

# Axis-REIT Johor industrial property buy a positive

**PETALING JAYA:** Axis Real Estate Investment Trust's (Axis-REIT) proposed acquisition of a build-and-lease industrial property in Senai, Johor for RM34.6mil is expected to provide a modest but accretive earnings contribution, says BIMB Research.

In a note, the research house estimated a gross rental income of about RM2.49mil per annum before step-ups, based on the disclosed initial rent of RM207,653 per month.

"Using a net property income margin of 87% and a 4% cost of debt (anchored to the trust's 10-year senior sukuk coupon), net incremental distributable income is estimated at about RM0.78mil per year, translating to roughly 0.039 sen distribution per unit (DPU) if fully debt funded," it said.

BIMB Research said the Senai acquisition should have limited effect on its balance sheet, considering that funding will be drawn from Axis-REIT's existing credit lines and gearing impact is expected to be minimal.

Management guided that on a pro forma basis, the financing ratio would increase from 32.95% as at Sept 30, 2025 to 33.72% upon the completion of the acquisition, according to the research house.

"As completion is only targeted in the fourth quarter of financial year 2027 (4Q27), we expect near-term gearing to remain broadly unchanged," it added.

On Dec 31, 2025, Axis-REIT's trustee RHB

Trustees Bhd executed the conditional share and purchase agreement (SPA) with Banyan Estate Malaysia Sdn Bhd for the forward acquisition of a double-storey detached factory, with an annexed office and ancillary buildings.

The property, which is under construction, will be fully leased to FCI Connectors Malaysia Sdn Bhd (FCI), a manufacturer of connectors and connectors-based components, on a five-year fixed term with a five-year renewal option.

The asset will be built on a plot of leasehold land with a remaining tenure of 60 years expiring Dec 2, 2069. The land measures about two acres, while its estimated lettable area is approximately 115,363 sq ft, subject to final as built measurement.

BIMB Research noted that the SPA was signed together with an agreement to build and lease or ATBL between the vendor and the lessee.

"This effectively positions the transaction as a pre-committed, income generating acquisition, with rental visibility secured upfront and construction delivery governed by the build and lease terms."

The research house views the acquisition as a strategic tenant expansion and retention exercise, as FCI is already an existing Axis-REIT tenant, and the facility's location is near key logistics infrastructure such as the Senai Airport, the Second Link and the Senai Desaru Expressway.

"This should improve tenant retention and lower vacancy risk over the medium term, as the building is purpose built to suit the current tenant's operations."

It said the transaction is in line with the trust's industrial-focused acquisition playbook, with emphasis on secured income and portfolio quality.

"We also see the distribution yield outlook as supportive, anchored by rental growth and management's stated acquisition target of around RM300mil per annum."

BIMB Research has maintained its "buy" call on Axis-REIT, with an unchanged target price of RM2.17.

For its 3Q25 ended Sept 30, 2025, Axis-REIT's net profit rose to RM52.12mil from RM37.77mil in the previous corresponding period.

Revenue grew to RM92.77mil from RM80.27mil a year earlier.

As for the nine-month period ended Sept 30, 2025, the REIT's net profit rose to RM148.20mil from RM118.99mil in the previous corresponding period.

Earlier, Axis-REIT said it was optimistic that it would be able to maintain its current financial performance for the financial year ended Dec 31, 2025.

This outlook is in view of the satisfactory performance of its existing property portfolio and its growth strategy to actively pursue quality investment.