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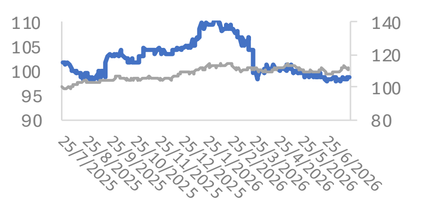
Recommendation:	BUY
Current Price:	RM0.85
Previous Target Price:	RM0.92
Target Price:	↔ RM0.92
Capital Upside/Downside:	8.9%
Dividend Yield (%):	8.7%
Total Upside/Downside:	**17.9%**

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)	810.0
52-Week Price Range (RM)	0.82-0.96
Beta (x)	0.4
Free float (%)	63.9
3M Average Volume (m)	1.4
3M Average Value (RM' m)	1.2

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

Share Price Performance



	1M	3M	12M
Absolute (%)	0.6	-1.7	-1.2
Relative (%)	-1.3	-1.4	-11.2

Earnings Summary	FY26	FY27F	FY28F
Revenue (RM'm)	177.1	193.6	208.4
PATAMI (RM'm)	145.3	87.1	95.8
CNP (RM'm)	72.4	87.1	95.8
EPU (sen)	15.6	9.1	11.1
P/E (x)	6.0	10.3	8.4

KIP Real Estate Investment Trust

Within Expectations

- **KIPREIT's 4QFY26 CNP came in at RM18.2m (+14.3% YoY, -1.1% QoQ), bringing FY26 CNP to RM72.4m. The results were in line with our expectations, accounting for 102.6% of our full-year forecast and 95.9% of consensus estimates.**
- **Declared a fifth income distribution of 2.03 sen (book closure: 7 Aug 2026), lifting FY26 DPU to a record 7.26 sen.**
- **Outlook remains constructive, supported by (i) full-year contributions from FY26 acquisitions, (ii) 6-7% rental reversion with progressive GTO adoption, and (iii) Setapak Central from 3QFY27.**
- **Maintain BUY with an unchanged TP of RM0.92, based on a 7.75% target distribution yield applied to FY27F DPU of 7.1 sen.**

Results within expectations. After adjusting for the RM74.1m fair value gain on investment properties, 4QFY26 core net profit (CNP) came in at RM18.2m (+14.3% YoY, -1.1% QoQ). This brought FY26 CNP to RM72.4m (+35.6% YoY), within expectations at 102.6% of our full-year forecast and 95.9% of consensus estimates. Realised profit after tax, which underpins the distribution, rose 33.0% YoY to RM20.2m in the quarter and 42.7% YoY to RM73.6m for the full year.

QoQ. 4QFY26 revenue rose 8.0% QoQ to RM48.2m and NPI grew 9.6% to RM35.4m, with realised PAT up 11.0% to RM20.2m. CNP was flat at RM18.2m (-1.1% QoQ) as the operating gain was absorbed by a 10.8% QoQ increase in borrowing costs to RM8.2m following the drawdown of MTN4-T2 of RM90.0m during the quarter, together with the recognition of a RM4.4m deferred tax liability.

YoY. 4QFY26 CNP rose 14.3% YoY to RM18.2m, underpinned by a 20.9% increase in gross revenue to RM48.2m (Q4FY2025: RM39.9m) and 26.2% NPI growth to RM35.4m (Q4FY2025: RM28.1m). The retail segment improved 18.7% YoY to RM44.9m while the industrial segment grew 60.2% to RM3.3m, driven by full-quarter contributions from KIPMall Desa Coalfields, KIP Kuantan and the Bintulu and Pasir Gudang industrial assets, alongside the reopening of KIPMall Tampoi following completion of its AEI. Portfolio NPI margin expanded 3.1ppt YoY to 73.4%, with retail margin up 2.8ppt to 71.5%. Average occupancy rose to 98.7% (Q4FY2025: 97.8%) while CNP growth trailed NPI growth on an 18.8% YoY increases in the manager's management fee to RM4.8m, in line with the larger asset base and higher NPI, and a 12.7% YoY rise in borrowing costs to RM8.2m.

Dividend. The Group declared a fifth income distribution of 2.03 sen (book closure: 7 Aug 2026), bringing FY26 DPU to a record 7.26 sen (FY25: 6.80 sen), or a distribution yield of 8.6%.

Balance sheet and capital management. Total assets grew to RM1.92bn (FY25: RM1.58bn) while gearing closed the year at 39.1% (3QFY26: 38.1%), below the 50% regulatory limit under the SC's REIT Guidelines. The weighted average cost of borrowings was 4.47% p.a. (3QFY26: 4.46%), with a fixed to floating debt mix of 32:68. NAV per unit after income distribution rose to RM1.1504 (FY25: RM1.1196) and cash and bank balances stood at RM103.7m.

Portfolio revaluation. The annual revaluation as at 30 June 2026 lifted portfolio market value to RM1,761.4m from RM1,494.0m, a surplus of RM267.4m. After stripping out FY26 acquisitions of RM170.0m and capital expenditure of RM20.8m, the fair value gain recognised through the P&L was RM72.9m (FY25: RM61.8m). The largest uplifts came from AEON Mall Kinta City (+RM47.0m), KIPMall Tampoi (+RM11.0m post-AEI), KIPMall Kota Warisan (+RM7.0m), KIPMall Melaka (+RM5.8m) and KIPMall Senawang (+RM5.0m).

Setapak Central Mall. Unitholders approved all resolutions at the EGM on 23 July 2026. The **RM435.0m** acquisition is expected to complete in Sep-26, funded 60% debt and 40% equity, with earnings flowing from 3QFY27 and pro forma gearing guided at 40% to 41%. Management guides for approximately RM50m of revenue and RM30m of NPI, at rental of **RM6 to RM8 psf** with new leases carrying **8% to 10% GTO**. On the tenant mix, Jaya Grocer replaces Econsave on a smaller footprint at a higher rent with a GTO component, freeing up space for F&B, while Oriental Kopi is also expected to join. On completion the portfolio expands to 19 assets with AUM of **c.RM2.1bn**, ahead of management's original RM2.0bn target for 2027. We see the deal as earnings accretive but modestly DPU dilutive, by **c.3-4%** on a full-year run-rate basis. The asset yields **c.6.9%** on consideration, or **c.5.9%** after the incremental manager's fee, against a blended funding cost we estimate at **c.6.3%**, while the 220.0m placement units enlarge the base by **c.23% at an implied RM0.80**, a 30% discount to NAV of RM1.1504. We expect the drag to narrow as reversions; GTO conversion and the Jaya Grocer swap lift the asset's income yield.

Outlook. KIPREIT's earnings outlook remains constructive, supported by (i) full-year contributions from the assets acquired during FY26, (ii) FY26 rental reversion of 6% to 7% which management expects to hold in FY27, with GTO clauses already embedded in most newer malls and being progressively introduced across the existing portfolio at renewal, (iii) the earnings ramp at KIPMall Tampoi, where management noted the completed AEI has exceeded expectations with footfall more than doubling since reopening in February 2026, and (iv) the Setapak Central acquisition from 3QFY27. The AEI pipeline continues, with the AEON Mall Kinta City tender exercise commenced and KIPMall Masai planning to begin this quarter, while car park collections are now in place at KIPMall Bangi, KIPMall Kota Warisan and KIPMall Tampoi. On costs, management has seen no material impact on tenant sales from the US-Iran conflict given its neighbourhood mall and necessity-based positioning, higher AFA tariffs are not expected to materially affect electricity costs as most malls are supplied under low voltage, and the KJTS partnership and solar initiatives continue to deliver savings of approximately **c.15% and 30%** respectively. The portfolio stood at 18 assets as of 30 June 2026, comprising 12 retail malls and 6 industrial properties with net lettable area of over 3.2m sq ft, following the mutual termination of the Port Klang industrial acquisition (RM23.7m) with effect from 28 May 2026.

Earnings Revision. We make no changes to our FY27F-FY28F forecasts as the results were in line with expectations.

Valuation & Recommendation. We maintain our **BUY call on KIPREIT** with an unchanged TP of **RM0.92,** based on a 7.75% target distribution yield applied to FY27F DPU of 7.1 sen. Our target yield continues to embed a 75bps premium 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 community-centric asset profile, a record FY26 operating performance, and a visible growth pipeline through Setapak Central and the AEI programme.

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 Comparison

FYE Jun (RM m)	4QFY26	4QFY25	yoy (%)	3QFY26	qoq (%)	12MFY26	12MFY25	yoy (%)
Revenue	48.2	39.9	*20.9*	44.6	*8.0*	177.1	136.1	*30.1*
EBITDA	35.4	28.4	*24.8*	32.0	*10.7*	129.7	97.9	*32.5*
Pre-tax profit	96.8	79.3	*22.1*	18.2	*432.8*	149.7	115.1	*30.0*
PAT-MI	92.4	79.3	*16.6*	18.2	*408.5*	145.3	115.1	*26.2*
Core net profit	18.2	16.0	*14.3*	18.4	*(1.1)*	72.4	53.4	*35.6*
Core EPS (sen)	1.9	1.7	*14.3*	1.9	*(1.1)*	7.6	5.6	*35.6*
EBITDA margin (%)	73.4	71.1		71.7		73.3	71.9	
PBT margin (%)	200.7	198.7		40.7		84.5	84.6	
Core PATMI margin (%)	37.8	40.0		41.3		40.9	39.2	

Source: Company, Apex Securities

Segmental Breakdown

FYE Jun (RM m)	4QFY26	4QFY25	yoy (%)	3QFY26	qoq (%)	12MFY26	12MFY25	yoy (%)
Revenue								
Retail	44.9	37.8	18.7	41.4	8.6	44.9	37.8	18.7
Industrial	3.3	2.0	60.2	3.3	0.0	3.3	2.0	60.2
Total	**48.2**	**39.9**	**20.9**	**44.6**	**8.0**	**48.2**	**39.9**	**20.9**
Profit after tax								
Retail	87.1	76.0	14.6	16.7	422.6	87.1	76.0	14.6
Industrial	5.3	3.2	63.9	1.5	251.8	5.3	3.2	63.9
Total	**92.4**	**79.3**	16.6	**18.2**	**408.5**	**92.4**	**79.3**	**16.6**
Profit after tax margin			*%-pts*		*%-pts*			*%-pts*
Retail	193.8%	200.9%	-7.1%	40.3%	*1.5*	193.8%	200.9%	*-7.1%*
Industrial	161.4%	157.7%	3.7%	45.9%	*1.2*	161.4%	157.7%	*3.7%*
Aggregate Total	**191.6%**	**198.7%**	-7.1%	**40.7%**	*1.5*	**191.6%**	**198.7%**	***-7.1%***

Source: Company, Apex Securities

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26	FY27F	FY28F
Revenue	**102.2**	**136.1**	**177.1**	**193.6**	**208.4**
Net Property Income	**77.8**	**96.8**	**129.9**	**145.2**	**158.4**
EBITDA	**64.2**	**140.2**	**180.1**	**120.2**	**130.8**
Depreciation & Amortisation	-1.0	-1.2	-1.3	-0.8	-0.8
EBIT	**63.1**	**138.9**	**178.8**	**119.4**	**130.1**
Changes in Investment income	-3.4	62.9	74.1	1.2	1.3
General & Administration	-27.1	-44.6	-54.3	-59.4	-63.9
Profit Before Tax	**47.3**	**115.1**	**149.7**	**87.1**	**95.8**
Tax	0.0	0.0	-4.4	0.0	0.0
Profit After Tax	**47.3**	**115.1**	**145.3**	**87.1**	**95.8**
Other Comprehensive income	0.0	0.0	0.0	0.0	0.0
PATMI	**47.3**	**115.1**	**145.3**	**87.1**	**95.8**
(-) Exceptionals	-4.3	62.2	72.9	0.0	0.0
Core Net Profit	**51.6**	**52.9**	**72.4**	**87.1**	**95.8**

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26	FY27F	FY28F
P/E (x)	12.1	5.9	6.0	10.3	8.4
EPU	7.7	15.9	15.6	9.1	11.1
P/B (x)	0.9	0.8	0.8	0.7	0.7
Adjusted EV/EBITDA (x)	19.0	17.9	8.2	12.9	12.3
DPU (sen)	6.7	6.8	7.3	7.1	7.6
Distribution Yield (%)	7.7%	7.8%	8.3%	8.2%	8.7%
Adjusted EBITDA margin	62.8%	57.6%	101.7%	62.1%	62.8%
Adjusted EBIT margin	61.8%	56.7%	100.9%	61.7%	62.4%
PBT margin	46.3%	84.6%	84.5%	45.0%	46.0%
PAT margin	46.3%	84.6%	82.0%	45.0%	46.0%
Net Profit margin	46.3%	84.6%	82.0%	45.0%	46.0%
Core NP margin	50.5%	38.9%	40.9%	45.0%	46.0%
ROE	7.0%	12.9%	13.2%	7.8%	8.4%
ROA	4.2%	7.3%	7.6%	4.3%	4.5%
Net gearing	57.3%	63.3%	58.8%	64.2%	68.0%

Valuations	FY27F
Dividend Distribution paid	68.1
Distribution yield target (%)	7.8%
Market Capitalisation	878.2
Share Base	958.6
Fair Value (RM)	**0.92**

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F
Cash & bank balances	57.1	103.7	119.0	133.2
Receivables	7.6	11.2	10.1	11.6
Other investment	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0
Total Current Assets	**64.7**	**114.9**	**129.0**	**144.8**
PPE	1.4	1.5	1.6	1.6
Investment properties	1484.8	1748.5	1835.9	1927.7
ROU	1.0	0.8	0.6	0.5
Receivables	9.2	12.9	12.9	12.9
Other non-current assets	16.0	44.1	44.1	44.1
Total Non-current assets	**1512.4**	**1807.8**	**1895.1**	**1986.8**
Short-term debt	16.4	4.4	8.7	12.4
Short-term lease	0.3	0.3	0.3	0.4
Payables	36.6	41.1	39.0	46.8
Other Current Liabilities	0.0	0.0	0.0	0.0
Total Current Liabilities	**53.3**	**45.7**	**48.1**	**59.6**
Long-term debt	606.4	747.3	830.1	899.4
Long-term lease	0.8	0.6	0.4	0.3
Other non-current liabilities	22.5	26.2	23.6	27.5
Total Non-current Liabilities	**629.6**	**774.2**	**854.2**	**927.2**
Unitholder's equity	730.5	858.7	858.7	858.7
Retained earnings	163.7	244.1	263.1	286.1
Minority Interest	0.0	0.0	0.0	0.0
Equity	**894.2**	**1102.8**	**1121.9**	**1144.8**

Cash Flow

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F
Pre-tax profit	**115.1**	**149.7**	**87.1**	**95.8**
Depreciation & amortisation	1.2	1.3	0.8	0.8
Changes in working capital	54.5	0.1	-3.5	10.1
Others	-40.3	-48.0	32.3	34.2
Operating cash flow	**130.5**	**103.1**	**116.7**	**141.0**
Capex	-0.5	-0.7	-0.6	-0.7
Acquisition of investment properties	-362.4	-170.0	-87.4	-91.8
Others	-21.0	-49.2	1.2	1.3
Investing cash flow	**-384.0**	**-219.9**	**-86.8**	**-91.2**
Distribution paid	-45.5	-64.8	-68.1	-72.9
Others	321.1	226.7	53.5	37.3
Financing cash flow	**275.6**	**161.8**	**-14.6**	**-35.5**
Net cash flow	**22.2**	**45.0**	**15.3**	**14.3**
Forex	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
Beginning cash & cash equivalents	34.3	56.5	101.5	116.8
Ending cash & cash equivalents	56.5	101.5	116.8	131.0
Deposit with maturity period > 3 months	0.6	2.2	0.6	0.6
Cash & bank balances	**57.1**	**103.7**	**117.4**	**131.6**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Issued first Climate Risk Policy in FY2025; TCFD-aligned disclosures since FY2024
Waste & Effluent	★★★	Waste to landfill down 9% yoy, waste recycled up 103%, 195.77 tonnes diverted from landfill; Waste Management Policy issued FY2025
Energy	★★★	Generated 4,782,078 kWh of solar; solar installed at 7 of 8 Managed Assets; Energy Management Policy issued FY2025
Water	★★★	KIPMall Melaka water consumption down 41% yoy; Water Stewardship ranked lowest of five environmental matters (12/18)
Compliance	★★★	First external limited assurance (Deloitte PLT) over 8 sustainability matters; FTSE4Good ESG score up to 3.0 from 2.5

Social

Diversity	★★★	61% of employees and 33% of Board are female; 0 Diversity Policy violations; DEI ranked last (18/18) on materiality matrix
Human Rights	★★★	0 human rights complaints and 0 labour standards non-compliance; Suppliers' Code of Conduct only scheduled for FY2026
Occupational Safety and Health	★★	0 work-related fatalities and injuries; OSH ranked 16/18 on materiality matrix
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	~5,662 underprivileged beneficiaries, 3,853 Ramadan food recipients, 10 blood donation drives; >RM59k community investment; joined CEO Action Network
Management	★★	100% ABAC training completion (Board and staff), 100% operations assessed for corruption risk, 0 fines or disciplined staff.
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

As of **Friday, 24 Jul, 2026**, 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.