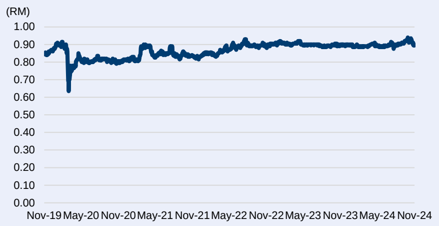
> *"KIPREIT's YTD24 acquisitions are expected to contribute 30% to its FY26E NPI"*

Share price performance



	1M	3M	12M
Absolute (%)	-4.3	0.0	0.0
Rel KLCI (%)	-1.7	2.9	-8.8

	BUY	HOLD	SELL
Consensus	2	-	-

Stock Data

Sector	REIT
Issued shares (m)	618.6
Mkt cap (RMm)/(US$m)	553.7/123.8
Avg daily vol - 6mth (m)	1.0
52-wk range (RM)	0.88-0.95
Est free float	56.9%
Stock Beta	0.37
Net cash/(debt) (RMm)	(388.5)
ROE (FY25E)	7.4%
Derivatives	No
Shariah Compliant	No
FTSE4Good Constituent	No
FBM EMAS (Top 200)	Top 26–50%
ESG Risk Rating	n/a

Key Shareholders

Hextar Rubber Sdn	14.7%
Ong Kook Liong	10.4%
Teoh Siew Chin	5.6%

Source: Bloomberg, Affin Hwang, Bursa Malaysia, ESG Risk Rating Powered by Sustainalytics
**Full ESG commentary inside*

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KIP REIT (KIP MK)

BUY (upgrade)
Up/Downside: 14.4%

Price Target: RM1.03
Previous Target (Rating): RM0.99 (HOLD)

A year of acquisition spree

- **KIPREIT has actively pursued its acquisition pipeline in 2024, announcing multiple proposed acquisitions that reinforce its strategic focus as a neighbourhood retail player while diversifying into industrial assets**
- **We forecast KIPREIT to deliver commendable FY25E-27E realised EPU growth of 2-9% per annum, backed by the positive impact from its acquisitions**
- **Upgrade to BUY (from Hold) with a higher DDM-derived 12-month TP of RM1.03 (from RM0.99) as we incorporate our revised earnings forecasts and a lower cost of equity of 8.5%**

KIPREIT's active acquisition to anchor its future growth

KIPREIT has actively pursued its acquisition pipeline in 2024, announcing multiple proposed acquisitions that reinforce its strategic focus as a neighbourhood retail player while diversifying into industrial assets. KIPREIT recently added DPulze Shopping Centre and a hypermarket in Gerik, Perak, to its retail portfolio at a total acquisition cost of RM334.8m. Additionally, KIPREIT expanded its industrial portfolio with the acquisition of four industrial properties at a combined acquisition cost of RM98.3m, increasing its industrial asset base to RM178.9m. Post-acquisition, KIPREIT's retail portfolio remains a cornerstone of its growth strategy, encompassing 10 retail properties with a total NLA of 2.04m sqft, accounting for 88% of total AUM.

Positive NPI from acquisitions outweighs its high borrowing costs and dilution effects from placement exercise of 180m units

We raise our FY25E/26E/27E EPU forecasts by +7.4%/+6.4%/+6.7%, factoring in (i) KIPREIT's YTD24 acquisitions and (ii) increased rental income across its existing malls post-AEI, driven by anticipated improvements in occupancy rates and rental reversions. KIPREIT's YTD24 acquisitions are expected to contribute RM17.2m-32.5m or c.19-30% to its FY25E-26E NPI, with NPI growth yoy of 18.7-19.2% in FY25E-26E. This substantial NPI contribution is expected to more than offset the spike in FY25E borrowing costs (+43.2% yoy) and the dilution impact from 180m new units.

Upgrade to BUY rating with a higher DDM-derived target price of RM1.03

We upgrade KIPREIT to a BUY (from Hold) with an increased DDM-derived 12-month TP of RM1.03 (from RM0.99) following our revised earnings forecasts and a lower cost of equity of 8.5% (from 9.6%) to reflect (i) the moderating global bond yields, (ii) KIPREIT's solid acquisition pipeline and (iii) our shift to a modestly positive view on KIPREIT's defensive positioning as a neighbourhood mall REIT in a stable inflation environment. Besides, we believe that KIPREIT offers an attractive FY25E-26E distribution yield of 7.9-8.0% (vs. peer average of 6.2%).

Earnings & Valuation Summary

FYE 30 June (RMm)	2023	2024	2025E	2026E	2027E
Revenue	83.8	102.2	129.0	155.4	157.5
Net Property Income	62.2	77.8	92.4	110.1	111.7
Net Income	60.8	47.3	55.5	63.8	65.0
Realised Net Profit	37.7	44.5	55.5	63.8	65.0
EPU (sen)	10.0	7.6	7.8	8.0	8.1
Realised EPU (sen)	6.2	7.2	7.8	8.0	8.1
Realised EPU chg (%)	-12.8	15.6	9.0	2.0	2.0
PER (x)	9.0	11.8	11.5	11.3	11.0
Realised PER (x)	14.5	12.5	11.5	11.3	11.0
DPU (sen)	6.2	6.7	7.1	7.2	7.3
Distribution Yield (%)	6.9	7.4	7.9	8.0	8.2
P/RNAV (x)	1.1	1.1	1.2	1.0	1.1
Chg in distri EPU (%)			+7.4	+6.4	+6.7
Affin/Consensus (x)			1.1	1.2	1.2

Source: Company, Affin Hwang forecasts

A year of acquisition spree

KIPREIT's YTD24 acquisitions of 6 properties amounted to RM433.1m

KIPREIT's active acquisition to anchor its future growth

KIPREIT has actively pursued its acquisition pipeline in 2024, announcing multiple proposed acquisitions that reinforce its strategic focus as a neighbourhood retail player while diversifying into industrial assets. KIPREIT recently added DPulze Shopping Centre and a hypermarket in Gerik, Perak, to its retail portfolio at a total acquisition cost of RM334.8m. Additionally, KIPREIT expanded its industrial portfolio with the acquisition of four industrial properties at a combined acquisition cost of RM98.3m. Post-acquisition, KIPREIT's retail portfolio remains a cornerstone of its growth strategy, encompassing 10 retail properties with a total net lettable area (NLA) of 2.04m sqft, accounting for 88% of total assets under management (AUM). In contrast, the industrial portfolio, comprising 7 properties and totalling 1m sqft in NLA, contributes the remaining 12%.

Fig 1: KIPREIT's YTD24 acquisitions

No	Property	Acquisition price (RMm)	Net lettable area (sqf)	Tenant / lessee	Source of financing	Announcement date	Completion date
1	Dpulze Shopping Centre, Sepang, Selangor	320.0	311,499	Jaya Grocer, TGV, Decathlon	Borrowings - RM179.7m Proceeds from placement - RM146.7m	27-May-24	Mid-December 2024
2	Single storey hypermarket in Gerik, Perak	14.8	60,895	TF Value Mart Sdn Bhd	Borrowings	23-Aug-24	14-Nov-24
3	Industrial property 1 - Cheras, Selangor	22.6	66,632	Sin Chee Heng Sdn Bhd (SCHSB)	Borrowings	29-Aug-24	4Q24
4	Industrial property 2 - Bintulu, Sarawak	28.7	207,315	Hextar Solution Sdn Bhd (HSSB)	Borrowings	29-Aug-24	4Q24
5	Industrial property 3 - Pulau Indah, Selangor	23.7	193,365	Teju Logistics Sdn Bhd (TLSB)	Borrowings	29-Aug-24	4Q24
6	Industrial property 4 - Pasir Gudang, Johor	23.3	184,120	PK Fertilizers Sdn Bhd (PKFSB)	Borrowings	29-Aug-24	4Q24

Source: Bursa Malaysia

This bulk acquisition will expand KIPREIT's industrial asset base by 125% yoy to RM179m (from RM80m)

Bulk acquisition of 4 industrial properties across Malaysia

On 29 August 2024, KIPREIT announced the proposed bulk acquisition of 4 industrial properties located in (i) Cheras, Selangor, (ii) Bintulu, Sarawak, (iii) Pulau Indah, Selangor and (iv) Pasir Gudang, Johor, for a total acquisition cost of RM98.3m. This bulk acquisition will expand KIPREIT's industrial asset base by 125% yoy to RM178.9m, up from RM79.6m previously. Notably, this marks KIPREIT's second bulk industrial acquisition, following a similar transaction in 2022 involving the bulk purchase of three industrial properties in Klang, Selangor at a total acquisition cost of RM78.7m. Like the previous deal, the acquisitions will be structured under a triple-net lease, ensuring stable income with a fixed lease term of 12-15 years. Additionally, the deal is expected to provide long-term stability, with rental reversion of 11-13% every three years. The acquisition is expected to be completed by 2QFY25, and we expect the four industrial properties to generate RM4.1m-8.5m in revenue over the next three years, translating to an average rental yield of 8.8%, which is compelling to us as it (i) aligns with KIPREIT's FY24 industrial rental yield of 8.9% and (ii) surpasses Axis REIT's (AXRB MK, RM1.74, BUY) FY23 rental yield of 7.6%. These industrial properties are projected to account for 5-7% of KIPREIT's FY26E revenue and NPI.

The hypermarket's lease structure ensures steady income and long-term stability with 10% step-up rental rate every three years

KIPREIT expands its retail exposure in Northern region with the acquisition of a single-storey hypermarket in Gerik, Perak

KIPREIT recently completed the acquisition of a hypermarket in Gerik, Perak on 14 November 2024 for RM14.8m (RM243 per NLA sqf). Similar to KIPREIT's Aeon Mall Kinta City in Perak, the acquisition of this hypermarket benefits from a triple-net-lease structure, with TF Value Mart Sdn Bhd as the sole tenant, providing stable income through fixed rental payments and 100% occupancy throughout its 15-year leasing term. Unlike neighbourhood malls that face the risk of high tenant turnover and reliance on smaller retailers, this hypermarket's lease structure ensures steady income and long-term stability with a 10% step-up rental rate every three years. We project the hypermarket to generate RM0.7m-1.2m in revenue over the next three years, translating into an average rental yield of 7.6%. However, its contribution to KIPREIT's FY26E retail revenue is anticipated to be immaterial at 1%.

Reconfiguration of KIPMall Senawang took 6 months

Recent completion of asset enhancement initiatives (AEI) at KIPMall Senawang

KIPREIT recently completed an AEI at KIPMall Senawang, which involved reconfiguring the retail space to expand the existing TF Value Mart into a larger, upgraded area now occupied by ST Rosyam Mart as the new anchor tenant. This reconfiguration increased ST Rosyam Mart's NLA to 51k sqf, up from TF Value Mart's previous 27k sqf, accounting for c.42% of the mall's NLA. As Malaysia's first 24-hour grocery store, ST Rosyam Mart brings enhanced convenience, aligning with KIPREIT's strategy of a refreshed and strategic tenant mix to reinforce the mall's appeal as a neighbourhood destination. The AEI, completed over 10 months (Dec-23–Sep-24) at a cost of RM3m, increased KIPMall Senawang's NLA to 121.7k sqf from 117.4k sqf. Management guided that KIPMall Senawang has recovered from the temporary vacancy during TF Value Mart's transition as occupancy reached 95% as of Oct-24, up by 32.1ppts yoy (FY24: 62.9%). Post-AEI, we expect KIPMall Senawang's FY25E revenue and NPI to spike by 73% yoy, yet its NPI contribution to KIPREIT remains small at 2%.

Estimated cost for KIPMall Tampoi's AEI is RM10m

Upcoming AEI will focus on creating a refreshed look for KIPMall Tampoi

Management has indicated that KIPREIT's next AEI will focus on KIPMall Tampoi, with an estimate of RM10m allocated primarily for facility upgrades. Given that KIPMall Tampoi is the second oldest mall in the KIP-branded retail portfolio at 20 years (after KIPMall Bangi at 24 years), we view this as a timely refurbishment. To recap, KIPMall Bangi's comprehensive AEI in 2022, funded through a RM18m placement, involved extensive layout and facility revamps. For KIPMall Tampoi, planned improvements include enhanced facilities and new tenant additions, with the refurbishment conducted in phases over 1-2 years to minimize disruption. Although we anticipate a dip in FY25E rental income by 7% yoy, the phased approach should mitigate the impact of temporary vacancy. Post-AEI, we project KIPMall Tampoi to achieve an 8% yoy increase in FY27E revenue, contributing 12% to KIPREIT's NPI.

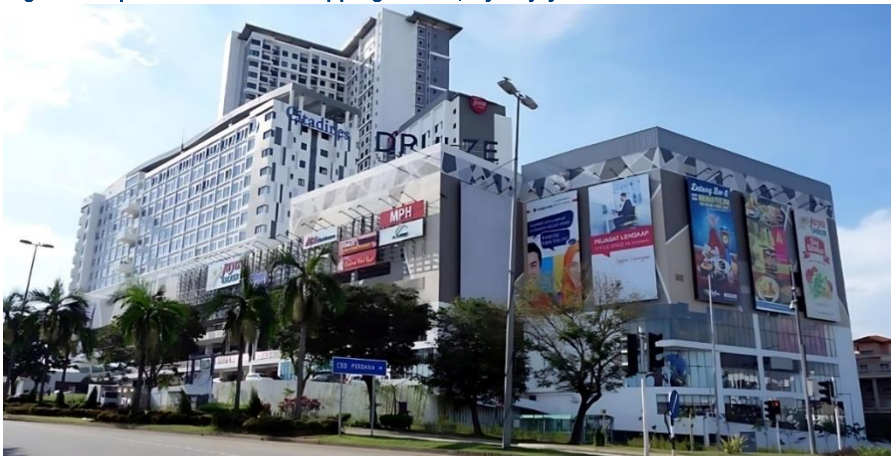
DPulze Shopping Centre – largest acquisition since KIPREIT's listing in 2017

DPulze boasts an attractive NPI yield of 7.1%

KIPREIT secures unitholders' approval for the acquisition of DPulze Shopping Centre, Cyberjaya

On 3 October 2024, KIPREIT's unitholders approved the proposed acquisition of DPulze Shopping Centre (DPulze) for RM320m (RM1027 per NLA sqf), marking KIPREIT's largest acquisition since its listing in 2017. Situated in the heart of Cyberjaya, Selangor, DPulze is a neighbourhood mall located within the integrated DPulze Cyberjaya development that also includes two 3-star hotels – Fox-Lite Hotel and Citadines – as well as serviced apartments. The mall boasts an attractive NPI yield of 7.1% which aligns with KIPREIT's FY24 average NPI yield of 7.4% and surpasses KIPREIT's retail NPI yield of 5.5% in the Central region, which we consider accretive to KIPREIT's portfolio.

Fig 2: Snapshot of DPulze Shopping Centre, Cyberjaya



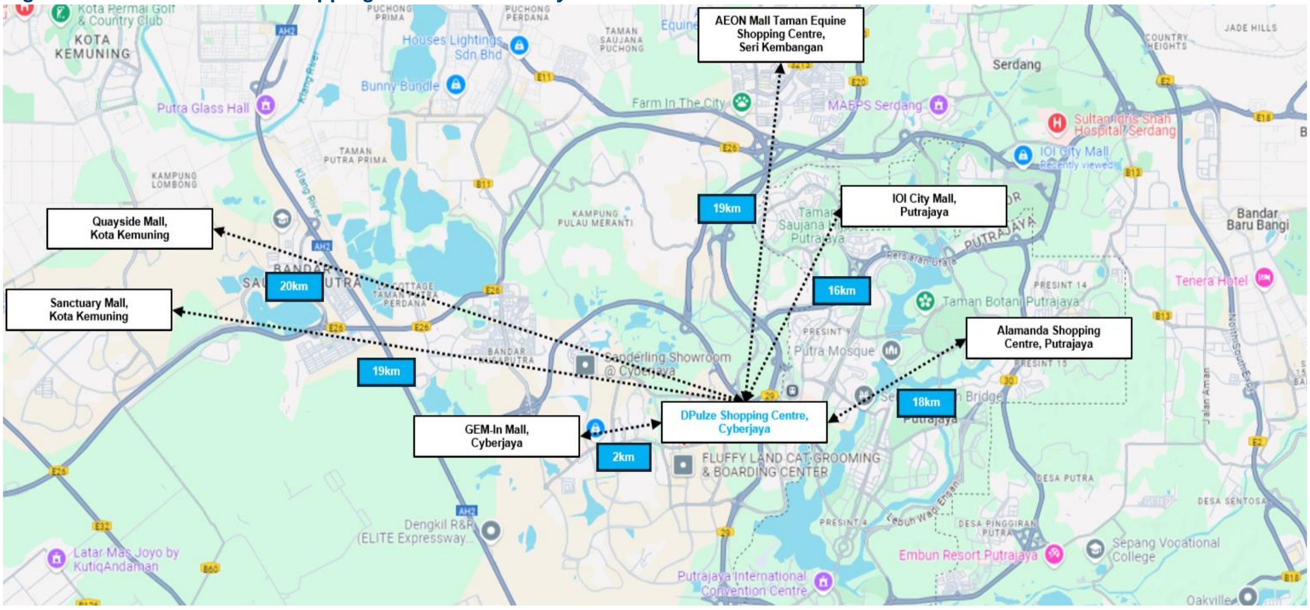
Source: MyPropertyPlaces.com

DPulze stands as the only large-scale neighbourhood mall within Cyberjaya

DPulze dominates the retail space in Cyberjaya amid minimal competition

Based on our recent visit to Cyberjaya, we observed that DPulze Shopping Centre stands as the only large-scale mall within the area, with limited competition in terms of similar-sized malls. Malakat Mall was a large-scale mall near DPulze, but it ceased operations in Jul-24 due to management challenges. Other retail options, such as Tamarind Square, Shaftsbury Square, and GEM-in Mall, largely consist of smaller, shop-lot-style setups and do not directly compete at the same scale, positioning DPulze uniquely as a go-to neighbourhood mall within Cyberjaya. Meanwhile, broader retail competition like Alamanda Shopping Centre and IOI City Mall in Putrajaya are situated outside of DPulze's immediate vicinity, with a driving distance of 20 minutes and beyond a 15km radius from Cyberjaya. These shopping malls, though prominent, do not directly compete given their location in distinct commercial catchments.

Fig 3: Location of DPulze Shopping Centre and nearby malls



Source: Google Maps, Affin Hwang

DPulze recorded a higher monthly footfall of 606k (+10% yoy) from Jan-24 till Aug-24

DPulze offers a well-curated tenant mix

As of Oct-24, DPulze Shopping Centre maintained a 100% occupancy rate with 151 tenants. Its anchor tenants, including Jaya Grocer, TGV Cinemas, Celebrity Fitness and Decathlon, comprise 30% of the mall's NLA. DPulze also features 52 food and beverage (F&B) outlets, positioning it as Cyberjaya's destination for daily dining essentials at the mall. Notably, DPulze recorded an average monthly footfall of 606k (+10.4% yoy) from Jan-24–Aug-24, marking an increase from 549k over the same period in 2023. We understand that the mall's foot traffic is primarily driven by Cyberjaya's office crowd, largely from MSC-status companies, and a substantial student population from institutions in Cyberjaya including Multimedia University (MMU), University of Cyberjaya, Cyberjaya University College of Medical Sciences (CUCMS), and Lim Kok Wing University.

KIPREIT's previous acquisitions which were completed in 2022 and 2024 were similarly financed via a combination of borrowings and placement exercise

Acquisition will be funded via a combination of borrowings and proceeds from placement exercise

The DPulze acquisition will be funded through a combination of borrowings and proceeds from a placement exercise. To recap, KIP REIT's previous acquisitions of three industrial properties (completed in Dec-22) and KIPMall Kota Warisan (completed in Feb-24) were similarly financed via a combination of borrowings of RM76.6m and placement proceeds, raising a total of 113.3m units amounting to RM92.4m. For the DPulze acquisition, the proposed placement is expected to raise RM148.5m through the issuance of 180m placement units at a fixed issue price of RM0.825 per unit, as announced on Bursa Malaysia on 15 November 2024. This issue price represents an 8.6% discount to the 5-day VWAP and RM0.9028 share price, resulting in a 29.1% increase in total units (798.63m units) issued by KIP REIT. Additionally, RM177.9m in borrowings will be utilised to fund 55% of the acquisition.

Fig 4: Acquisition will be funded via a combination of debt and placement exercise

Source of funding	RMm	(%)
Bank borrowings	177.9	55%
Proceeds to be raised from placement exercise	148.5	45%
Purchase price *(including incidental expenses of RM6.4m)*	**326.4**	**100%**

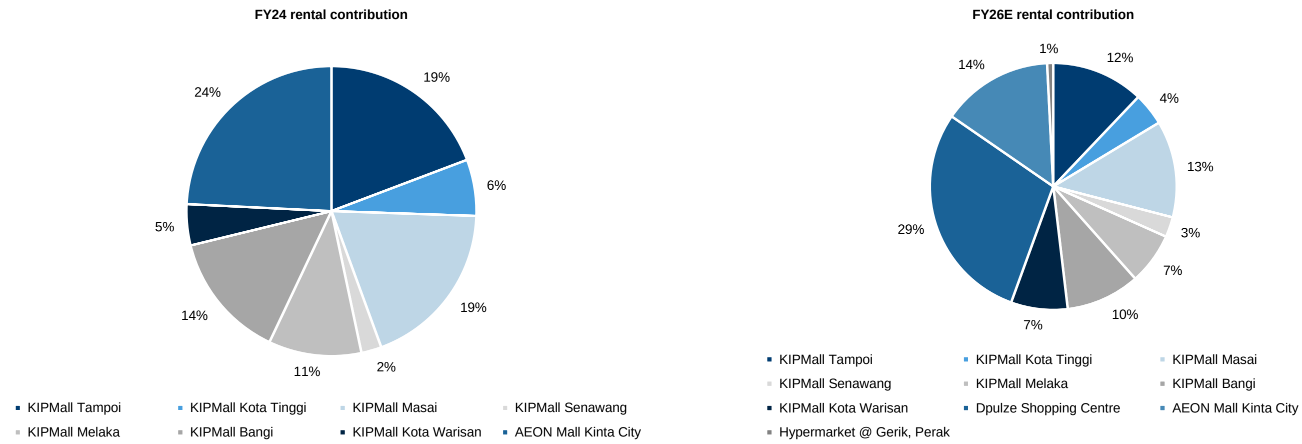
Source: Bursa Malaysia

DPulze acquisition positions the Central region as KIPREIT's largest NPI contributor at 36-40% in FY25E-26E

DPulze stands as KIPREIT's crown jewel with 21% NPI contribution in FY26E

Management has guided for the DPulze acquisition to be completed by mid-Dec 2024, ahead of the initial timeline in 1Q25. Post-acquisition, we project DPulze to contribute an FY25E-26E revenue of RM22.3m–41.2m and NPI of RM12.5m–23.1m, representing 17-27% and 13-21% of KIPREIT's total FY25E-26E revenue and NPI, which subsequently solidifies DPulze as KIPREIT's crown jewel with its significant earnings contribution to the Group. Additionally, DPulze's inclusion enlarges KIPREIT's retail portfolio, increasing FY25E retail AUM by 34.2% yoy to RM1.3bn (from RM982m) and positions the Central region as KIPREIT's largest NPI contributor at 36-40%, surpassing the Southern region's 28-34% contribution to KIPREIT's FY25E-26E NPI.

Fig 5: Rental income contribution breakdown by retail asset



Source: Company, Affin Hwang estimates

Earnings outlook

KIPREIT's YTD24 acquisitions will contribute 19-30% to FY25E-26E NPI

Expecting robust NPI growth post-acquisitions

We project that KIPREIT's YTD24 acquisitions to fully contribute from 3QFY25-4QFY25, adding RM17.2m-32.5m or c.19-30% to FY25E-26E NPI, with an NPI growth yoy of 18.7-19.2% in FY25E-26E. Fueled by AEI and organic rental growth, we forecast KIPREIT's retail portfolio to generate RM83.3m-RM96.7m of NPI in FY25-26E, (from RM70.8m in FY24). Overall, we anticipate KIPREIT's retail segment to deliver 2025E-26E NPI growth of 16.1-17.7% yoy, driven by positive rental reversion, higher occupancy rates and improving NPI margins from the positive impact of KIPREIT's refurbishments and refreshed tenant mix.

Higher FY25E-26E realized DPU growth of 1-7% yoy

Improved NPI contributions to offset higher borrowing costs and dilution effects from new units

We have factored in the financial impact of recent acquisitions in our earnings forecasts, alongside the dilution from issuing 180m placement units. Importantly, the anticipated increase in NPI from these acquisitions, coupled with organic rental growth and improved occupancies across its existing malls, are expected to more than offset the spike in FY25E borrowing costs (+43.2% yoy) and the dilution impact from new units, resulting in an uplift in realised EPU by 6-7% for FY25E-26E. Subsequently, this translates into a higher FY25E-26E DPU growth of 1.3-6.7% yoy, based on our DPU payout estimate of 93%. With the acquisitions expected to contribute from 3QFY25 onwards, KIPREIT's 3QFY25-4QFY25 earnings are estimated to contribute 32% of our full-year forecast, totalling c.RM18m per quarter.

Fig 6: Financial impact to KIPREIT post-acquisitions

	Pre-acquisition		Post-acquisition		Changes (Pre vs Post)	
	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	101.8	103.2	129.0	155.4	27%	51%
Net Property Income	75.4	76.5	92.4	110.1	23%	44%
Reported net profit	45.1	46.5	55.5	63.8	23%	37%
Realised net profit	45.1	46.5	55.5	63.8	23%	37%
EPU (sen)	7.3	7.5	7.8	8.0	7%	6%
Realised EPU (sen)	7.3	7.5	7.8	8.0	7%	6%
DPU (sen)	6.9	7.1	7.1	7.2	3%	1%
Dividend Yield (%)	7.5	7.7	7.9	8.0	+0.1 ppt	+0.0 ppt

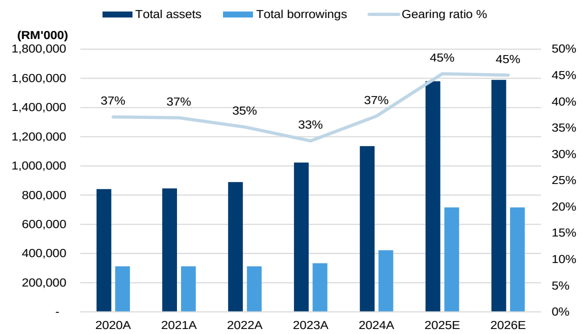
Source: Bursa Malaysia

We foresee another round of placement exercise for KIPREIT's future acquisitions

Post-acquisitions, KIPREIT's gearing ratio will reach 45% in FY25E

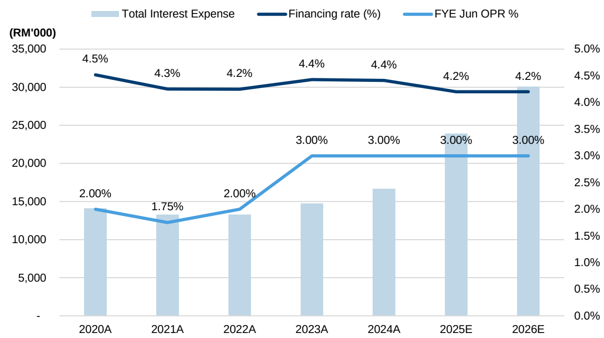
As of FY24, KIPREIT's gross borrowings stood at RM423.3m, representing 37.3% of its total asset value (gearing ratio of 37.3%). As KIPREIT's YTD24 acquisitions are partially financed through an additional RM291m in borrowings, we expect its FY25E gross borrowings to increase by 68.7% yoy to RM714.3m, pushing the gearing ratio to 45.3% (+8ppts yoy). Notably, we note that KIPMall Desa Coalfield and Lotus Kuantan, both under KIP Group, are not currently in KIPREIT's acquisition pipeline. Although there is no official confirmation from management, it is likely that KIPREIT would acquire one of these malls as part of its strategy to anchor the growth of its retail portfolio. Nevertheless, with KIPREIT's gearing ratio nearing the regulatory limit of 50%, its debt capacity is limited to RM74.8m. This suggests the potential for another round of equity raise to fund its future acquisitions, akin to the current and past funding strategies employed for (i) DPulze Shopping Centre, (ii) KIPMall Kota Warisan and (ii) the three industrial properties in Klang, Selangor.

Fig 7: KIPREIT's gearing level to reach 45% in FY25E



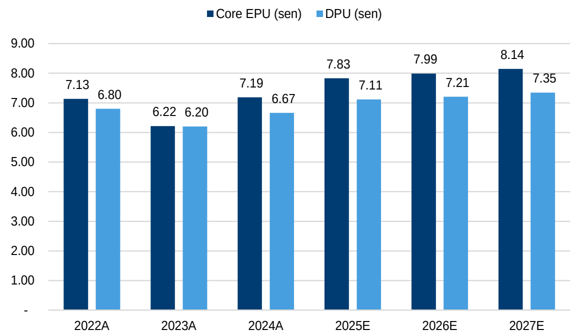
Source: Company, Affin Hwang

Fig 8: FY25E borrowing cost spiked by 69% yoy



Source: Company, Affin Hwang

Fig 9: KIPREIT's core EPU and DPU



Source: Company, Affin Hwang

We raise our FY25E-27E EPU forecasts by 6-7%

We raise our FY25E-27E EPU forecasts by 6-7%

We raise our FY25E/26E/27E EPU forecasts by +7.4%/+6.4%/+6.7%, factoring in (i) KIPREIT's YTD24 acquisitions and (ii) increased rental income across its existing malls post-AEI, driven by anticipated improvements in occupancy rates and rental reversions. Overall, we now anticipate KIPREIT to deliver a steady 2%-9% realized EPU growth over FY25E-27E, driven by these strategic developments.

Valuation and recommendation

KIPREIT's higher TP reflects our revised earnings forecast and reduced cost of equity to 8.5%

Upgrade to BUY with a higher DDM-derived target price of RM1.03

We upgrade KIPREIT to **BUY** (from Hold) with an increased DDM-derived 12-month TP of RM1.03 (from RM0.93) following our revised earnings forecasts and a lower cost of equity of 8.5% (from 9.6%) to reflect (i) the moderating global bond yields, (ii) KIPREIT's solid acquisition pipeline and (iii) our shift to a modestly positive view on KIPREIT's defensive positioning as a neighbourhood mall REIT in a stable inflation environment. Previously, we maintained a conservative outlook, primarily due to concerns over micro tenants' vulnerability to recessionary pressures. However, the recent Budget 2025 announcement highlights a moderate rise in headline inflation to 2.0%-3.5% for 2025, supported by a positive economic outlook with stable employment and minimum wage growth, which serves as a support ahead of the planned RON95 subsidy rationalization. Subsequently, this creates an inflation backdrop that should bolster micro tenants and mitigate near-term economic risks.

Given KIPREIT's favorable earnings trajectory, we see a strong case for increased investor exposure

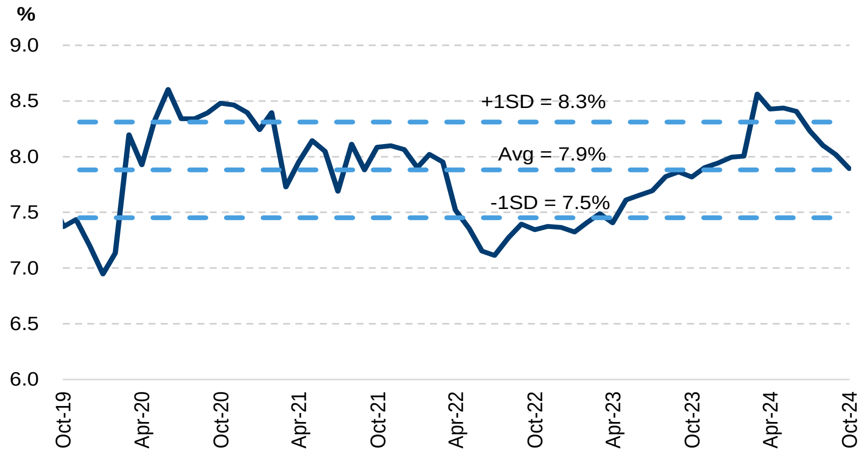
Attractive FY25E-26E distribution yield of 8%

We view KIPREIT's valuation as compelling relative to its MREIT peers, supported by its higher FY25E-26E distribution yield of 7.9-8.0% (vs. peer average of 6.2%). This attractive yield reflects our forecasted DPU growth of 1.2-6.7% for FY25E-26E, with earnings bolstered by substantial acquisitions that more than offset the dilution effects from the issuance of new units. Additionally, KIPREIT's 10M24 share price increase of 8.7% has trailed behind most of its MREIT peers under our coverage (10M24 gains of 16%-27%), which we attribute to limited market coverage on the stock. Given its favourable earnings trajectory, we see a strong case for increased investor exposure. Besides, KIPREIT's DDM-derived TP implies a FY25E-26E distribution yield of 6.9-7.0% which remains above its peer average yield of 5.6%.

Key investment risks

Downside risks to our view are weaker-than-expected economic growth, deterioration in rental reversion, earnings disappointment, and steeper-than-expected hike in the OPR and global bond yields.

Fig 10: KIPREIT's distribution yield (1-year forward)



Source: Bloomberg, Company, Affin Hwang estimates

Fig 11: MREITs' implied FY25E DPU yield and 10M24 share price gains

MREIT peers	Dec-23 share price	Oct-24 share price	Closing price*	AFFIN's TP	Rating	FY25E DPU	Oct-24 DPU yield	Implied DPU yield	10M24 gains
AXRB	1.68	1.74	1.74	2.05	BUY	0.10	5.8%	4.9%	3.3%
KIPREIT	0.84	0.91	0.90	1.03	BUY	0.07	7.8%	6.9%	8.7%
KLCCSS	6.92	8.00	8.06	9.20	BUY	0.51	6.3%	5.5%	15.6%
SREIT	1.49	1.80	1.82	2.05	BUY	0.07	4.0%	3.5%	20.8%
YTLREIT	0.99	1.20	1.19	1.26	HOLD	0.09	7.7%	7.4%	21.5%
IGBREIT	1.64	2.05	2.05	2.26	HOLD	0.12	5.7%	5.1%	24.8%
PREIT	1.21	1.54	1.48	1.60	HOLD	0.09	5.9%	5.7%	27.3%
Average						**0.15**	**6.2%**	**5.6%**	**17.4%**

Source: Bloomberg, Company, Affin Hwang estimates
**Closing price as at 19 November 2024*
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Financial Summary – KIP REIT

Profit & Loss Statement

FYE Jun (RMm)	2023	2024	2025E	2026E	2027E
Revenue	**83.8**	**102.2**	**129.0**	**155.4**	**157.5**
Net property income	**62.2**	**77.8**	**92.4**	**110.1**	**111.7**
Finance cost	*(14.8)*	*(16.7)*	*(23.9)*	*(30.0)*	*(30.0)*
Other expenses	*(11.0)*	*(10.4)*	*(15.0)*	*(18.1)*	*(18.4)*
Revaluation gains / others	*23.1*	*2.8*	*1.0*	*1.0*	*1.0*
Reported net profit	60.8	47.3	55.5	63.8	65.0
Realised net profit	**37.7**	**44.5**	**55.5**	**63.8**	**65.0**
Distributable net profit	**38.8**	**45.6**	**53.8**	**61.9**	**63.1**

Balance Sheet Statement

FYE Jun (RMm)	2023	2024	2025E	2026E	2027E
Investment Properties	964.3	1,054.5	1,500.8	1,511.8	1,513.8
Fixed assets	1.5	8.5	8.5	8.5	8.5
Right of use asset	-	1.3	1.3	1.3	1.3
Total non-current assets	**965.8**	**1,064.3**	**1,510.6**	**1,521.6**	**1,523.6**
Cash and equivalents	48.8	34.9	30.8	26.1	30.4
Debtors	8.8	36.8	36.8	36.8	36.8
Other current assets	-	-	-	-	-
Total current assets	**57.6**	**71.7**	**67.6**	**62.9**	**67.2**
TOTAL ASSETS	**1,023.4**	**1,135.9**	**1,578.2**	**1,584.4**	**1,590.8**
Creditors	14.0	21.5	21.5	21.5	21.5
Short term borrowings	23.6	313.9	7.1	7.1	7.1
Other current liabilities	-	0.2	0.2	0.2	0.2
Total current liabilities	**37.7**	**335.6**	**28.9**	**28.9**	**28.9**
Long term borrowings	309.6	109.5	707.2	707.2	707.2
Other long term liabilities	16.2	13.3	13.3	13.3	13.3
Total long term liabilities	**325.8**	**122.7**	**720.4**	**720.4**	**720.4**
Unitholders' Funds	**660.0**	**677.6**	**828.9**	**835.1**	**841.5**
TOTAL EQUITY & LIABILITIES	**1,023.4**	**1,135.9**	**1,578.2**	**1,584.4**	**1,590.8**

Cash Flow Statement

FYE Jun (RMm)	2023	2024	2025E	2026E	2027E
EBIT	**51.2**	**60.3**	**77.4**	**92.0**	**93.3**
Working capital changes	-	-	-	-	-
Cash tax paid	-	-	-	-	-
Others	4.4	(23.5)	-	-	-
Cashflow from operation	**55.6**	**36.8**	**77.4**	**92.0**	**93.3**
Capex / Acquisitions	(89.3)	(94.9)	(445.3)	(10.0)	(1.0)
Others	1.2	0.2	1.0	0.8	0.7
Cash flow from investing	**(88.1)**	**(94.7)**	**(444.3)**	**(9.2)**	**(0.3)**
Debt raised/(repaid)	20.0	90.0	291.0	-	-
Equity raised/(repaid)	82.4	10.0	148.5	-	-
Net int income/(expense)	(14.4)	(16.7)	(23.9)	(30.0)	(30.0)
Distribution to unit holders	(36.8)	(39.5)	(50.1)	(57.6)	(58.7)
Others	-	(0.2)	-	-	-
Cash flow from financing	**51.2**	**43.6**	**365.5**	**(87.6)**	**(88.7)**
Net cash generated	**18.7**	**(14.3)**	**(1.4)**	**(4.8)**	**4.4**
Free cashflow	**(33.8)**	**(58.1)**	**(367.9)**	**82.0**	**92.3**

Source: Affin Hwang, Company

Key Financial Ratios and Margins

FYE Jun (RMm)	2023	2024	2025E	2026E	2027E
Growth					
Revenue (%)	13.6	22.0	26.3	20.4	1.3
Realised net profit (%)	4.6	17.9	24.8	14.9	2.0
Distributable net profit (%)	3.8	17.6	18.1	14.9	2.0
Profitability					
Net property income margin (%)	74.2	76.2	71.6	70.8	70.9
Realised net profit margin (%)	45.0	43.5	43.0	41.1	41.3
ROA (%)	3.9	4.1	4.1	4.0	4.1
Core ROE (%)	6.2	6.6	7.4	7.7	7.8
Distribution payout ratio (%)	93.1	90.0	93.0	93.0	93.0
Liquidity					
Current ratio (x)	1.5	0.2	2.3	2.2	2.3
Op. cash flow (RMm)	55.6	36.8	77.4	92.0	93.3
Free cashflow (RMm)	(33.8)	(58.1)	(367.9)	82.0	92.3
FCF/share (sen)	(55.7)	(93.9)	(519.2)	102.7	115.6
Capital structure					
Gearing (%)	32.6	37.3	45.3	45.1	44.9
Interest cover (x)	3.5	3.6	3.2	3.1	3.1
Per Unit					
Reported EPU (sen)	10.03	7.65	7.83	7.99	8.14
Realized EPU (sen)	6.22	7.19	7.83	7.99	8.14
DPU (sen)	6.2	6.7	7.1	7.2	7.3
DPU yield (%)	6.9	7.4	7.9	8.0	8.2
NAV (RM)	1.09	1.10	1.17	1.05	1.05
P/NAV (x)	0.8	0.8	0.8	0.9	0.9

Quarterly Profit & Loss

FYE Jun (RMm)	1Q24	2Q24	3Q24	4Q24	1Q25
Revenue	**22.4**	**22.6**	**24.5**	**32.6**	**26.7**
Net Property Income	**16.5**	**16.8**	**18.1**	**26.4**	**19.7**
Revaluation surplus/Others	*0.3*	*0.3*	*0.2*	*(4.1)*	*(0.1)*
Net investment income	**16.8**	**17.0**	**18.3**	**22.4**	**19.5**
Interest expense	*(3.8)*	*(3.9)*	*(4.4)*	*(4.6)*	*(5.2)*
REIT's expenses	*(2.6)*	*(2.5)*	*(3.6)*	*(1.8)*	*(4.3)*
Comprehensive Income	**10.4**	**10.6**	**10.2**	**16.0**	**10.1**
Realised net profit	**10.4**	**10.6**	**12.0**	**12.0**	**10.1**
EPU (sen)	1.71	1.72	1.65	2.59	1.63
Realised EPU (sen)	1.71	1.72	1.93	1.94	1.63
DPU (sen)	1.55	1.55	1.60	1.96	1.52
Margins (%)					
NPI	73.8	74.2	73.7	81.0	73.7
Realised net profit	46.4	47.1	48.7	36.7	37.7

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Memberships:	Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association, Japan Security Token Offering Association