

# Axis-REIT identifies new asset acquisition targets

by **Yong Min Wei**

FD@bizedge.com

KUALA LUMPUR: Axis Real Estate Investment Trust (Axis-REIT) has spotted three potential assets that are worth about RM190 million for acquisitions to expand its portfolio in addition to the four purchases that have been revealed earlier this year.

Axis REIT Managers Bhd (ARMB) CEO Stewart LaBrooy said the assets that Axis was keen on comprised two units of new logistics warehouses and a retail warehousing in Johor as well as an office building in Cyberjaya.

The new logistics warehouses each have long-term lease arrangement and step-ups, he added.

He explained that the perspective acquisitions targets would utilise the fresh capital raised from the proposed placement of new units.

Axis-REIT has proposed a placement of 68.81 million units to raise some RM132 million to pare down borrowing as part of its capital management process and also to fund the trust for asset acquisitions.

"When we raise capital, we always match it with an asset that we intend to buy," he told a press conference yesterday. ARMB is the manager of Axis-REIT, which is the country's first REIT to be listed on Bursa Malaysia.

He added that by only reducing gearing and "leaving things" unchanged would consequently dilute the holding of the existing unitholders.

"We try to have the placement before the fasting month (in mid-August). We are waiting for the Securities Commission (SC) to give us the clearance. Everything is ready to go and it is just a question of getting the date for the unitholders' meet-

While the SC in March granted a conditional approval for the unit placement, he said, the placement could only be issued to public institutions and each limited to 25% of the units to be issued.

So far, Axis-REIT has announced four acquisitions this year, of which three have concluded sale and purchase agreements (SPAs) and that the "letter of offer" for the fourth asset had been accepted on July 7.

"The total value of these acquisitions is about RM240 million and upon conclusion should bring the total assets under management to RM1.193 billion," he added.

The three assets whose SPAs have been signed are PTP D8 in the Pelepas Free Zone with gross built-up of 187,000 sq ft as well as the Axis Technology Centre (214,868 sq ft) and Axis PDI Centre (51,504 sq ft) located in Petaling Jaya and Klang, respectively. The fourth involves Tesco hypermarket (233,579 sq ft) in Johor Bahru.

LaBrooy said Axis-REIT had 23 properties as at June 30, 2010 (2QFY10) compared with 19 properties a year ago while units in circulation increased 20% to 307.08 million from 255.90 million.

"We are quite bullish about PJ and we love PJ as a destination... You will probably see a lot of gain in valuation in the assets we currently hold in Petaling Jaya," he said.

The trust's net profit for the 2QFY10 jumped 75% to RM21.87 million for the second quarter ended June 30, 2010, from RM12.53 million the same quarter last year. Revenue rose 21% to RM21.02 million. It recorded earnings per unit of 7.12 sen in 2QFY10 with net asset per unit of 1.84 sen as at June 30.

Axis-REIT's share price yesterday added three sen to close at RM2.10

go and it is just a question of getting the date for the unitholders' meeting," he disclosed.

Axis-REIT's share price yesterday added three sen to close at RM2.10 with 50,100 shares transacted.