

# LETTER TO UNITHOLDERS FROM THE CHAIRMAN & CEO

DEAR UNITHOLDERS,

2024 was an excellent year for Axis-REIT on all fronts. We delivered record investments and strong operating results, surpassing our targets. Backed by prudent capital management strategies, these achievements translated into one of our strongest financial results to date.



Dato' Carl Gunnar Myhre  
@ Dato' Abas Carl Gunnar  
Bin Abdullah  
Executive Chairman

Leong Kit May  
Chief Executive Officer/  
Executive Director

# LETTER TO UNITHOLDERS FROM THE CHAIRMAN & CEO

## Extending Our Footprint

A year ago, we announced an ambitious target to grow Axis-REIT’s Assets Under Management (AUM) to RM5 billion by the end of 2024. We are pleased to report that we exceeded this target, completing a record 8 acquisitions during the year, raising our portfolio count to 69 properties with 15.15 million sq. ft. of space under management. Our robust investments lifted our AUM to RM5.26 billion as at 31 December 2024, surpassing the RM5 billion mark and extending our position as the leading industrial REIT in Malaysia.

These achievements are the culmination of having accurate insights into market trends and preferences, as well as the execution of prudent and successful operating, portfolio, and capital management strategies. We have been able to position the Fund to capitalise on growth in demand for strategically located, modern industrial properties. This is the result of our progressive investments in developing and retrofitting properties in accordance with the stringent specifications of green building certifications and sustainability requirements.

## Portfolio Highlights

In 2024, we successfully completed 8 property acquisitions for a total consideration of RM719.4 million – a record in terms of the number of properties acquired and the amount invested in a year. These acquisitions extended our position as a leading industrial REIT in Malaysia, entrenched our presence in key industrial areas of the country, and added to our hypermarket, logistics, and manufacturing portfolios.

Concurrently, we completed the development of Axis Mega Distribution Centre (Phase 2) – a 509,040 sq. ft. Grade A logistics warehouse that has unlocked the value of the property, creating a cluster of industrial properties for tenants to leverage on scale and a potential collaborative logistics ecosystem. Meanwhile, we also disposed of Axis Steel Centre @ SiLC for a cash consideration of RM162.0 million. Collectively, our portfolio growth and rejuvenation initiatives added 13.5% or around 1.8 million sq. ft. to the portfolio.

## 2024 Highlights



Completed **8 acquisitions** for a total consideration of **RM719.4 million** – a record in terms of volume and total amount invested in a year



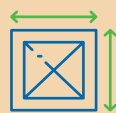
Completed the development of Axis Mega Distribution Centre (Phase 2), **creating a cluster of industrial properties that facilitates scale and a potential collaborative logistics ecosystem**



Portfolio Occupancy Rate: **95%** as at 31 December 2024



**6 green building certifications** on 5 properties as at 31 December 2024



Space Under Management: **15.15 million sq. ft.** as at 31 December 2024



Revenue of **RM322.15 million** in 2024 – the highest to date



Distribution Per Unit (DPU): **9.27 sen** for the financial year 2024



Total Assets Under Management: **RM5.26 billion** as at 31 December 2024



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## Operational Highlights

We delivered strong operating results in 2024, leveraging resilient demand conditions and delivering superior business space solutions. The Fund's property portfolio continued to enjoy strong take up rates, with portfolio occupancy holding up at 95% as at 31 December 2024 as we secured robust lease renewals and new tenancies, along with a 5.3% positive rental reversion across the portfolio.

We continued to invest in building enduring tenant relationships, regularly engaging our tenants to understand their operational and strategic plans, and applying the insights from these engagements, along with market intelligence gleaned from our network of agents, industry captains, and research, to deliver exceptional real estate solutions to our tenants. These efforts won high approval rates, with tenant satisfaction scores exceeding our targets in both our Annual Tenant Satisfaction Survey and our *Hello Axis* Service Request Satisfaction Ratings.

## Financial Highlights

Our strong investments, development, and operational performance in 2024 drove growth in the Fund's financial results.

Revenue, at RM322.15 million in 2024, rose 11.7% over that of 2023, lifted by additional revenue from new acquisitions and the completed development, full year rental income from Bukit Raja Distribution Centre 2, as well as healthy rental reversions across the portfolio during the year. Revenue growth outpaced incremental property operating expenses, which rose 5.9% following the increased portfolio size. This led to a 12.7% increase in net property income, which rose to RM276.62 million (2023: RM245.43 million).

The Fund declared a DPU of 9.27 sen for the financial year 2024 (2023: 8.65 sen) with total income distribution amounting to RM165.33 million (2023: RM150.76 million).

This translates to a payout ratio of 99.6% for the full year and implies an annual distribution yield of 5.4% based on Axis-REIT's closing Unit price of RM1.73 on 31 December 2024.

During 2024, we successfully completed the Fund's tenth private placement, issuing 263 million new Units to various institutional investors, and raising gross proceeds of RM449.73 million. The placement, which was used to pare down existing financing, reduced the financing ratio to 33.3%, giving the Fund ample headroom to take on future acquisitions and development projects.

## Sustainability

As we progress in our climate journey, our sustainability efforts have become an increasingly central focus. We have embedded sustainability considerations in our investment and operating strategies through ESG initiatives and targets, and adherence to green building certification guidelines, as well as in our financial strategies through green financing options.

As a consequence of these initiatives, we are pleased to note that we have continued to make positive strides towards our sustainability goals, and that our portfolio now boasts 6 green building certifications on 5 properties.

## ESG BENCHMARKS AND INDEXES

FTSE Russell ESG:

**4-star rating**

Constituent of:

- FTSE4Good Bursa Malaysia Index; and
- FTSE4Good Bursa Malaysia Shariah Index

GRESB Real Estate Benchmark

Peer group ranking:

**2nd out of 6 peers**

GRESB Public

Disclosure Report:

**A**

Morningstar Sustainability:

**Low ESG Risk**

MSCI ESG Ratings:

**BB**



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## Risk Management

With increased emphasis on sustainability, climate-related risks continue to be the focus of our risk management efforts. In 2024, we undertook several climate-related risk assessments, including a climate-related risk and opportunities assessment and a water stress risk evaluation across our property portfolio.

These assessments provided insights to ascertain the most urgent climate-related risks and opportunities for the Fund in the short, medium and long-term, and allow us to allocate resources accordingly. The findings of the climate risk identification and assessment, in particular, will be the basis of our climate risk scenario analysis that we will undertake in 2025. These are critical steps towards evaluating the resilience of the Fund's operations and is a key requirement to enhance our climate risk assessment capabilities as required by the IFRS S2.

During 2024, we also stepped up our initiatives in managing cybersecurity risks with the introduction of our Technology Risk Management Framework. This newly formulated framework is in compliance with the SC's Guidelines on Technology Risk Management, and guides the Fund's management of technology risks, technology operations, technology service providers, and cybersecurity.

We continued to engage our outsourced IT service provider to enhance the resilience of our IT infrastructure against cybersecurity risks, and continued our cybersecurity awareness training for employees.

## Community Partnerships

In managing Axis-REIT, we recognise the importance of community partnerships, in terms of the local communities around our properties and operations, as well as our industry peers.

Our corporate social responsibility (CSR) initiatives endeavour to build trust and mutual respect with local communities. These include investments in health care and education initiatives to address the needs and create a positive impact to these communities.

Concurrently, we also recognise the critical role of our industry peers in advancing the Malaysian REITs (M-REITs) sector. Through our association with the MRMA, we are committed to contributing to the development of the sector as a whole by fostering collaboration, advocating for industry interests to regulators and policymakers, and providing critical resources and support for professional development.

We are proud of our work with the MRMA, having hosted events that have highlighted opportunities and challenges faced by the industry, and fostered greater collaboration between members, regulators, and other industry stakeholders. In particular, we have advocated efforts to raise awareness of ESG-related issues, including climate change risks, faced by the REIT industry through the MRMA. These include ESG compliance, the impact of green building certification and green financing on REIT assets, as well as advocating solutions among members such as Bursa Securities' Centralised Sustainability Intelligence (CSI) Solution.

## 2025 Outlook and Strategy

Over the years, we have curated a strategic portfolio of prime industrial properties in thriving industrial hubs. These properties feature modern, sustainable amenities and infrastructure that meet the needs and expectations of our tenants and the broader market. Our investment and development strategies, paired with disciplined capital management, have underpinned strong appreciation in the value of our portfolio.

Concurrently, our Property Management Team has continuously invested in tenant engagement and operating initiatives that have consistently delivered superior real estate solutions and services. These efforts have enabled us to build a coveted tenant base of multi-national companies (MNCs) and industrial leaders.

Heading into 2025, Malaysia's macroeconomic fundamentals are expected to remain supportive of demand for industrial properties. Continued investments into the manufacturing and logistics sectors, along with accelerated growth of new sectors such as data centre properties, are expected to sustain demand for strategically-located, modern industrial properties in the years ahead.

We believe that Axis-REIT is well-positioned to capitalise on these buoyant conditions and have set an ambitious target of growing the Fund's AUM to RM10 billion by the end of 2030.

Towards this end, we will continue to uphold our investment and capital management discipline. We will consider diversifying our capital sources and explore opportunities for capital recycling through divestments and by reallocating funds to higher-performing properties.

We will continue to invest in sustainability initiatives, aiming to obtain at least 1 additional green building certification every year. We will also continue working towards our energy, carbon, water, and waste management targets. Meanwhile, we have initiated plans to extend our Scope 3 GHG emissions disclosures and ensure our reporting complies with the NSRF and Bursa Securities' updated MMLR.

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## Awards & Appreciation

As always, we are grateful to the industry associations and media partners who acknowledge the efforts and achievements of the industry as a whole. We are deeply honoured to be the recipient of the following awards in 2024:

### KSI MALAYSIAN PROPERTY EXCELLENCE & SUSTAINABILITY AWARD 2024

Axis-REIT

### THE EDGE BEST MANAGED & SUSTAINABLE PROPERTY AWARDS 2024

Crystal Plaza – **Bronze**

### THE ASSET ESG CORPORATE AWARDS 2024

**Gold**

### THE EDGE ESG AWARDS 2024

**Silver**

### THE BEST OF THE BREEDS REIT AWARDS 2024

Best CEO – **Platinum**  
 Best CFO – **Platinum**  
 Best Industrial REIT – **Platinum**  
 Best Islamic REIT – **Platinum**

### NACRA EXCELLENCE AWARDS 2024

**Silver**  
 (RM2 billion to RM10 billion in market capitalisation)

### ALPHA SOUTHEAST ASIA

Best REIT Deal of the Year in Asia on Axis REIT's **RM175 million primary placement**



We would like to take this opportunity to extend our gratitude to our valued stakeholders – our Unitholders, tenants, contractors, suppliers and service providers, real estate agents, surrounding communities and business partners – for the continued trust in the Fund. We also wish to thank our fellow Board members for their insights, guidance, and contributions, as well as the dedicated employees of the Manager, for their unwavering commitment, loyalty, and excellence in the past year. Your collective efforts have been the backbone of Axis-REIT's achievements, and we look forward to achieving even greater milestones together in the years ahead.

**Dato' Carl Gunnar Myhre @ Dato' Abas Carl Gunnar Bin Abdullah**  
 Executive Chairman

**Leong Kit May**  
 Chief Executive Officer/Executive Director