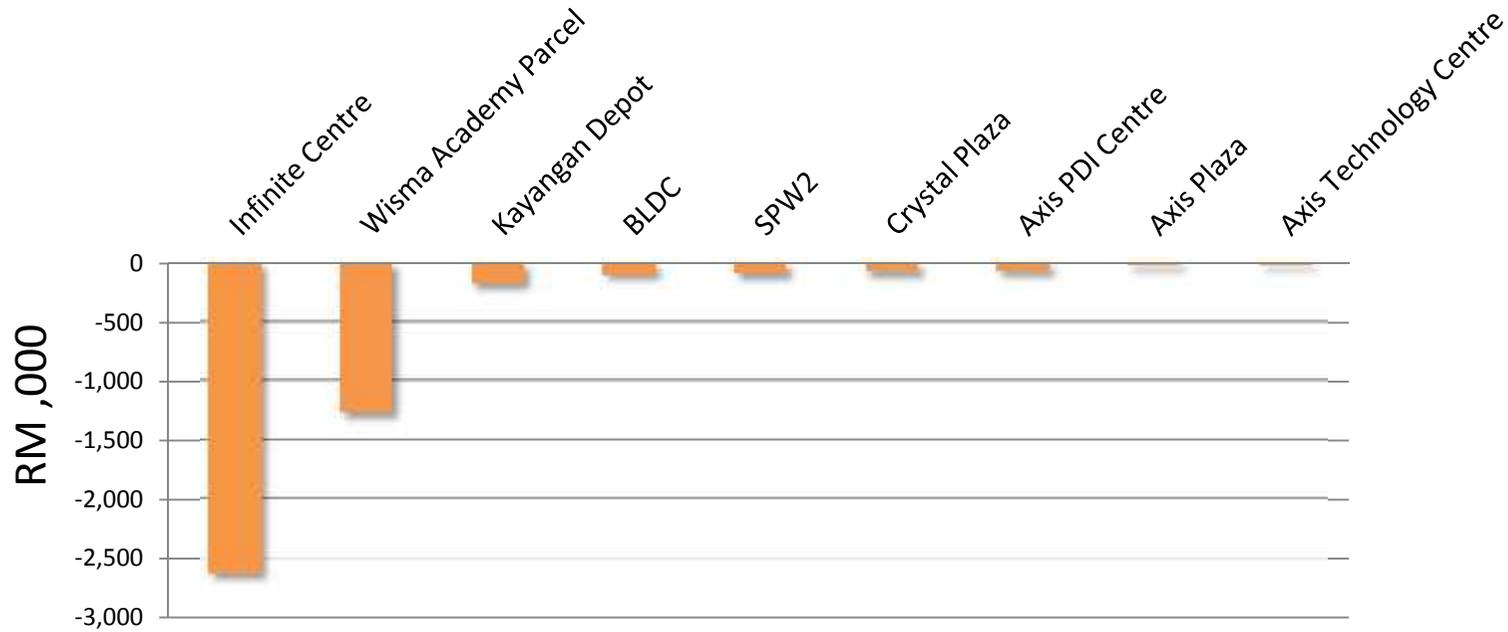


## Recent revaluation surplus on properties

The Portfolio recorded a surplus of **RM 24,278,000** for 2012



## Recent revaluation deficit on properties



## Disposal of Assets



## The Axis REIT Advantage

- ✓ The Manager has always felt that Unit holders should benefit from the capital gains from the portfolio from time to time.
- ✓ As the portfolio gets larger we now have the ability to dispose those assets that have achieved a significant capital gain and matured as far as returns are achievable.
- ✓ The Manager feels that these mature assets should be sold and the Capital Gain returned to Unit holders. These gains are not subject to any withholding taxes.
- ✓ The principal can be deployed in assets with higher growth potential.

## The Disposal of Kayangan Depot



<b>Land Area</b>	<b>: 3 acres (132,697 sq ft), Leasehold 99 yrs expiring on Jan 2086</b>
<b>Gross Built Up</b>	<b>: 173,582 sq ft</b>
<b>Sale Process</b>	<b>: By way of open tender</b>
<b>Successful Bidder</b>	<b>: Exceptional Landmark Sdn Bhd</b>
<b>Sale Price</b>	<b>: RM23.6 million</b>
<b>Valuation</b>	<b>: RM 22.0 million ( as per Valuation report dated 9<sup>th</sup> May 2012)</b>
<b>Acquisition Price</b>	<b>: RM16.1 million ( on 30<sup>th</sup> June 2006)</b>
<b>Investment Outlay</b>	<b>: RM16.906 million (Including enhancement, as at 31<sup>st</sup> Dec 2011)</b>
<b>Net gain on DPU</b>	<b>: 1.3 sen</b>

# Capital Management



### a) Corporate Exercise on Placement

- Proposed placement of 90,762,819 new units;
- Issuance of 2.0 mil units for payment of management fee in units
- Approval for directors (including person relating to the director) of ARMB to subscribe for the units:

	Maximum subscription
Dato' Abas	200,000 units
Datin Kuyas	100,000 units
Mr Stephen Tew	200,000 units
Dato' Stewart	50,000 units
Mr Alex Lee Lao	250,000 units
Mr Dean Lee Lao	1,050,000 units
Mr John Lee Lao	550,000 units
Total	2,400,000 units (representing 2.6% of the placement size)

- Approval for the above has been obtained from Securities Commission on 14 December 2012.

## IDRP

The application of the IDRP in conjunction with the 2012 2<sup>nd</sup> interim income distribution was successful carried out and had achieved a subscription rate of 79%.

The Board has decided that future the IDRP be only done for the 1<sup>st</sup> and 3<sup>rd</sup> Quarter distributions. (April and October)

## Total Return for 2012 IDRP

### 2012 IDRP

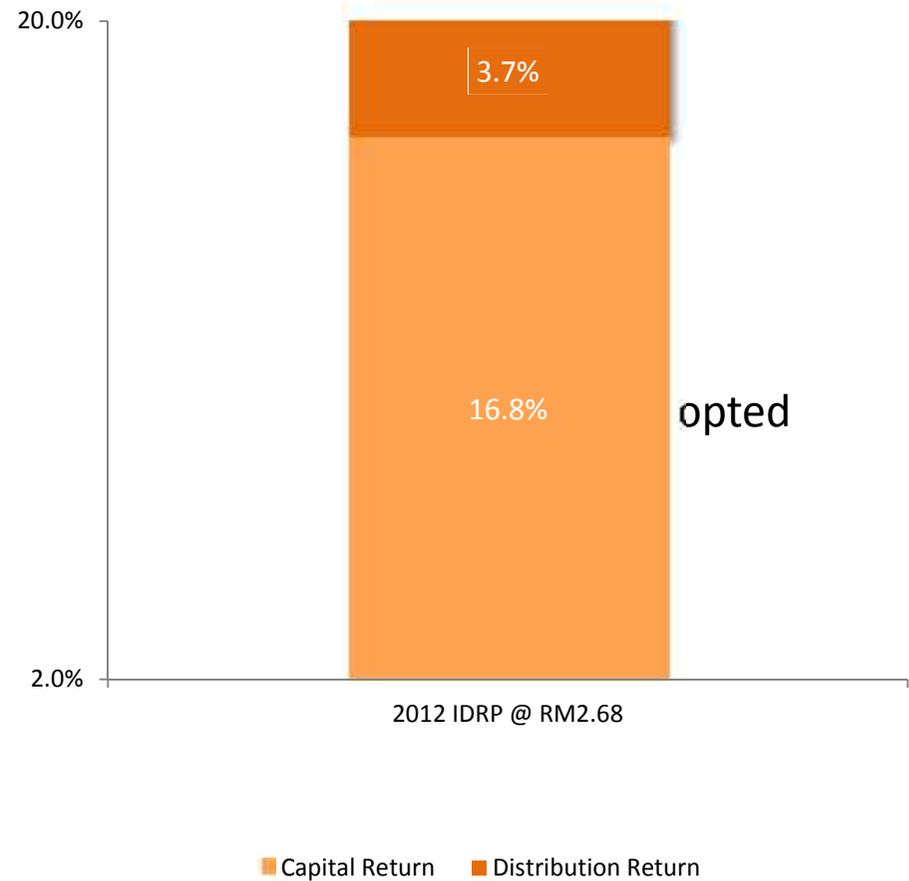
Exercise Price: RM2.68

Discount to 5-day VWAMP: 5.08%

Subscription rate : 79%

Total Return to-date Unitholders who  
for the IDRP: 20%

20% over 3.5 months



*“Axis-REIT has successfully issued RM110.0 million in nominal value Sukuk via its wholly-owned subsidiary Axis REIT Sukuk Berhad; a company incorporated by Axis-REIT to facilitate the establishment of a RM300.0 million in nominal value Sukuk programme.”*

*- - announcement dated 16 July 2012*

### *Why SUKUK?*

- Matches cash-flow profile of the secured properties
- a standby funding facility during the term of the programme period
- no stamp duty and commitment fee
- flexible as REIT can tap the debt capital market according to its funding needs – issue either short-tenured CPs for immediate capital requirements or long-tenured MTNs for long term capital expenditure/ new acquisitions plans or terming out short term borrowings
- leverage on wider investor base
- ability to lock in fixed interest rate on longer tenure bonds ie beyond 5 years

## Issue Details:

First Sukuk Issue	Rating	Issue Amount (RM' mil)	Periodic Distribution Rate	Expected Maturity
Class A	AAA	95	4.50%	13 July 2022
Class B	AA1	5	4.95%	13 July 2022
Class C	AA2	5	5.30%	13 July 2022
Class D	AA3	5	5.60%	13 July 2022
		Total =110	<b><i>Blended all-in 4.61% p.a fixed for 10 years</i></b>	

## Manager Fees In Units

The SC has approved the application for Manager Fees in units be allowed in future but the Manager would not be exercising their rights for 2012.

Updates on the  
REIT Guidelines



### **The highlights of the latest updates to the Guidelines on Real Estate Investment Trusts issued by the Securities Commission effective on 28 December 2012**

- Insertion of definitions on ‘accounts’, ‘consolidated accounts and financial statements’.
- Requirement to call an annual general meeting (“AGM”) and to lay before the meeting the audited financial statements of the Fund and such AGM to be held within 4 months from the close of financial year end.
- *In Axis-REIT’s case an AGM must be held latest by end of April each year.*
- Notices of meeting can now be advertised in an English OR Bahasa Malaysia newspaper and not BOTH as previously prescribed by the Capital Markets and Services Act, 2007.

# Real Estate Report



## Key Metrics

### **Portfolio Size:**

As at 31<sup>st</sup> December 2012 the Portfolio have 31 assets comprising 5,463,599 sq. ft. and 135 tenants

### **Occupancy:**

The Portfolio has an occupancy of 96.21% as at 31<sup>st</sup> December 2012. This is an increase from 93.41% as at 30<sup>th</sup> September 2012

### **Gross Income**

Our Gross Income was RM132,672,650 as at 4Q 2012

### **Property Expenses**

Our Operation Property Expenses are RM20,124,466 as at 4Q 2012

### **Net Operating Income (NOI)**

Our NOI was RM112,548,183 as at 4Q 2012

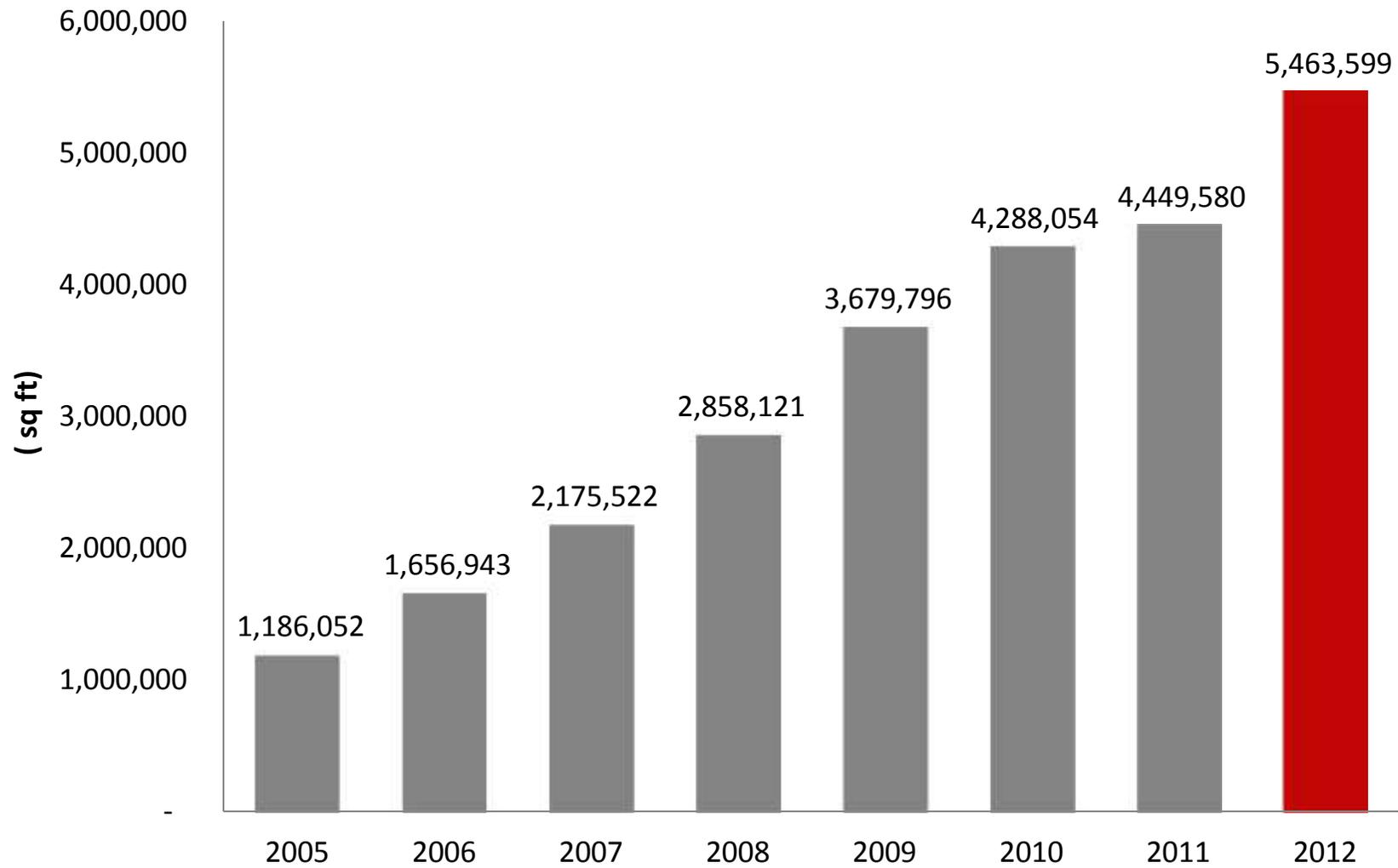
### **Average Rental**

Office properties – RM4.20 per sq. ft.

Office industrial properties - RM2.30 per sq. ft.

Across the portfolio – RM2.00 per sq. ft.

## Space Under Management (Sq. Ft.)



## Income Growth – Rental Reversions in 2012

Properties	Space Renegotiated (Sq. Ft.)	% Movement
Menara Axis	-	+7.14%
Crystal Plaza	12,433	+10.56%
Axis Business Park	34,142	+3.62%
Infinite Centre	14,200	+3.11%
Axis Plaza	50,192	+0.05%
Wisma Kemajuan	14,575	+6.45%
FCI	136,619	+25.00%
Axis Technology Centre	75,165	+8.50%
Axis Eureka	23,283	+3.04%
Delfi	130,743	+20.10%
Quattro West	16,489	+11.25%

- ✓ The Manager has successfully renegotiated 507,841 sq. ft. of space for 2012 that accounting for 9.29% of total NLA of the portfolio, achieving positive rent reversion of 9.96% .
- ✓ The Manager also secured new tenancies for 228,978 sq. ft. of space equivalent to 4.19% of total NLA in the portfolio

## Occupancy Rates – 31<sup>st</sup> December 2012

As at 31<sup>st</sup> December 2012 Axis REIT has only 7 out of 31 properties that carry vacancy. 24 properties enjoy 100% full occupancy

### Occupancy

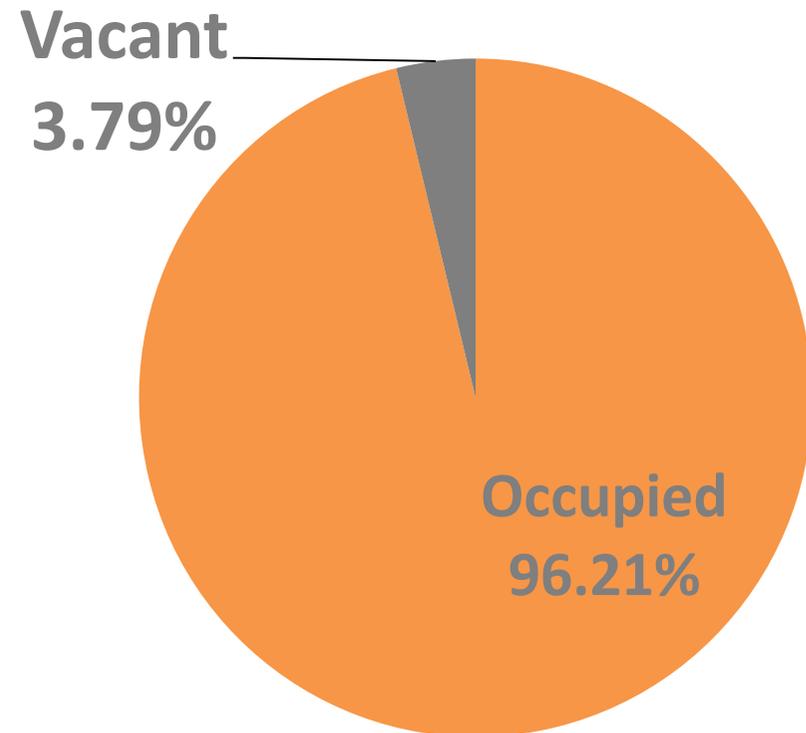
As at 31<sup>st</sup> Dec, 2011 97.22%

As at 31<sup>st</sup> Dec, 2012 96.21%

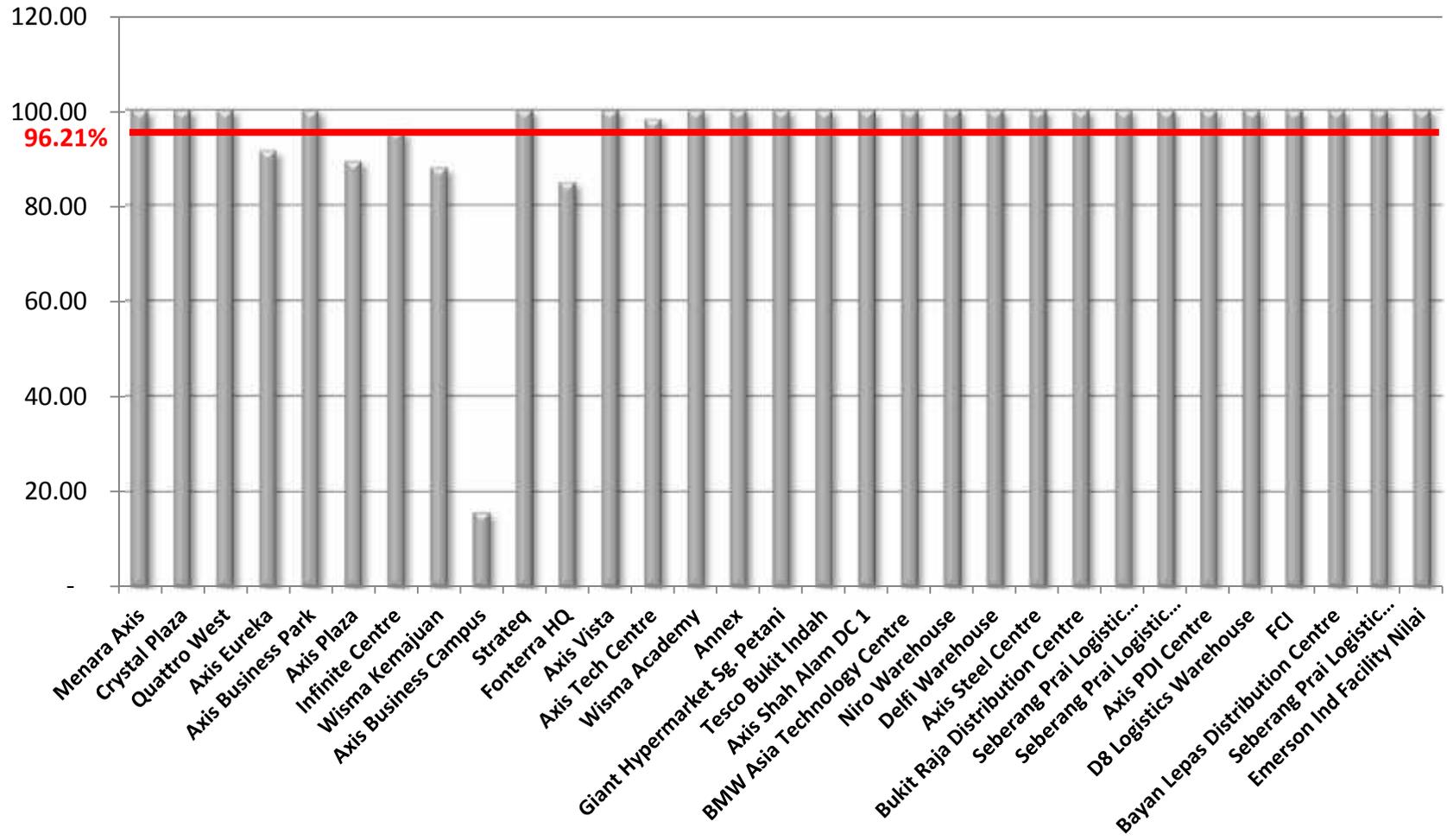
This is only **3.79%** vacant of total NLA

For Axis Multi-tenanted Buildings

Q4 2012 occupancy is **97.54%**

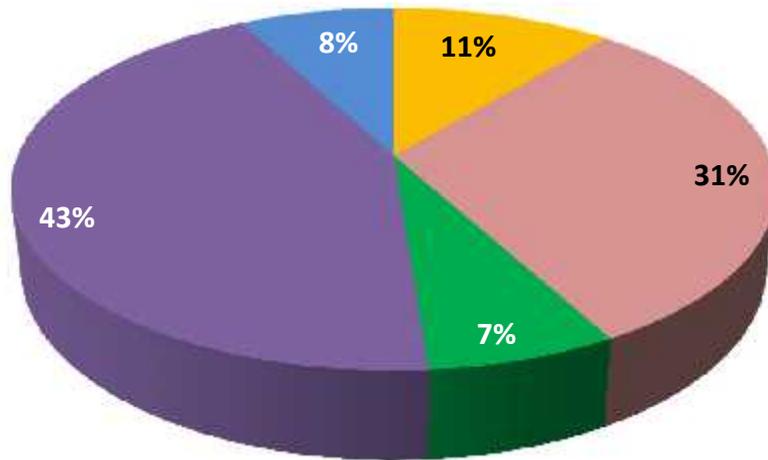


# Occupancy Rates – 31<sup>st</sup> December 2012



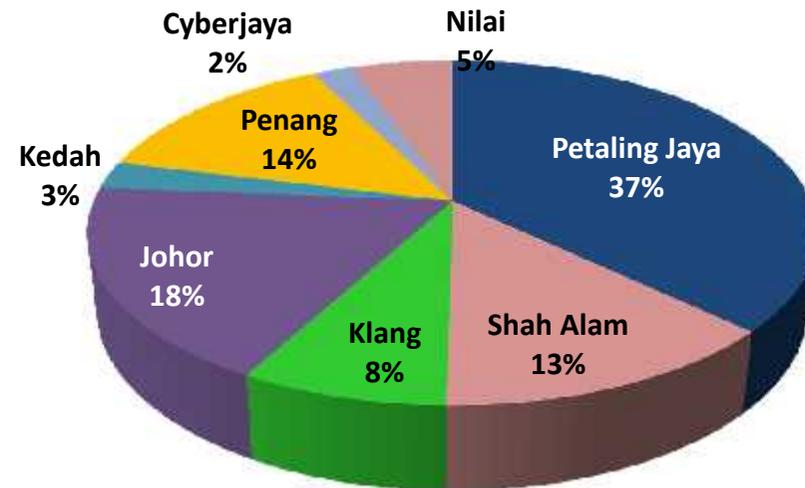
## Risk Management- Keeping a Diverse Portfolio

### Portfolio Diversification by Type and NLA

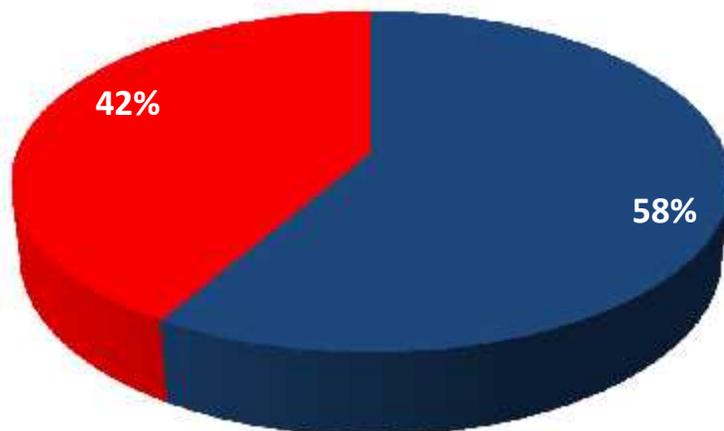


■ Office ■ Office/Industrial ■ Warehouse Retail ■ Warehouse Logistic ■ Light Industrial

### Portfolio Diversification by Geographical and NLA



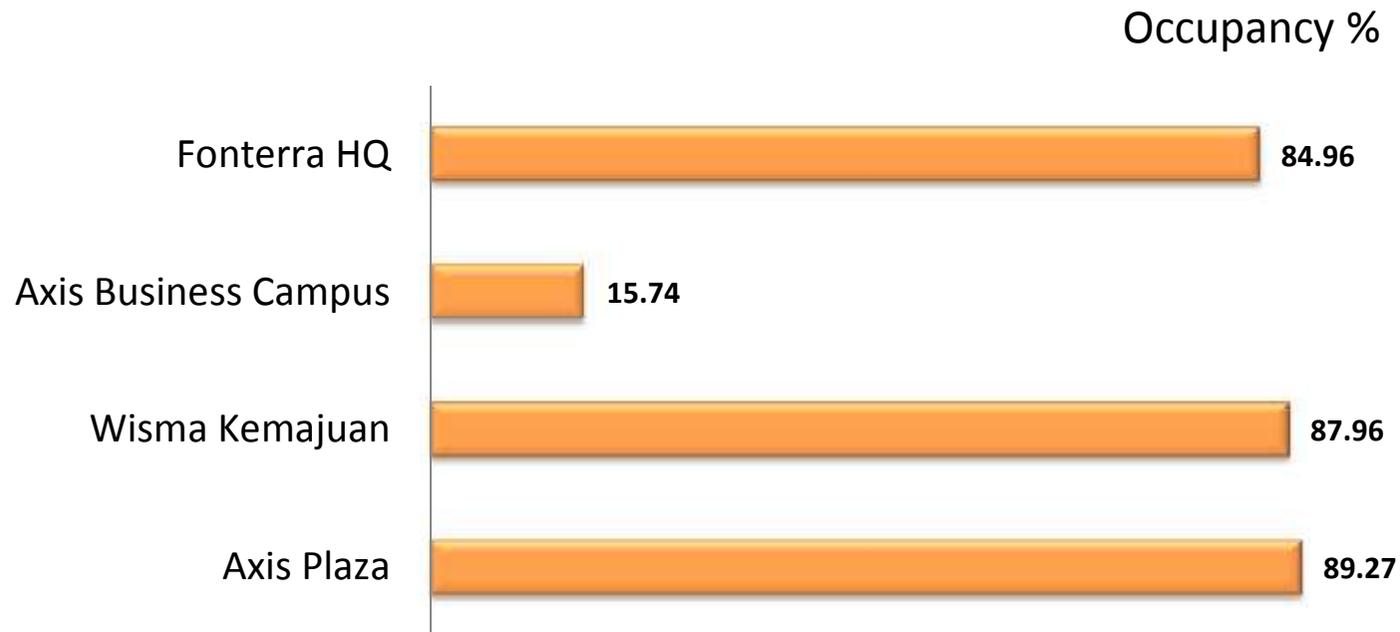
### Single Tenant Vs Multi-Tenants



■ Single Tenant  
■ Multi Tenants

## Occupancy Rates

Occupancy rates of properties below 90% as of 31<sup>st</sup> December 2012



Note: \* Vacant space Fonterra HQ is built for their future expansion  
\*Axis Business Campus (formerly Wisma Bintang) is undergoing major refurbishment

## Risk Profile – Manageable Lease Expiry Profiles

Property	Year 2013	% of Total NLA	% of Rental Income/month	Year 2014	% of Total NLA	% of Rental Income/month	Year 2015	% of Total NLA	% of Rental Income/month
Menara Axis	74,636	1.37	2.56	54,587	1.00	2.20	-	-	0.03
Crystal Plaza	120,358	2.20	4.00	11,153	0.20	0.34	73,592	1.35	2.25
Axis Business Park	86,676	1.59	1.89	225,197	4.12	5.12	14,163	0.26	0.26
Infinite Centre	99,982	1.83	1.81	28,074	0.51	0.52	9,250	0.17	0.18
Axis Plaza	104,843	1.92	1.96	-	-	0.00	-	-	-
Wisma Kemajuan	91,946	1.68	2.00	9,583	0.18	0.27	42,260	0.77	0.82
Axis Business Campus	27,230	0.50	0.70	-	-	-	-	-	-
Axis Vista	57,617	1.05	1.32	60,400	1.11	0.88	-	-	-
Quattro West	59,294	1.09	2.08	33,911	0.62	1.23	10,991	0.20	0.31
Axis Technology Centre	92,364	1.69	1.50	-	-	-	75,165	1.38	1.54
Axis Eureka (FSBM)	14,660	0.27	0.53	58,067	1.06	2.97	-	-	-
Emerson	22,880	0.42	0.13	-	-	-	-	-	-
Wisma Academy	59,031	1.08	1.26	57,535	1.05	1.34	116,552	2.13	2.07
Annex	27,400	0.50	0.35	18,000	0.33	0.29	-	-	-
Axis Steel Centre	-	-	-	366,839	6.71	5.03	-	-	-
Niro	-	-	-	167,193	3.06	1.20	-	-	-
SPLC3	-	-	-	395,225	7.23	4.90	-	-	-
Fontera HQ	-	-	-	600	0.01	0.01	-	-	-
PDI	-	-	-	-	-	-	58,009	1.06	6.12
Shah Alam DC 1	-	-	-	-	-	-	110,406	2.02	1.23
FCI	-	-	-	-	-	-	136,619	2.50	1.17
Delfi	-	-	-	-	-	-	130,743	2.39	1.01
BMW	-	-	-	161,474	2.96	2.44	-	-	-
	938,917	17.18	22.09	1,486,363	30.16	28.75	777,750	14.24	16.98

## Weighted Average Lease Expiry (“WALE”)

The Weighted Average Lease Expiry  
For the Portfolio is:

	Q4/2012	Q3/2012
<b>By NLA</b>	4.43	5.41
<b>By Rental</b>	4.17	5.11

Note : Fall in Wale is due to newly acquired Wisma Academy having 2 to 3 years tenancies.

## Efficiency Ratio ("ER")

The Efficiency Ratio of the Operating Cost  
for the Portfolio is:

2012	2011
15.17%	15.19%

## Risk Management -Top Ten Tenants - Strong Rental Covenants

1. Konsortium Logistik Bhd
2. LF Logistics Services (M) Sdn Bhd
3. Schenker Logistics (M) Sdn Bhd
4. Tenaga Nasional Bhd
5. Tesco Stores (M) Sdn Bhd
6. Fuji Xerox Asia Pacific Pte Ltd
7. Strateq Data Center Sdn Bhd
8. DHL Properties (M) Sdn Bhd
9. BMW Asia Technology Centre Sdn Bhd
10. Scope International (M) Sdn Bhd

The Top Ten tenants account for 48.89% of the total revenue of the Trust.

Enhancements:  
The Value Add  
Strategy



## Asset Enhancement

The aim of asset enhancement is to assess the REIT's portfolio from a "property player's" perspective. We employ our experience as a group to enhance and reposition these assets to increase their Revenue and Value - the key performance drivers of a REIT.



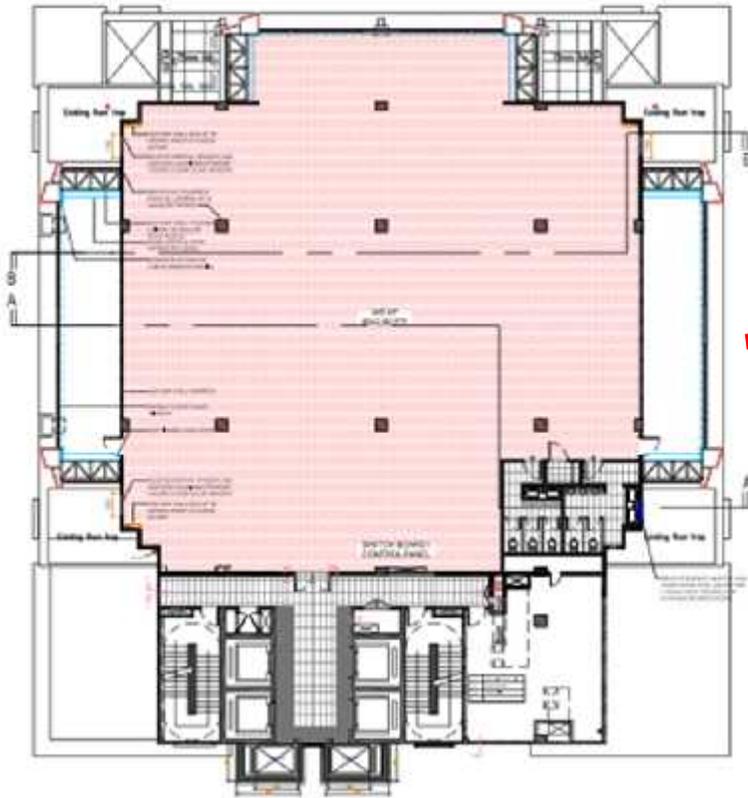
## Asset Enhancement

In 2010 it was Quattro West



## Asset Enhancement

In 2011 it was Menara Axis



Previously unused area comprising 6,700sf, has been converted to grade A office space with high grade toilets and fittings.



# Asset Enhancement Menara Axis Penthouse



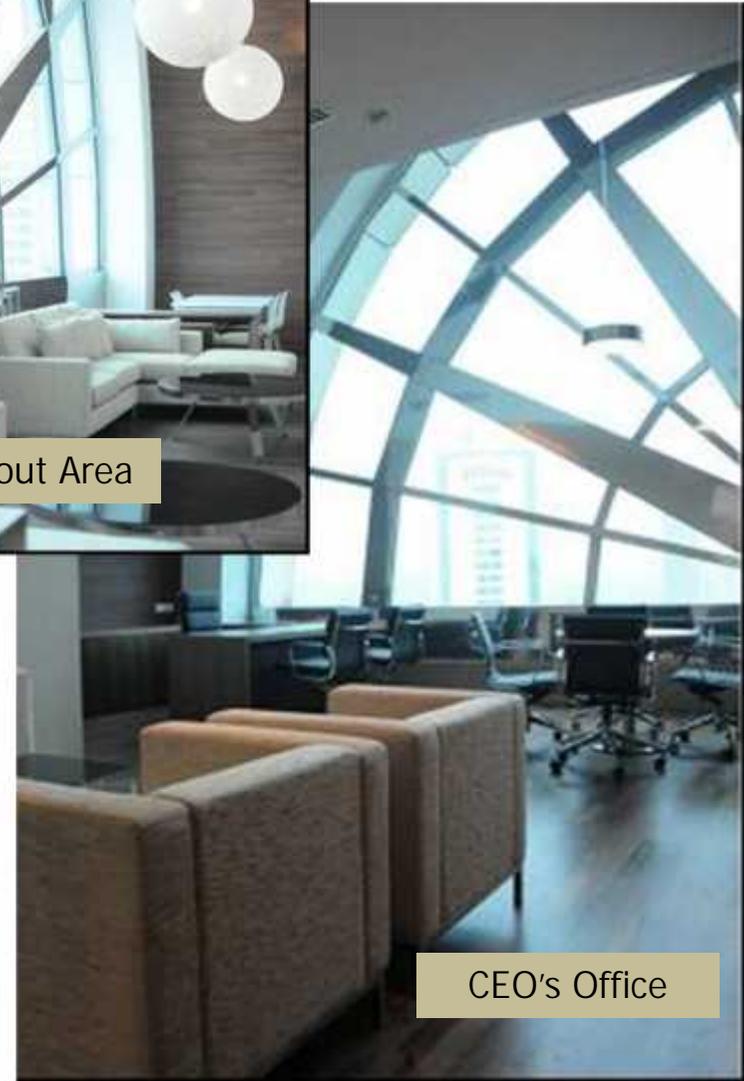
Board Room



Breakout Area



Main Workstations



CEO's Office

## Asset Enhancement

In 2011 it was Crystal Plaza

Before



After



## Crystal Plaza Projects Deliverables – Value to the Fund



The building was under rented due to the old condition of the building

Currently we are achieving an average rental of RM3.77psf.

Timing is fortunate. We now have a newly refurbished building, next to the LRT.

We will target a new average rental of RM4.50psf. when renewals are negotiated posting a growth of 20% in rental

## Summary of Projects Completed 2012

### **Fonterra Brands (M) Sdn Bhd**

*Project completed – Property handed over to the Tenant on March 6 , 2012*

### **Axis Eureka**

*Building awarded MSC Malaysia Designated Premises by Ministry of Science, Technology and Innovation (MOSTI) on 11<sup>th</sup> December 2012.*

### **Strateq Data Centre**

*Power upgrading – TNB commissioned 2<sup>nd</sup> feeder supply from SS2 Mall to the Building on 28<sup>th</sup> December 2012. Strateq Data Centre is now supported by 2 TNB feeders from New Sea Park Sub-Station and SS2 Mall Sub-Station.*

## Summary of Projects In Progress in 2012

### **Infinite Centre**

*Total budget approved RM7,376,275.39.*

*Works awarded: 16<sup>th</sup> July 2012*

*Target completion: 14<sup>th</sup> February 2013*

### **Axis Business Campus (formerly Wisma Bintang)**

*Budget of RM 20,940,740 approved*

*MBPJ approval for West and South Blocks has been received for refurbishment to proceed.*

#### **Phase 1 – TNB Sub-station**

*Contract awarded 28<sup>th</sup> Sept 2012 and target completion 20<sup>th</sup> February 2013*

#### **Phase 2 – West Block & South Block**

*Contract awarded 7<sup>th</sup> January 2013*

#### **Phase 3 - East Block – pending MBPJ approval**

## Summary of Projects In Progress in 2012

### **MSC Application for Menara Axis**

*Budget of RM4.43 million approved by EXCO on 22<sup>nd</sup> October 2012.*

*Letter of Intent submitted to MDEC in December 2012*

## Fonterra HQ Before Enhancement



### Project Aims:

- ✓ We had an asset that was facing 100% vacancy in 18 months time– tenant leaving
- ✓ We secured a new tenant Fonterra Brands Malaysia Sdn Bhd and completed a Build to Suit (BTS) for them
- ✓ Executed a long term lease and achieved higher yields

## Fonterra HQ

Project Completed



Main Frontage

Main Frontage



Fonterra HQ

Project Completed



Main Lobby



Bistro



Office Area



Breakout Area

## Infinite Centre Enhancement

Perspective View – *Main Frontage*:

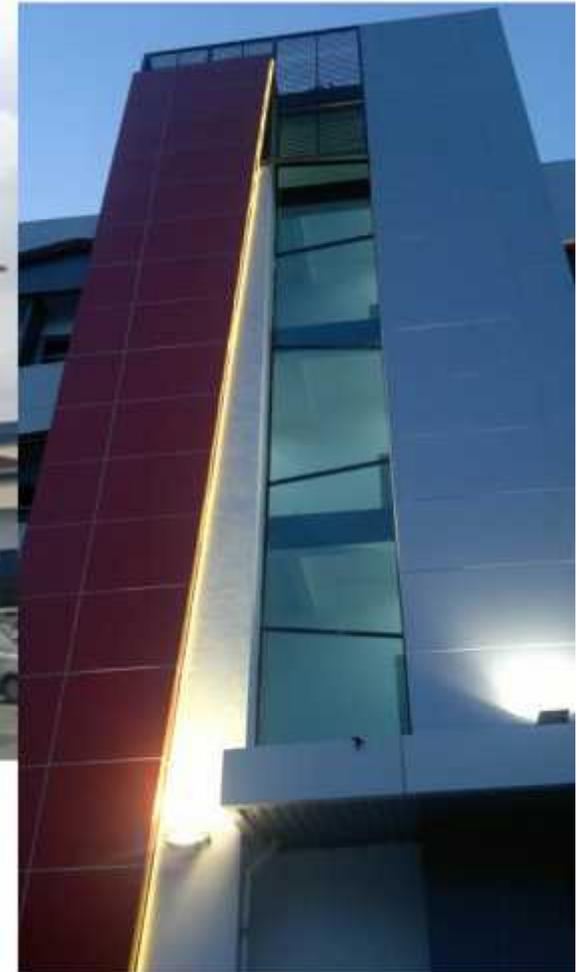


## Infinite Centre Enhancement

Before Enhancement:



## Infinite Centre Enhancement



The New Infinite Centre

## Infinite Centre Enhancement

Update as at 17<sup>th</sup> January 2013



Upgrading of Toilets



Modern Designs



Energy efficient lighting specified in the upgrading

## Infinite Centre Enhancement



Ground floor lobby



Modern designs for the Ground floor lift lobby

## Infinite Centre Enhancement

### **Project Deliverables**

The current building is over 30 years old and has served us well. It continues to be a consistently high yielding asset.

With the development of the surrounding areas and the rising prices this enhancement enables us to re-position the property to obtain a higher rent from the market

## Axis Business Campus Proposed Enhancement

Current



Current Building Complex

## Axis Business Campus Proposed Enhancement

Upon Completion



## Axis Business Campus Proposed Enhancement

Perspective View South Block:



## Axis Business Campus Proposed Enhancement

### Project aim:

- ✓ Aggressive Aim – This is a “Product Re-positioning” play
- ✓ Rebranding the building as **“Axis Business Campus”**
- ✓ We are enhancing to unlock the potential value from 5 acre development of prime PJ land. We anticipate a significant increase in rentals
- ✓ Plan to tap into market for Business Park styled commercial / industrial facilities
- ✓ To complete West Wing by **8<sup>th</sup> April 2013** and South Wing by **22<sup>nd</sup> May 2013**
- ✓ To complete the new 6 storey block by **30 July 2014**

# MRMA Report



## **Membership**

I am pleased to report that we have added one member to the membership roll – Pintar Projek Sdn Bhd (Starhill REIT) represented by their Company Secretary Ho Say Keng

**To date we have a total of 15 REIT managers and 1 Bank as members.**

## **Election**

At the AGM Dato' Stewart LaBrooy was elected as Chairman for a third term  
Other officers remained the same

## **Committees**

The Association voted the following heads of our working committees

- The Regulatory Committee headed by Stewart LaBrooy
- The Finance Committee headed by YP Lim
- The Islamic REITs Committee headed by Shahril Simon of CIMB

**Website.**

This is now live and the URL is [www.mrma.my](http://www.mrma.my)

**Members Meeting 4Q 2012 & AGM**

The members met for their 4<sup>th</sup> Quarterly meeting and AGM at the KL Hilton on the 14<sup>th</sup> December 2012. It was a breakfast meeting of members and a joint meeting with the APREA Malaysia Chapter. The meeting had 55 attendees.

The meeting featured two presentations.

- The first was a presentation from Professor Graeme Newell (University of Western Australia) on The Investment Characteristics and Benefits of Asian REITs for Retail Investors



- The second presentation was a presentation on Perpetual Securities by Sean McNeil the Head of Financial Solutions Group HSBC Hong Kong.



CSR Report



## Refurbishment of the HQ for the Malaysian Association of the Blind



### **Project Description**

The project is a proposal to carry out internal and external re-painting works of Malaysian Association for the Blind (MAB) main activity block and other related areas such as fencing and staircases.

### **Project Cost**

Total project cost was **RM 50,000.00** including labour and materials.

### **Project Duration**

The painting works was commenced on 14 June 2012 and is now completed.



### **The Rat Race**

Axis REIT sent in a team to participate in the 2012 Edge Bursa Rat Race held on the 25<sup>th</sup> September 2012.

We came 14<sup>th</sup> out of a field of 50 much larger companies.

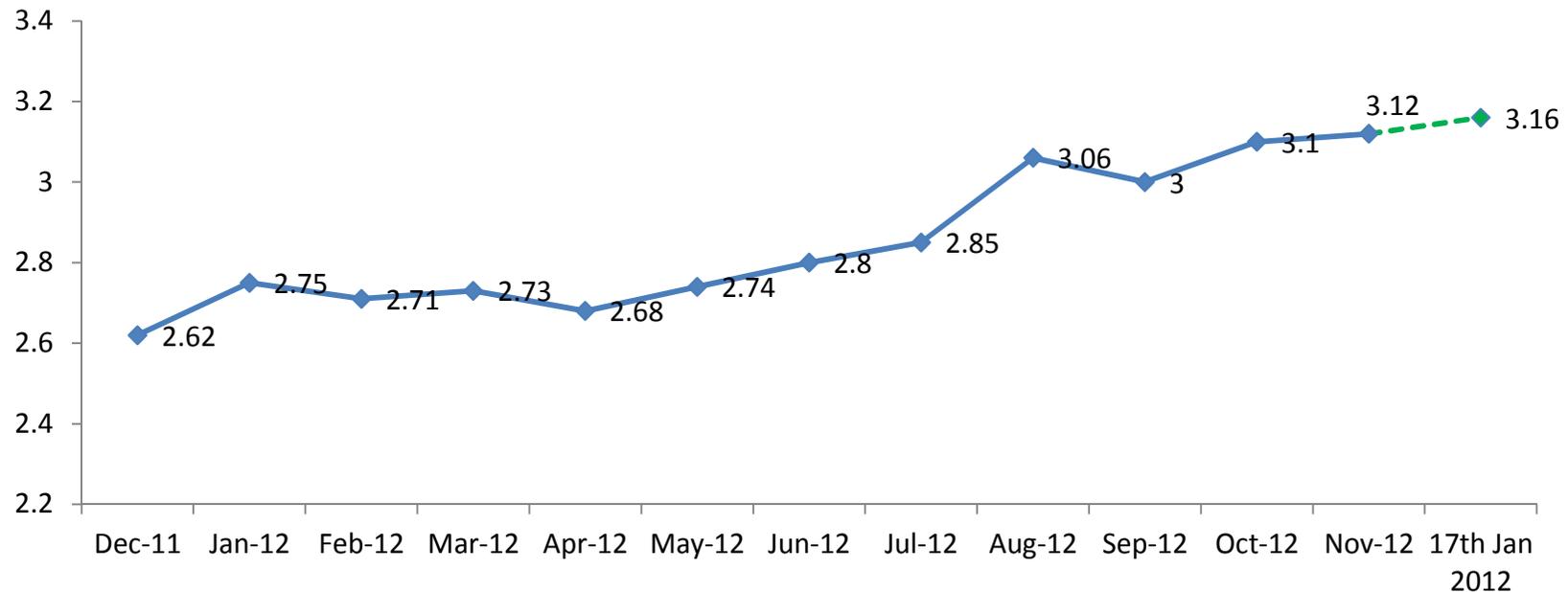
The Fund contributed RM 18,000 to support several deserving charities in the Country.

## Investor Relations



## Unit Price Performance - Continues to trend upwards

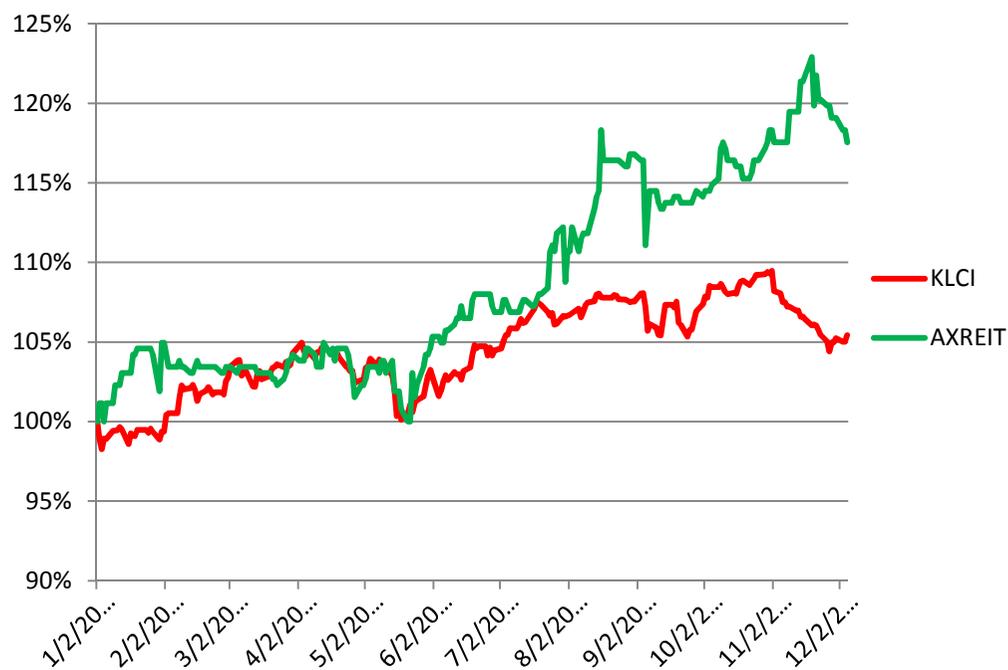
Month-end Closing Price  
(Dec 2011 - Nov 2012)



- Unit price closed at an all time high of RM 3.13 on 31<sup>st</sup> December 2012, the highest closing price for FY 2012.

## Outperformed the KLSE in FY 2012

### AXIS REIT vs KLCI ( Jan 2012 to Dec 2012 )



Outperformed the KLCI Index



22.3% unit price appreciation since 1<sup>st</sup> Jan 2012

### Price & Volume Statistics

Current Price (17 Jan 2013)	:	<b>RM3.16</b>
Average Monthly Volume in the last 12 months	:	4,435,150
Highest Monthly Volume in the last 12 months @Dec 2012	:	9,839,600
Lowest Monthly Volume in the last 12 months @Nov 2012	:	857,100

Source: Bloomberg

## Top 10 Unitholders

1	EMPLOYEE PROVIDENT FUND
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)
3	TEW PENG HWEE @ TEOH PENG HWEE
4	SKIM AMANAH SAHAM BUMIPUTERA
5	ALEX LEE LAO
6	DATO' ABAS CARL GUNNAR BIN ABDULLAH
7	AMERICAN INTERNATIONAL ASSURANCE BERHAD
8	AMANAH RAYA TRUSTEES BERHAD AS 1MALAYSIA
9	AMANAH RAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK
10	AMANAH SAHAM WAWASAN 2020

## ROD analysis

### Top unitholders' percentage holdings

1. Top 5 CDS accounts hold 36% of total units
2. Top 10 unitholders hold 55% of total units
3. > 1 million unitholders' total shareholding = 85%

### Number of unitholders

1. Total number of unit holders increased by 77 to 2,850

### Interesting Changes in Unitholdings

Last Qtr Rank	This Qtr Rank	Rank Δ	UNITHOLDERS > 1MILLION UNITS	@31 Mar '12	@29 Jun '12	@28 Sep '12	@31 Dec '12	Δ frm last qtr	% Δ in Shareholdings
Unranked	44		CIMB COMMERCE TRUSTEE PUBLIC FOCUS SELECT FUND			434,721	1,017,721	583,000	134.1%
45	Unranked		(NEW) HSBC (M) TRUSTEE BHD FOR BIMB I DIVIDEND FUND		741,600	1,132,600	594,500	(538,100)	-47.5%
24	28		CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS	1,630,306	3,109,506	3,534,200	2,755,489	(778,711)	-22.0%
6	6		DATO ABAS CARL GUNNAR BIN ABDULLAH	21,346,518	21,346,518	21,504,225	20,601,311	(902,914)	-4.2%
35	Unranked		SYARIKAT TAKAFUL MALAYSIA BERHAD (SHF)	1,750,000	1,750,000	1,750,000	750,000	(1,000,000)	-57.1%

## ROD analysis

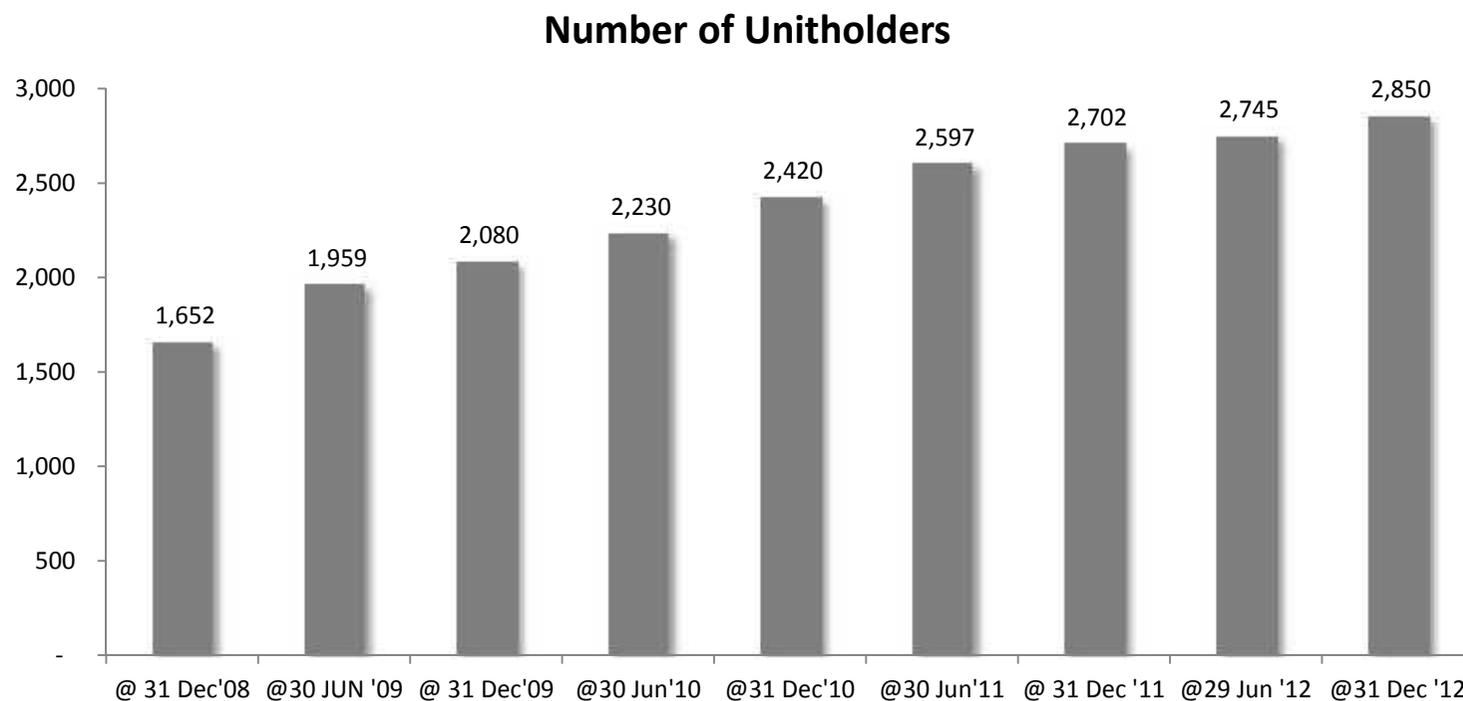
### Most Notable Increase in Unitholdings

No.	Unitholder	No. of Units	% of Total Q2 Units
1	KUMPULAN WANG PERSARAAN	5,991,837	1.31%
2	EPF	1,118,400	0.24%
3	SKIM AMANAH SAHAM BUMIPUTERA	782,900	0.17%

### Most Notable Decrease in Unitholdings

No.	Unitholder	No. of Units	% of Total Q2 Units
1	UNI.ASIA GENERAL INSURANCE BERHAD	(5,500,000)	-1.20%
2	PNB STRUCTURED INVESTMENT FUND	(1,689,431)	-0.37%
3	STATE STREET AUSTRALIA FUND UAJB FOR UNIFUND	(1,000,000)	-0.22%

## Improving Investor Visibility and Liquidity



- ✓ Total foreign holdings is recorded at 13.67%, of which 8.88% is related party and 4.79% is non-related party.
- ✓ Promoters' current holdings stand at 16.25%

## Volume Performance



- ✓ 13.9 million units were traded in Q4, which is 32% higher than total volumes in Q3 (10.3 million units).
- ✓ This is due to the high volume traded in December (9.84 million units), which has by far the largest monthly volume traded in FY 2012.

### Volume Comparison y-o-y

- ✓ 2012 Volume = 53 million units
- ✓ 2011 Volume = 50 million units
- ✓ 2010 Volume = 48 million units
- ✓ 2009 Volume = 48 million units

### 2012 Investor Relations Outreach Program

- Jan 6<sup>th</sup> 2012 – BFM interview on **“The Property Show”** on **“REIT Fees and Cash Calls.”**
- 9<sup>th</sup> March 2012—Axis REIT Managers Bhd (ARMB) \ met with Kenanga Islamic Investor’s Chief Investment Officer.
- 10<sup>th</sup> March 2012 – Stephanie Ping spoke on **“REITs as an Alternative Form of Real Estate Investment”** at **Bursa Market Chat** , a series of investor education organized by Bursa Malaysia
- 23<sup>rd</sup> March 2012 – Stewart LaBrooy and Sunway REIT CEO, Dato’ Jeffrey Ng talked to NST RED on **“Defensive REITs Are a Good Play During Uncertain Times”** for a cover story column in Real Estate & Décor.
- 30<sup>th</sup> march 2012—ARMB met with Portfolio Manager of Nomura Asset Management Malaysia Sdn Bhd.
- 17<sup>th</sup> April 2012. ARMB met with Mercer Investment (Australia) Ltd’s Head of Real Estate, Asia Pacific.
- 3<sup>rd</sup> May 2012. ARMB provided a tour of Axis REIT’s Kayangan Depot and IDS Warehouse to EPF
- 29<sup>th</sup> May 2012 ARMB participated in Invest Malaysia and met with Manulife Asset Management, Public Mutual Bhd and OSK-UOB Islamic Fund Management Bhd.

### 2012 Investor Relations Outreach Program (con't)

- Axis REIT was nominated for five categories in the Small Cap category at the Malaysian Investor Relations Association Award ceremony held at the Istana Hotel, KL.
  - Best Company for Investor Relations
  - Best CEO for IR
  - Best IR Website
  - Business Knowledge & Insights of IR Team-Malaysia
  - Quality of Annual Reports/Formal Disclosure-Malaysia
- 4<sup>th</sup> June 2012—ARMB met with Nomura Asset Management's Senior Fund Manager and Credit Analyst.
- 28<sup>th</sup> June 2012 – ARMB participated in APREA's IPD Pan Asia Returns Index Launch
- 27<sup>th</sup> – 29<sup>th</sup> June 2012. Stephanie Ping & David Aboud attended, **Real Estate Investment World (REIW)**
- 10<sup>th</sup> July 2012. ARMB met with Affin Investment Bank's Equity Analysts.
- 11<sup>th</sup> July 2012—ARMB met with Schroders Investment Management's Portfolio Manager
- 12<sup>th</sup> July 2012—ARMB met with Aberdeen Fund Manager to provide an understanding on Axis REIT's strategic direction

### 2012 Investor Relations Outreach Program (con't)

- The Edge Billion Ringgit Club

The Billion Ringgit Club Award Ceremony was held on 16<sup>th</sup> July 2012

The BRC List of members was published in the date on 23<sup>rd</sup> July 2012

- 24<sup>th</sup> July 2012. ARMB met with Mondrian Investment Partner's Senior Portfolio Manager
- 5<sup>th</sup> August 2012—ARMB met with Alpine Woods Capital Investors from the U.S.
- 11<sup>th</sup> August 2012 Stewart LaBrooy spoke on **“REITs as an alternative Investment Vehicle”** at **Wealth Mastery, Property Investment Convention 2012**
- 5<sup>th</sup> August 2012. Stewart LaBrooy spoke at the Wealth Mastery Convention for the 2<sup>nd</sup> time on **“REITs as an Alternative Form of Real Estate Investment”** – Audience Size = ~1500 people
- 24<sup>th</sup> August 2012. ARMB met with Macromeister's editor to assist in the publication of their weekly newsletter with a section on Malaysian REITs titled “From Kuala Lumpur
- 11<sup>th</sup> August 2012. AmInvest Broker Retail Client Presentation by Stephanie Ping on **“REITs as an Alternative Form of Real Estate Investment”**
- 29<sup>th</sup> August 2012. Meeting with Forward Investing's Fund Manager
- 29<sup>th</sup> Sept 2012 - Digital correspondence with Thom Polson, Investment Manager, Safa Investment Services, Riyadh, Saudi Arabia.

### 2012 Investor Relations Outreach Program (con't)

- 17<sup>th</sup> Sept 2012. BNI Capital conducts a property visit to Giant Sungai Petani
- 31<sup>st</sup> October 2012. Hwang DBS Lunch Meeting- 31<sup>st</sup> Oct 2012.
- Q&A and Property Visits by Investors:
  - EPF Property Visits in Johor – 19<sup>th</sup> Oct 2012 (FCI, BMW & D8).
  - Public Bank Property Visit – 30<sup>th</sup> Oct 2012
  - HwangDBS Lunch Meeting – 31<sup>st</sup> Oct 2012.
- 8<sup>th</sup> November 2012 - Meeting with the Founding Partner Emeritus of Asuka Corporate Advisory Co. Ltd.
- 13<sup>th</sup> December 2012. Meeting with CIMB Research meeting.

### 2013 Q1 Investor Relations Events

1. Dato' Stewart LaBrooy will be a panelist on the "**5th Annual Corporate Governance Summit**" on 19<sup>th</sup> March 2013
2. Nomura Islamic Asset Management meeting – 30<sup>th</sup> Jan 2013
3. Wealth Mastery Convention - ~800 in Audience Size. Stephanie Ping presented on "REITs as an Alternative Form of Real Estate Investments" on 13<sup>th</sup> January 2013.
4. Dato' Stewart will be speaking at the **Industrial Real Estate and Business Parks 2013** Conference – 13<sup>th</sup> March 2013.

→ **Our participation in conferences with the theme of Business Parks and Industrial Assets are increasing.**

## Unitholders' Meetings

### 1st Unitholders Meeting

The 1<sup>st</sup> Unitholder Meeting was held on 27 September 2012 at The Westin Kuala Lumpur.

The following proposals were approved:

- ✓ Proposed acquisition of Wisma Academy parcels
- ✓ Proposed acquisition of the Annex
- ✓ Proposed renewal of IDRP

<u>Proposed acquisitions</u>	Vote cast on a poll					
	In favour	%	Against	%	Subtotal	%
Wisma Academy Parcels	168,185,622	100	-	-	168,185,622	100
The Annex	168,185,622	100	-	-	168,185,622	100



## Unitholders' Meetings

### 2<sup>nd</sup> Unitholders' Meeting

The 2<sup>nd</sup> Unitholders' Meeting was held on 13<sup>th</sup> December 2012 at The Westin Kuala Lumpur.

The following proposal was approved:

✓ Proposed disposal of Kayanagan Depot

1. A comprehensive presentation was given on the reasons for disposal.
2. Unit holders were concerned on why the property was being disposed. It was explained that the vacancy was high and Axis REIT cannot take on the risks of redevelopment if it were to rebuilt a property.
3. **100% of unitholders present voted for the disposal.**



## Media Appreciation Night



Approximately 40 attendees from the press and media attended this event

# REITs: High yields a magnet for investors

BY HO CHING-LING

Malaysian real estate investment trusts (REITs) have benefited from their status as high-yield investments in volatile global market conditions, gaining the favour of investors during the year and becoming the 'safe' pick

as the world was flush with cash but had limited space to park it. As a result, REITs, dividend stocks and bonds did very well globally and Malaysian REITs benefited from the trend.

Although average REIT yields have now dropped to around 4% to 5%, investor interest in this relatively defensive sector was robust over the year and merger interest rates, many drivers of

analyst at Hong Kong. The year also now the largest market cap till August. "We like the REIT as high-cracking up will well perform

# Values of Malaysian REITs emerge

Malaysian REITs

Upgrade to overweight (from neutral) investors should regain interest in MREITs in the first quarter (1Q) of calendar year 2013 as they turn defensive and price in political risk with the upcoming election. We see values emerging after profit taking in the sector since mid-November.

Trust	Type	Yield (%)	Dividend Yield (%)	Net Asset Value (RM)	P/E Ratio	REITs				Gearing (%)	PNAV	NAV	Type
						REITs	REITs	REITs	REITs				
REITs	Real Estate	4.82	4.82	1.00	6.4	6.5	7.0	7.1	34.7	0.9	1.0	REITs	
Axis REIT	Real Estate	3.80	3.80	1.00	17.2	17.0	17.7	17.8	34.2	1.5	1.1	REITs	
CIAT	Real Estate	4.87	4.87	1.00	1.0	1.0	1.1	1.2	25.6	1.3	1.0	REITs	

# 2012: A near-perfect balancing act?

Bank Negara, President of Malaysian Institute of Estate Agents (MIEA) in 2012, the property market was impacted most by the stiffer lending guidelines and policies imposed by Bank Negara, especially the loan to value (LTV) ratio that dampened the market. During the early stages, there was an initial adjustment phase and there was a slowdown in market activity. Both operators and purchasers were affected. Many

Although most researchers would suggest that macro economic factors such as low interest rates, income growth, high labour costs, high inflation costs and inflation rates are the leading indicators of a property market, higher demand is not an exception. In addition, scarcity of land especially in the city centre has also contributed to the rapid rise of property prices.

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Chua Hick Nam, Chairman of the Malaysian REIT Managers Association. The big news for REITs (Real Estate Investment Trusts) in 2012 will be the introduction of the KICCP Strategic Group in 2013 where the three core



Aisling O'Sullivan, CEO of Axis REIT. To me, the biggest impact in the announcement of the opening of the Woodlands North East

# Axis REIT looks to grow portfolio by 20pc this year

KUALA LUMPUR: Axis REIT Managing Director Aisling O'Sullivan says the company will be growing its portfolio by 20 per cent a year, amid a global market uncertainty. The company is negotiating for a portfolio for 2013 and the expansion will be financed via a private placement by 20 per cent a year, said the chief executive officer Aisling O'Sullivan.



She said ARMB has in place a five-year strategy plan to drive growth for Axis REIT, which includes focusing on tenant retention and enhancing returns from the portfolio. The other key drivers are dividend growth, applying technology and sustainability to the operations and assets equally, cost efficiency and enhancement in marketing and distribution.

# Axis-REIT plans RM350m property acquisitions next year

Looking at Iskandar Malaysia and Penang as well as Selangor

by Kamal Anwar

KUALA LUMPUR: Axis-REIT Managing Director Aisling O'Sullivan says the company is setting its sights on industrial properties in Iskandar Malaysia in Johor, the Klang Valley, Selangor and Seremban Prai in Negeri Sembilan.

CEO George Szechar Loh says the company is targeting to acquire properties in Iskandar Malaysia and Penang as well as Selangor.

company REIT yesterday. Loh says the property values in Iskandar Malaysia will go up possibly over high than in Kuala Lumpur.

"Our acquisitions are going to be sold at RM700 to RM800 per sq ft (psf), that's value is higher than the condominiums in Iskandar."

O'Sullivan said Loh's statement is in line with the company's strategy to acquire properties in Iskandar Malaysia and Penang as well as Selangor.

"The current development landscape for the next seven years REIT trust (REIT) industry is going to be challenging next year because yields have dropped to the lowest



George Szechar Loh, CEO of Axis-REIT. The acquisition is around RM3 million, the company does not a narrative that is to offer it

the acquisition is around RM3 million, the company does not a narrative that is to offer it

"An acquisition process that is to complete, quickly to take a while. For now, we have a pipeline of properties to acquire."

A substantial amount of REIT's acquisition next year will be financed by a placement to raise new shares. The company has not confirmed a date for placement, it will do so when it has a cluster of ready investments

the properties. "The company expects to have a REITs portfolio, which

# Why building maintenance and compliance are essential

Taking regular care of properties will retain their value and extend their lifespan



VINCENT JARDON

children, the need for maintenance is critical. The cost of maintenance is often overlooked, but it is essential to ensure the long-term value of the property.

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Security and safety are also essential for building maintenance and compliance. Regular inspections and maintenance can help identify potential safety hazards before they become major issues.

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## Acquisitions



Completed

## Bayan Lepas Distribution Centre, Penang



Land Area	: 7.61 acres (331,709 sq ft)
Gross Built Up	: 205,150 sq ft
Land Tenure	: Leasehold
Occupancy	: 100%
Tenancy/lease period	: 5+5 years
Tenants	: DHL
Purchase Price	: RM48.5 million
Valuation	: RM 48.5 million
Projected Net Yield	: 8.0%

Completed

# Seberang Prai Logistics Warehouse, Penang



Land Area	: 13.7 acres (596,800 sq ft)
Gross Built Up	: 380,000 sq ft
Land Tenure	: Leasehold
Occupancy	: 100%
Tenancy/lease period	: 3+2 years
Tenants	: DB Schenker
Purchase Price	: RM59.0 million
Valuation	: RM 62 million
Projected Net Yield :	10.2%

## Emerson Facility at Nilai, Seremban

Completed



Land Area	: 7.27 acres (316,863 sq ft)
Gross Built Up	: 192,677 sq ft
Land Tenure	: Leasehold (84 years unexpired)
Occupancy	: 100%
Tenancy/lease period	: 3+3+3 years
Tenants	: Emerson Process Management Manufacturing & K Plastics Industries
Purchase Price	: RM 26.5 million
Valuation	: RM 27.8 million
Projected Net Yield	: 9.0%

## Wisma Academy & The Annex, Petaling Jaya

Completed



Land Area	: 3.5 acres (152,269 sq ft)
Gross Built Up	: 411,256 sq ft
Land Tenure	: Leasehold
Occupancy	: 100%
Tenancy/Term	: Multiple tenancies with various tenancy terms
Major Tenants	: Dataprep Holdings, Ban Leong Technologies, TNB
Purchase Price	: RM85.0 million
Valuation	: RM 88.0 million
Projected Net Yield	: 8.49% (Wisma Academy), 6.74% (The Annex). With rental guarantee on vacant spaces for 3 years by the Vendor

2013 Potential  
Acquisitions  
Pipeline



## Summary of Target Acquisitions for 2013

- ✓ A newly built warehouse in North Port, Port Klang.
- ✓ Factory at SLiC Johor
- ✓ 3 Warehouses in Shah Alam
- ✓ Great Avenue Warehouses in Shah Alam
- ✓ Logistics Warehouse in Shah Alam
- ✓ Factory in Senai JB
- ✓ A Hypermarket in Melaka
- ✓ A DC in Sepang
- ✓ A Logistics warehouse in PTP

***Total value of assets currently under negotiation is RM 660.6 million***

Thank You

