

Research Team

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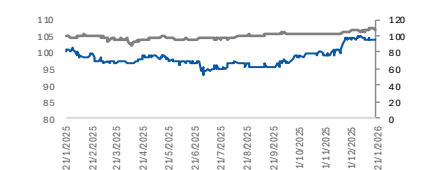
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Recommendation:	HOLD
Current Price:	RM 0.94
Previous Target Price:	RM 0.95
Target Price:	↔ RM 0.95
Capital Upside/Downside:	1.6%
Dividend Yield (%)	7.1%
Total Upside/Downside:	8.7%

Stock information	
Board	MAIN
Sector	REITS
Bursa / Bloomberg Code	5280 / KIP MK
Syariah Compliant	No
ESGRating	★★★
Shares issued (m)	958.6
Market Cap (RM' m)	896.3
52-Week Price Range (RM)	0.945-0.82
Beta (x)	0.4
Free float (%)	63.9
3M Average Volume (m)	1.2
3M Average Value (RM' m)	1.0

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

Share Price Performance



	1M	3M	12M
Absolute (%)	4.5	6.9	6.9
Relative (%)	2.4	0.4	-0.5

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 2QFY26 CNP came in at RM17.9m (+43.8% YoY, +0% QoQ), bringing 6MFY26 CNP to RM35.7m. The results were in line with our expectations, accounting for 50.6% of our full-year forecast and 51.1% of consensus estimates.
- Declared a third income distribution of 1.70 sen (ex-date: 6 Feb 2026).
- Outlook remains stable, supported by (i) earnings visibility from newly acquired retail and industrial assets, (ii) the ongoing SARA programme initiative, and (iii) the reopening of KIPMall Tampoi in Feb 2026, which is expected to deliver a 5–10% rental upside.
- Downgrade to HOLD (from BUY) following the recent price rally, with an unchanged TP of RM0.95, based on a 7% target distribution yield applied to FY26F DPU of 6.6 sen.

Results within expectations. After accounting for changes in the fair value of investment properties (-RM0.4m) and other items (RM0.01m), 2QFY26 core net profit (CNP) came in at RM17.9m, (+43.8% YoY, +0% QoQ). The results were in line with expectations, representing 50.6% of our full-year estimate and 51.1% of consensus.

QoQ. Despite NPI rising 15.5% due to stronger performance from both existing and newly acquired assets, CNP remained stable at RM17.9m as the gains were largely offset by higher finance costs, as well as an increase in the manager's management fee linked to the higher NPI.

YoY. 2QFY26 CNP rose 43.8% YoY to RM17.9m, supported by stronger retail and industrial performance. This was in line with NPI growth of 46% and 99.4%, respectively, driven by a 44.9% increase in revenue to RM43.5m, underpinned by higher occupancy, positive rental reversion, and contributions from mature assets such as DPulze Shopping Centre (acquired 2QFY25) as well as newly acquired properties including KIPMall Desa Coalfields, KIP Kuantan, Bintulu, and Pasir Gudang industrial properties (completed FY26).

Dividend. The Group declared a third income distribution of 1.70 sen (ex-date: 6 Feb 2026).

Outlook. KIPREIT's earnings outlook remains stable, supported by contributions from newly acquired retail and industrial assets, estimated to add RM15.3m annually. The Group's portfolio has expanded to 18 assets with total AUM of RM1.7bn, with management targeting RM2.0bn by 2027, reinforcing its growth trajectory. Footfall across the retail segment is expected to benefit from ongoing initiatives such as the SARA programme and upcoming festive seasons. Additionally, the reopening of KIPMall Tampoi in Feb 2026 is expected to contribute positively, supported by a refreshed tenant mix following selective non-renewals, as well as a 5–10% rental upside from higher carpark income and GTO-based tenancy structures. All identified assets have been injected, while further acquisitions are being explored under a RM220m allocation, based on current gearing of 39% and a cap of 45%.

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

Valuation & Recommendation. We downgrade KIPREIT to **HOLD** (from BUY) after the recent price rally, as valuation now appears fairly priced relative to its earnings outlook. Our TP remains unchanged at **RM0.95**, based on a 7% target yield on FY26F DPU of 6.6 sen. Fundamentally, KIPREIT continues to benefit from its unique asset profile and 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

Thursday, 22 Jan, 2026

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Results Comparison

FYE Jun (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)	Comments
Revenue	43.5	30.0	44.9	40.8	6.6	84.2	56.7	48.6	
EBITDA	32.4	21.9	47.9	29.9	8.3	62.3	41.8	49.2	
Pre-tax profit	17.5	12.0	46.2	17.2	1.6	34.8	22.1	57.5	
PAT-MI	17.5	12.0	46.2	17.2	1.6	35.7	22.1	62.0	
Corenet profit	17.9	12.4	43.8	17.9	0.0	35.7	23.0	55.2	
CoreEPS (sen)	1.9	1.3	43.8	1.9	0.0	3.9	2.5	55.2	
EBITDA margin (%)	74.6	73.0		73.4		74.0	73.7		
PBTmargin (%)	40.3	39.9		42.3		41.3	38.9		
CorePATMI margin (%)	41.1	41.4		43.8		42.4	40.6		

Source: Company, Apex Securities

Segmental Breakdown

FYE Jun (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)	Comments
Revenue									
Retail	40.3	28.4	41.9	38.7	4.1	79.0	53.5	47.7	
Industrial	3.2	1.6	98.5	2.0	55.2	5.2	3.2	63.2	
Total	43.5	30.0	44.9	40.8	6.6	84.2	56.7	48.6	
Net Property Income									
Retail	29.2	20.0	46.0	26.0	12.4	56.9	38.1	49.4	
Industrial	3.2	1.6	99.4	2.0	56.1	5.2	3.2	63.6	
Total	32.4	21.6	49.9	28.1	15.5	62.1	41.3	50.5	
Net Property Income Margin			%pts		%pts			%pts	
Retail	72.6%	70.5%	2.0%	67.2%	5.4%	72.0%	71.2%	0.8%	
Industrial	99.7%	99.3%	0.5%	99.1%	0.6%	99.6%	99.3%	0.3%	
Aggregate Total	74.6%	72.1%	2.5%	68.8%	5.7%	73.8%	72.8%	0.9%	

Source: Company, Apex Securities

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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)	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

	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

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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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(a) nil.