Corporate Update

Axis REIT

(5106 | AXRB MK) Main | REIT

3 Stars | FTSE4Good | SHARIAH Compliant

Maintain **NEUTRAL**

Unchanged Target Price **RM2.07**

3QFY25 Results Review Commendable Earnings

9MFY25 earnings within expectations. Axis REIT 9MFY25 core net income of RM153.3m came in within expectations, making up 76% and 73% of our and consensus full year forecast respectively. Axis REIT announced distribution per unit (DPU) of 2.65sen for 3QFY25, bringing total DPU to 7.80sen in 9MFY25.

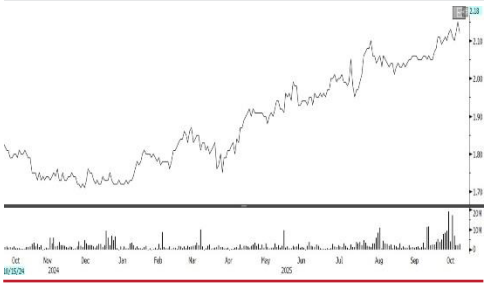
Commendable earnings in 9MFY25. On a sequential basis, 3QFY25 core net income was marginally higher at RM52.2m (+3.5%qoq), in line with higher topline (+2.8%qoq). The earnings growth was largely supported by positive rental reversion of its industrial assets. On yearly basis, 3QFY25 core net income was higher at RM52.2m (+28%yoy), bringing 9MFY25 core net income higher at RM153.3m (+27%yoy). The higher earnings were mainly due to contribution from newly acquired assets and positive rental reversion. Meanwhile, earnings per unit (EPU) grew by milder quantum of 9.8%yoy due to dilutive impact from unit placement in 4QFY24.

Active asset acquisitions. Axis REIT remains on active acquisition to expand its industrial portfolio. Recall that Axis REIT announced acquisition of an industrial asset in Port Klang for RM80m in August 2025. Besides, Axis REIT announced acquisition of an industrial asset in Klang for RM50m in September 2025. Meanwhile, Axis REIT is targeting to grow its portfolio via asset acquisition with estimated value of acquisition targets at RM300m. We see the active asset acquisitions underpin the long-term earnings growth of Axis REIT.

Maintain NEUTRAL with an unchanged TP of RM2.07. We make no changes to our earnings forecast for FY25F/26F/27F. Our TP for Axis REIT is maintained at RM2.07, based on dividend discount model. We see that earnings outlook for Axis REIT to remain steady as earnings from industrial assets remain resilient. Nevertheless, distribution yield is unattractive at 4.3%. Hence, we maintain our **NEUTRAL** call on Axis REIT.

RETURN STATISTICS	
Price @ 23 Oct 2025 (RM)	2.12
Expected share price return (%)	-2.4
Expected dividend yield (%)	+4.3
Expected total return (%)	+1.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.4	3.1
3months	3.4	1.4
12 months	17.1	19.6

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	360	373	389
Operating Profit	319	331	347
PBT	320	332	348
Core Net Income	203	211	226
Core EPU (sen)	10.02	10.43	11.25
Net DPU (sen)	9.05	9.32	9.94
Dividend Yield	4.3%	4.4%	4.7%

KEY STATISTICS

FBM KLCI	1,608.00
Issue shares (m)	2010.49
Estimated free float (%)	80.26
Market Capitalisation (RM'm)	4,284
52-wk price range	RM1.71 – RM2.16
3-mth average daily volume (m)	3.72
3-mth average daily value (RM'm)	7.70
Top Shareholders (%)	
EPF	18.57
KWAP	8.18
Lembaga Tabung Haji	6.27
Prudential Plc	5.00

Analyst

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Axis REIT: 3QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative Results	
	3QFY25	%YoY	%QoQ	9MFY25	%YoY
Gross Revenue	92.8	15.6%	2.8%	272.9	17.45%
Net Investment Income	80.1	21.6%	6.6%	231.9	17.58%
Net Income	52.1	38.0%	11.0%	148.2	24.55%
Core Net Income (CNI)	52.2	28.0%	3.5%	153.3	26.98%
Realised EPU (sen)	2.6	19.3%	11.0%	7.3	7.71%
Core EPU (sen)	2.6	10.7%	3.5%	7.6	9.80%
Gross DPU (sen)	2.65	12.8%	0.0%	7.8	13.04%

Source: Company, MBSB Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	286	320	360	373	389
Operating Profit	319	322	319	331	347
PBT	319	322	320	332	348
Net Income	227	217	200	209	224
Core Net Income	144	163	203	211	226
Core EPU (sen)	8.2	8.1	10.0	10.4	11.2
Core PER (x)	25.8	26.2	21.1	20.3	18.9
NAV/unit (RM)	1.62	1.64	1.64	1.64	1.65
P/NAV (x)	1.31	1.29	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	155	182	224
Total Assets	4,523	5,259	5,261	5,334	5,411
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	739	744	750
Total Equity	2,826	3,299	3,313	3,318	3,325
Equity + Liability	4,523	5,259	5,261	5,334	5,411

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Net income before taxation	222	214	196	204	216
Net cash from operating activities	199	306	331	280	310
Cash flows from investing activities					
Acquisition of investment properties	-4	2	-46	-45	-44
Net cash used in investing activities	-175	-621	-72	-70	-69
Cash flows from financing activities					
Net cash from/(used in) financing activities	-15	384	-177	-180	-200
Net increase/(decrease) in cash and cash equivalents	8	69	82	29	41
Cash and cash equivalent at 1 January	24	32	101	183	212
Cash and cash equivalent at 1 December	32	101	183	212	253

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
PBT margin	111.6%	100.7%	88.9%	89.2%	89.6%
Core net income margin	50.2%	50.8%	56.2%	56.6%	58.2%
ROE	5.3%	5.3%	6.1%	6.4%	6.8%
ROA	3.9%	3.3%	3.3%	3.9%	4.0%

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MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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