

3Q
2016

Axis REIT Managers Berhad Results Presentation



24 October 2016

A IS

- 2



3Q2016 HIGHLIGHTS

RM 2,149,810,000

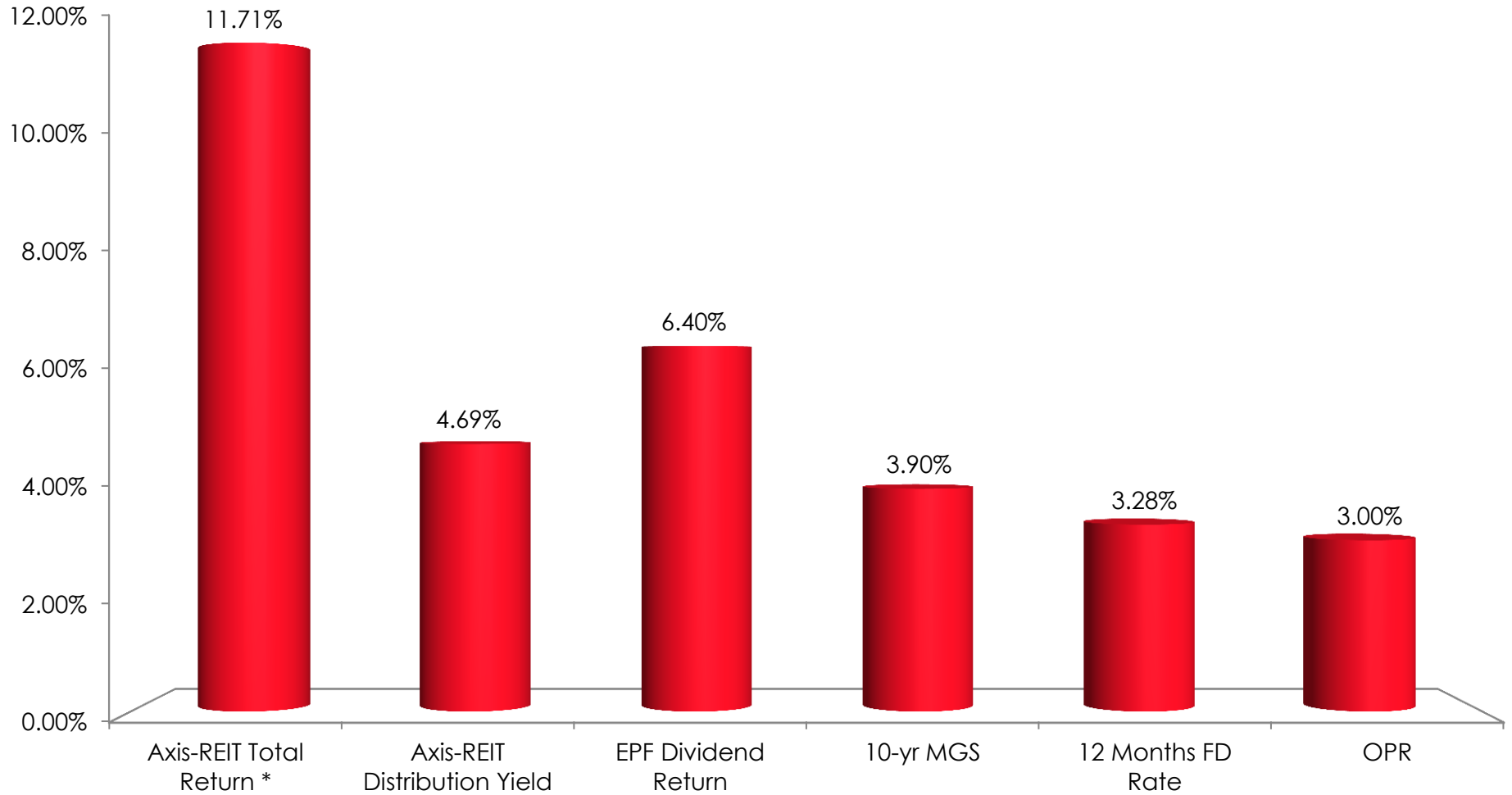


Investment
Properties

- ✓ Completed the acquisition of 4 industrial properties - Beyonics i-Park Campus Block A, B, C & D for RM61.0 million on 28 January 2016.
- ✓ Successfully signed the Sale & Purchase Agreement for the acquisition of Kerry Warehouse at Pasir Gudang, Johor for a cash consideration of RM33.0 million on 23 May 2016.
- ✓ Successfully signed the Sale & Purchase Agreement for the acquisition of Scomi facility at Rawang, Selangor for a cash consideration of RM42.0 million on 1 August 2016.
- ✓ Successfully entered into an Agreement to Build And Lease with Nestlé Products Sdn Bhd to develop a distribution warehouse on part of Axis PDI Centre land for a lease term of 10+3+3 years.
- ✓ Successfully signed the Sale & Purchase Agreement to dispose of Axis Eureka for a total consideration of RM56,132,075 on 24 October 2016.

- ✓ Total of RM29.664 million revaluation gain recorded for YTD 3Q2016.
- ✓ Declared 2.05 sen as 3rd Interim 2016 DPU.
- ✓ Successfully implemented the Income Distribution Reinvestment Plan (IDRP) in 1H2016 with a success rate of 79%.
- ✓ Traded at a premium of 39% to NAV.

3Q2016 Return Comparatives



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

A photograph of a large, modern industrial building, likely a warehouse or logistics center, with a white facade and a dark green roof. The building has multiple levels with large windows and a prominent entrance. The text "LF LOGISTICS" is visible on the upper part of the building. In the foreground, there are several flags on poles, including the Malaysian flag and a red flag. The sky is blue with scattered white clouds.

3Q2016 FINANCE REPORT

3Q2016 Summary



	3Q2016
Total Net Income ("Realised") (RM' 000)	67,066
Income Available for Distribution ("Realised") (RM' 000)	67,893
Earnings per Unit ("EPU") ("Realised") (Sen)	6.09
Income Distribution Declared (RM'000)	67,858
Distribution per Unit ("DPU") (Sen) *	6.15
Number of Investment Properties	38
Units in Circulation (Units)	1,105,173,591
Assets Under Management (RM'000)	2,192,627
Total Financing (RM'000)	744,701
Gearing Ratio	33.96%
Total Unitholder's Fund (RM'000)	1,391,367
Market Capitalization (RM'000)	1,934,054
Net Asset Value per Unit (RM)	1.2590
IPO Retail Unit Price (RM) (restated from RM1.25)	0.625
Unit Price as at 30 September 2016 (RM)	1.75
Number of Unitholders	3,776

* Third interim income distribution to be paid on 30 November 2016

Income Statement 3Q2016 vs 3Q2015



	3Q2016 (RM '000)	3Q2015 (RM'000)	Changes / Movement
No. of Properties	38	34	+4
Property Income	41,765	41,631	+0.32%
Property Expenses	(7,047)	(5,826)	+20.96%
Net Property Income	34,718	35,805	-3.04%
Profit Income / other income	217	226	
Non-Property Expenses	(4,418)	(4,643)	-4.85%
Islamic Financing Cost	(8,031)	(7,606)	+5.59%
Income Tax Expenses	-	(73)	
Net Income	22,486	23,709	-5.16%
DPU (sen)	2.05	2.20	-6.82%
No. of units in issuance	1,105,173,591	1,095,516,080	

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

Income Statement YTD 3Q2016 vs YTD 3Q2015 AIS

	YTD 3Q2016 (RM '000)	YTD 3Q2015 (RM'000)	Changes / Movement
No. of Properties	38	34	+4
Property Income - Note 1	124,455	123,245	+0.98%
Property Expenses - Note 2	(20,423)	(17,742)	+15.11%
Net Property Income	104,032	105,503	-1.39%
Profit Income / other income	518	568	
Non-Property Expenses - Note 3	(13,708)	(13,862)	-1.11%
Islamic Financing Cost - Note 4	(23,776)	(22,354)	+6.36%
Income Tax Expenses	-	(73)	
Net Income	67,066	69,855	-3.99%
DPU (sen)	6.15	6.40	-3.91%
No. of units in issuance – Note 5	1,105,173,591	1,095,516,080	

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

Increase in property income as compared to last preceding year corresponding period is due to contribution of rental proceeds from newly acquired properties coupled with the positive rental reversion on renewal of tenancies during the period. The increase was partly offset by the loss of rental income from Axis PDI Centre.

Note 2 – Property Expenses

Increase in property expenses is mainly due to higher maintenance cost as one-off works have been carried out in some of the properties during the period and also to new properties added into the portfolio.

Note 3 – Non-Property Expenses

The MER of the Fund as at 30 Sept 2016 is 1.28% of NAV, as compared to 1.33% for 3Q 2015.

Note 4 – Islamic Financing Cost

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

Note 5 – No. of Units in Issuance

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

Gross Yield of Investment Properties



Properties		Gross yield (%)	Average YTD gross yield = 10.07%		
1	Wisma Kemajuan	18.56%	20	Infinite Centre	9.23%
2	FCI Senai	14.56%	21	Seberang Prai Logistic Warehouse 2	9.18%
3	Crystal Plaza	14.47%	22	Axis Business Park	9.07%
4	Menara Axis	14.18%	23	Axis Steel Centre	8.85%
5	Delfi Warehouse	13.91%	24	Tesco Bukit Indah	8.73%
6	BMW Centre PTP	13.79%	25	Axis Vista	8.23%
7	D8 Logistics Warehouse	12.17%	26	Axis Shah Alam DC 3	8.15%
8	Strateq Data Centre	11.97%	27	Beyonics i-Park Campus Block C	7.95%
9	Niro Warehouse	11.52%	28	Beyonics i-Park Campus Block B	7.93%
10	Fonterra HQ	11.38%	29	Beyonics i-Park Campus Block A	7.93%
11	Seberang Prai Logistic Warehouse 3	10.69%	30	Beyonics i-Park Campus Block D	7.92%
12	Emerson Industrial Facility Nilai	10.19%	31	Axis MRO Hub	7.82%
13	Wisma Academy Parcel	10.13%	32	Axis Shah Alam DC 2	7.74%
14	Bayan Lepas Distribution Centre	9.84%	33	Axis Eureka	7.70%
15	Quattro West	9.71%	34	Axis Technology Centre	7.48%
16	Seberang Prai Logistic Warehouse 1	9.64%	35	Axis Steel Centre@ SiLC	7.46%
17	Axis Shah Alam DC 1	9.55%	36	The Annex	6.20%
18	Bukit Raja Distribution Centre	9.48%	37	Axis PDI Centre	Under development
19	Giant Hypermarket, Sungai Petani	9.34%	38	Axis Business Campus	-

Net Yield of Investment Properties

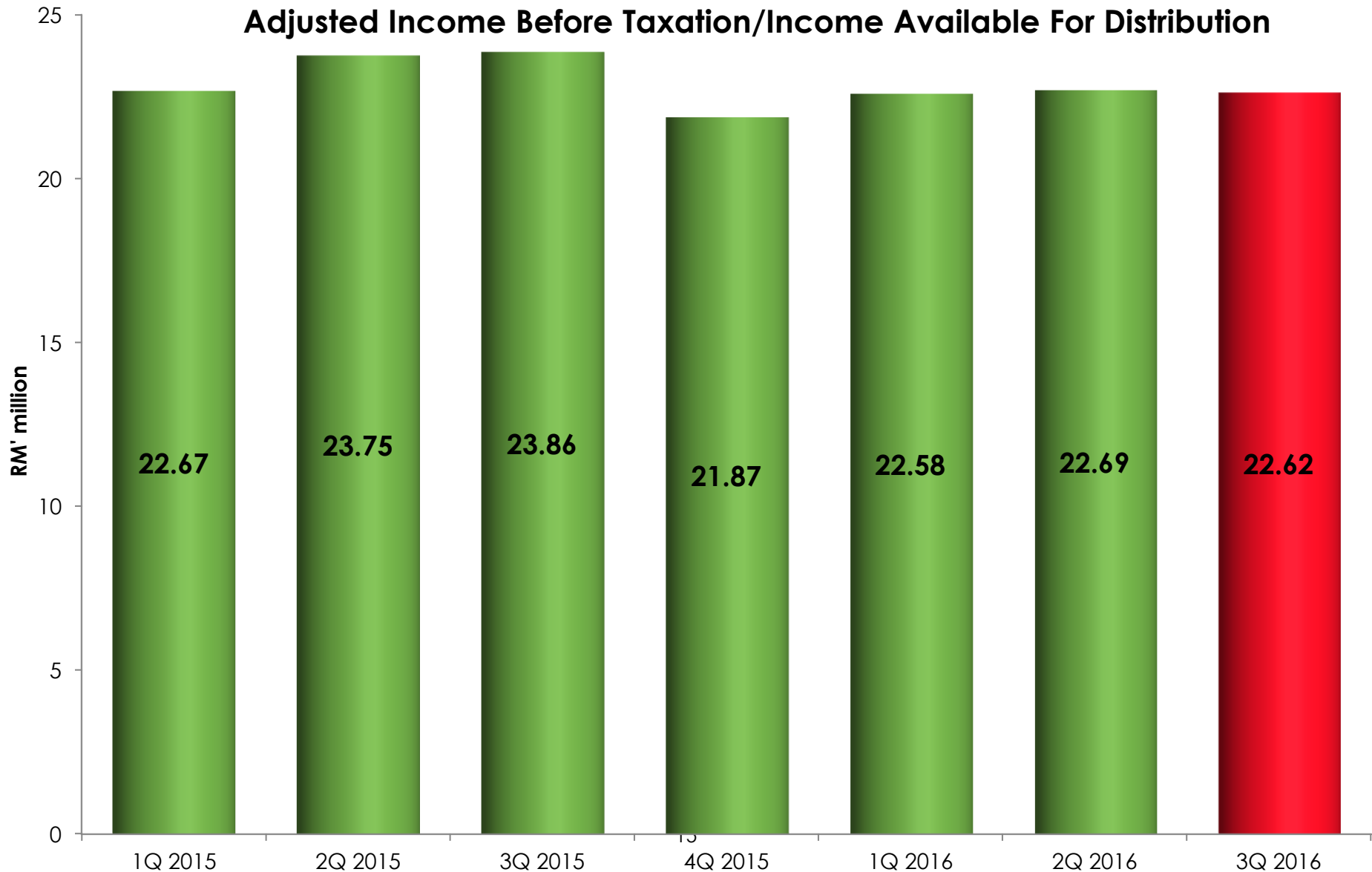


Properties		Net yield (%)	Average YTD net yield = 8.59%		
1	Wisma Kemajuan	14.40%	20	Tesco Bukit Indah	7.88%
2	FCI Senai	13.15%	21	Quattro West	7.20%
3	BMW Centre PTP	12.37%	22	Beyonics i-Park Campus Block D	7.18%
4	Crystal Plaza	11.88%	23	Wisma Academy Parcel	7.17%
5	Menara Axis	11.31%	24	Beyonics i-Park Campus Block A	7.16%
6	Strateq Data Centre	11.26%	25	Beyonics i-Park Campus Block B	7.16%
7	Delfi Warehouse	10.99%	26	Beyonics i-Park Campus Block C	7.15%
8	D8 Logistics Warehouse	10.99%	27	Axis MRO Hub	7.15%
9	Niro Warehouse	10.52%	28	Axis Shah Alam DC 3	7.11%
10	Fonterra HQ	9.87%	29	Axis Steel Centre@ SiLC	7.10%
11	Seberang Prai Logistic Warehouse 3	9.50%	30	Axis Vista	7.06%
12	Emerson Industrial Facility Nilai	9.26%	31	Axis Shah Alam DC 2	6.96%
13	Seberang Prai Logistic Warehouse 1	9.12%	32	Axis Business Park	6.77%
14	Bukit Raja Distribution Centre	8.92%	33	Axis Technology Centre	5.67%
15	Bayan Lepas Distribution Centre	8.76%	34	Infinite Centre	5.61%
16	Giant Hypermarket, Sungai Petani	8.56%	35	Axis Eureka	4.82%
17	Seberang Prai Logistic Warehouse 2	8.45%	36	The Annex	4.59%
18	Axis Shah Alam DC 1	8.17%	37	Axis PDI Centre	Under development
19	Axis Steel Centre	8.03%	38	Axis Business Campus	-

Income Available for Distribution



Adjusted Income Before Taxation/Income Available For Distribution



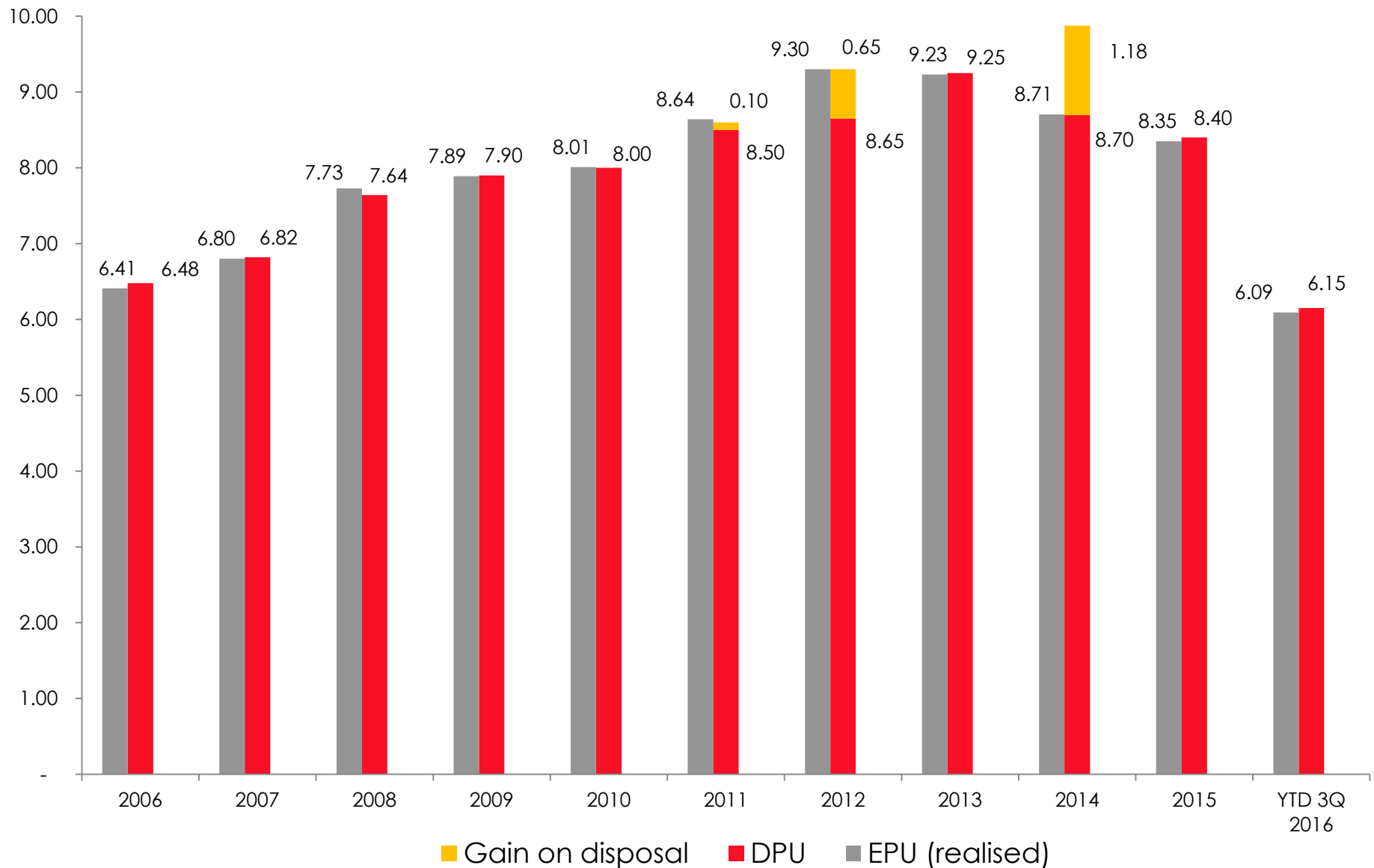
Proposed : 2.05 sen DPU

The 2.05 sen DPU represents 99.95% income available for distribution from performance of properties for the period from 1 July 2016 to 30 September 2016.

Important dates:

Ex-date	: 3 November 2016
Entitlement date	: 7 November 2016
Payment date	: 30 November 2016

Summary of Realised EPU and DPU



Statement of Financial Position



	30/09/16 (RM'000)	31/12/15 (RM'000)	Changes
Investment Properties – Note 1	2,149,810	2,048,626	+101,184
Fixed Assets	3,802	3,602	+200
Other Assets – Note 2	39,015	89,265	-50,250
TOTAL ASSETS	2,192,627	2,141,493	+51,134
Borrowings – Note 3	744,701	731,814	+12,887
Other Payables	56,559	57,194	-635
TOTAL LIABILITIES	801,260	789,008	+12,252
NET ASSET VALUE (NAV)	1,391,367	1,352,485	+38,882
Unitholders' Capital – Note 4	1,060,326	1,052,272	+8,054
Undistributed Distributable Income	18,904	19,036	-132
Non-Distributable Reserve – Note 5	312,137	281,177	+30,960
TOTAL UNITHOLDERS' FUND	1,391,367	1,352,485	+38,882
GEARING	33.96%	34.17%	
NAV/unit (RM)	1.2590	1.2298	
No. of units in issuance	1,105,173,591	1,099,793,068	

Note 1 – Investment Properties

The acquisition of Beyonics i-Park Campus Block A, B, C and D was completed on 28 January 2016 at RM62.0 million.

During the period, a total of RM9.498 million was spent for enhancement of the properties on portfolio and RM29.664 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-15	9
31-Mar-16	9
30-Jun-16	2
30-Sep-16	7

Statement of Financial Position – Note 3

Borrowings



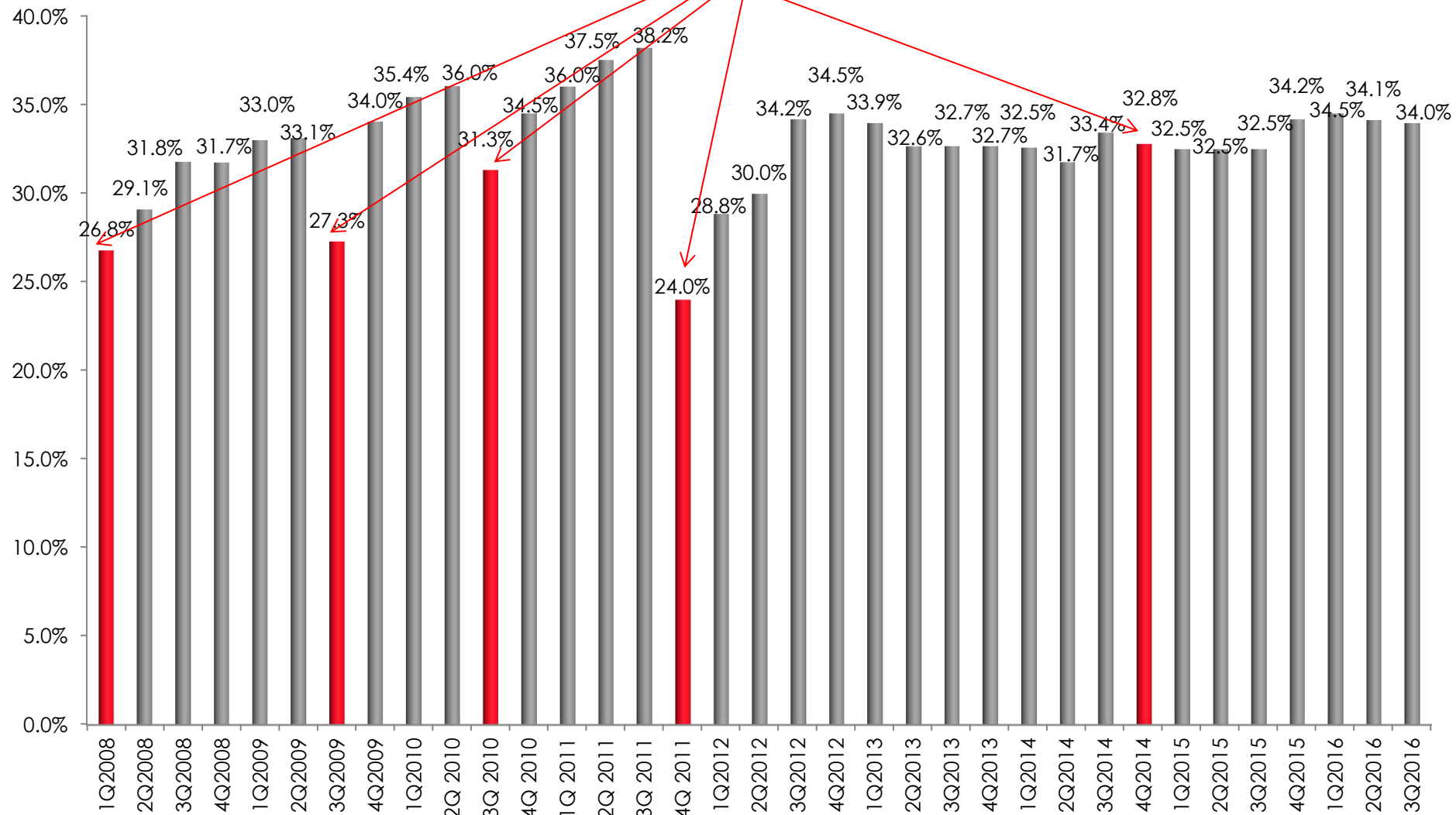
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Borrowings (RM'000)	209,816	230,456	308,932	416,609	311,338	548,920	528,004	683,769	731,814	744,701
Total Assets (RM'000)	581,857	726,371	907,745	1,208,897	1,298,431	1,589,408	1,616,523	2,085,883	2,141,493	2,192,627
Gearing	36.06%	31.73%	34.03%	34.46%	23.98%	34.54%	32.66%	32.78%	34.17%	33.96%
Effective Profit Rate	4.39%	4.28%	4.11%	4.48%	4.66%	4.58%	4.38%	4.24%	4.28%	4.24%
Percentage of short term borrowings- Maturity < 1 Year	100%	100%	47%	48%	52%	62%	50%	61%	55%	56%
Percentage of medium/ long term borrowings (maturity more than 1 years and less than 7 years)	-	-	53%	52%	48%	38%	50%	39%	45%	44%
Percentage of floating rate borrowings	100%	100%	47%	48%	52%	62%	40%	47%	50%	51%
Percentage of fixed rate borrowings	-	-	53%	52%	48%	38%	60%	53%	50%	49%
Total unencumbered assets	8	13	12	11	12	6	5	5	10	14
Percentage of unencumbered assets/total assets	34%	44%	52%	42%	44%	19%	16%	21%	26%	29%
Financing cost cover	5.6	5.5	4.8	4.1	3.8	4.6	4.5	4.5	4.1	3.8

Statement of Financial Position

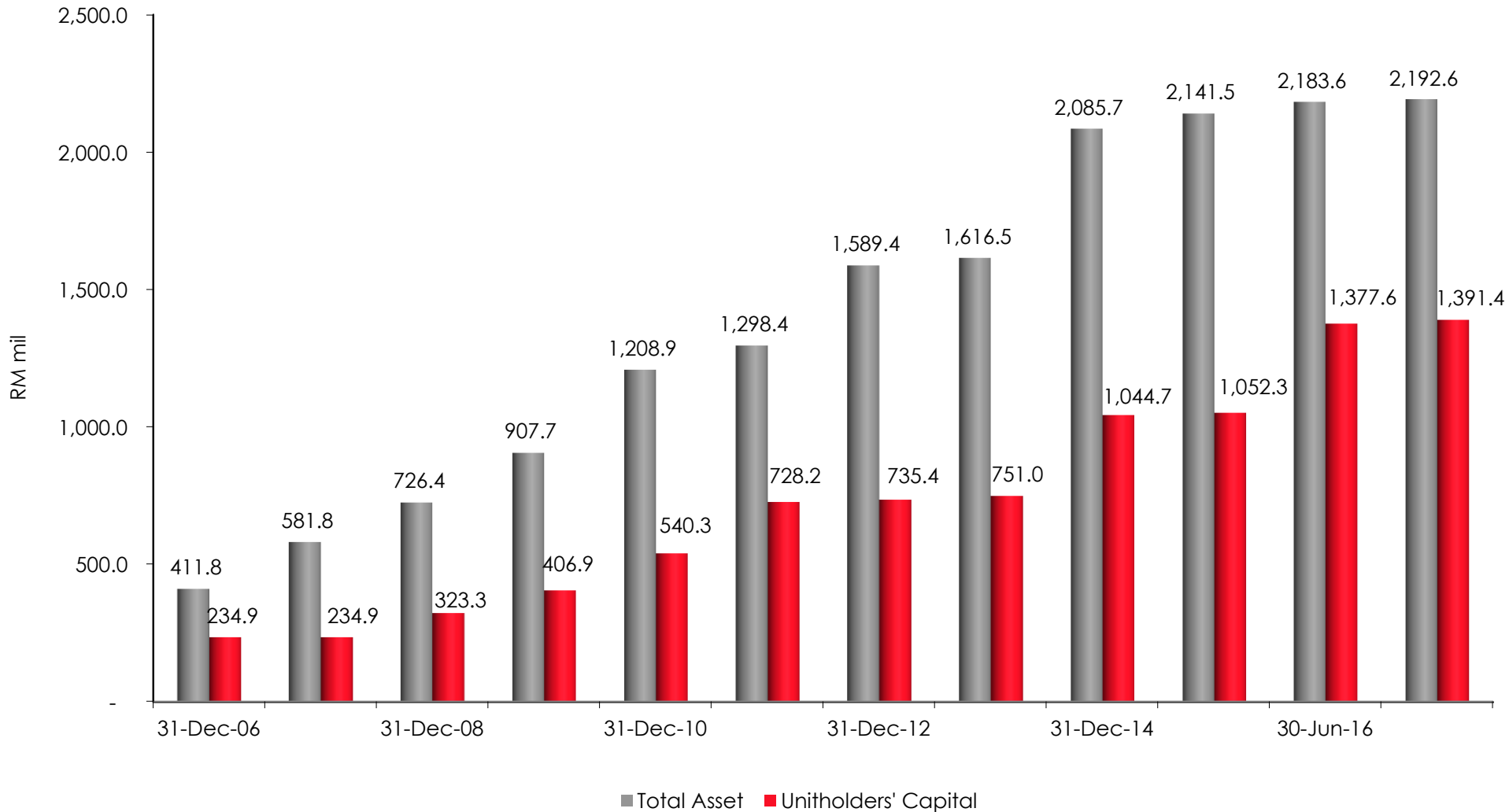
Gearing Levels



Placements Undertaken

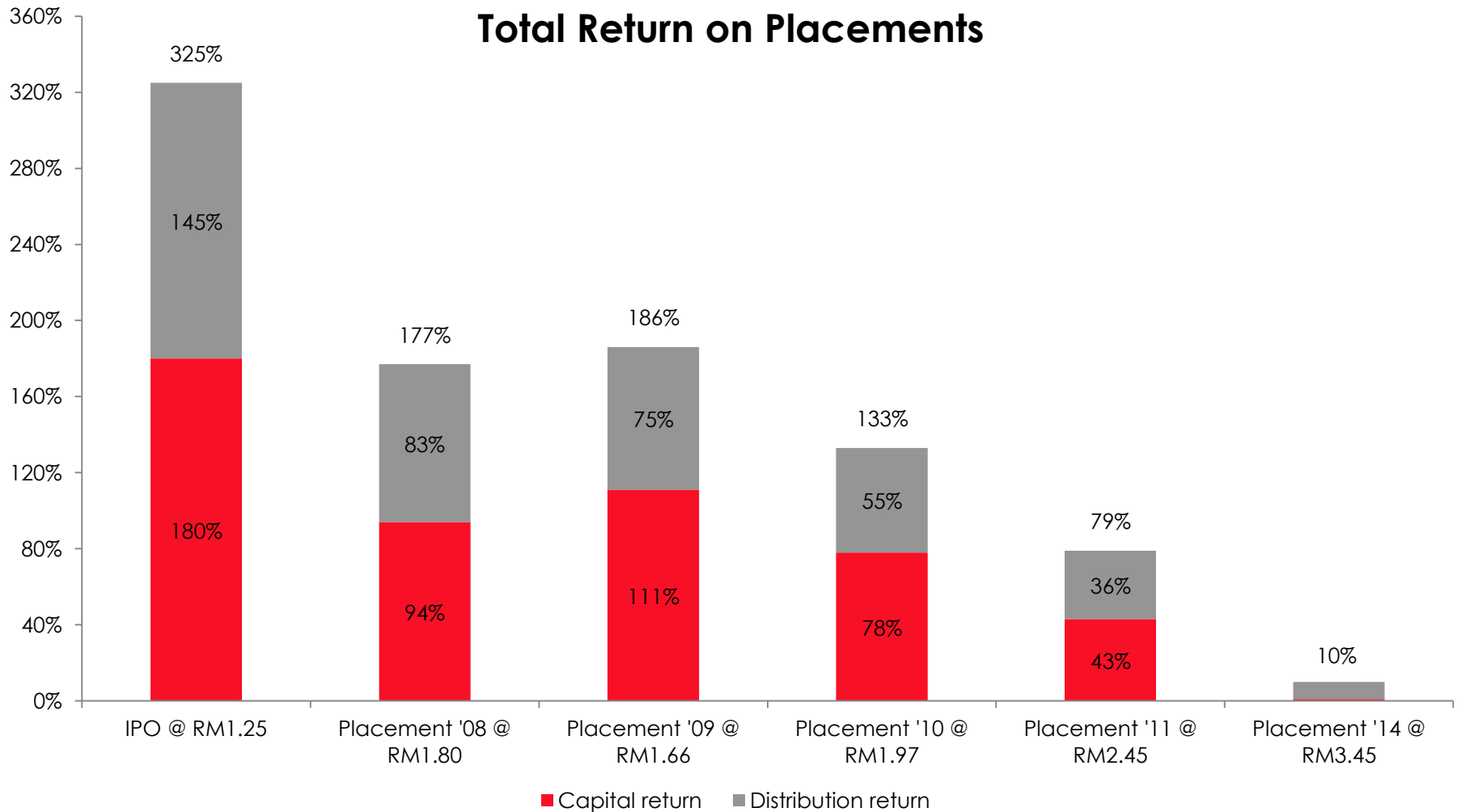


Unitholders' Capital – Note 4



... resulting in good total returns to unitholders.

Total Return on Placements



Statement of Financial Position – Note 5

Non-distributable Reserve



Non-distributable reserve mainly comprises the favorable gain in fair value of approximately **RM302** million to date.

Property	Gain/(loss) RM'000
Crystal Plaza	44,754
Menara Axis	37,616
Bukit Raja Distribution Centre	26,073
Wisma Kemajuan	25,101
Axis Vista	22,251
Axis Business Park	20,232
Tesco Bukit Indah	19,076
Axis Business Campus	14,807
Strateq Data Centre	14,271
Axis Shah Alam DC 1	9,853
Infinite Centre	7,557
FCI Senai	7,307
Giant Hypermarket, Sungai Petani	7,027
Quattro West	5,924
The Annex	5,630
Fonterra HQ	5,572
Wisma Academy Parcel	5,041

Property	Gain/(loss) RM'000
Niro Warehouse	3,766
Axis Technology Centre	3,745
Axis Steel Centre	3,727
Delfi Warehouse	2,997
Emerson Industrial Facility Nilai	2,693
Seberang Prai Logistic Warehouse 1	2,678
D8 Logistics Warehouse	2,252
BMW Centre PTP	2,217
Seberang Prai Logistic Warehouse 3	1,728
Bayan Lepas Distribution Centre	1,432
Seberang Prai Logistic Warehouse 2	815
Axis Eureka	764
Axis Shah Alam DC 2	219
Axis MRO Hub	(375)
Axis Steel Centre@ SiLC	(449)
Axis PDI Centre	(1,687)
Axis Shah Alam DC 3	(2,287)

Revaluation of Properties



	Property	Carrying Value as at 30 Sept 2016 (RM'000)	Open Market Value (RM'000)	Surplus/ (deficit) to be incorporated (RM'000)
1	Menara Axis	123,575	123,600	25
2	Crystal Plaza	109,570	110,000	430
3	Axis Business Park	120,112	120,000	(112)
4	Infinite Centre	42,206	43,000	794
5	FCI Senai	17,000	20,000	3,000
6	Strateq Data Centre	53,200	57,000	3,800
7	Niro Warehouse	17,700	19,000	1,300
8	Delfi Warehouse	15,600	15,800	200
9	Tesco Bukit Indah	92,000	96,000	4,000
	Total	590,963	604,400	13,437