

## Tan Wai Wern

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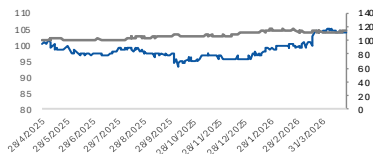
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| Recommendation:                | BUY          |
|--------------------------------|--------------|
| Current Price:                 | RM0.86       |
| Previous Target Price:         | RM0.95       |
| Target Price:                  | ↓ RM0.92     |
| Capital Upside/ Downside:      | 7.6%         |
| Dividend Yield (%):            | 7.1%         |
| <b>Total Upside/ Downside:</b> | <b>15.3%</b> |

| 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)       | 819.6        |
| 52-Week Price Range (RM) | 0.82-0.96    |
| Beta (x)                 | 0.4          |
| Free float (%)           | 63.9         |
| 3M Average Volume (m)    | 2.4          |
| 3M Average Value (RM' m) | 2.1          |

| Top 3 Shareholders (%) |     |
|------------------------|-----|
| Ong Choo Meng          | 8.8 |
| Ong Kook Liong         | 7.5 |
| Aia Bhd                | 4.4 |

## Share Price Performance



|              | 1M   | 3M   | 12M   |
|--------------|------|------|-------|
| Absolute (%) | 0.0  | -8.6 | 0.6   |
| Relative (%) | -0.3 | -6.5 | -10.9 |

| Earnings Summary | FY26F | FY27F | FY28F |
|------------------|-------|-------|-------|
| Revenue (RM'm)   | 164.4 | 183.9 | 195.6 |
| PATAMI (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)           | 10.6  | 10.2  | 9.4   |

## KIP Real Estate Investment Trust

## Within Expectations

- KIPREIT's 3QFY26 CNP came in at RM18.4m (+28.0% YoY, +3.2% QoQ), The results were in line with our expectations, accounting for 75.9% of our full-year forecast and 76.0% of consensus estimates.
- Declared a fourth income distribution of 1.73 sen (ex-date: 12 May 2026).
- Outlook remains stable, supported by (i) earnings visibility from newly acquired retail and industrial assets, (ii) the reopening of KIPMall Tampoi, and (iii) the proposed acquisition of Setapak Central Mall.
- As a result of the recent share price weakness, we upgrade our recommendation to BUY (from HOLD), with a lower TP of RM0.92 (from RM0.95), based on an increased 7.75% (from 7.0%) target distribution yield applied to rolled forward FY27F DPU of 7.1 sen.

**Results within expectations.** After adjusting for exceptional items, comprising fair value changes in investment properties and impairment on receivables of RM0.3m, 3QFY26 core net profit (CNP) came in at RM18.4m (+28.0% YoY, +3.2% QoQ). The results were broadly in line with expectations, accounting for 75.9% of our full-year forecast and 76.0% of consensus estimates.

**QoQ.** 3QFY26 CNP rose 3.2% QoQ to RM18.4m despite a marginal 0.3% decline in NPI. The softer NPI was more than offset by lower borrowing costs, although this was partly mitigated by higher property operating expenses in line with the heavier festive period in the first quarter.

**YoY.** 3QFY26 CNP rose 28.0% YoY to RM18.4m, driven by improved performance across both its retail and industrial segments. Net property income (NPI) grew 17.6%, with retail contributing 12.9% and industrials 86.5%, more than offsetting a 2.2% increase in property operating expenses. The NPI growth was underpinned by stronger performance across all eight KIPMalls, as well as additional contributions from newly acquired assets, including industrial properties in Cheras, Bintulu and Pasir Gudang, alongside KIPMall Desa Coalfields and KIP Kuantan.

**Dividend.** The Group declared a fourth income distribution of 1.73 sen (ex-date: 12 May 2026).

**Proposed Acquisition.** The Group has proposed the acquisition of Setapak Central Mall in Kuala Lumpur for a total consideration of RM435.0m. The purchase is expected to be funded through a mix of borrowings (59.4%) and a private placement (40.6%) of up to 220m new units, representing approximately 23% of KIPREIT's existing issued units. Pro forma gearing is expected to increase from 39.5% to 42.9%, remaining comfortably below the 50% regulatory limit, with an estimated debt headroom of RM153.5m post-acquisition. Completion is targeted by September 2026.

**Property Details.** The asset is a three-storey shopping mall with a basement car park, located on a 99-year leasehold site spanning 100,967 sq m. It offers a net lettable area of 514,777 sq ft and recorded an occupancy rate of 99.89% as at end-February 2026. The property generated RM31.3m in net property income in CY25, implying an estimated yield of 7.2%. Of the 228 tenancies, 211 are subject to turnover rent, while the remaining 17 are on fixed rental terms. By net lettable area, the tenant mix is led by department stores (24.4%), followed by F&B (14.0%) and fashion (12.4%).

**Outlook.** KIPREIT's earnings outlook remains stable, supported by value-accretive acquisitions and asset enhancement initiatives at KIPMall Tampoi. Following the proposed acquisition, the Group's portfolio is expected to expand to 19 assets with total AUM of RM2.1bn, exceeding management's initial RM2.0bn target by 2027. Footfall across the retail segment is likely to remain resilient despite ongoing Middle East tensions and elevated crude oil prices, underpinned by its community-centric neighbourhood mall positioning. In addition, the reopening of KIPMall Tampoi in February 2026 is expected to support earnings growth, driven by a refreshed tenant mix following selective non-renewals and a 5% to 10% rental upside from higher car park income and GTO-based tenancy structures.

**Earnings Revision.** No changes are made as the results were in line with our expectations and pending completion of the acquisition.

**Valuation & Recommendation.** As a result of the recent share price weakness, we upgrade our HOLD recommendation to **BUY** on KIPREIT. We lower our target price to **RM0.92** (from RM0.95), based on a higher target yield of **7.75%** (from 7.0%) applied to rolled forward FY27F DPU of 7.1 sen. The increase in target yield reflects a 75bps upward revision to account for the removal of preferential tax treatment, which reduces post-tax returns and warrants a higher required yield. Fundamentally, KIPREIT continues to benefit from its differentiated asset profile and ongoing expansion initiatives.

**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

Tuesday, 28 Apr, 2026

**BURSA RISE+**

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Supported by Capital Market Development Fund



## Results Comparison

| FYE Jun (RM m)        | 3QFY26 | 3QFY25 | yoy (%) | 2QFY26 | qoq (%) | 9MFY26 | 9MFY25 | yoy (%) |
|-----------------------|--------|--------|---------|--------|---------|--------|--------|---------|
| Revenue               | 44.6   | 39.5   | 12.9    | 43.5   | 2.7     | 128.9  | 96.2   | 33.9    |
| EBITDA                | 32.0   | 27.8   | 15.1    | 32.4   | (1.3)   | 94.3   | 69.6   | 35.6    |
| Pre-tax profit        | 18.2   | 13.8   | 31.4    | 17.5   | 3.7     | 52.9   | 35.9   | 47.5    |
| PAT-MI                | 18.2   | 13.8   | 31.4    | 17.5   | 3.7     | 52.9   | 35.9   | 47.5    |
| Core net profit       | 18.4   | 14.4   | 28.0    | 17.9   | 3.2     | 53.6   | 37.4   | 43.2    |
| Core EPS (sen)        | 1.9    | 1.5    | 28.0    | 1.9    | 3.2     | 5.6    | 3.9    | 43.2    |
| EBITDA margin (%)     | 71.7   | 70.3   |         | 74.6   |         | 73.2   | 72.3   |         |
| PBT margin (%)        | 40.7   | 35.0   |         | 40.3   |         | 41.1   | 37.3   |         |
| Core PATMI margin (%) | 41.3   | 36.5   |         | 41.1   |         | 41.6   | 38.9   |         |

Source: Company, Apex Securities

## Segmental Breakdown

| FYE Jun (RM m)                 | 3QFY26       | 3QFY25       | yoy (%)     | 2QFY26       | qoq (%)    | 9MFY26       | 9MFY25       | yoy (%)     |
|--------------------------------|--------------|--------------|-------------|--------------|------------|--------------|--------------|-------------|
| <b>Revenue</b>                 |              |              |             |              |            |              |              |             |
| Retail                         | 41.4         | 37.8         | 9.5         | 40.3         | 2.7        | 41.4         | 37.8         | 9.5         |
| Industrial                     | 3.3          | 1.8          | 86.0        | 3.2          | 3.0        | 3.3          | 1.8          | 86.0        |
| <b>Total</b>                   | <b>44.6</b>  | <b>39.5</b>  | <b>12.9</b> | <b>43.5</b>  | <b>2.7</b> | <b>44.6</b>  | <b>39.5</b>  | <b>12.9</b> |
| <b>Profit after tax</b>        |              |              |             |              |            |              |              |             |
| Retail                         | 16.7         | 13.2         | 25.8        | 16.5         | 1.1        | 16.7         | 13.2         | 25.8        |
| Industrial                     | 1.5          | 0.6          | 159.7       | 1.0          | 44.3       | 1.5          | 0.6          | 159.7       |
| <b>Total</b>                   | <b>18.2</b>  | <b>13.8</b>  | <b>31.4</b> | <b>17.5</b>  | <b>3.7</b> | <b>18.2</b>  | <b>13.8</b>  | <b>31.4</b> |
| <b>Profit after tax margin</b> |              |              | %-pts       |              | %-pts      |              |              | %-pts       |
| Retail                         | 40.3%        | 35.1%        | 5.2%        | 40.9%        | (0.0)      | 40.3%        | 35.1%        | 5.2%        |
| Industrial                     | 45.9%        | 32.9%        | 13.0%       | 32.7%        | 0.1        | 45.9%        | 32.9%        | 13.0%       |
| <b>Aggregate Total</b>         | <b>40.7%</b> | <b>35.0%</b> | <b>5.7%</b> | <b>40.3%</b> | <b>0.0</b> | <b>40.7%</b> | <b>35.0%</b> | <b>5.7%</b> |

Source: Company, Apex Securities

# Results Note

Tuesday, 28 Apr, 2026

**BURSA RISE+**  
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Supported by Capital Market Development Fund

**APEX**  
SECURITIES  
鼎峰证券有限公司

## Financial Highlights

### Income Statement

| FYE Jun (RM m)               | FY24         | FY25         | FY26F        | FY27F        | FY28F        |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>               | <b>102.2</b> | <b>136.1</b> | <b>164.4</b> | <b>183.9</b> | <b>195.6</b> |
| <b>Net Property Income</b>   | <b>77.8</b>  | <b>96.8</b>  | <b>123.3</b> | <b>137.9</b> | <b>148.6</b> |
| <b>EBITDA</b>                | <b>64.2</b>  | <b>140.2</b> | <b>98.7</b>  | <b>110.2</b> | <b>119.0</b> |
| Depreciation & Amortisation  | -1.0         | -1.2         | -0.8         | -0.7         | -0.7         |
| <b>EBIT</b>                  | <b>63.1</b>  | <b>138.9</b> | <b>98.0</b>  | <b>109.5</b> | <b>118.3</b> |
| 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        |
| <b>Profit Before Tax</b>     | <b>47.3</b>  | <b>115.1</b> | <b>70.6</b>  | <b>78.9</b>  | <b>85.9</b>  |
| Tax                          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Profit After Tax</b>      | <b>47.3</b>  | <b>115.1</b> | <b>70.6</b>  | <b>78.9</b>  | <b>85.9</b>  |
| Other Comprehensive income   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>PATMI</b>                 | <b>47.3</b>  | <b>115.1</b> | <b>70.6</b>  | <b>78.9</b>  | <b>85.9</b>  |
| (-) Exceptionals             | -4.3         | 62.2         | 0.0          | 0.0          | 0.0          |
| <b>Core Net Profit</b>       | <b>51.6</b>  | <b>52.9</b>  | <b>70.6</b>  | <b>78.9</b>  | <b>85.9</b>  |

### Key Ratios

| FYE Jun (RM m)         | FY24  | FY25  | FY26F | FY27F | FY28F |
|------------------------|-------|-------|-------|-------|-------|
| P/E (x)                | 12.1  | 5.9   | 10.6  | 10.2  | 9.4   |
| EPU                    | 7.7   | 15.9  | 8.8   | 9.2   | 10.0  |
| P/B (x)                | 0.9   | 0.8   | 0.8   | 0.8   | 0.8   |
| Adjusted EV/EBITDA (x) | 20.0  | 18.7  | 15.6  | 14.5  | 14.0  |
| DPU (sen)              | 6.7   | 6.8   | 6.6   | 7.1   | 7.6   |
| Distribution Yield (%) | 7.1%  | 7.3%  | 7.1%  | 7.6%  | 8.1%  |
| 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

|                               | FY27F       |
|-------------------------------|-------------|
| Dividend Distribution paid    | 68.1        |
| Distribution yield target (%) | 7.8%        |
| Market Capitalisation         | 878.2       |
| Share Base                    | 958.6       |
| <b>Fair Value (RM)</b>        | <b>0.92</b> |

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           |
| <b>Total Current Assets</b>          | <b>71.7</b>   | <b>64.7</b>   | <b>81.9</b>   | <b>101.1</b>  | <b>105.9</b>  |
| 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          |
| <b>Total Non-current assets</b>      | <b>1064.3</b> | <b>1512.4</b> | <b>1712.5</b> | <b>1796.5</b> | <b>1884.8</b> |
| 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           |
| <b>Total Current Liabilities</b>     | <b>335.6</b>  | <b>53.3</b>   | <b>53.8</b>   | <b>64.6</b>   | <b>75.9</b>   |
| 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          |
| <b>Total Non-current Liabilities</b> | <b>122.7</b>  | <b>629.6</b>  | <b>708.8</b>  | <b>790.5</b>  | <b>859.3</b>  |
| 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           |
| <b>Equity</b>                        | <b>677.6</b>  | <b>894.2</b>  | <b>1031.7</b> | <b>1042.5</b> | <b>1055.6</b> |

### Cash Flow

| FYE Jun (RM m)                         | FY24         | FY25          | FY26F         | FY27F        | FY28F        |
|--|--------------|---------------|---------------|--------------|--------------|
| <b>Pre-tax profit</b>                  | <b>47.3</b>  | <b>115.1</b>  | <b>70.6</b>   | <b>78.9</b>  | <b>85.9</b>  |
| 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         |
| <b>Operating cash flow</b>             | <b>36.8</b>  | <b>130.5</b>  | <b>87.1</b>   | <b>118.6</b> | <b>129.1</b> |
| 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          |
| <b>Investing cash flow</b>             | <b>-94.7</b> | <b>-384.0</b> | <b>-199.7</b> | <b>-83.5</b> | <b>-87.6</b> |
| Distribution paid                      | -39.5        | -45.5         | -63.3         | -68.1        | -72.9        |
| Others                                 | 82.9         | 321.1         | 191.9         | 50.9         | 34.7         |
| <b>Financing cash flow</b>             | <b>43.4</b>  | <b>275.6</b>  | <b>128.7</b>  | <b>-17.2</b> | <b>-38.1</b> |
| <b>Net cash flow</b>                   | <b>-14.4</b> | <b>22.2</b>   | <b>16.1</b>   | <b>17.9</b>  | <b>3.3</b>   |
| 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 month | 0.6          | 0.6           | 0.6           | 0.6          | 0.6          |
| <b>Cash &amp; bank balances</b>        | <b>34.9</b>  | <b>57.1</b>   | <b>73.1</b>   | <b>91.1</b>  | <b>94.4</b>  |

## 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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(a) nil.