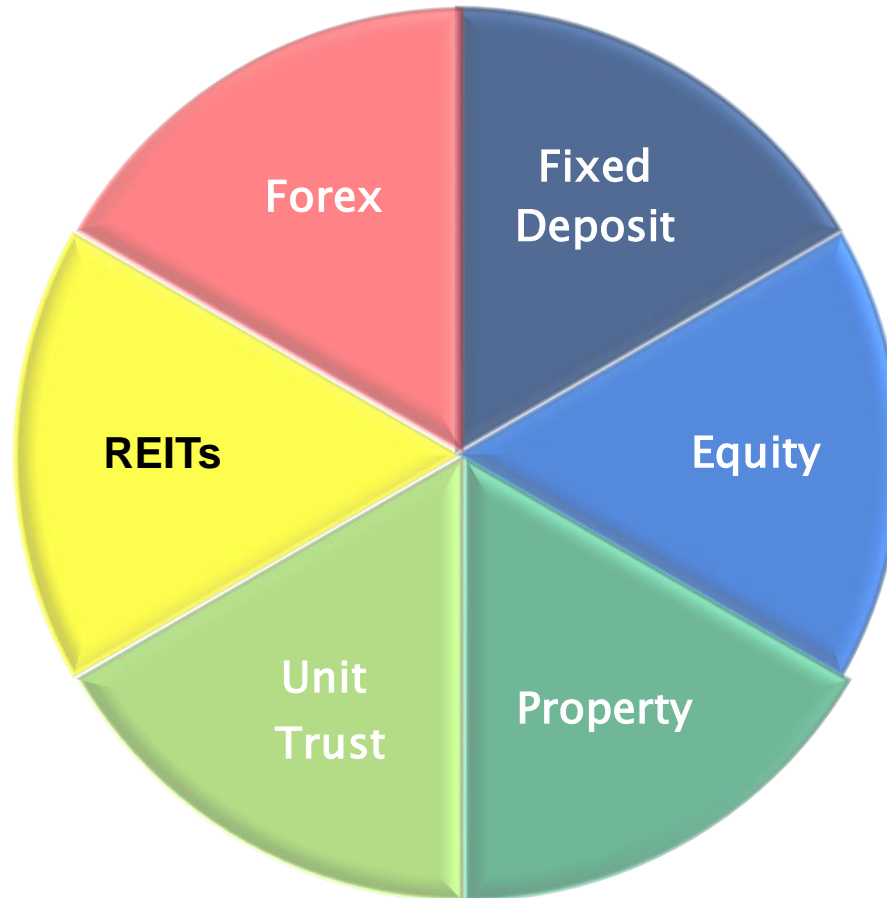


REITs - A Defensive Investment in Volatile Times



Where do you invest your money?

Investment Asset Classes



Are you looking for growth or income?

	Fixed Deposit	Bond	Equity	Unit Trust (Equity)	Exchange Traded Fund	REIT
Income	✓	✓	Incidental	Incidental	Incidental	✓
Capital Appreciation / Depreciation	✗	Incidental	✓	✓	✓	✓

- M-REITs are required to distribute at least 90% of its distributable income in order to enjoy tax exemption on its income
- REITs is an asset class that offers predictability in income distribution (ie. dividend payout ratio) with potential capital appreciation / depreciation.

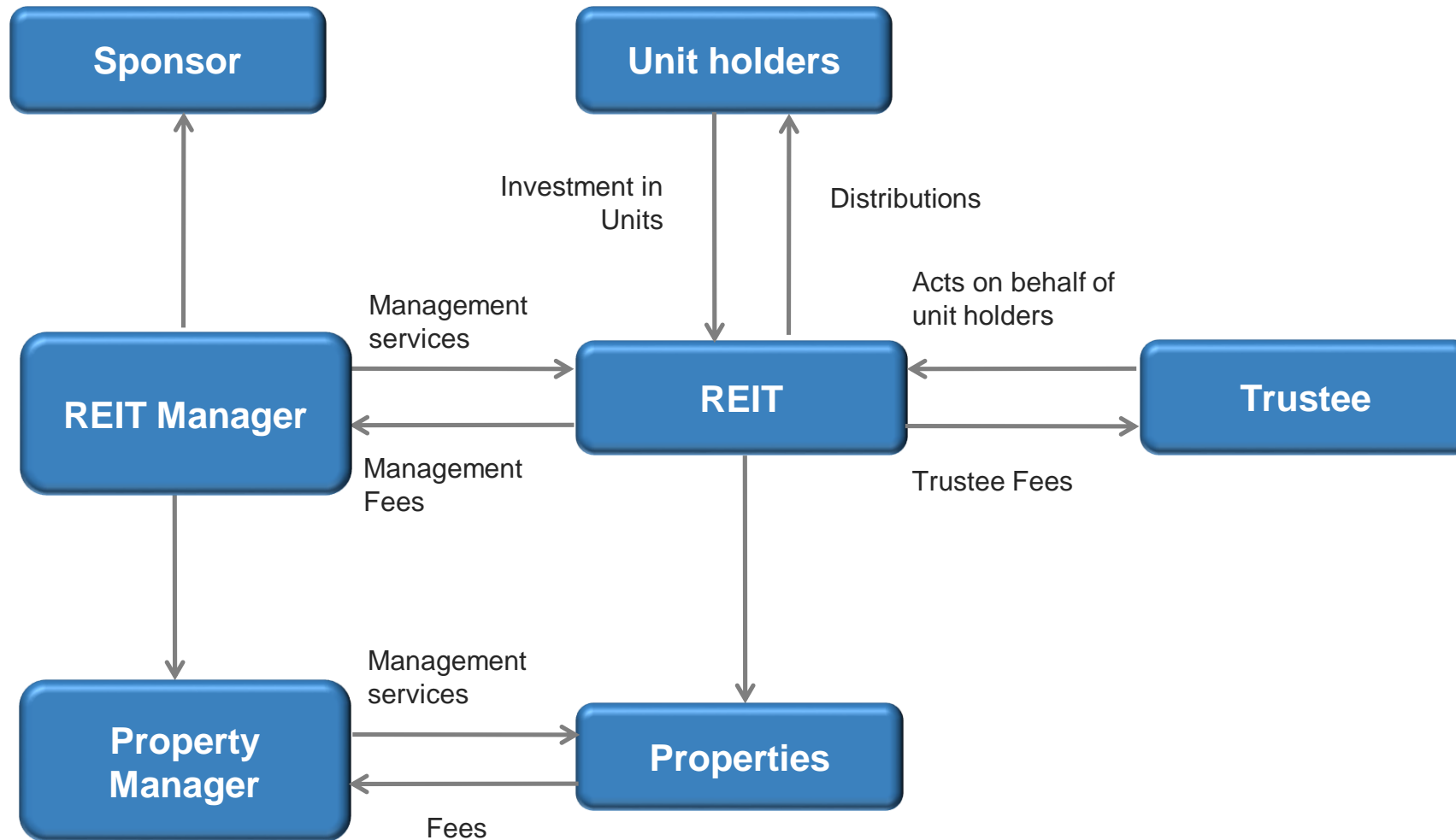
WHAT IS A REIT?

What is a REIT?

"A real estate investment trust (REIT) is a listed vehicle that invests in a portfolio of income-generating properties. Rents collected from tenants, less expenses are distributed on a regular basis to provide stable yields to unit holders. "

- Units in REIT represents equity ownership
- Investment in REITs provide indirect access to large, stable real estate portfolio in a tax efficient manner
- Tax efficiency – unit holders are subjected to withholding tax of 10% for individuals. A REIT is exempted from tax if the REIT distributes at least 90% of its distributable income to unit holders.
- REITs are governed by a Trust Deed, the stock exchange and the securities commission regulations which define the operating procedures ensuring a high level of corporate governance.

A Generic REIT Structure



Property Investment

- *Entry barrier to purchase large ticket assets*



REIT Investment

- Access to large ticket quality assets



REIT vs Investment Asset Classes

- *Highest governance with high income payout*

	Financial Assets					Physical Asset
	REIT	Equity	Bond	ETF	Unit Trust (Equity)	Property
Liquidity	Yes	Yes	No	Yes	Yes	No
Publicly quoted price	Yes	Yes	No	Yes	Yes	No
Level of governance	Highest	High	High	Higher	Higher	No
Minimum investment amount	Low	Low	High	Low	Low	High
Income payout	≥90%	Discretionary	As per coupon	Discretionary	Discretionary	100%
Degree of investment diversification	High	Low	Low	High	High	Low

WHY INVEST IN REITS?

Why Invest in REITs?

- 1 Access to a portfolio of quality real estates
- 2 Predictability in income stream in the form of distribution income
- 3 Liquid proxy to physical property investment as REITs offer daily liquidity
- 4 Transparent daily pricing
- 5 High level of disclosures and transparency
- 6 Low entry cost
- 7 Professional management

REITs vs. Physical Properties

REITs vs. Physical Properties

- Opportunity to invest in iconic real estates
- Highly liquid
- Diversified risk
 - ✓ Portfolio diversification
 - ✓ Leverage ratio capped at maximum 50%
- Professional managed
- High level of governance due to stringent REIT guidelines
- Low entry cost

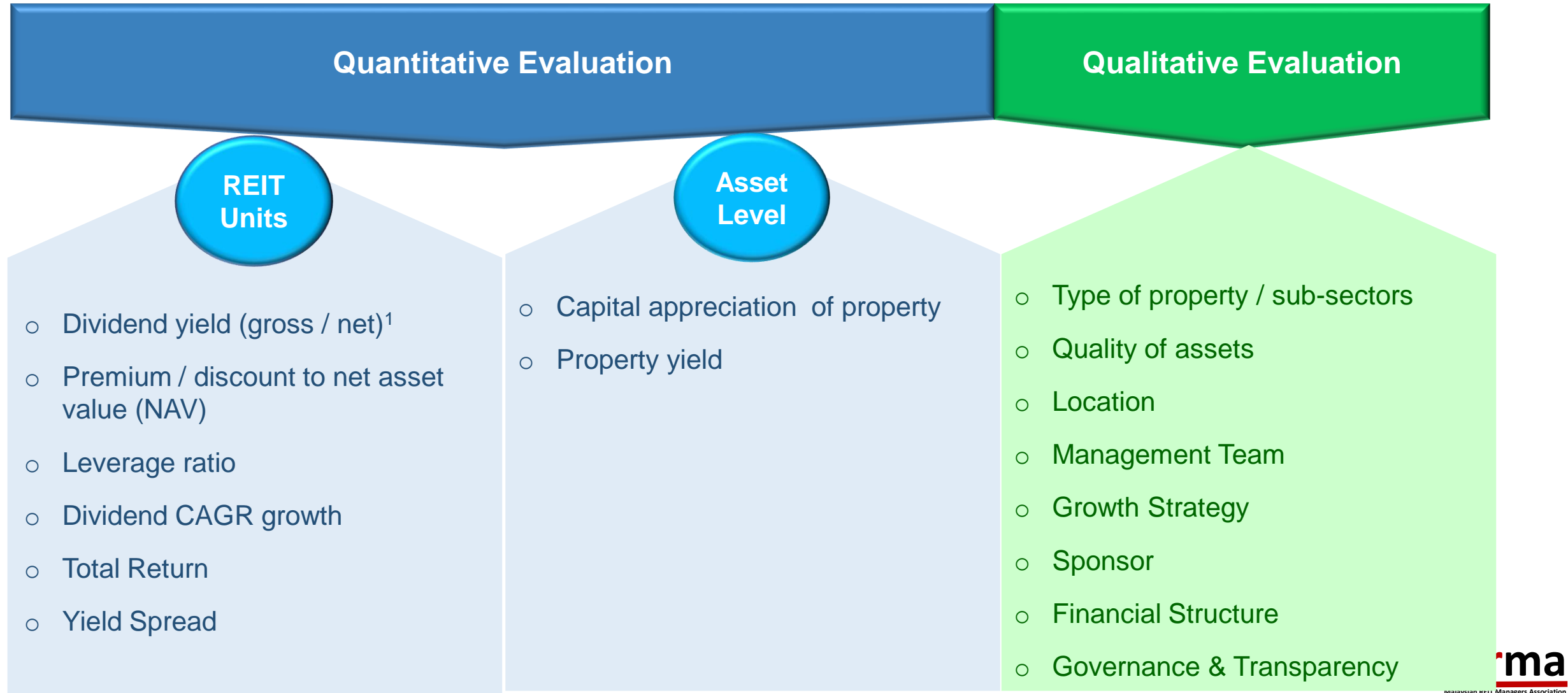
REITs vs. Listed Property Equities

REITs vs. Listed Property Equities

- Stable rental income stream
- Predictability in distribution payout with at least 90% of net income is distributed to unit holders
- Favourable tax regime of 10% withholding tax to retail unit holders
- Leverage ratio is capped at maximum 50%
- Strong corporate governance by virtue of multiple levels of stakeholders
- High level of governance due to stringent REIT guidelines
- Low entry cost

The Investors' Perspective

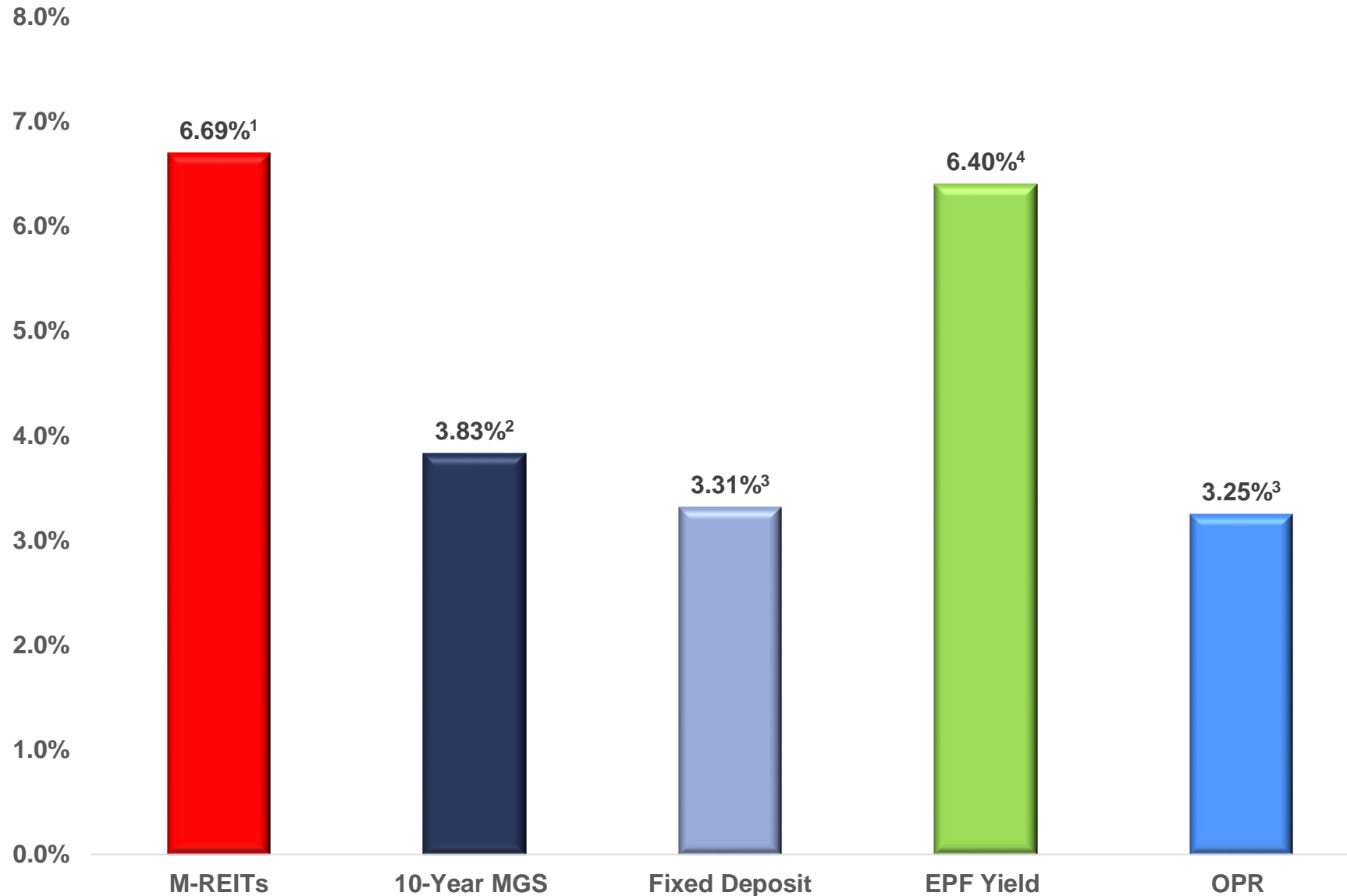
Making the Right Investment Decision



¹ Consistent basis in comparison

Quantitative Evaluation : Dividend Yield

- Commendable dividend yield vis-a-vis various investment / saving alternatives



Note:

¹ Information based on consensus FY2016 DPU forecast and unit price as at 31 March 2016 (Source: Bloomberg)

² As at 31 March 2016 (Source: Bloomberg)

³ 12-Month Fixed Deposit rates offered by commercial banks as at 28 February 2016 (Source: Bank Negara Malaysia)

⁴ Dividend yield declared by Employees Provident Funds for the year 2015 (Source: Employees Provident Fund)

Quantitative Evaluation : Yield Curve

- *Attractive yield spread between Average M-REITs yield and 10-year MGS*



Source: Bloomberg (information as at 31 March 2016)

Qualitative Evaluation

Type of property / sub-sector

- Property sub-sectors and quality of assets

Location

- Prime locations with geographical diversification

Management Team

- Proven track record in value creation to unit holders

Growth Strategies

- Organic growth (eg. AELs, AMLs,)
- Acquisition growth

Sponsor

- Reputable Sponsor with strong track record and pipeline assets

Financial Structure

- Proactive capital management
- Manageable leverage ratio

Governance & Transparency

- High level of integrity, governance and transparency

Risks of Investing in REITs

Risks of Investing in REITs

Equity Risk

Fluctuation in unit price and liquidity risk

Interest Rate Risk

Implication of interest rate cycle on net distributable income and unit price. Eg. during rising interest rate environment, a REIT may be affected by higher interest cost resulting in ability to pay higher dividend.

Management Risk

Quality and skills of the REIT Manager

Business Risk

Risks affecting the performance of the underlying business / sub-sectors. Eg. Economic slowdown, inflation, oversupply situation in sub-sectors

Policy and Regulatory Risk

Changes in government and regulator's policies that may potentially affect the REIT industry. Eg. Withholding tax

Landscape of REITs in Malaysia

Malaysian REITs (M-REITs)

- 17 M-REITs offering exposure to a broad spectrum of property sub-sectors

Specialised REITs

Office



Industrial



Retail



Healthcare



Hospitality

YTL HOSPITALITY REIT



Diversified REITs

Retail Focused



Industrial Focused

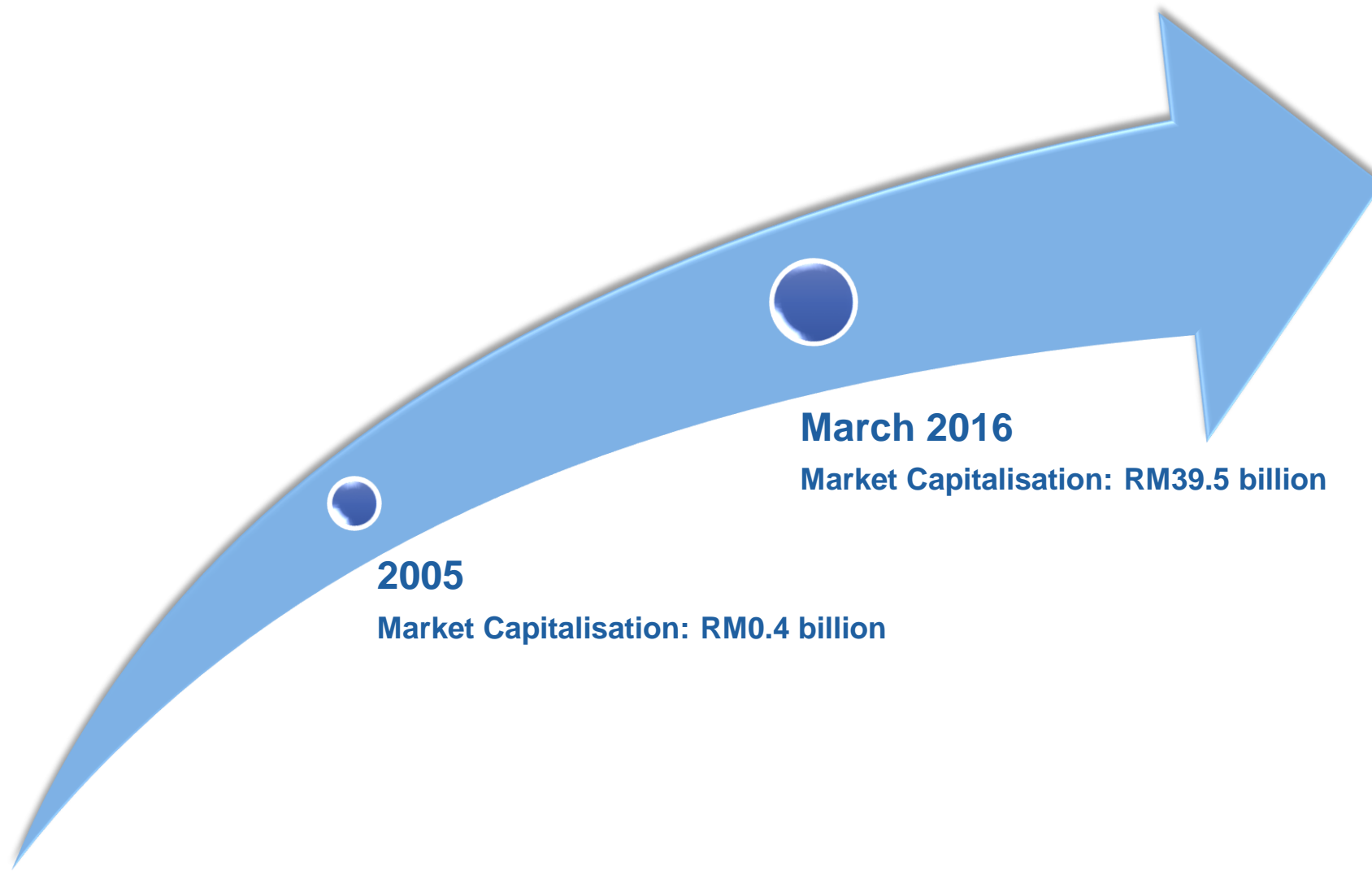


Office Focused



Evolution of M-REITs

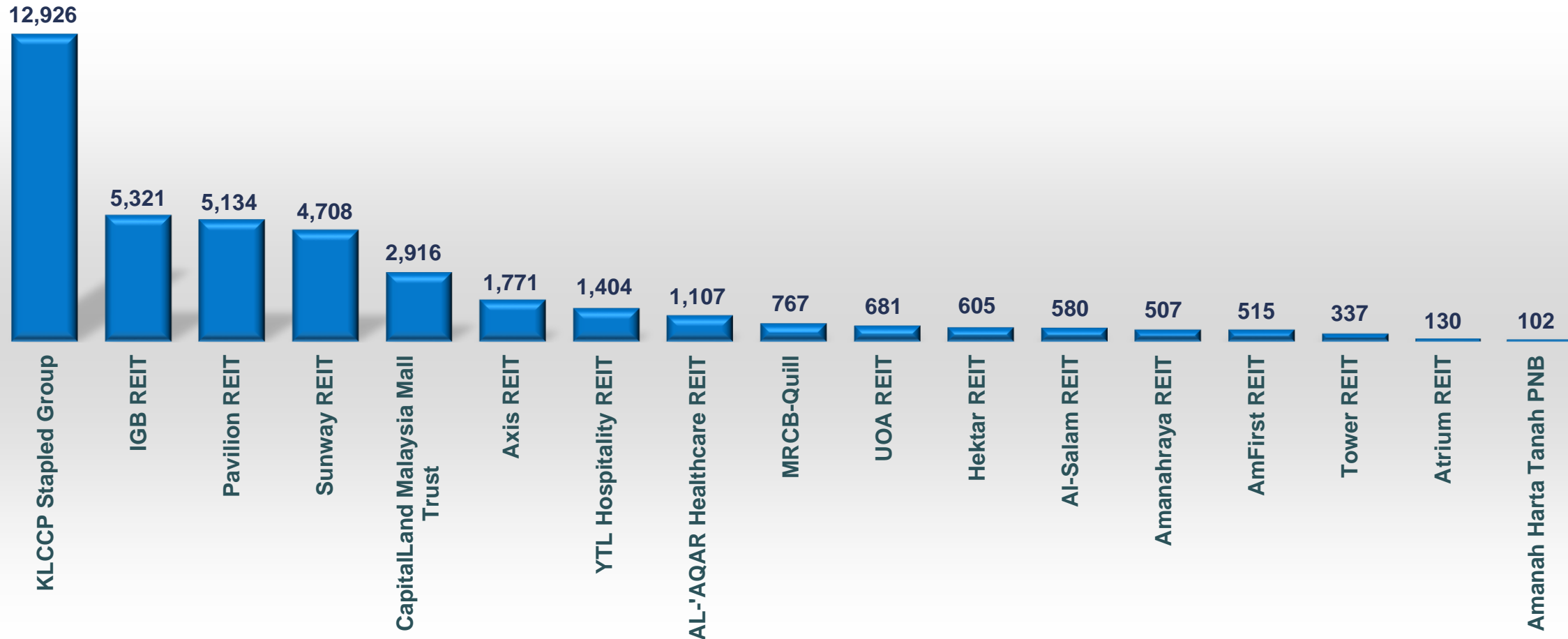
- Grown by leaps and bounds



Source: Bloomberg

M-REITs Market Statistics

Market Capitalisation (RM million)



Source: Bloomberg
Information as at 31 March 2016

Overview of Axis-REIT

Our Milestones

RM2.16
billion

from
RM296
million

Assets under management

7,304,854
sq. ft.

from
978,000
sq. ft.

Space under management

38

from
5

Properties

RM275
million

Valuation gain since listing

1st

- ✓ First REIT to be listed in Malaysia
- ✓ First REIT to be converted into an Islamic REIT
- ✓ First REIT to adopt cloud computing
- ✓ First REIT to introduce an IDRP
- ✓ First REIT to upsize its current Sukuk Programme from RM300 million to RM3 billion.
- ✓ First REIT to implement a Unit Split



- ✓ Winner of Best Practices Awards from the Asia Public Real Estate Association
- ✓ Founding member of the Malaysian REIT Managers Association

Highlights

Total Assets Under
Management
RM2,158,528

Market Capitalisation
RM1,770,667

Unit Split
Exercise Completed on
9 September 2015

Distribution Yield
5.1%

Total Acquisition
for 2016
RM61,000,000

Total Returns
since IPO
297%

Average
Net Property Yield
8.82%

Weighted Average
Lease Expiry
(for rental revenue)
4.41 years

Positive Rental
Reversion to date
4.17%

- ✓ Completed the acquisition of 4 industrial properties - Beyonics i-Park Campus Block A, B, C and D for RM61.0 million on 28 January 2016.
- ✓ Portfolio size increased by 4 to a total of 38.
- ✓ Acceptance of a Letter of Offer to acquire a logistics warehouse for RM33.0 million located at Pasir Gudang, Johor on 4 January 2016.
- ✓ Acceptance of a Letter of Offer to acquire a manufacturing facility for RM42.0 million located at Rawang, Selangor on 6 April 2016.
- ✓ Registered RM2.5 million revaluation gain on Axis Shah Alam DC 1 in 1Q2016.
- ✓ Declared 2.05 sen as 1st Interim 2016 DPU.
- ✓ Announced the implementation of the Income Distribution Reinvestment Plan (IDRP) in conjunction with the payment of the 1st Interim 2016 DPU.
- ✓ Traded at a premium of 31% to NAV.
- ✓ Number of unitholders increased 5% to 3,790.

Axis-REIT's property portfolio

OFFICES



Menara Axis
Petaling Jaya



Crystal Plaza
Petaling Jaya



Quattro West
Petaling Jaya



Axis Eureka
Cyberjaya

OFFICE / INDUSTRIAL



Axis Business Park
Petaling Jaya



Infinite Centre
Petaling Jaya



Wisma Kemajuan
Petaling Jaya



Axis Business Campus
Petaling Jaya



Axis Vista
Petaling Jaya



Strateg Data Centre
Shah Alam



Fonterra Headquarters
Petaling Jaya



Axis Technology Centre
Petaling Jaya



Wisma Academy Parcel
Petaling Jaya



The Annex
Petaling Jaya

WAREHOUSING / LOGISTICS



Axis PDI Centre
Klang



Seberang Prai Logistic Warehouse 2
Seberang Prai



Seberang Prai Logistic Warehouse 1
Seberang Prai



Bukit Raja Distribution Centre
Klang



Axis Steel Centre
Klang



Delfi Warehouse
Johor



BMW Centre PTP
Johor



Niro Warehouse
Johor



Axis Shah Alam Distribution Centre 1
Shah Alam



Bayan Lepas Distribution Centre
Bayan Lepas



Seberang Prai Logistic Warehouse 3
Seberang Prai



D8 Logistics Warehouse
Johor



Axis Shah Alam Distribution Centre 3
Shah Alam



Axis Shah Alam Distribution Centre 2
Shah Alam

MANUFACTURING FACILITIES



FCI Senai
Johor



Emerson Industrial Facility
Nilai



Axis MRO Hub
Shah Alam



Axis Steel Centre
SILC



Beyonics i-Park Campus Block A
Johor



Beyonics i-Park Campus Block B
Johor



Beyonics i-Park Campus Block C
Johor



Beyonics i-Park Campus Block D
Johor

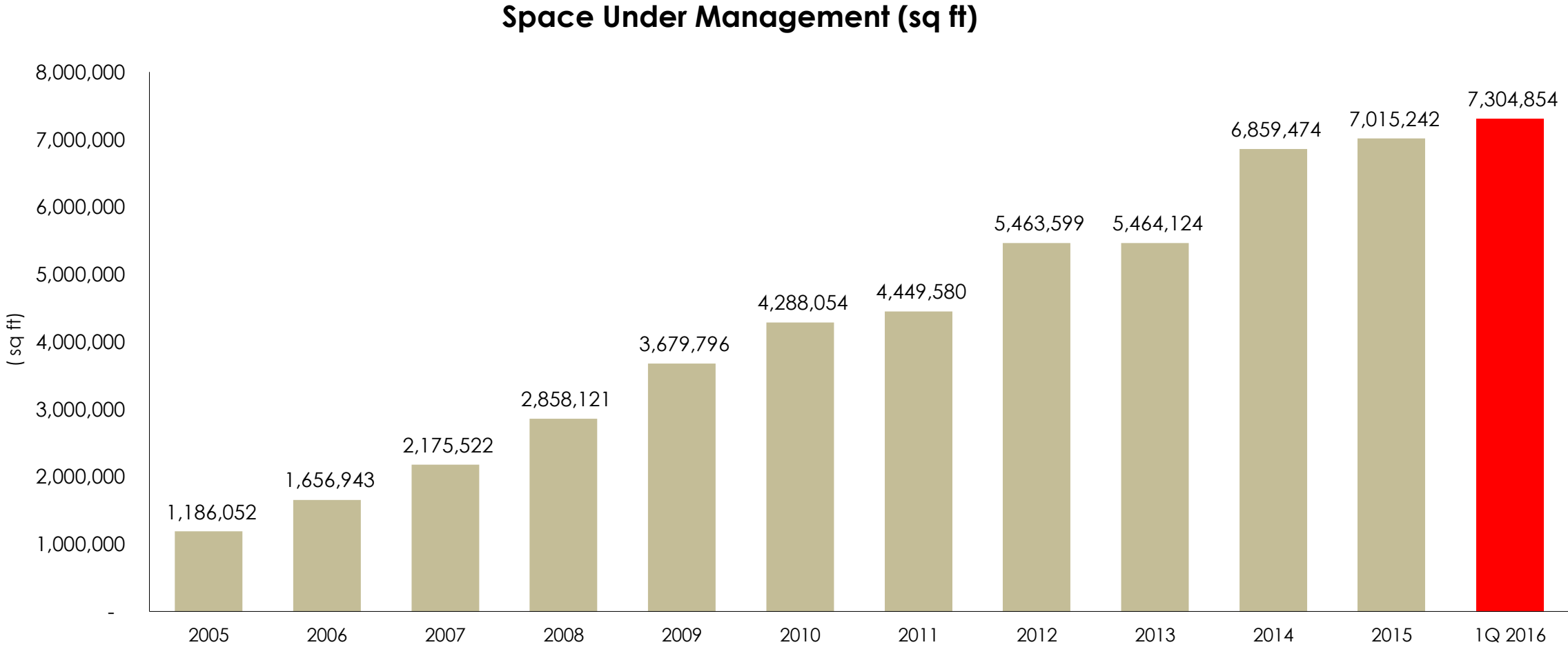
HYPERMARKETS



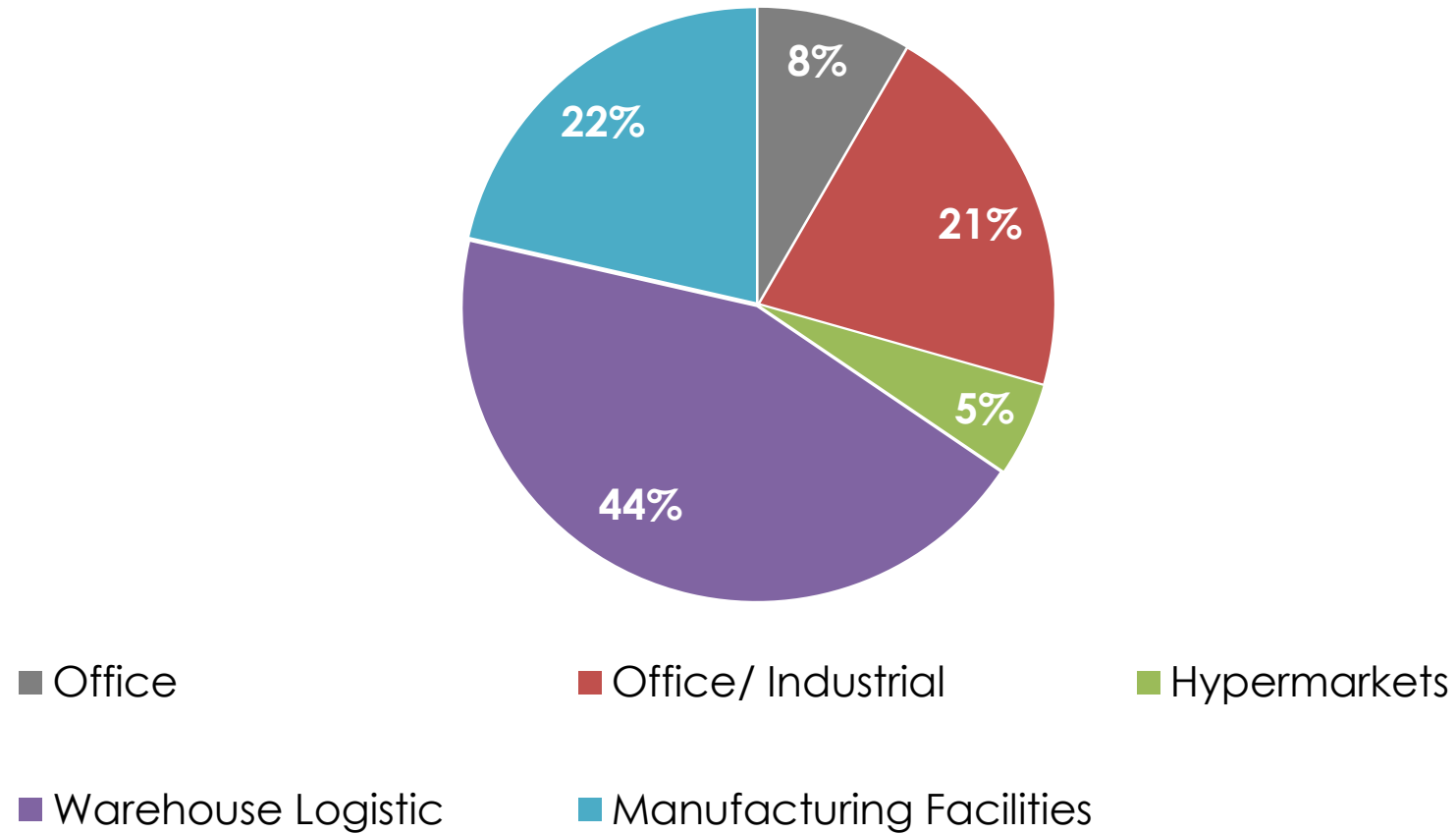
Tesco Bukit Indah



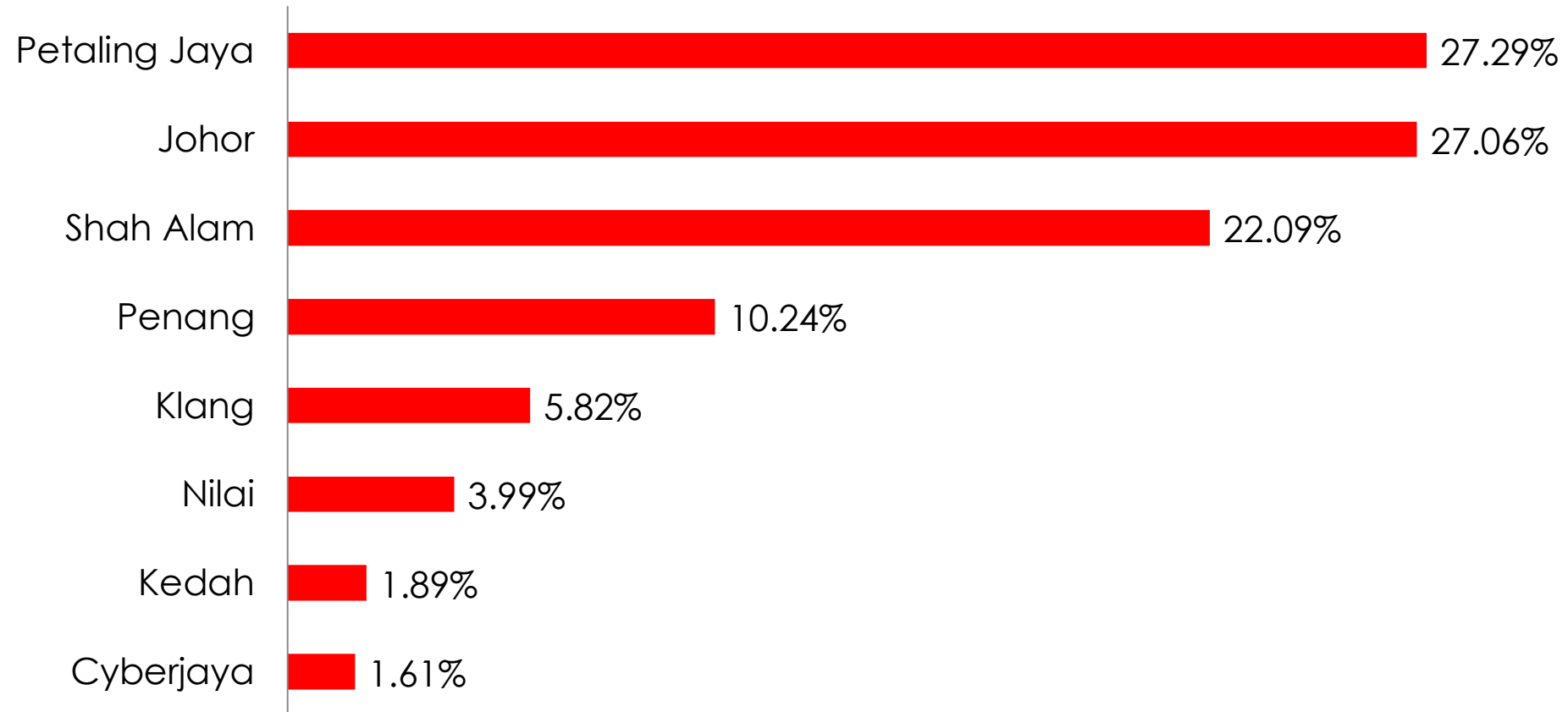
Giant Hypermarket



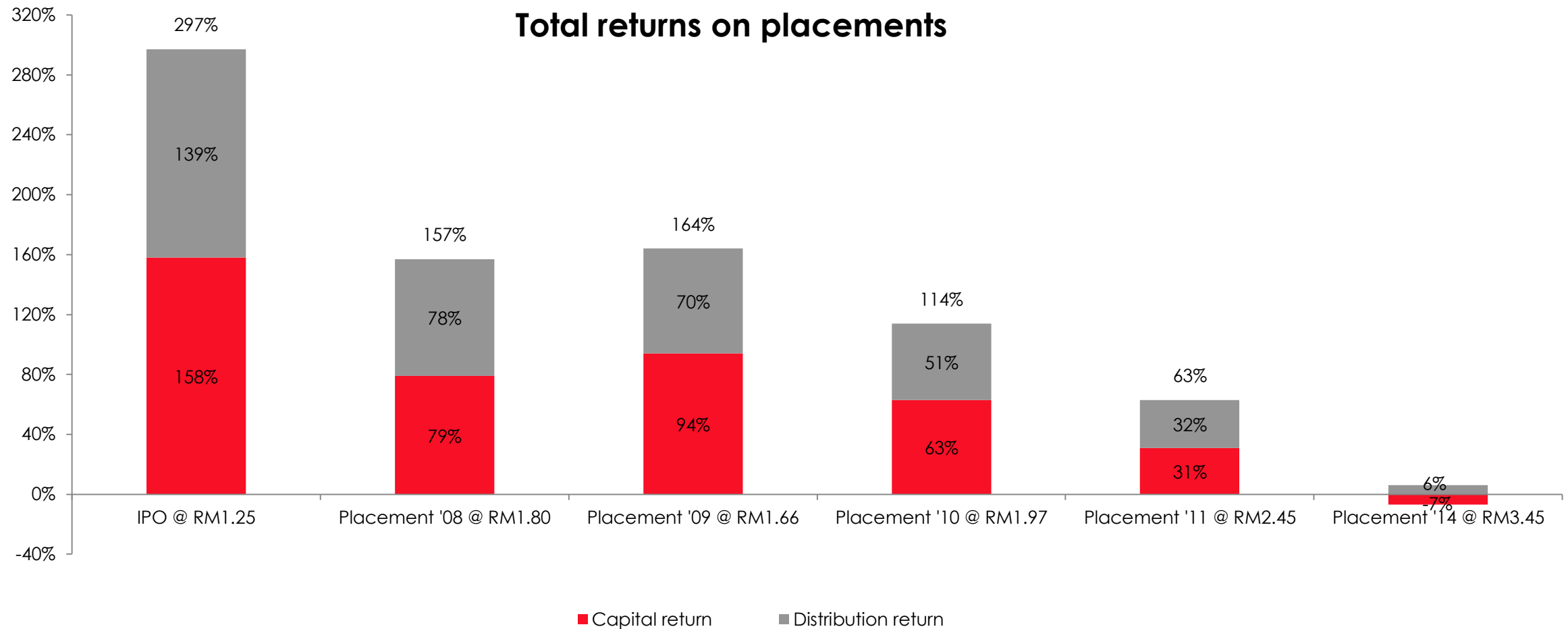
Portfolio Diversification by Type and NLA



Portfolio Diversification by Geographical Location



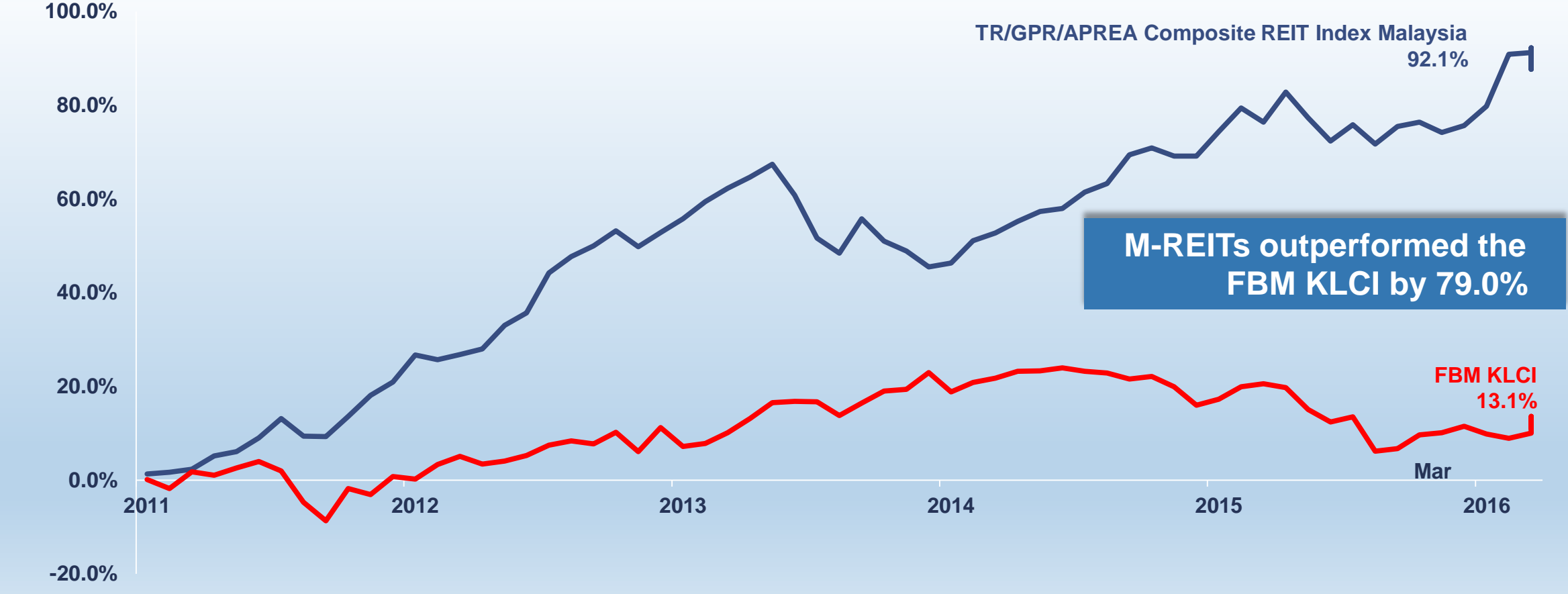
... resulting in good total returns to unitholders.



Conclusion

Conclusion

Performance of Malaysian REIT Index vs. FBM KLCI (January 2011 to March 2016)



Source: Bloomberg
Information as at 31 March 2016

Conclusion

- REITs is a defensive investment which provide certainty in income stream within a diversified portfolio of high quality assets portfolio.
- Hence, it is prudent to include REITs in your investment portfolio for diversification purpose.

Thank You