Corporate Update

Axis REIT

(5106 | AXRB MK) Main | REIT

3 Stars | FTSE4Good | SHARIAH Compliant

Maintain **BUY**

Unchanged Target Price **RM2.18**

3QFY26 Results Review

Gradual Earnings Recovery Ahead

9MFY26 earnings within our expectation. Axis REIT 9MFY26 core net income of RM145.3m came in within our expectation but slightly below consensus expectation, making up 71% and 67% of our and consensus full year estimates respectively. Axis REIT announced distribution per unit (DPU) of 2.35sen for 3QFY26, bringing total DPU to 7.15sen in 9MFY26.

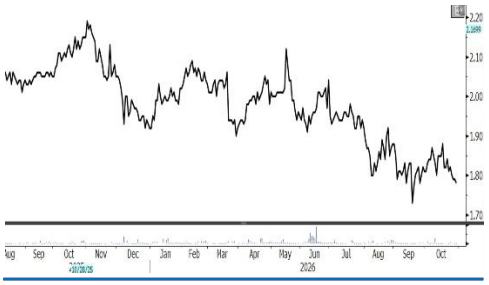
Higher sequential earnings. On a sequential basis, 3QFY26 core net income increased to RM48.4m (+3.1%qoq), in line with the higher topline (+2.2%qoq). The higher earnings were contributed by the newly acquired Axis Distribution Centre 1 @ Saujana Putra which was completed in August 2026. Besides, the higher earnings were driven by higher occupancy rates of the existing assets namely Bukit Raja Distribution Centre and Axis Industrial Facility 1 @ Shah Alam. That has more than offset the lower rental from Axis Shah Alam Distribution Centre 5 and Senawang Industrial Facility which saw lease expiry in 2QFY26. Nevertheless, new tenant has been secured for Axis Shah Alam Distribution Centre 5 with occupancy rate expected to improve to 82% by 4QFY26.

Gradual earnings recovery ahead. On a year-on-year basis, 3QFY26 core net earnings were lower at RM48.4m (-7.3%yoy). That brought 9MFY26 earnings lower at RM145.3m (-5.2%yoy). Earnings were weaker due lease expiry of some assets namely Bukit Raja Distribution Centre, Axis Shah Alam Distribution Centre 3, Axis Shah Alam Distribution Centre 5 and Senawang Industrial Facility. Besides, earnings were also partly weighed by rental suspension for Wisma Kemajuan following the fire incident. Despite the lease expiries, we are encouraged by management's success in progressively attracting new tenants to fill the vacant spaces. We expect earnings to gradually recover as occupancy levels improve and vacant spaces are progressively filled.

Maintain BUY with an unchanged TP of RM2.18. We make no changes to our earnings forecast for FY26/27/28. Our **TP** is maintained at **RM2.18**, based on dividend discount model. We expect earnings growth to be supported by positive rental reversions amid a healthy industrial property market. The outlook is further underpinned by active asset acquisitions, with a total estimated acquisition pipeline of RM250m. Besides, gross yield is attractive at 5.8%. Hence, we maintain our **BUY** call on Axis REIT.

RETURN STATISTICS	
Price @ 29 Oct 2026 (RM)	1.78
Expected share price return (%)	+22.5
Expected dividend yield (%)	+5.8
Expected total return (%)	+28.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.2	-0.2
3months	-1.7	-1.3
12 months	-17.2	-17.2

INVESTMENT STATISTICS

FYE Dec	2026F	2027F	2028F
Revenue	373	396	409
Operating Profit	331	354	365
PBT	332	356	367
Core Net Income	206	223	234
Core EPU (sen)	10.19	11.03	11.58
Gross DPU (sen)	10.2	10.7	11.3
Dividend Yield	5.8%	6.0%	6.4%

KEY STATISTICS

FBM KLCI	1,611.16
Issue shares (m)	2024.9
Estimated free float (%)	76.89
Market Capitalisation (RM'm)	3,604
52-wk price range	RM1.73 – RM2.24
3-mth average daily volume (m)	1.39
3-mth average daily value (RM'm)	2.56
Top Shareholders (%)	
EPF	21.95
KWAP	7.20
Lembaga Tabung Haji	6.74

Analyst

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Axis REIT: 3QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY26	%YoY	%QoQ	FY26	%YoY
Gross Revenue	90.8	-2.1%	2.2%	270.1	-1.01%
Net Investment Income	84.8	5.9%	13.5%	241.1	3.99%
Net Income	54.8	5.1%	18.4%	154.3	4.11%
Core Net Income (CNI)	48.4	-7.3%	3.1%	145.3	-5.18%
Realised EPU (sen)	2.7	4.9%	18.4%	7.6	3.90%
Core EPU (sen)	2.4	-7.5%	3.1%	7.2	-5.38%
Gross DPU (sen)	2.4	-11.3%	2.2%	7.2	-8.33%

Source: Company, MBSB Research

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	320	364	373	396	409
Operating Profit	322	396	331	354	365
PBT	322	396	332	356	367
Net Income	214	272	213	231	240
Core Net Income	163	202	206	223	234
Core EPU (sen)	8.1	10.0	10.2	11.0	11.6
Core PER (x)	22.0	17.9	17.5	16.1	15.4
NAV/unit (RM)	1.64	1.69	1.65	1.65	1.66
P/NAV (x)	1.08	1.05	1.08	1.08	1.08

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	100.7%	108.8%	89.2%	89.8%	89.7%
Core net income margin	50.8%	55.4%	55.3%	56.2%	57.3%
ROE	5.3%	6.0%	6.1%	6.7%	7.0%
ROA	3.3%	3.3%	3.8%	3.8%	3.9%

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MBSB 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