



## Axis REIT

(5106 | AXRB MK) Main | REIT

### Ended FY24 on A Positive Note


#### KEY INVESTMENT HIGHLIGHTS

- **FY24 earnings within expectations**
- **Ended FY24 on a positive note**
- **Earnings forecast revised marginally upwards**
- **Maintain BUY with a revised TP of RM2.02 from RM2.14 after considering of larger share base post private placement**

**FY24 earnings within expectations.** Axis REIT FY24 core net income of RM162.7m came in within expectations, making up 105% and 100% of our and consensus estimates respectively. Axis REIT announced distribution per unit (DPU) of 2.37sen for 4QFY24, bringing total DPU to 9.27sen in FY24 which translates into gross distribution yield of 5.3%.

**Ended FY24 on a positive note.** Sequentially, 4QFY24 core net income was marginally higher at RM42m (+3%qoq) mainly due to contribution from newly acquired assets in Taman Perindustrian Pulau Indah. Nevertheless, earnings per unit (EPU) was lower (-10.5%qoq) as Axis REIT completed placement exercise which enlarged its share base. On yearly basis, 4QFY24 core net income was higher (+10.7%yoy), bringing FY24 net earnings higher at RM162.7m (+13.3%yoy). The earnings growth in FY24 was underpinned by rental contribution from Bukit Raja Distribution Centre 2 and newly acquired assets. Besides, earnings growth could also partly be attributed to positive rental reversion. Nevertheless, earnings growth was partly offset by higher Islamic financing cost (+23%yoy) due to additional financing for acquisition of assets and increase in OPR by 25bps in May 2023.

**Earnings forecast revised marginally upwards.** We revise our FY25F/26F earnings forecast by +3.5%/+2.8% for housekeeping reason and include gross financing cost saving post completion of private placement. We also introduce our earnings forecast for FY27F. We see stable earnings prospect for Axis REIT as rental contribution from industrial assets is expected to remain stable. Demand for industrial space in Malaysia remains healthy and that underpins positive rental reversion of industrial assets.

**Maintain BUY with a revised TP of RM2.02.** We revise our TP for Axis REIT to RM2.02 from RM2.14 after taking into account of larger share base in our Dividend Discount Model (DDM) following completion of private placement. We maintain our **BUY** call on Axis REIT as earnings prospect will be driven by positive rental reversion on the back of healthy demand for industrial assets in Malaysia. Besides, its active asset acquisition will further drive earnings growth. Meanwhile, net distribution yield is estimated at 4.5%. 

### Maintain BUY

**Revised Target Price: RM2.02**  
(Previously RM2.14)

#### RETURN STATISTICS

Price @ 23 Jan 2025 (RM)	1.74
Expected share price return (%)	+16.1%
Expected dividend yield (%)	+4.5%
<b>Expected total return (%)</b>	<b>+20.6%</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.2	2.4
3 month	0.6	0.1
12 months	-1.7	-6.7

#### INVESTMENT STATISTICS

FYE Dec	2054E	2026F	2027F
Revenue	344	349	357
Net Rental Income	303	307	315
Net Investment Income	304	308	317
Core Net Income	181	187	194
Core EPU (sen)	9.00	9.31	9.64
Net DPU (sen)	7.90	8.16	8.45
Dividend Yield	4.5%	4.7%	4.9%

#### KEY STATISTICS

FBM KLCI	1,577.20
Issue shares (m)	1,747.49
Estimated free float (%)	80.72
Market Capitalisation (RM'm)	3,498
52-wk price range	RM1.7–RM1.96
3-mth average daily volume (m)	2.19
3-mth average daily value (RM'm)	3.80
Top Shareholders (%)	
Employees Provident Fund Board	18.41
Kumpulan Wang Persaraan	8.66
Lembaga Tabung Haji	5.74

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**AXIS REIT: 4QFY24 Results Summary**

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY24	%YoY	%QoQ	FY24	%YoY
Gross Revenue	87.8	16.2%	9.3%	320.1	11.93%
Net Investment Income	125.3	-8.8%	90.3%	322.5	1.01%
Net Income	91.0	-17.4%	141.0%	210.0	-3.57%
Core Net Income (CNI)	42.0	10.7%	3.0%	162.7	13.29%
Realised EPU (sen)	4.5	-28.2%	109.4%	11.3	-9.20%
Core EPU (sen)	2.1	-3.7%	-10.5%	9.0	9.16%
Gross DPU (sen)	2.4	-1.3%	0.9%	9.3	7.17%

Source: Company, MIDFR

**FINANCIAL SUMMARY**

Income Statement (RM'm)	2023A	2024A	2025E	2026F	2027F
Gross Revenue	286	320	344	349	357
Net Rental Income	319	322	303	307	315
Net Investment Income	319	322	304	308	317
Net Income	227	217	179	185	192
Core Net Income	144	163	181	187	194
Core EPU (sen)	8.2	8.1	9.0	9.3	9.6
Core PER (x)	21.2	21.5	19.3	18.7	18.0
NAV/unit (RM)	1.62	1.64	1.35	1.35	1.36
P/NAV (x)	1.08	1.06	1.29	1.29	1.28

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Investment properties	4,186	4,444	5,092	5,122	5,153
Total non-current assets	4,188	4,446	5,092	5,128	5,160
Cash and cash equivalents	22	8	14	23	27
Other assets	313	805	160	191	233
<b>Total Assets</b>	<b>4,523</b>	<b>5,259</b>	<b>5,266</b>	<b>5,342</b>	<b>5,421</b>
LT Borrowings	733	740	935	972	1,011
ST Borrowings	813	815	816	840	865
Other Liabilities	151	404	197	203	210
Total Liability	1,697	1,959	1,948	2,016	2,086
Unitholders' capital	1,946	2,129	2,574	2,574	2,574
Other Equity	880	1,170	745	752	760
Total Equity	2,826	3,299	3,319	3,326	3,334
<b>Equity + Liability</b>	<b>4,523</b>	<b>5,259</b>	<b>5,266</b>	<b>5,342</b>	<b>5,421</b>

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
<b>Cash flows from operating activities</b>					
Net income before taxation	222	214	175	180	186
Net cash from operating activities	199	306	310	256	279
<b>Cash flows from investing activities</b>					
Acquisition of investment properties	-4	2	-46	-45	-44
Net cash used in investing activities	-175	-621	-72	-70	-69
<b>Cash flows from financing activities</b>					
Net cash from/(used in) financing activities	-15	384	-155	-158	-174

Net increase/(decrease) in cash and cash equivalents	8	69	83	28	37
Cash and cash equivalent at 1 January	24	32	101	184	212
Cash and cash equivalent at 1 December	32	101	184	212	248

<b>Profitability Margins</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026F</b>	<b>2027F</b>
Net Investment Income margin	111.6%	100.7%	88.3%	88.4%	88.7%
Core net income margin	50.2%	50.8%	52.6%	53.7%	54.3%
ROE	5.3%	5.3%	5.5%	5.6%	5.8%
ROA	3.9%	3.3%	3.3%	3.4%	3.5%

Source: Bloomberg, MIDFR

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology