

Axis Real Estate Investment Trust Results Presentation

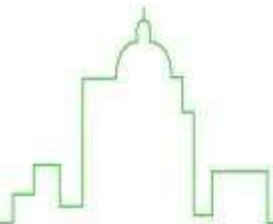
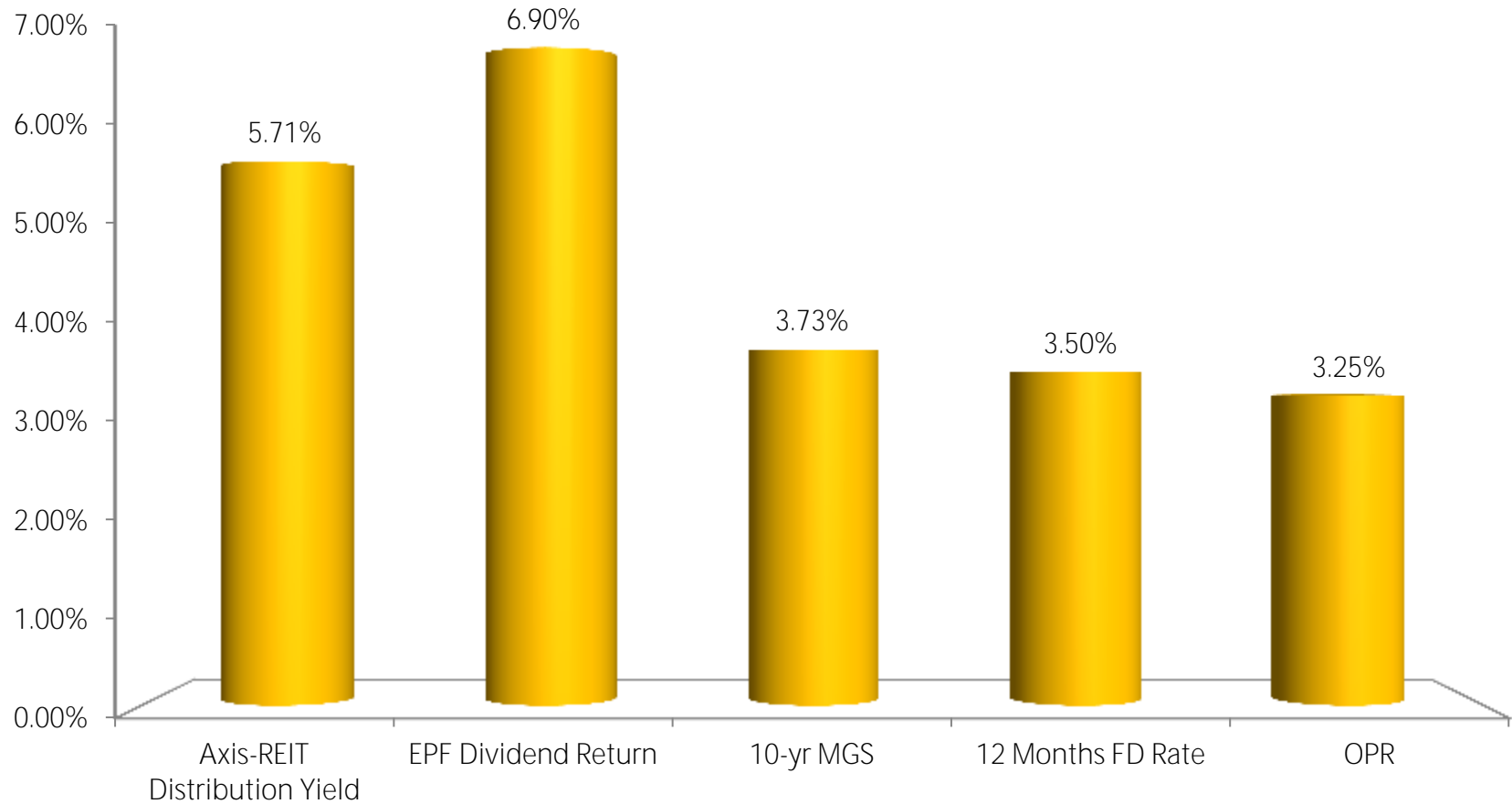
3Q2018

22 October 2018

3Q2018 Portfolio Highlights

- ✓ Portfolio size increased by 2 to a total of 44 properties.
- ✓ Investment properties currently stands at RM2.72 billion.
- ✓ Net property income increased by 30.6% for 3Q2018 as compared to 3Q2017.
- ✓ Declared 2.35 sen DPU for 3Q2018, which represents 17.5% increase from 3Q2017.
- ✓ Announced the implementation of the Income Distribution Reinvestment Plan (“IDRP”) in conjunction with the payment of third interim income distribution.
- ✓ Successfully signed the Sale & Purchase Agreement to acquire an industrial facility for RM18.5 million located in Senawang, Negeri Sembilan on 8 August 2018.
- ✓ Acceptance of a Letter of Offer to acquire an industrial facility for RM20.5 million located in Bayan Lepas, Penang on 30 August 2018.
- ✓ Completed the acquisitions of Beyonics i-Park Campus Block E and Indahpura Facility 1 for a total purchase price of RM38.7 million on 9 August 2018.
- ✓ Positive rental reversion of 6% with occupancy rate of 94.8%.

3Q2018 Return Comparatives



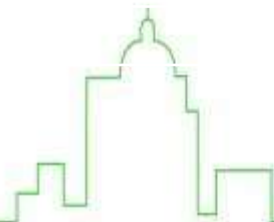
3Q2018 FINANCE REPORT



3Q2018 Summary

YTD 3Q2018

Total Net Income ("Realised") (RM'000)	77,380
Income Available for Distribution ("Realised") (RM'000)	78,121
Earnings per Unit ("EPU") ("Realised") (Sen)	6.27
Income Distribution Declared (RM'000)	77,513
Distribution per Unit ("DPU") (Sen)	6.29
Number of Investment Properties	44
Units in Circulation (Units)	1,232,326,803
Assets Under Management (RM'000)	2,763,372
Total Financing (RM'000)	1,031,308
Gearing Ratio (%)	37.32
Total Unitholder's Fund (RM'000)	1,619,239
Market Capitalization (RM'000)	1,811,520
Net Asset Value per Unit (RM)	1.3140
IPO Retail Unit Price (RM) (restated from RM1.25)	0.625
Unit Price as at 30 September 2018 (RM)	1.47



Income Statement 3Q2018 vs 3Q2017

	3Q2018 (RM'000)	3Q2017 (RM'000)	Changes / Movement
No. of Properties	44	39	+5
Property Income	52,129	41,865	+24.5%
Property Expenses	(6,794)	(7,143)	-4.9%
Net Property Income	45,335	34,722	+30.6%
Profit Income / Other Income	219	131	
Loss on disposal of property	-	(6)	
Non-Property Expenses	(4,922)	(4,589)	+7.3%
Islamic Financing Cost	(11,359)	(8,253)	+37.6%
Net Income	29,273	22,005	+33.0%
DPU (sen)	2.35	2.00	+17.5%
No. of Units in Issuance	1,232,326,803	1,105,173,591	+11.5%

Income Statement YTD 3Q2018 vs YTD 3Q2017



	YTD 3Q2018 (RM'000)	YTD 3Q2017 (RM'000)	Changes / Movement
No. of Properties	44	39	+5
Property Income – Note 1	144,342	125,848	+14.7%
Property Expenses – Note 2	(20,877)	(19,905)	+4.9%
Net Property Income	123,465	105,943	+16.5%
Profit Income / Other Income	543	480	
Loss on disposal of property	-	(419)	
Non-Property Expenses – Note 3	(16,020)	(13,384)	+19.7%
Islamic Financing Cost – Note 4	(30,541)	(24,270)	+25.8%
Net Income Before Taxation	77,447	68,350	+13.3%
Income Tax Expense	(67)	-	
Net Income After Taxation	77,380	68,350	+13.2%
DPU (sen) - on core performance	6.29	6.20	+1.5%
gain on disposal	-	0.12	
No. of Units in Issuance – Note 5	1,232,326,803	1,105,173,591	+11.5%

Income Statement YTD 3Q2018 vs YTD 3Q2017



Note 1 – Property Income

Increase in property income as compared to preceding year corresponding period was mainly due to the commencement of **Nestle's** lease at Axis Mega DC on 1 June 2018 and rental from newly acquired properties.

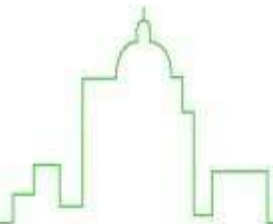
Note 2 – Property Expenses

Increase in property expenses was due to additional properties added to the portfolio.

Note 3 – Non-property Expenses

Higher non-property expenses during current YTD due to:

- i) increase in the **Manager's** and **Trustee's** fees which resulted from the increase in NAV of the Fund;
- ii) annual adjustment of apportionment of GST input tax credit due to exempt supply arising from year 2017 placement exercise and Income Distribution Reinvestment Plan ("**IDRP**"); and
- iii) Reversal of provision of doubtful debts in 3Q 2017



Income Statement 1H2018 vs 1H2017 (cont'd)



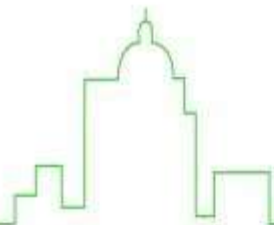
Note 4 – Islamic Financing Cost

Increase in financing cost due to additional financing facilities to fund the new acquisitions. Additionally, the capitalisation of financing cost for Axis Mega DC had ceased upon completion of the project in February 2018.

Note 5 – Increase in Units in Issuance

The Fund size has increased from 1,105,173,591 units to 1,232,326,803 through the Placement of new units and the implementation of the IDRPs:

- i. The Placement of 125 million new units issued pursuant to the placement exercise of the Fund was successfully completed on 28 November 2017; and
- ii. 2,153,212 new units issued pursuant to the IDRPs applicable to the 2017 third interim income distribution was completed on 14 December 2017.



Investment Properties: Gross Yield



Average YTD gross yield = 9.5%

Properties	Gross yield (%)		
1 Crystal Plaza	16.1%	23 Scomi Facility @ Rawang	8.4%
2 FCI Senai	14.9%	24 Beyonics i-Park Campus Block A	8.3%
3 Wisma Kemajuan	14.6%	25 Beyonics i-Park Campus Block B	8.3%
4 Strateq Data Centre	13.2%	26 Beyonics i-Park Campus Block C	8.3%
5 D21 Logistics Warehouse	13.1%	27 Beyonics i-Park Campus Block D	8.3%
6 D8 Logistics Warehouse	12.1%	28 Axis Steel Centre @ SiLC	8.2%
7 Niro Warehouse	12.1%	29 Axis Shah Alam DC 3	8.2%
8 Fonterra HQ	11.8%	30 Kerry Warehouse	8.2%
9 Pasir Gudang Logistics Warehouse 1	11.6%	31 Axis Steel Centre	7.9%
10 Seberang Prai Logistic Warehouse 3	10.7%	32 Axis MRO Hub	7.8%
11 Bayan Lepas Distribution Centre	10.7%	33 Axis Mega Distribution Centre	7.7%
12 Infinite Centre	10.6%	34 Axis Shah Alam DC 2	7.6%
13 Emerson Industrial Facility Nilai	10.6%	35 Wasco Facility @ Kuantan	7.4%
14 Menara Axis	10.5%	36 Axis Business Park	7.4%
15 Shah Alam DC 1	10.2%	37 Axis Shah Alam DC 4	7.2%
16 Wisma Academy Parcel	9.8%	38 Beyonics i-Park Campus Block E	7.2%
17 Seberang Prai Logistic Warehouse 1	9.8%	39 Indahpura Facility 1	7.1%
18 Giant Hypermarket, Sungai Petani	9.8%	40 Axis Technology Centre	7.1%
19 Axis Vista	9.7%	41 Quattro West	6.1%
20 Seberang Prai Logistic Warehouse 2	9.4%	42 Axis Business Campus	5.5%
21 Bukit Raja Distribution Centre	9.3%	43 The Annex	5.4%
22 Tesco Bukit Indah	8.9%	44 Axis Aerotech Centre @ Subang	<i>Under development</i>

Under development

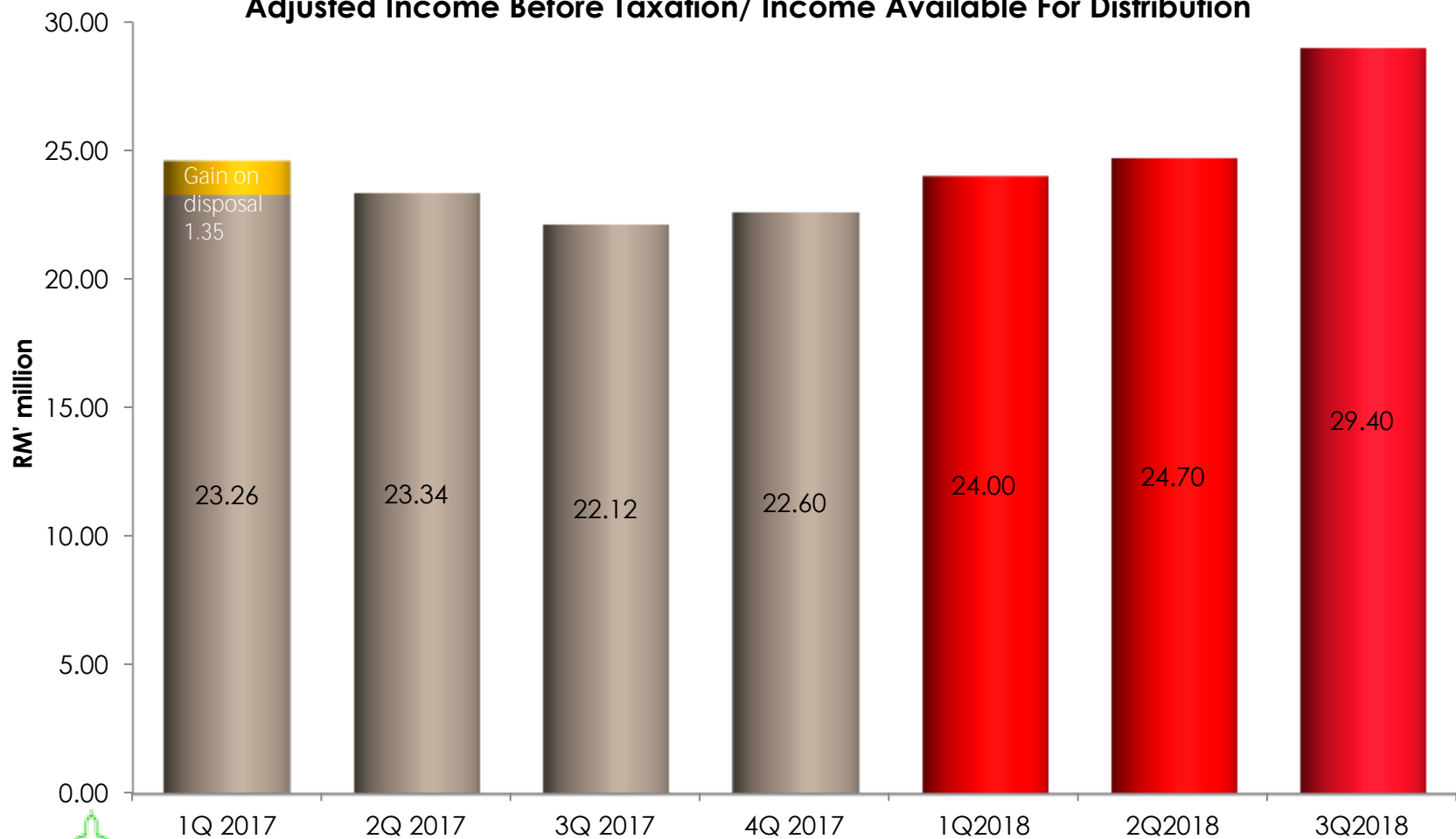
Investment Properties: Net Yield



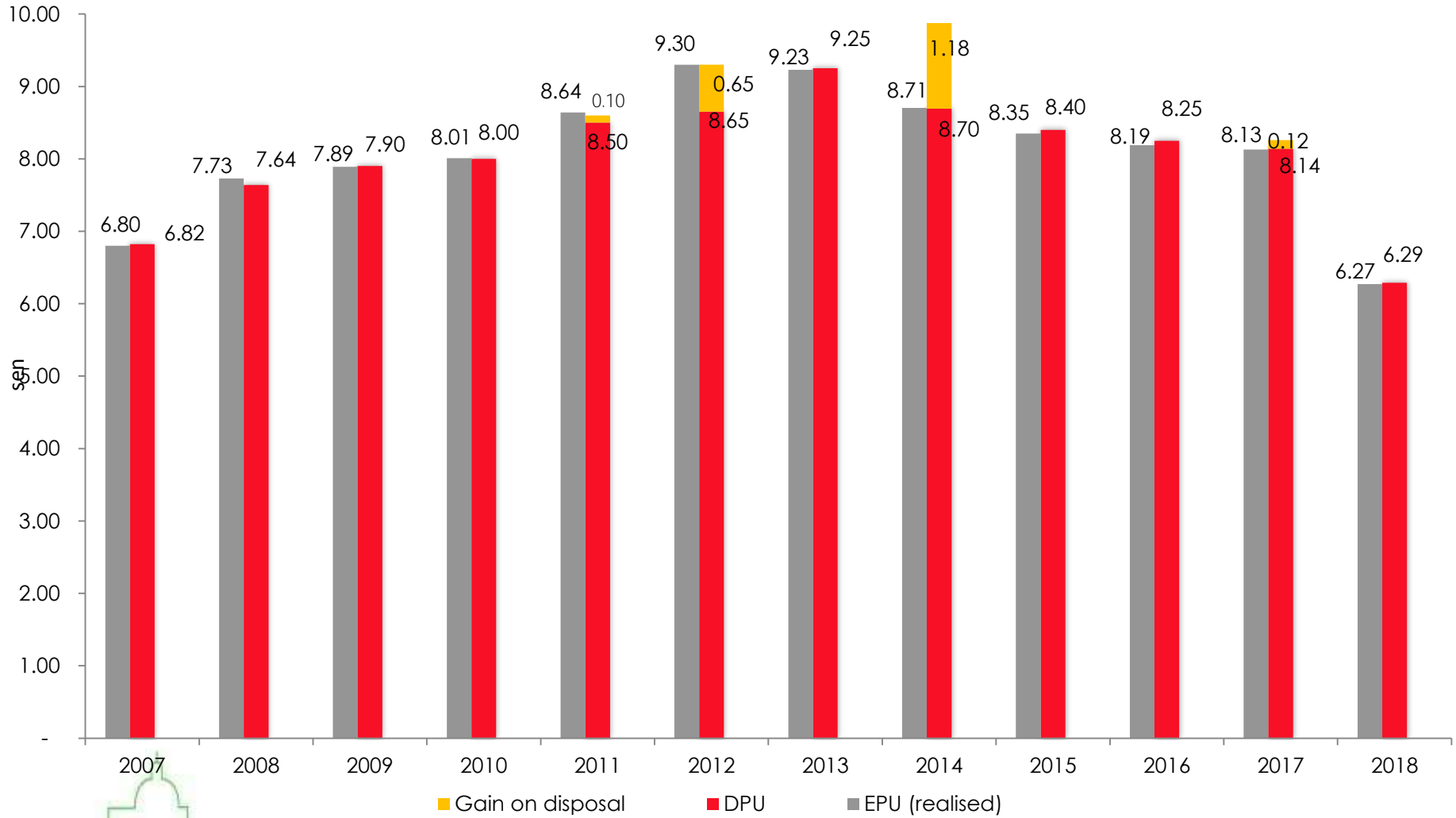
Properties	Net yield (%)	Average YTD net yield = 8.2%	
1 Crystal Plaza	13.7%	23 Infinite Centre	7.8%
2 FCI Senai	13.5%	24 Beyonics i-Park Campus Block D	7.4%
3 Strateq Data Centre	12.5%	25 Beyonics i-Park Campus Block A	7.3%
4 D8 Logistics Warehouse	11.2%	26 Beyonics i-Park Campus Block B	7.3%
5 Niro Warehouse	10.9%	27 Beyonics i-Park Campus Block C	7.3%
6 D21 Logistics Warehouse	10.5%	28 Kerry Warehouse	7.3%
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15 Giant Hypermarket, Sungai Petani	9.0%	37 Beyonics i-Park Campus Block E	6.7%
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17 Menara Axis	8.7%	39 Axis Business Park	5.4%
18 Seberang Prai Logistic Warehouse 2	8.4%	40 Axis Technology Centre	5.1%
19 Tesco Bukit Indah	8.3%	41 Quattro West	3.9%
20 Axis Vista	8.3%	42 Axis Business Campus	3.7%
21 Axis Steel Centre @ SiLC	7.9%	43 The Annex	3.6%
22 Scomi Facility @ Rawang	7.9%	44 Axis Aerotech Centre @ Subang	Under development

Income Available for Distribution

Adjusted Income Before Taxation/ Income Available For Distribution



Summary of Realised EPU and DPU



Statement of Financial Position



	30/09/18 (RM'000)	31/12/17 (RM'000)	Changes (RM'000)
Investment Properties	2,719,607	2,482,200	+237,407
Fixed Assets	3,152	2,477	+675
Other Assets	40,613	64,932	-24,319
TOTAL ASSETS	2,763,372	2,549,609	213,763
Borrowings	1,031,308	842,594	+188,714
Other Payables	112,825	115,879	-3,054
TOTAL LIABILITIES	1,144,133	958,473	185,660
NET ASSET VALUE (NAV)	1,619,239	1,591,136	28,103
Unitholders' Capital	1,240,253	1,240,253	-
Undistributed Distributable Income	25,089	7,600	+17,489
Non-Distributable Reserve	353,897	343,283	+10,614
TOTAL UNITHOLDERS' FUND	1,619,239	1,591,136	28,103
GEARING	37.32%	33.05%	
NAV/UNIT (RM)	1.3140	1.2912	
No. of units in issuance	1,232,326,803	1,232,326,803	

Statement of Financial Position

Note 1 – Investment Properties

During the year, a total of RM6 million was spent on enhancement works of the properties in the portfolio and RM61 million (including the land lease of vacant land for Axis Aerotech Centre Project @ Subang of RM19.9 million which has been fully paid in February 2018) was incurred for both the development projects i.e. Nestle @ Axis Mega Distribution Centre and Axis Aerotech Centre @ Subang.

There were four (4) acquisitions completed during the financial period as follows:

Property	Acquisition Price (RM mil)	Completion Date
Wasco Land 2	35.0	9 February 2018
Axis Shah Alam DC 4	87.0	4 June 2018
Beyonics Block E	31.5	9 August 2018
Indahpura Facility 1	7.2	9 August 2018

Note 2 – Other assets

The average collection of trade receivables is as shown below:

For Period Ended	Avg. Collection Period (days)
30-Jun-18	6
30-Sept-18	4

Statement of Financial Position

Borrowings

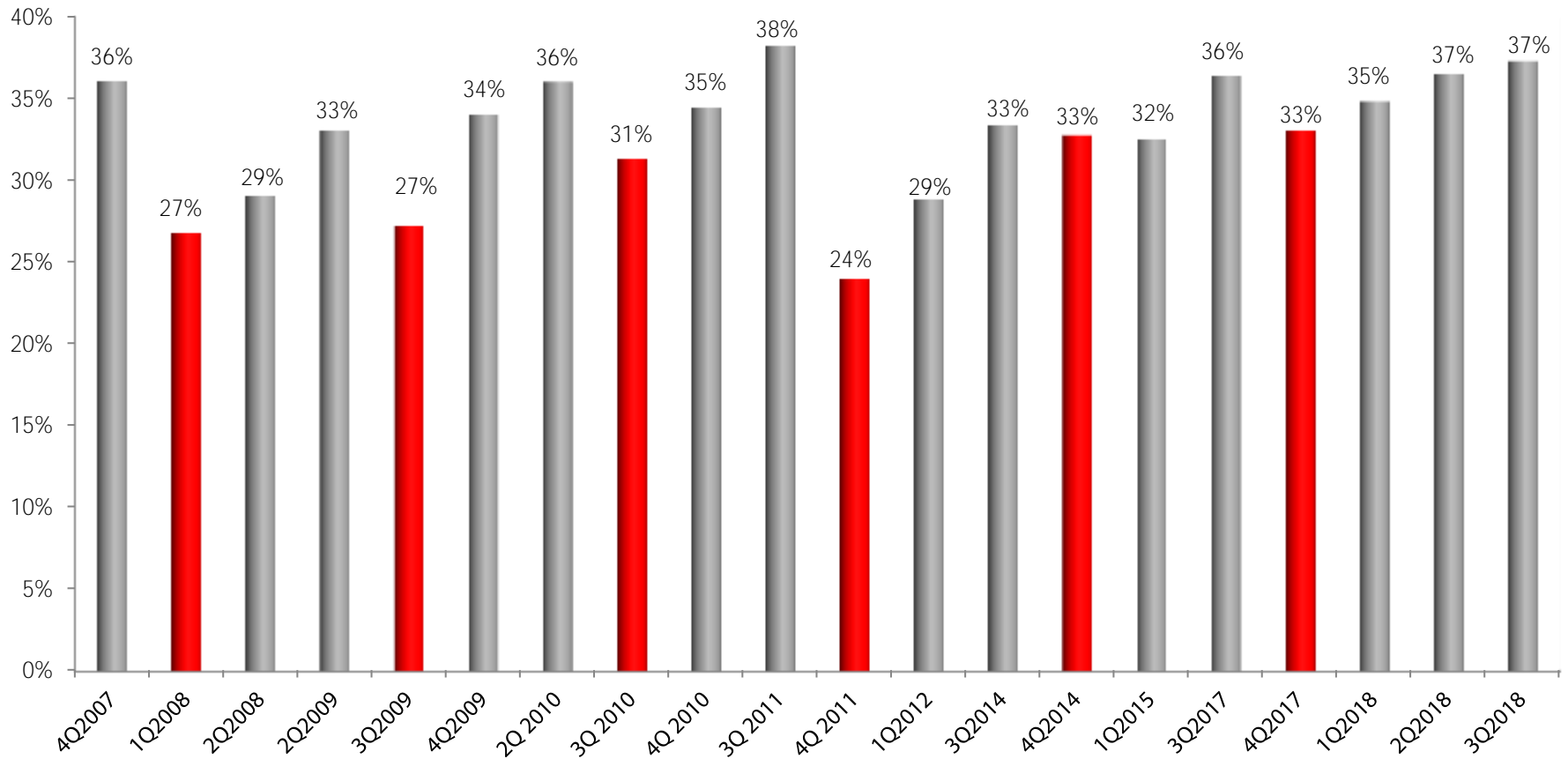


	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Financing (RM'000)	308,932	416,609	311,338	548,920	528,004	683,769	731,814	780,665	842,594	1,031,308
Total Assets (RM'000)	907,745	1,208,897	1,298,431	1,589,408	1,616,523	2,085,883	2,141,493	2,244,274	2,549,609	2,763,372
Gearing	34.03%	34.46%	23.98%	34.54%	32.66%	32.78%	34.17%	34.78%	33.05%	37.32%
Effective Profit Rate	4.11%	4.48%	4.66%	4.58%	4.38%	4.24%	4.28%	4.25%	4.21%	4.30%
Percentage of short term financing- Maturity < 1 Year	47%	48%	52%	62%	50%	61%	55%	58%	71%	76%
Percentage of medium/ long term financing (maturity more than 1 year)	53%	52%	48%	38%	50%	39%	45%	42%	29%	24%
Percentage of floating rate financing	47%	48%	52%	62%	40%	47%	50%	53%	63%	68%
Percentage of fixed rate financing	53%	52%	48%	38%	60%	53%	50%	47%	37%	32%
Total unencumbered assets	12	11	12	6	5	5	10	15	15	18
Percentage of unencumbered assets/total assets (value)	52%	42%	44%	19%	16%	21%	26%	30%	27%	27%

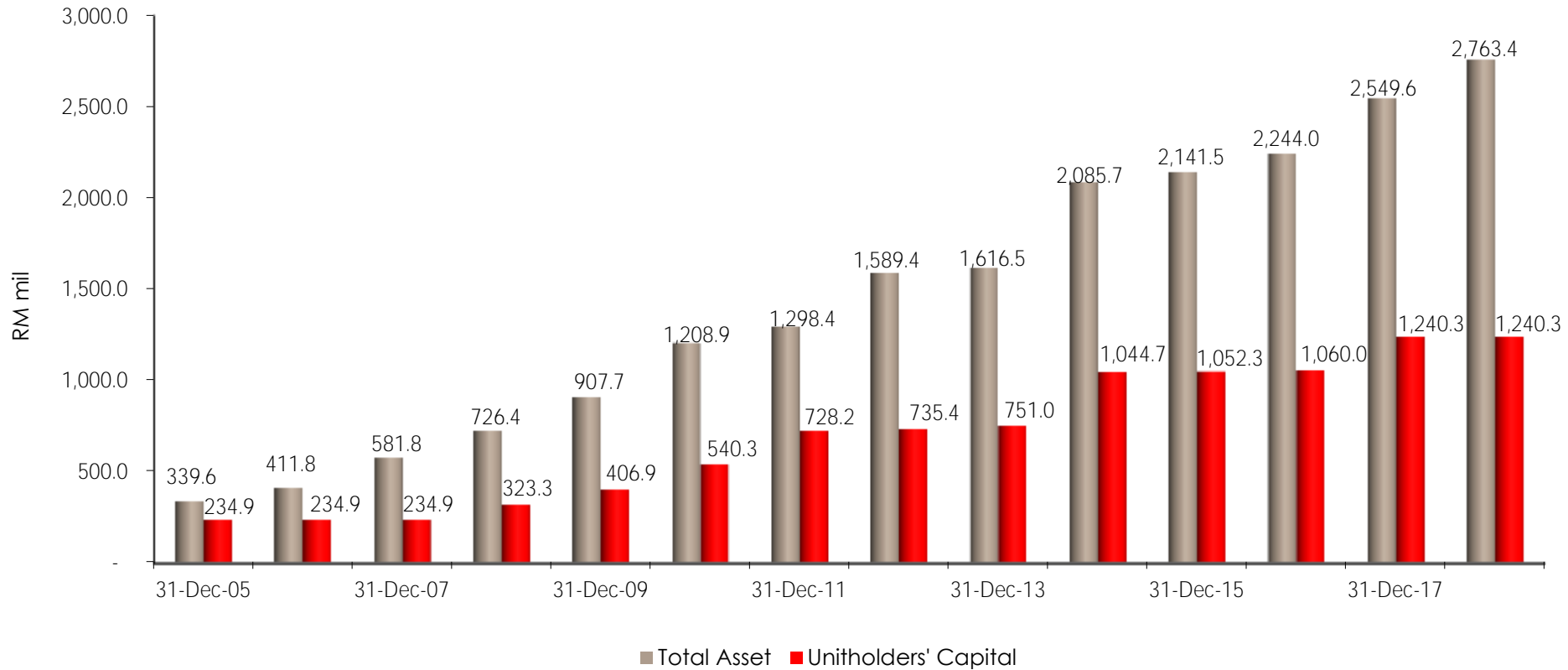
Statement of Financial Position

Gearing Levels

Placements Undertaken ■



Unitholders' Capital



Statement of Financial Position

Non-distributable Reserve

Non-distributable reserve mainly comprises the gain in fair value of approximately RM339 million to date.

Property	Gain/(loss) RM'000	Property	Gain/(loss) RM'000
Crystal Plaza	45,564	Seberang Prai Logistics Warehouse	4,080
Menara Axis	36,732	Niro Warehouse	3,766
Axis Mega Distribution Centre	27,256	Emerson Industrial Facility Nilai	3,057
Bukit Raja Distribution Centre	26,675	Seberang Prai Logistic Warehouse 1	2,679
Wisma Kemajuan	26,579	D8 Logistics Warehouse	2,311
Axis Vista	22,189	Delfi Warehouse	2,269
Tesco Bukit Indah	20,076	Scomi Facility @ Rawang	1,304
Axis Business Park	18,876	Axis Steel Centre @ SiLC	1,051
Strateq Data Centre	14,271	Axis Shah Alam DC 2	818
Axis Business Campus	11,733	Seberang Prai Logistic Warehouse 2	816
Axis Steel Centre	11,314	D21 Warehouse, PTP	587
Bayan Lepas Distribution Centre	9,918	Kerry Warehouse	367
Axis Shah Alam DC 1	9,028	Beyonics i-Park Campus - Block D	296
FCI Senai	7,307	Beyonics i-Park Campus - Block B	285
Giant Hypermarket, Sungei Petani	7,027	Beyonics i-Park Campus - Block C	266
Infinite Centre	6,407	Beyonics i-Park Campus - Block A	230
The Annex	6,248	Axis MRO Hub	(375)
Fonterra HQ	5,631	Axis Shah Alam DC 3	(2,008)
Quattro West	4,674	Wasco Facility @ Kuantan	(2,027)
Axis Technology Centre	4,520	Wisma Academy Parcel	(3,269)

3Q2018 PROPERTY REPORT



Overview



As at 30 Sept 2018, the occupancy rate of Axis **REIT's** portfolio stands at 94.8% with stable weighted average lease expiry period of 5.27 years (based on rental). The Manager achieved positive rental reversion of 6% for YTD 30 September 2018.

With the acquisition of Beyonics i-Park Campus – Block E and Indahpura Facility 1 in 3Q2018, 166,154 sq. ft. of space was added to the portfolio, increasing space under management to 9,022,278 sq. ft. In this quarter, we are pleased to announce that these two properties will be contributing additional rental revenue of RM230,000 monthly effective 9 August 2018.

Notwithstanding the continuous challenging economic environment, the Manager is delighted to report that 1,564,899 sq. ft. of space was secured through new tenancies and tenancy renewals year-to-date.

Out of the 1,365,640 sq. ft. of space due for renewal in 2018, we have renewed 73.1% of space to-date. Our leasing team is committed and actively working hard to secure new tenants. By filling the vacant space, we expect to add as much as 0.65 sen to the annual DPU.

The industrial sector continued to remain stable, driven by demand for warehousing and manufacturing space. We are actively engaging prospective tenants on the development of Phase 2 of Axis Mega DC with approximately 500,000 sq. ft. of space. The development of Axis Aerotech Centre @ Subang, our second built-to-lease project, is in progress.



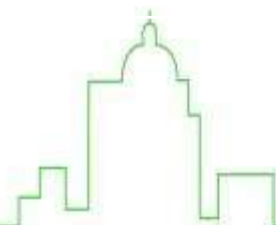
Key Portfolio Metrics

As at 30 September 2018, the portfolio has 44 assets comprising 9,022,278 sq. ft. and 153 tenants.

	3Q2018	2Q2018	Movement
No. of Properties	44	42	+2
Property Income (RM'000)	52,129	47,265	+10.30%
Property Expenses (RM'000)	6,794	7,285	-6.70%
Net Property Income (RM'000)	45,335	39,980	+13.40%
Occupancy	94.80%	93.85%	+0.95%

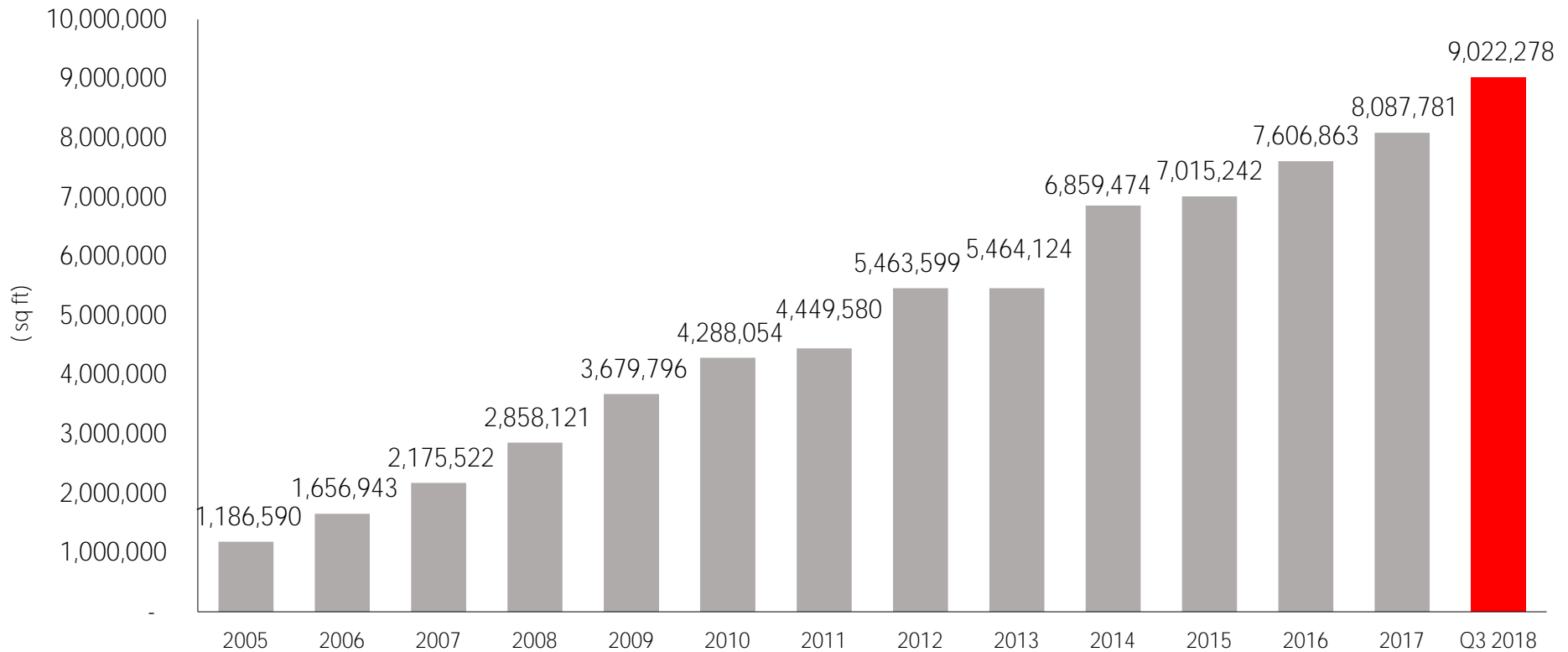
Portfolio Efficiency Ratio = YTD Property Expenses / YTD Property Income

YTD 2018	2017	2016	2015
14.46%	15.80%	16.23%	14.56%



Space Under Management

Space Under Management (sq ft)



Portfolio Occupancy Rate

As at 30 September 2018, only 10 out of 44 properties carry vacancy, while one is undergoing development.

33 properties enjoy 100% occupancy.

Occupancy
As at 30 September 2018

94.8%

Vacancy
As at 30 September 2018
Space available

5.2%
468,903 sq. ft.

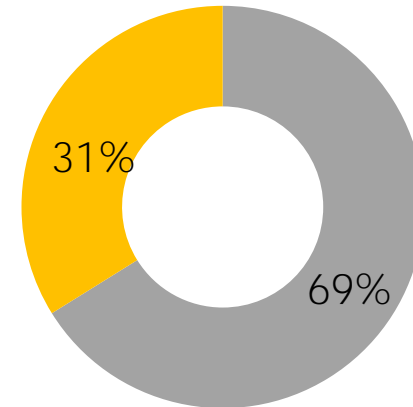
Occupancy
Multi-tenants properties
Single tenant properties

83%
100%

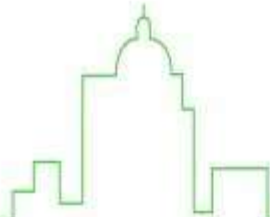
Unbilled space income
Potential annual DPU upside

RM11.8 million per year
0.65 sen per unit/year

Single Tenant vs Multi-Tenants

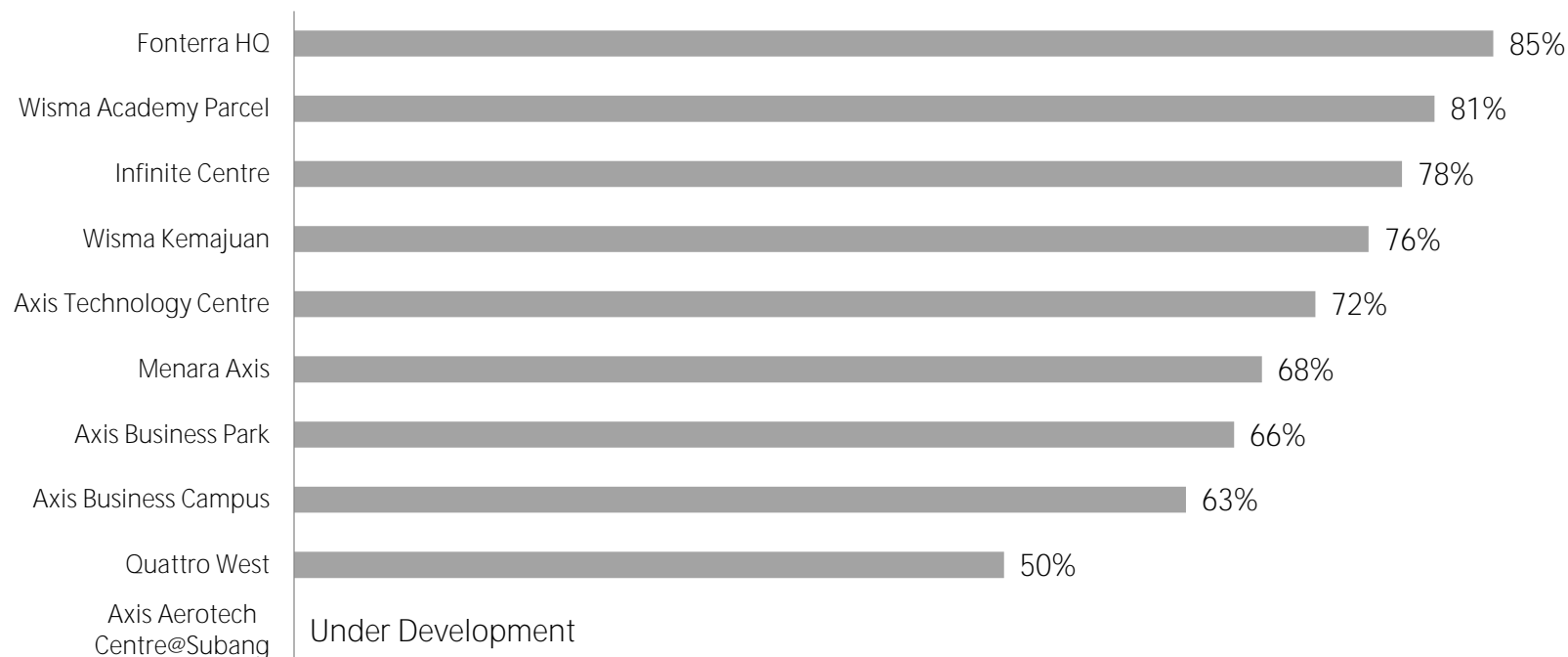


■ Single Tenant ■ Multi Tenants



Properties Below 90% Occupancy

Occupancy rates of properties below 90% as at 30 September 2018



Note:

1. Occupancy rate for Axis Business Campus will improve to 69% in 4Q2018.
2. Vacant space in Fonterra HQ is built for their future expansion.