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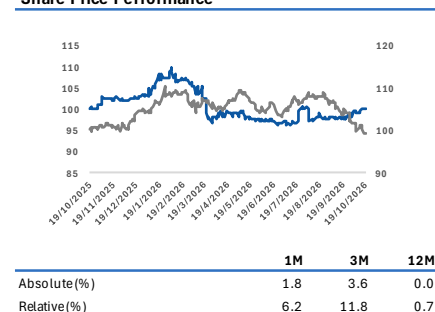
Recommendation:	BUY
Current Price (RM):	0.87
Previous Target Price (RM):	0.92
Target Price (RM):	↑ 1.05
Capital Upside/Downside:	21.2%
Dividend Yield (%):	8.2%
Total Upside/Downside:	29.4%

Stock information

Board	MAIN
Sector	REITS
Bursa/Bloomberg Code	5280 / KIP MK
Syariah Compliant	No
ESG Rating	★★★
Shares issued (m)	1,158.6
Market Cap (RM' m)	1,008.0
52-Week Price Range (RM)	0.96-0.82
Beta (x)	0.4
Free float (%)	65.9
3M Average Volume (m)	0.9
3M Average Value (RM' m)	0.8

Top 3 Shareholders

	(%)
Ong Choo Meng	10.6
Ong Kook Liong	7.0
Aia Bhd	3.6

Share Price Performance

Earnings Summary	FY26	FY27F	FY28F
Revenue (RM'm)	177.1	235.4	257.4
PATAMI (RM'm)	145.3	86.4	97.6
CNP (RM'm)	72.4	92.9	103.6
EPU (sen)	15.6	7.7	8.4
P/E (x)	13.9	10.9	9.7

KIP Real Estate Investment Trust

Results in Line; Setapak Central to Lift Earnings

- **1QFY27 CNP rose 7.8% YoY to RM19.3m, which we deem to be in line with expectations, as Setapak Central Mall is expected to contribute more meaningfully in the coming quarters.**
- **Future earnings growth will be driven by Setapak Central Mall and ongoing AEIs, while rising living costs and potential OPR hikes pose downside risks.**
- **FY27F/FY28F CNP forecasts were raised by 6.7%/8.0% to RM92.9m/RM103.6m, respectively, while FY27F DPU remains unchanged at 7.1 sen.**
- **Maintain BUY with a revised TP of RM1.05 (previously RM0.92), following an adjustment to our target distribution yield from 7.75% to 6.75%, while keeping our FY27F DPU forecast unchanged at 7.1 sen.**

Results within expectations. After adjusting for the RM2.0m fair value loss on investment properties and a minor impairment on receivables, 1QFY27 core net profit (CNP) came in at RM19.3m (+7.8% YoY, +5.5% QoQ). This accounted for 22.1% of our full-year forecast and 21.8% of consensus estimates. We deem the results within expectations, as Setapak Central Mall (c.RM30m NPI p.a.) is expected to make a stronger earnings contribution in the coming quarters, while the enlarged unit base and part of the acquisition funding cost have already been reflected in the quarter.

QoQ. 1QFY27 revenue edged up 1.1% QoQ to RM48.8m, but NPI eased 1.3% to RM35.0m as property operating expenses rose 7.8% to RM13.8m, led by higher reimbursement costs (+15.7%), other operating expenses (+23.5%), utilities (+3.4%) and marketing expenses (RM0.4m vs 4QFY26: RM0.2m). CNP nevertheless rose 5.5% QoQ, as 4QFY26 CNP was weighed down by the recognition of a RM4.4m deferred tax liability; excluding this, CNP would have declined 15.0% QoQ. Beyond the softer NPI, the decline reflects a 25.9% increase in the manager's management fee to RM6.1m on the larger asset base, the absence of the RM0.3m write-back in other trust expenses booked in 4QFY26, and a 6.0% increase in borrowing costs to RM8.7m following the drawdown of RM234.0m in new MTNs (MTN6 of RM215.0m and MTN5-T4 of RM19.0m) to part-fund Setapak Central Mall.

YoY. 1QFY27 CNP rose 7.8% YoY to RM19.3m, underpinned by a 19.6% increase in gross revenue to RM48.8m (1QFY26: RM40.8m) and 17.6% NPI growth to RM35.0m (1QFY26: RM29.7m). Retail revenue grew 17.5% to RM45.5m, led by the Northern (+33.9%) and Central (+15.3%) regions, alongside a full-quarter contribution from KIP Kuantan in the East Coast (RM1.1m vs RM0.1m) and an improved Southern region (+7.5%). However, CNP growth trailed NPI growth on a 33.6% YoY increase in the manager's management fee to RM6.1m and a 34.2% rise in borrowing costs to RM8.7m.

Setapak Central Mall and capital management. The **RM435.0m** acquisition of Setapak Central Mall was completed on 30 Sep 2026, lifting the portfolio to 20 assets (14 retail malls and 6 industrial properties) and investment properties to **RM2.19bn** (4QFY26: RM1.75bn). The purchase was funded by the placement of 200.0m new units at RM0.815 each, raising RM163.0m (below the RM176.8m originally targeted from up to 220.0m units), and RM234.0m of new MTNs. As a result, gearing rose to **42.6%** (4QFY26: 39.1%), above the 40% to 41% pro forma level guided earlier, while the weighted average cost of borrowings edged up to 4.50% p.a. (4QFY26: 4.47%) and the fixed-rate portion of debt rose to 42% (from 32%). NAV per unit after income distribution declined 5.9% QoQ to RM1.0824, as the placement was priced at a c.29% discount to NAV.

Outlook. KIP REIT's earnings outlook remains constructive, underpinned by the potential contribution from Setapak Central Mall, with management guiding for approximately RM50m in annual revenue and RM30m in NPI. Organic growth should be supported by the continued earnings ramp-up at KIPMall Tampoi following its AEI. Looking ahead, management will focus on enhancing its existing assets through AEIs at KIPMall Masai, KIPMall Kota Warisan and AEON Mall Kinta City. Management indicated that in the absence of new acquisitions, future growth will be

driven primarily by the execution of ongoing initiatives, with the key focus on replicating the stronger returns achieved from past AElS. Nevertheless, rising living costs may prompt consumers to adopt more cautious spending patterns, potentially weighing on tenants' sales performance and limiting rental growth. In addition, a potential 25bps OPR hike in 1H2027, as anticipated by our economists, could increase borrowing costs and weigh on distributable income.

Earnings Revision. We raise our FY27F/FY28F CNP forecasts by 6.7%/8.0% to RM92.9m/RM103.6m, respectively, mainly reflecting the earnings contribution from Setapak Central Mall and the revised funding structure. We also introduce our FY29F CNP forecast at RM108.4m. We maintain our FY27F DPU forecast at 7.1 sen, as higher distributable income is offset by the enlarged unit base, while raising FY28F DPU to 7.9 sen (previously 7.6 sen).

Valuation & Recommendation. We maintain our BUY call on KIPREIT with a revised TP of RM1.05 (previously RM0.92), following a valuation review that lowered our target distribution yield from 7.75% to 6.75%. Our FY27F DPU forecast remains unchanged at 7.1 sen. At RM0.87, KIPREIT offers an FY27F distribution yield of 8.2% and trades at 0.80x P/NAV, implying a total return of 29.4%. Fundamentally, KIPREIT continues to benefit from its differentiated community-centric asset profile and a larger, more diversified portfolio following the Setapak Central Mall acquisition.

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

Results Note

Tuesday, 20 Oct, 2026

BURSA RISE+
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Supported by Capital Market Development Fund



Results Comparison

FYE Jun (RM m)	1QFY27	1QFY26	yoy (%)	4QFY26	qoq (%)	3MFY27	3MFY26	yoy (%)
Revenue	48.8	40.8	19.6	48.2	1.1	48.8	40.8	19.6
EBITDA	35.2	29.9	17.5	35.6	(1.3)	35.2	29.9	17.5
Pre-tax profit	17.3	17.2	0.1	96.8	(82.2)	17.3	17.2	0.1
PAT-MI	17.3	17.2	0.1	92.4	(81.3)	17.3	17.2	0.1
Core net profit	19.3	17.9	7.8	18.2	5.5	19.3	17.9	7.8
Core EPS (sen)	1.7	1.9	(14.3)	1.9	(12.7)	1.7	1.9	(14.3)
EBITDA margin (%)	72.1	73.4		73.9		72.1	73.4	
PBT margin (%)	35.4	42.3		200.7		35.4	42.3	
Core PATMI margin (%)	39.5	43.8		37.8		39.5	43.8	

Source: Company, Apex Securities

Segmental Breakdown

FYE Jun (RM m)	1QFY27	1QFY26	yoy (%)	4QFY26	qoq (%)	3MFY27	3MFY26	yoy (%)
Revenue								
Retail	45.5	38.7	17.5	44.9	1.2	45.5	38.7	17.5
Industrial	3.3	2.0	59.8	3.3	0.0	3.3	2.0	59.8
Total	48.8	40.8	19.6	48.2	1.1	48.8	40.8	19.6
Profit after tax								
Retail	15.9	16.5	-3.7	87.1	-81.8	15.9	16.5	-3.7
Industrial	1.4	0.8	82.2	5.3	-73.8	1.4	0.8	82.2
Total	17.3	17.2	0.1	92.4	-81.3	17.3	17.2	0.1
Profit after tax margin								
Retail	34.9%	42.6%		193.8%		34.9%	42.6%	
Industrial	42.3%	37.1%		161.4%		42.3%	37.1%	
Aggregate Total	35.4%	42.3%		191.6%		35.4%	42.3%	

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	136.1	177.1	235.4	257.4	265.1
Net Property Income	96.8	129.9	164.9	179.1	184.5
EBITDA	78.0	106.7	133.9	147.3	152.1
Depreciation & Amortisation	0.8	0.8	0.8	0.8	0.8
EBIT	77.2	105.8	133.0	146.4	151.2
Changes in Investment income	62.9	74.1	-4.3	-4.0	-4.0
General & Administration	-44.6	-54.3	-74.1	-77.6	-78.1
Profit Before Tax	115.1	149.7	86.4	97.6	102.4
Tax	0.0	-4.4	0.0	0.0	0.0
Profit After Tax	115.1	145.3	86.4	97.6	102.4
Other Comprehensive income	0.0	0.0	0.0	0.0	0.0
PATAMI	115.1	145.3	86.4	97.6	102.4
(-) Exceptionals	61.6	72.9	-6.5	-6.0	-6.0
Core Net Profit	53.5	72.4	92.9	103.6	108.4

Key Ratios

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F	FY29F
P/E (x)	18.8	13.9	10.9	9.7	9.3
EPU	15.9	15.6	7.7	8.4	8.8
P/B (x)	1.1	0.9	0.8	0.8	0.8
Adjusted EV/EBITDA (x)	20.2	36.9	14.3	13.0	12.7
DPU (sen)	6.8	7.3	7.1	7.9	8.2
Distribution Yield (%)	7.8%	8.3%	8.2%	9.0%	9.5%
Adjusted EBITDA margin	57.3%	25.4%	56.9%	57.2%	57.4%
Adjusted EBIT margin	56.7%	24.9%	56.5%	56.9%	57.0%
PBT margin	84.6%	84.5%	36.7%	37.9%	38.6%
PAT margin	84.6%	82.0%	36.7%	37.9%	38.6%
Net Profit margin	84.6%	82.0%	36.7%	37.9%	38.6%
Core NP margin	39.3%	40.9%	39.5%	40.2%	40.9%
ROE	12.9%	13.2%	6.8%	7.6%	8.0%
ROA	7.3%	7.6%	3.7%	4.2%	4.4%
Net gearing	63.3%	58.8%	70.9%	71.2%	71.7%

Valuations

	FY27F
FY27F DPU (sen)	7.1
Target distribution yield (%)	6.75%
Fairvalue (RM)	1.05
ESG adjustment (%)	-
Fair Value (RM)	1.05

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Cash & bank balances	57.1	103.7	82.8	74.3	62.9
Receivables	7.6	11.2	14.9	16.3	16.8
Other investment	0.0	0.0	2.2	2.2	2.2
Other current assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	64.7	114.9	99.9	92.9	81.9
PPE	1.4	1.5	1.8	1.9	2.0
Investment properties	1484.8	1749.1	2207.3	2221.3	2235.3
ROU	1.0	0.8	0.6	0.3	0.1
Receivables	9.2	12.9	19.4	25.4	31.4
Other non-current assets	16.0	43.5	0.0	0.0	0.0
Total Non-current assets	1512.4	1807.8	2229.0	2248.9	2268.7
Short-term debt	16.4	4.4	2.4	2.4	2.4
Short-term lease	0.3	0.3	0.2	0.1	0.1
Payables	36.6	41.1	46.1	50.4	52.0
Other Current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	53.3	45.7	48.7	53.0	54.4
Long-term debt	606.4	747.3	981.0	981.0	981.0
Long-term lease	0.8	0.6	0.5	0.3	0.1
Other non-current liabilities	22.5	26.2	28.9	31.2	32.0
Total Non-current Liabilities	629.6	774.2	1010.3	1012.5	1013.1
Unitholder's equity	730.5	858.7	1020.1	1020.1	1020.1
Retained earnings	163.7	244.1	249.7	256.2	263.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Equity	894.2	1102.8	1269.8	1276.3	1283.2

Cash Flow

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Pre-tax profit	115.1	145.3	86.4	97.6	102.4
Depreciation & amortisation	0.8	0.8	0.8	0.8	0.8
Changes in working capital	54.5	0.1	4.1	5.2	1.8
Others	-39.9	-43.1	40.1	42.9	42.9
Operating cash flow	130.5	103.1	131.4	146.4	147.9
Capex	-0.5	-0.7	-0.8	-0.7	-0.7
Acquisition of investment properties	-357.4	-170.0	-439.7	0.0	0.0
Others	-26.1	-49.2	20.7	-18.0	-18.0
Investing cash flow	-384.0	-219.9	-419.8	-18.7	-18.7
Distribution paid	-45.5	-64.8	-80.8	-91.1	-95.5
Others	321.1	226.7	350.5	-45.1	-45.1
Financing cash flow	275.6	161.8	269.7	-136.2	-140.6
Net cash flow	22.2	45.0	-18.7	-8.4	-11.4
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	34.3	56.5	101.5	82.8	74.3
Ending cash & cash equivalents	56.5	101.5	82.8	74.3	62.9
Deposit with maturity period > 3 months	0.6	2.2	0.0	0.0	0.0
Cash & bank balances	57.1	103.7	82.8	74.3	62.9

ESG Matrix Framework:**Environment**

Parameters	Rating	Comments
Climate	★★★	Targets annual Scope 1 and 2 emissions reductions of at least 1%, with IFRS S2 reporting planned from FY2027.
Waste & Effluent	★★	Implements 3R initiatives and used cooking oil recycling, but achieved only a 4.2% waste diversion rate in FY2026.
Energy	★★★	Expands solar PV installations and GreenRE certifications, with a target of four certified buildings by FY2029.
Water	★★★	Implements water-saving measures and targets a 3% reduction in water use intensity by FY2031.
Compliance	★★★	Complies with environmental regulations, with key ESG indicators independently assured by Deloitte Malaysia.

Social

Diversity	★★★	Strong gender representation, with 42.9% female Board members and women holding 44% of management positions.
Human Rights	★★★	Enforces policies against child labour, forced labour, discrimination, and harassment, with zero reported violations.
Occupational Safety and Health	★★★	Recorded zero fatalities and lost-time injuries for three consecutive years.
Labour Practices	★★★	Complies with labour laws and increased training investment by 159.5%, with full participation in sexual harassment awareness training.

Governance

CSR Strategy	★★★	Invested RM71,495 in community initiatives, benefiting 8,294 people, with all procurement spending directed to local suppliers.
Management	★★★	Maintains structured sustainability oversight, anti-bribery policies, and zero confirmed corruption cases or data breaches.
Stakeholders	★★★	Engages nine stakeholder groups through AGMs, analyst briefings, roadshows, and employee surveys.

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 **Tuesday, 20 Oct, 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.