

30 January 2026

Axis REIT

+14% DPU Boost to end FY25

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AXREIT's FY25 results and distribution were within expectations. Core net profit rose 28% YoY from contributions of multiple acquisitions completed in FY24 alongside positive rental reversions. That led to a 14% increase in DPU, thanks to progressive completed acquisitions. The group appeared to have no obstacles in collecting the newly implemented 6% SST (reduced from 8%) from its tenants. Apart from that, vacated spaces were rented to new tenants at close to an encouraging 15% higher rates. While the volume of leasing enquiries remains healthy, we are cognizant of ongoing increasing supplies of industrial assets in the market. All in, we introduce new earnings forecast for FY27, and post-model updates, we also lift our TP from RM1.96 to RM2.02 (+3%) while keeping our MARKET PERFORM call.

AXREIT's FY25 full-year core net profit met expectations, coming in at 95% and 97% of our full-year forecast and consensus full-year estimate, respectively. It declared a gross distribution of 2.75 sen per unit, bringing YTD total to 10.55 sen GDPU, which met our full-year dividend forecast of 10.5 sen.

YoY, its FY25 revenue and net profit rose by 13% and 26%, respectively, mainly attributed to newly acquired properties and new tenancies from Axis Mega DC (Phase 2) alongside positive rental reversions of about 3.5% (in-line with historical averages). Completed acquisitions are as follows:

- Axis Facility 1 @ Bukit Raja on 31 May 2024
- Axis Vista 2 on 15 July 2024
- Axis Industrial Facility @ Batu Caves on 15 July 2024
- Axis Industrial Facility @ Sendayan on 23 July 2024
- Axis Facility 3 @ Bukit Raja on 8 October 2024
- Axis Facility 1 @ Pulau Indah on 11 October 2024
- Axis Facility 2 @ Pulau Indah on 24 November 2024

QoQ, both its revenue and net profit dipped by 2% on lower occupancy level as some tenants underwent consolidation exercise. The vacated spaces have already secured new tenants. Net profit fell sharper by 7% on a RM2m provision of deferred tax.

Key updates: In 2HFY25, the group did not see major resistance from its tenants on the newly implemented 8% SST on rentals (which has been reduced to 6%).

On US tariffs, AXREIT's industrial tenants appear insulated due to their limited exposure to US exports. Meanwhile, the group continues to see healthy volume of leasing enquiries with strong interest from both local and foreign companies. Leasing momentum remained strong with 11% of vacated space re-tenanted within the year at rental rates 15% above previous contracts.

Outlook. Two tenants have been secured for Seberang Prai Logistics Warehouse 2 and Bukit Raja Distribution Centre with tenancy commencing March 2026. This will be further supported by the recent sizeable proposed acquisition of an industrial plot of land with assets built on it at Seberang Prai Tengah for RM800m, which is anticipated to generate positive cash flows for the group starting from 2QFY27. The group remains optimistic on the industrial sector outlook and remain confident to see continuous positive rental reversions in the year ahead.

Meanwhile, its gearing ratio is expected to reach 0.49x from 0.33x following the completion of its ongoing acquisitions.

MARKET PERFORM ↔

Price: RM2.02
Target Price: RM2.02 ↑

Share Price Performance



KLCI 1,730.89
YTD KLCI chg 3.0%
YTD stock price chg 2.3%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker AXRB MK EQUITY
Market Cap (RM m) 4,090.3
Shares Outstanding 2024.9
52-week range (H) 2.24
52-week range (L) 1.71
3-mth avg. daily vol. 3,615,395
Free Float 80%
Beta 0.4

Major Shareholders

Employees Provident Fund 19.7%
Kumpulan Wang Persaraan 8.1%
Lembaga Tabung Haji 6.4%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	364.2	385.9	423.6
Operating Profit	315.4	331.9	364.3
Profit Before Tax	284.6	217.1	228.2
Net Profit (NP)	282.1	214.5	225.4
Core Net Profit	202.0	214.5	225.4
Consensus (NP)	207.9	217.1	231.0
Earnings Revision	-	-1.1%	-
Core EPS (sen)	10.0	10.6	11.1
Core EPS Growth (%)	20.9%	6.2%	5.1%
GDPS (sen)	10.6	11.1	11.7
NDPS (sen)	9.7	10.1	10.6
BVPS (RM)	1.69	1.69	1.68
PER (x)	20.2	19.1	18.1
PBV (x)	1.2	1.2	1.2
Asset Gearing (x)	0.32	0.36	0.56
Net Div. Yield (%)	4.8	5.0	5.3

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Forecast. Following model updates, we tweak our FY26F earnings by -1% while we introduce new number for FY27 with an estimated 5% net profit growth from FY26.

Valuations. We lift our TP slightly from RM1.96 to RM2.02 on FY26 net distribution (assuming the sector's presently lapsed withholding tax benefits from another extension) of 10.1 sen against an unchanged target yield of 5.0% (derived from a 1.5% yield spread above our 10-year MGS assumption of 3.5%). There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us.

Investment case. We remain positive on AXREIT as a proxy to industrial segment with the sustained growing demand for industrial properties in Malaysia. Maintain **MARKET PERFORM**.

Risks to our call include: (i) higher/lower-than-expected risk-free rate, and (ii) default on rental payments by tenants.

Results Highlights

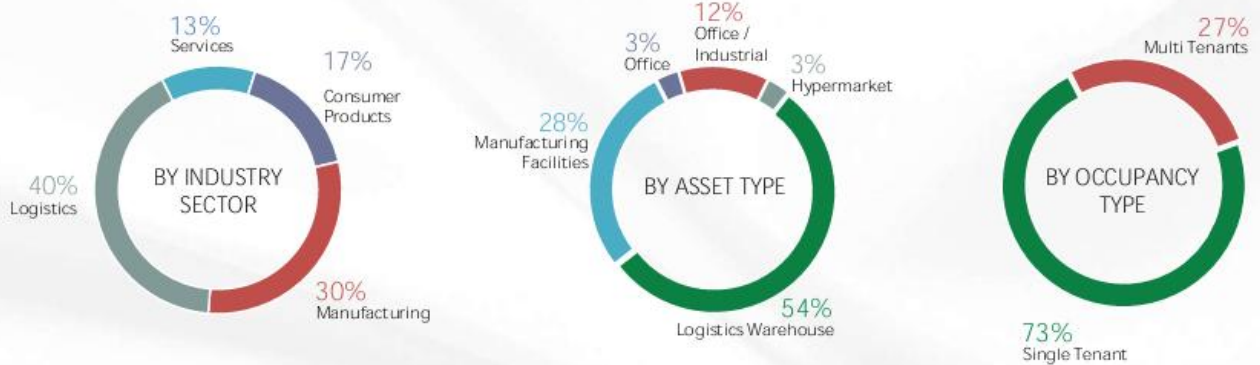
	4Q FY25	3Q FY25	QoQ Chg	4Q FY24	YoY Chg	12M FY25	12M FY24	YoY Chg
FYE Dec (RM m)								
Property Income	90.5	92.4	-2.0%	87.4	3.5%	362.0	319.0	13.5%
Non-Property Income	0.4	0.6	-27.8%	0.7	-37.1%	2.9	3.1	-5.7%
Gross Revenue	90.9	93.0	-2.2%	88.1	3.2%	365.0	322.2	13.3%
Property Operating Expenses	-12.3	-12.7	-3.6%	-11.8	4.5%	-48.8	-45.5	7.1%
Net Property Income	78.6	80.2	-2.0%	76.3	3.0%	316.2	276.6	14.3%
Interest & Investment Income	85.9	-0.2	>100%	48.9	75.6%	80.2	45.8	74.9%
Net Investment Income	164.5	80.1	105.5%	125.3	31.4%	396.4	322.5	22.9%
Non-operating expenses	-28.7	-27.9	2.7%	-31.7	-9.6%	-111.8	-109.9	1.7%
Profit before tax	135.9	52.1	160.7%	93.5	45.2%	284.6	212.5	33.9%
Taxation	-2.0	0.0	N.M	-2.5	-21.1%	-2.6	-2.5	0.9%
Minority interest	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Net Profit	133.9	52.1	156.8%	91.0	47.1%	282.1	210.0	34.3%
Distributable Income	56.2	58.9	-4.6%	45.4	23.9%	226.2	167.0	35.4%
Core Net Profit	48.3	52.1	-7.2%	39.3	22.9%	202.0	159.7	26.5%
Core Earnings Per Unit (sen)	2.39	2.58	-7.4%	1.96	22.1%	9.99	8.84	13.0%
Gross Distribution Per Unit (sen)	2.75	2.65	3.8%	2.37	16.0%	10.55	9.27	13.8%
Net Asset Value Per Unit (RM)	1.69	1.65	2.4%	1.64	3.0%	1.69	1.64	3.0%
Key Operating Metrics:								
Net property income margin	86.5%	86.3%		86.7%		86.6%	85.9%	
Pretax margin	149.4%	56.1%		106.2%		78.0%	66.0%	
Net Gearing	31.4%	32.1%		33.0%		31.4%	33.0%	

Source: Company, Kenanga Research

Exhibit 1 – Axis REIT’s Portfolio Diversification

OUR PORTFOLIO

PORTFOLIO DIVERSIFICATION (ON NLA)

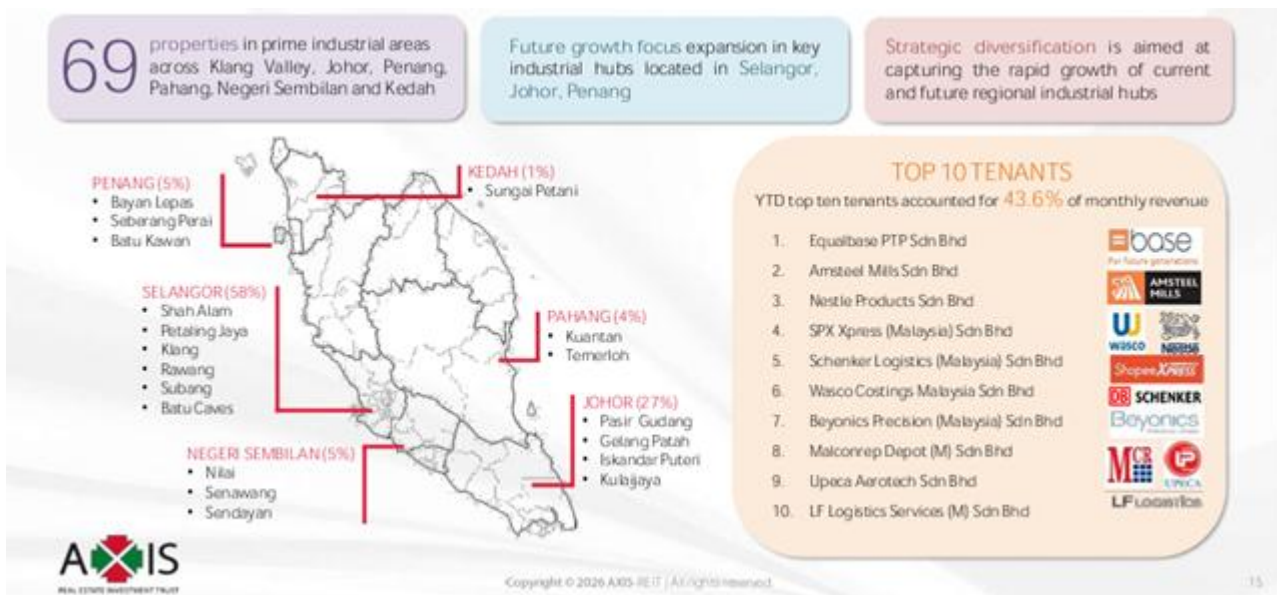


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Source: Company, Kenanga Research

Portfolio Geographical and Tenants Breakdown



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Source: Company, Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
AME REIT	MP	1.70	1.68	-1.2%	901.0	Y	03/2026	7.6	8.0	17.3%	4.8%	22.3	21.3	1.5	6.9%	7.6	4.5%
AXIS REIT	MP	2.02	2.02	0.0%	4,090.0	Y	12/2025	10.6	11.1	6.2%	5.1%	19.1	18.1	1.2	6.3%	10.1	5.0%
CAPITALAND MALAYSIA TRUST	MP	0.680	0.650	-4.4%	2,265.0	N	12/2025	5.2	5.4	10.1%	4.2%	13.1	12.5	0.7	5.4%	4.8	7.1%
IGB REIT	UP	2.89	2.52	-12.8%	12,494.0	N	12/2025	10.1	14.0	18.1%	38.6%	28.7	20.7	2.7	12.6%	10.6	3.7%
KLCCP STAPLED GROUP	MP	9.16	8.93	-2.5%	16,537.0	Y	12/2025	47.6	48.8	9.8%	2.5%	19.3	18.8	1.3	6.3%	45.7	5.0%
SUNWAY REIT	UP	2.51	2.28	-9.2%	8,596.0	N	12/2025	12.7	13.3	1.7%	5.3%	19.8	18.8	1.7	7.8%	12.5	5.0%
SECTOR AGGREGATE					44,883.0					9.4%	10.8%	20.8	18.8	1.5	7.7%		5.2%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating			
GENERAL	Earnings Sustainability & Quality	★	★	★	★
	Community Investment	★	★	☆	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	★
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	☆	
SPECIFIC	Effluent/Waste Management	★	★	☆	
	Water Management	★	★	★	
	Energy Efficiency	★	★	★	
	Green Buildings	★	★	★	
	Tenant Management	★	★	★	
	Supply Chain Management	★	★	☆	
OVERALL		★	★	★	

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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