Corporate Update

Axis REIT

(5106 | AXRB MK) Main | REIT

3 Stars | FTSE4Good | SHARIAH Compliant

Upgrade to **BUY**
(from NEUTRAL)
Revised Target Price **RM2.17**
(from RM2.07)

4QFY25 Results Review Attractive Upside

FY25 earnings within expectations. Axis REIT FY25 core net income of RM201.6m came in within expectations, making up 99% and 97% of our and consensus full year forecast respectively. Axis REIT announced distribution per unit (DPU) of 2.75sen for 4QFY25, bringing total DPU to 10.55sen in FY25. That translates into gross yield of 5.3%.

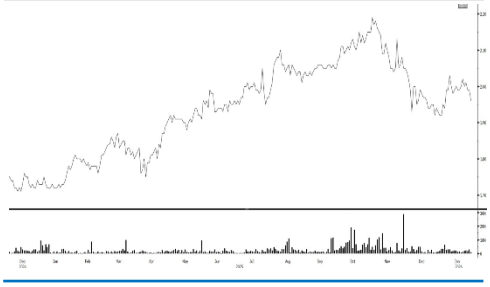
Ended FY25 on a positive note. On a sequential basis, 4QFY25 core net income was lower at RM48.3m (-7.5%qoq), owing to marginally weaker topline (-1.6%qoq), higher administrative expenses (+113%qoq) and provision of deferred tax of RM2m. On a yearly basis, 4QFY25 core net income was higher (+15%yoy), bringing FY25 core net income higher at RM201.6m (+23.9%yoy). The earnings growth was underpinned by contribution from newly acquired assets as well as positive rental reversion. Meanwhile, earnings per unit (EPU) grew by +10.8%yoy due to enlarged share base following unit placement in 4QFY24.

Defensive earnings outlook. We see stable earnings outlook for Axis REIT as earnings will underpin by the resilient income from industrial assets. Rental reversion for industrial assets is expected to remain positive due to healthy demand for industrial assets in Malaysia. Besides, earnings growth of Axis REIT will sustain by the active asset acquisition.

Upgrade to BUY from NEUTRAL with a revised TP of RM2.17. We fine tune our earnings forecast for FY26/27F by +1.9%/+1.8% post release of FY25 figures. We also introduce our earnings forecast for FY28. We revise our TP for Axis REIT to RM2.17 from RM2.07 as we roll over our valuation to FY27. Our TP is based on dividend discount model. We upgrade Axis REIT to **BUY** from NEUTRAL as we see buying opportunity after the recent share price weakness. Earnings outlook for Axis REIT is expected to remain stable in the near to medium term. Meanwhile, gross distribution yield is attractive at 5.2%.

RETURN STATISTICS	
Price @ 28 Jan 2026 (RM)	1.98
Expected share price return (%)	+9.6
Expected dividend yield (%)	+5.2
Expected total return (%)	+14.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.1	-2.6
3months	2.1	-15.6
12 months	10.7	-2.2

INVESTMENT STATISTICS

FYE Dec	2026F	2027F	2028F
Revenue	373	389	401
Operating Profit	331	347	358
PBT	332	348	359
Core Net Income	206	220	231
Core EPU (sen)	10.18	10.89	11.42
Gross DPU (sen)	10.21	10.59	11.21
Dividend Yield	5.2%	5.4%	5.7%

KEY STATISTICS

FBM KLCI	1,756.49
Issue shares (m)	2010.49
Estimated free float (%)	80.12
Market Capitalisation (RM'm)	3,969
52-wk price range	RM1.71 – RM2.24
3-mth average daily volume (m)	3.71
3-mth average daily value (RM'm)	7.67
Top Shareholders (%)	
EPF	19.65
KWAP	8.11
Lembaga Tabung Haji	644

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Axis REIT: 4QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative Results	
	4QFY25	%YoY	%QoQ	FY25	%YoY
Gross Revenue	91.3	4.0%	-1.6%	364.2	13.77%
Net Investment Income	164.5	31.4%	105.5%	396.4	22.93%
Net Income	133.9	47.1%	156.8%	282.1	34.32%
Core Net Income (CNI)	48.3	15.0%	-7.5%	201.6	23.88%
Realised EPU (sen)	6.6	46.0%	156.3%	13.9	23.02%
Core EPU (sen)	2.4	14.2%	-7.6%	10.0	10.82%
Gross DPU (sen)	2.8	16.0%	3.8%	10.6	13.81%

Source: Company, MBSB Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	320	364	373	389	401
Operating Profit	322	396	331	347	358
PBT	322	396	332	348	359
Net Income	214	272	204	218	229
Core Net Income	163	202	206	220	231
Core EPU (sen)	8.1	10.0	10.2	10.9	11.4
Core PER (x)	24.5	19.9	19.5	18.2	17.3
NAV/unit (RM)	1.64	1.69	1.65	1.65	1.66
P/NAV (x)	1.21	1.17	1.20	1.20	1.20

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Investment properties	4,444	5,092	5,237	5,247	5,279
Total non-current assets	4,446	5,092	5,238	5,255	5,288
Cash and cash equivalents	8	14	52	27	27
Other assets	805	250	336	433	489
Total Assets	**5,259**	**5,356**	**5,627**	**5,715**	**5,804**
LT Borrowings	740	935	936	1,001	1,041
ST Borrowings	815	816	798	1,157	1,191
Other Liabilities	404	182	564	218	225
Total Liability	1,959	1,933	2,297	2,376	2,458
Unitholders' capital	2,129	2,574	2,600	2,600	2,600
Other Equity	1,170	849	730	739	746
Total Equity	3,299	3,423	3,330	3,339	3,346
Equity + Liability	**5,259**	**5,356**	**5,627**	**5,715**	**5,804**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Cash flows from operating activities					
Net income before taxation	285	204	218	229	285
Net cash from operating activities	238	280	311	322	238
Cash flows from investing activities					
Acquisition of investment properties	-39	-45	-44	-44	-39
Net cash used in investing activities	-41	-49	-69	-70	-41
Cash flows from financing activities					
Net cash from/(used in) financing activities	-246	-178	-194	-204	-246
Net increase/(decrease) in cash and cash equivalents	-49	52	48	48	-49
Cash and cash equivalent at 1 January	101	52	105	153	101
Cash and cash equivalent at 1 December	52	105	153	201	52

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
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