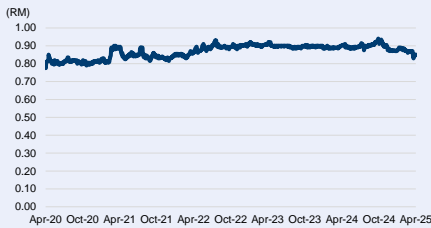


"9MFY25 DPU rose by 2% yoy – within estimates"

### Share price performance



	1M	3M	12M
Absolute (%)	-2.3	-2.9	-5.6
Rel KLCI (%)	-1.9	2.9	-1.8

	BUY	HOLD	SELL
Consensus	2	-	-

### Stock Data

Sector	REIT
Issued shares (m)	798.6
Mkt cap (RMm)/(US\$m)	678.8/155.3
Avg daily vol - 6mth (m)	1.3
52-wk range (RM)	0.82-0.95
Est free float	60.2%
Stock Beta	0.38
Net cash/(debt) (RMm)	(567.5)
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

Ong Choo Meng	9.0%
Ong Kook Liong	9.0%
EPF	6.1%
Teoh Siew Chin	4.3%

Source: Bloomberg, Affin Hwang, Bursa Malaysia

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## KIP REIT (KIP MK)

### BUY (maintain)

Up/Downside: +14.1%

### Price Target: RM0.98

Previous Target (Rating): RM0.97 (BUY)

### DPulze contribution boosts 9MFY25 DPU by 2% yoy

- KIPREIT's 9MFY25 core net profit rose by 10% yoy to RM36m on new acquisitions. Despite the dilutive effect from placement exercise, its 9MFY25 DPU grew by 2% yoy
- We expect KIPREIT's 2HFY25E core net profit to see further growth on the back of full half-year contributions from DPulze Shopping Centre and Gerik Hypermarket. DPulze could add c.RM13-23m to KIPREIT's FY25-26E NPI
- Maintain our BUY call with a revised DDM-derived 12-month target price of RM0.98. Its FY25E-26E DPU yield of 8% looks attractive to us

### KIPREIT's 9MFY25 core net profit rose by 10% yoy to RM36m

9MFY25 revenue rose by 38% yoy to RM96.2m, driven by new acquisitions and higher occupancy across existing assets, offsetting a 46% rise in borrowing costs to RM17.7m, and delivering a 10% growth in 9MFY25 core net profit of RM36.4m. Sequentially, KIPREIT's 3QFY25 core net profit grew by 20% qoq, supported by (i) full-quarter contributions from the newly acquired DPulze Shopping Centre (led to 48% qoq growth in Central region's 3QFY25 NPI) and Gerik Hypermarket, which were completed in Dec-24 and Nov-24 respectively. KIPREIT's healthy set of results translated into a higher 9MFY25 DPU of 4.78sen (9MFY24: 4.7sen), despite the dilutive effect from its placement exercise. Overall, the results were within our and consensus estimates – KIPREIT's 9MFY25 realised net profit accounted for 65% and 68% of our and the street's full-year earnings forecasts, respectively.

### 2HFY25E core net profit is poised for further growth

We expect KIPREIT's 2HFY25E core net profit to see further growth, supported by the full half-year contributions of DPulze Shopping Centre. We estimate DPulze will add c.RM13m-RM23m to KIPREIT's FY25-27E NPI. Despite the dilutive effect from its placement exercise, we expect KIPREIT to deliver a steady DPU growth of 1-5% in FY25-27E. Additionally, KIPREIT's active acquisition strategy strengthens its growth trajectory with its recent proposed acquisition of KIPMall Desa Coalfields, Lotus's Indera Mahkota, three double-storey units, and KFC Indera Mahkota in Apr-25. Upon completion, these acquisitions will expand its portfolio to 18 assets and increase its AUM to an estimated RM1.5bn, providing a stronger foundation for sustained earnings growth.

### Maintain our BUY call with an unchanged DDM-derived price target of RM0.97

We maintain our BUY rating on KIPREIT with a revised DDM-derived 12-month price target of RM0.98 (from RM0.97) as we rolled forward our valuation base to 2026. We favour KIPREIT for its assets with differentiated market positioning and the management's expansion aspirations. Besides, its FY25-27E DPU yield of 8% looks attractive to us. 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.

### Earnings & Valuation Summary

FYE 30 June	2023	2024	2025E	2026E	2027E
Revenue	83.8	102.2	128.9	154.5	156.6
Net Property Income	62.2	77.8	91.7	108.7	110.3
Net income	60.8	47.3	54.8	62.6	63.8
Realised net profit	37.7	44.5	54.8	62.6	63.8
EPU (sen)	10.0	7.6	7.7	7.8	8.0
Realised EPU (sen)	6.2	7.2	7.7	7.8	8.0
Realised EPU growth (%)	-12.8	15.6	7.6	1.3	2.0
PER (x)	8.7	11.4	11.3	11.2	11.0
Realised PER (x)	14.1	12.2	11.3	11.2	11.0
DPU (sen)	6.2	6.7	7.0	7.1	7.2
Dividend Yield (%)	7.1	7.6	8.0	8.1	8.2
NAV (RM)	1.1	1.1	1.2	1.0	1.1

Chg in EPU (%)

Affin/Consensus (x)

-  
-  
1.0 1.0 1.0

Source: Company, Affin Hwang estimates

**Fig 1: Results Comparison**

FYE 30 June (RMm)	3Q FY24	2Q FY25	3Q FY25	QoQ % chg	YoY % chg	9M FY24	9M FY25	YoY % chg	Comments
<b>Revenue</b>	<b>24.5</b>	<b>30.0</b>	<b>39.5</b>	<b>31.8</b>	<b>61.1</b>	<b>69.5</b>	<b>96.2</b>	<b>38.4</b>	Higher 3QFY25 revenue qoq and yoy on (i) full-quarter contributions from newly acquired assets – DPulze Shopping Centre and Gerik Hypermarket, and (ii) improved occupancy across most existing assets
Operating expenses	-6.5	-8.4	-12.1	43.9	86.8	-18.1	-27.5	51.5	
<b>Net Property Income</b>	<b>18.1</b>	<b>21.6</b>	<b>27.5</b>	<b>27.1</b>	<b>51.9</b>	<b>51.4</b>	<b>68.8</b>	<b>33.8</b>	
<i>NPI margin (%)</i>	<i>73.7</i>	<i>72.1</i>	<i>69.5</i>	<i>-2.6 ppt</i>	<i>-4.2 ppt</i>	<i>73.9</i>	<i>71.5</i>	<i>-2.5 ppt</i>	
Revaluation surplus & Others	0.2	-0.2	-0.4	>100	n.m.	0.7	-0.7	n.m.	
<b>Net Investment Income</b>	<b>18.3</b>	<b>21.5</b>	<b>27.1</b>	<b>26.4</b>	<b>48.6</b>	<b>52.1</b>	<b>68.1</b>	<b>30.8</b>	
Int expense	-4.4	-5.6	-7.0	25.2	57.4	-12.1	-17.7	45.7	Higher 9MFY25 interest expense yoy due to additional borrowings to finance its debt-funded acquisitions
REIT's expenses	-3.6	-3.9	-6.3	62.0	76.2	-8.7	-14.6	67.6	
<b>Pretax profit</b>	<b>10.2</b>	<b>12.0</b>	<b>13.8</b>	<b>15.3</b>	<b>35.1</b>	<b>31.3</b>	<b>35.9</b>	<b>14.8</b>	
<b>Net Profit</b>	<b>10.2</b>	<b>12.0</b>	<b>13.8</b>	<b>15.3</b>	<b>35.1</b>	<b>31.3</b>	<b>35.9</b>	<b>14.8</b>	
<b>Realised net profit</b>	<b>12.0</b>	<b>12.0</b>	<b>14.3</b>	<b>19.6</b>	<b>19.8</b>	<b>33.0</b>	<b>36.4</b>	<b>10.3</b>	Within our and consensus expectations
EPU (sen)	1.65	1.50	1.73	15.3	4.6	5.11	5.15	0.7	
Realised EPU (sen)	1.37	1.50	1.67	11.0	21.3	4.83	5.08	5.1	
DPU (sen)	1.60	1.66	1.60	-3.6	0.0	4.70	4.78	1.7	

Source: Affin Hwang, Company

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If you decide to enter into a business arrangement with us based on the information described in materials presented along with this document, we ask you to pay close attention to the following items.

- In addition to the purchase price of a financial instrument, we will collect a trading commission\* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction.
- In some cases, we may also charge a maximum of ¥ 2 million (including tax) per year as a standing proxy fee for our deposit of your securities, if you are a non-resident of Japan.
- For derivative and margin transactions etc., we may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by us.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.  
\*The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with us.

Corporate Name: Daiwa Securities Co. Ltd.  
 Financial instruments firm: chief of Kanto Local Finance Bureau (Kin-sho) No.108  
 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