Corporate Update

Axis REIT

(5106 | AXRB MK) Main | REIT

3 Stars | FTSE4Good | SHARIAH Compliant

Maintain BUY

Unchanged Target Price **RM2.17**

1QFY26 Results Review
Healthy Industrial Assets Portfolio

1QFY26 earnings within expectations. Axis REIT 1QFY26 core net income of RM49.9m came in within expectations, making up 23% of our and consensus full year forecast. Axis REIT announced distribution per unit (DPU) of 2.50sen for 1QFY26.

Broadly flat earnings. On a sequential basis, 1QFY26 core net income was marginally higher at RM49.9m (+3.3%qoq) while topline was marginally lower (-0.8%qoq) mainly due to lower unbilled lease income and lower administrative expenses. On a yearly basis, 1QFY26 core net income was marginally weaker at RM49.9m (-1.2%yoy) while topline was flattish (+0.8%yoy). The marginal decline in earnings was partly attributed to the higher administrative expenses (+70.6%yoy).

Healthy industrial assets portfolio. Portfolio occupancy rate of Axis REIT remains healthy at 94% in 1QFY26. Seberang Prai Logistics Warehouse 2 which was vacant in 4QFY25, is fully tenanted as of March 2026 following commencement of lease in March 2026. Meanwhile, occupancy rate of Bukit Raja Distribution Centre improved to 16% in 1QFY26 from 0% in 4QFY25 and is expected to improve further to 58% in 2QFY26. Note that rental rates for the two assets are significantly higher than the previous tenancy agreement as the new tenancy agreements with new tenants allow Axis REIT to unlock the upside potential of rental rate for industrial properties in good location. Meanwhile, Axis REIT is actively expanding its industrial assets portfolio with total estimated value of acquisition targets of RM350m.

Maintain BUY with an unchanged TP of RM2.17. We maintain our earnings forecast for FY26/27/28. We also maintain our **TP** for Axis REIT at **RM2.17**, based on dividend discount model. We maintain our **BUY** call on Axis REIT as earnings outlook for Axis REIT is expected to remain stable in the near to medium term, driven by positive rental reversion of industrial assets and active assets acquisition. Meanwhile, gross distribution yield is attractive at 5.2% while net yield (10%-30% tax rate) is at 4.8%-3.8%.

RETURN STATISTICS	
Price @ 29 April 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	0.3
3months	3.1	-0.8
12 months	4.2	-6.7

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	1,720.42
Issue shares (m)	2024.9
Estimated free float (%)	77.32
Market Capitalisation (RM'm)	4,009
52-wk price range	RM1.8 – RM2.24
3-mth average daily volume (m)	2.22
3-mth average daily value (RM'm)	4.43
Top Shareholders (%)	
EPF	21.16
KWAP	7.70
Lembaga Tabung Haji	6.30

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Axis REIT: 1QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative Results	
	1QFY26	%YoY	%QoQ	FY26	%YoY
Gross Revenue	90.6	0.8%	-0.8%	90.6	0.76%
Net Investment Income	81.6	6.4%	-50.4%	81.6	6.42%
Net Income	53.2	8.3%	-60.3%	53.2	8.29%
Core Net Income (CNI)	49.9	-1.2%	3.3%	49.9	-1.23%
Realised EPU (sen)	2.6	8.1%	-60.3%	2.6	8.07%
Core EPU (sen)	2.5	-1.4%	3.3%	2.5	-1.43%
Gross DPU (sen)	2.5	0.0%	-9.1%	2.5	0.00%

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 on 1 January	101	52	105	153	101
Cash and cash equivalent on 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