

Research Team

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Recommendation:	BUY
Current Price:	RM0.87
Previous Target Price:	RM0.95
Target Price:	→ RM0.95
Capital Upside/Downside:	9.2%
Dividend Yield (%)	7.6%
Total Upside/Downside:	16.8%

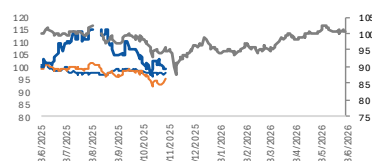
Stock information

Board	MAIN
Sector	REITS
Bursa / Bloomberg Code	5280 / KIP MK
Syariah Compliant	No
ESG Rating	★★★
Shares issued (m)	958.6
Market Cap (RM' m)	834.0
52-Week Price Range (RM)	0.935-0.82
Beta (x)	0.4
Freefloat (%)	63.9
3M Average Volume (m)	2.2
3M Average Value (RM' m)	1.9

Top 3 Shareholders

	(%)
Ong Choo Meng	8.8
Ong Kook Liong	7.5
Aia Bhd	4.4

Share Price Performance



	1M	3M	12M
Absolute (%)	-1.1	0.6	-6.5
Relative (%)	-1.1	-4.9	-7.0

Earnings Summary	FY26F	FY27F	FY28F
Revenue (RM'm)	164.4	183.9	195.6
PATAM (RM'm)	70.6	78.9	85.9
CNP (RM'm)	70.6	78.9	85.9
EPU (sen)	8.8	9.2	10.0
P/E (x)	9.8	9.5	8.7

KIP Real Estate Investment Trust

Within expectations

- KIPREIT's 1QFY26 CNP came in at RM17.9m (+68.6% YoY, +11.9% QoQ), within our expectations, accounting for 25.4% of our full-year forecast and 27.1% of consensus.
- The Group declared two advance income distributions for 1QFY26, totalling 1.80 sen/unit: the first at 0.60 sen (ex-date: 20 Aug 2025) and the second at 1.20 sen (ex-date: 10 Oct 2025).
- Outlook remains positive, underpinned by (i) incremental contributions from newly acquired retail and industrial assets, which strengthen income stability, (ii) the ongoing MyKasih programme that continues to drive strong footfall and support tenant sales, particularly within the supermarket and F&B segments, (iii) earnings accretion from the AEI at KIPMall Tampoi, which will add ~10,000 sq ft of NLA and is projected to generate a 6.5% yield (c.RM1.4m), contributing to FY27/FY28 earnings, and (iv) a resilient portfolio with an average occupancy rate of 98.3%, reflecting sustained demand for its necessity-driven community retail and industrial assets.
- We reiterate our BUY recommendation with an unchanged target price of 0.95, based on a 7% target distribution yield applied to FY26F DPU of 6.6 sen.

Results within expectations. After factoring in changes in the fair value of investment properties (-RM0.6 m) and other items (-RM0.03 m), 1QFY26 core net profit (CNP) came in at RM17.9 m (+68.6% YoY, +11.9% QoQ). The results were in line with expectations, accounting for 25.3% of our full-year estimate and 27.1% of consensus.

YoY/YTD. Revenue surged 52.6% YoY to RM40.8 m, driven by stronger performances across both the retail and industrial segments, which rose 54.2% and 27.9%, respectively. Coupled with improved cost efficiency, CNP jumped 68.6% YoY to RM17.9 m. The stronger showing was mainly attributed to higher occupancy, rental reversion, and contribution from new assets, including D'Pulze, TF Value, KIPMall Desa Coalfields, and the industrial properties in Cheras Jaya and Bintulu.

QoQ. CNP rose 11.9% QoQ to RM17.9m, driven by improved cost efficiency and lower finance expenses as well as higher revenue of RM40.8m (+2.2 QoQ). The improved top line was attributed incremental income from the newly acquired KIPMall Desa Coalfields.

Dividends. The Group declared DPU of 1.80 sen for 1QFY26, comprised of 0.60 sen (ex-date: 20 Aug 2025) and 1.20 sen (ex-date: 10 Oct 2025).

Outlook. KIPREIT is expected to sustain stable growth, anchored by its portfolio of necessity-driven community retail assets. The MyKasih programme continues to boost footfall and strengthen tenant sales, particularly among supermarket operators and F&B tenants, leading to higher Gross Turnover Rent (GTO). Earnings will also be supported by partial-year contributions from KIPMall Kuantan and the industrial assets in Bintulu and Pasir Gudang. The impact of the 8% SST remains minimal, with portfolio occupancy improving to 98.3% (from 97.3% in 4QFY25). For FY26, AEI efforts will centre on KIPMall Tampoi, slated for completion in Feb 2026. The RM22.0m enhancement will add approximately 10,000 sq ft of net lettable area and is projected to generate a 6.5% yield (c.RM1.4m) in incremental rental income, contributing about 0.8%/0.7% to FY27F/FY28F earnings. Management reiterated its long-term target to grow assets under management (AUM) from RM1.7bn (up from RM1.5bn in 4QFY25) to RM2.0bn by FY27, supported by healthy rental reversions of 5–10%.

Earnings Revision. No changes are made to our earnings forecast, as the results were in line with our expectations.

Valuation & Recommendation. We maintain our BUY recommendation with an unchanged TP of RM0.95, based on a 7% target distribution yield applied to FY26F DPU of 6.6 sen.

Risks. (i) Dilution risk from private placement, (ii) weaker consumer sentiment impacting retail performance, and (iii) governance risks involving key shareholders, and (iv) potential delays in asset completion or AEI execution.

Results Note

Thursday, 30 Oct, 2025

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Results Comparison

FYE Jun (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)	Comments
Revenue	40.8	26.7	52.6	39.9	2.2	40.8	26.7	52.6	
EBITDA	29.9	19.9	50.5	28.4	5.5	29.9	19.9	50.5	
Pre-tax profit	17.2	10.1	71.1	79.3	(78.2)	17.2	10.1	71.1	Due to changes in fair value on
PAT-MI	17.2	10.1	71.1	79.3	(78.2)	17.9	10.1	71.1	investment properties - RM63.3m
Core net profit	17.9	10.6	68.6	16.0	11.9	17.9	10.6	68.6	
Core EPS (sen)	1.9	1.1	68.6	1.7	11.9	1.9	1.1	68.6	
EBITDA margin (%)	73.4	74.4		71.1		73.4	74.4		
PBT margin (%)	42.3	37.7		198.7		42.3	37.7		
Core PATMI margin (%)	43.8	39.7		40.0		43.8	39.7		

Source: Company, Apex Securities

Segmental Breakdown

FYE Jun (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)	Comments
Revenue									
Retail	38.7	25.1	54.2	37.8	2.3	38.7	25.1	54.2	
Industrial	2.0	1.6	27.9	2.0	0.2	2.0	1.6	27.9	
Total	40.8	26.7	52.6	39.9	2.2	40.8	26.7	52.6	
Net Property Income									
Retail	27.7	18.1	53.1	26.0	6.4	27.7	18.1	74.1	
Industrial	2.0	1.6	28.0	2.0	0.3	2.0	1.6	23.4	
Total	29.7	19.7	51.1	28.1	6.0	29.7	19.7	71.1	
Net Property Income Margin			%pts		%pts			%pts	
Retail	71.5%	72.0%	-0.5%	68.8%	2.7%	71.5%	72.0%	4.9%	
Industrial	99.5%	99.4%	0.1%	99.4%	0.1%	99.5%	99.4%	-1.4%	
Aggregate Total	72.9%	73.7%	-0.8%	70.3%	2.6%	72.9%	73.7%	4.6%	

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	102.2	136.1	164.4	183.9	195.6
Net Property Income	77.8	96.8	123.3	137.9	148.6
EBITDA	64.2	140.2	98.7	110.2	119.0
Depreciation & Amortisation	-1.0	-1.2	-0.8	-0.7	-0.7
EBIT	63.1	138.9	98.0	109.5	118.3
Changes in Investment income	-3.4	62.9	1.2	1.2	1.3
General & Administration	-27.1	-44.6	-53.8	-60.2	-64.1
Profit Before Tax	47.3	115.1	70.6	78.9	85.9
Tax	0.0	0.0	0.0	0.0	0.0
Profit After Tax	47.3	115.1	70.6	78.9	85.9
Other Comprehensive income	0.0	0.0	0.0	0.0	0.0
PATMI	47.3	115.1	70.6	78.9	85.9
(-) Exceptionals	-4.3	62.2	0.0	0.0	0.0
Core Net Profit	51.6	52.9	70.6	78.9	85.9

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
P/E(x)	11.3	5.5	9.8	9.5	8.7
EPU	7.7	15.9	8.8	9.2	10.0
P/B(x)	0.8	0.8	0.7	0.7	0.7
Adjusted EV/ EBITDA (x)	16.9	16.1	13.5	12.7	12.3
DPU (sen)	6.7	6.8	6.6	7.1	7.6
Distribution Yield (%)	7.7%	7.8%	7.6%	8.2%	8.7%
Adjusted EBITDA margin	62.8%	57.6%	60.1%	60.0%	60.8%
Adjusted EBIT margin	61.8%	56.7%	59.6%	59.6%	60.5%
PBT margin	46.3%	84.6%	43.0%	42.9%	43.9%
PAT margin	46.3%	84.6%	43.0%	42.9%	43.9%
Net Profit margin	46.3%	84.6%	43.0%	42.9%	43.9%
Core NP margin	50.5%	38.9%	43.0%	42.9%	43.9%
ROE	7.0%	12.9%	6.8%	7.6%	8.1%
ROA	4.2%	7.3%	3.9%	4.2%	4.3%
Net gearing	57.3%	63.3%	62.0%	67.6%	72.9%

Valuations

	FY26F
Dividend Distribution paid	63.3
Distribution yield target (%)	7.0%
Market Capitalisation	903.9
Share Base	958.6
Fair Value (RM)	0.95

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash & bank balances	34.9	57.1	73.1	91.1	94.4
Receivables	36.8	7.6	8.8	10.1	11.6
Other investment	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	71.7	64.7	81.9	101.1	105.9
PPE	1.4	1.4	1.3	1.3	1.3
Investment properties	1054.5	1484.8	1685.2	1769.5	1857.9
ROU	1.3	1.0	0.8	0.6	0.5
Receivables	7.1	9.2	9.2	9.2	9.2
Other non-current assets	0.0	16.0	16.0	16.0	16.0
Total Non-current assets	1064.3	1512.4	1712.5	1796.5	1884.8
Short-term debt	313.9	16.4	20.9	25.1	28.5
Short-term lease	0.2	0.3	0.4	0.5	0.6
Payables	21.5	36.6	32.5	39.0	46.8
Other Current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	335.6	53.3	53.8	64.6	75.9
Long-term debt	109.5	606.4	692.3	770.9	835.9
Long-term lease	1.1	0.8	0.5	0.4	0.3
Other non-current liabilities	12.2	22.5	16.0	19.2	23.1
Total Non-current Liabilities	122.7	629.6	708.8	790.5	859.3
Unitholder's equity	583.6	730.5	860.7	860.7	860.7
Retained earnings	94.0	163.7	171.0	181.9	194.9
Minority Interest	0.0	0.0	0.0	0.0	0.0
Equity	677.6	894.2	1031.7	1042.5	1055.6

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	47.3	115.1	70.6	78.9	85.9
Depreciation & amortisation	1.0	1.2	0.8	0.7	0.7
Changes in working capital	-24.3	54.5	-11.7	8.4	10.1
Others	12.7	-40.3	27.3	30.6	32.4
Operating cash flow	36.8	130.5	87.1	118.6	129.1
Capex	-0.4	-0.5	-0.5	-0.5	-0.5
Acquisition of investment properties	-80.0	-362.4	-148.5	-84.3	-88.5
Others	-14.2	-21.0	-50.7	1.2	1.3
Investing cash flow	-94.7	-384.0	-199.7	-83.5	-87.6
Distribution paid	-39.5	-45.5	-63.3	-68.1	-72.9
Others	82.9	321.1	191.9	50.9	34.7
Financing cash flow	43.4	275.6	128.7	-17.2	-38.1
Net cash flow	-14.4	22.2	16.1	17.9	3.3
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash & cash equivalents	48.8	34.3	56.5	72.5	90.5
Ending cash & cash equivalents	34.3	56.5	72.5	90.5	93.8
Deposit with maturity period >3 months	0.6	0.6	0.6	0.6	0.6
Cash & bank balances	34.9	57.1	73.1	91.1	94.4

Results Note

Thursday, 30 Oct, 2025

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 2 emissions rose 7.4% yoy to 6.7m/kg in FY23
Waste & Effluent	★★★	Co2 emissions reduced from 3.0m kg in FY21 to 2.5m kg in FY23
Energy	★★★	Energy consumption reduced from 8,014,556 kWh to 7,810,114 kWh
Water	★★★	Water consumption rose 5.4% yoy to 112,658m3 in FY23
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	73% of average employees age below 40, 21% of employees are female
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	292 hours of OSH trainings completed, one worksite incidence in FY23
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	Donation to Sekolah Semangat Maju and participated in the Pesta Makanan Amal 2023
Management	★★	Average board members age @ 53, 2/9 female board composition, 4/9 Independent Directors
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of Thursday, 30 Oct, 2025, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.