

KIP Real Estate Investment Trust

TP: RM1.09 (+37.0%)
Strong Start to FY26
Last Traded: RM0.87
Buy (ESG: ★★★)

Thiam Chiann Wen

Tel: +603-2167 9615

cwthiam@ta.com.my

www.taonline.com.my

Review

- KIP REIT's IQFY26 realised net profit of RM17.5mn (+73% YoY, +15% QoQ) was in line with expectations at 26% of both our and consensus full-year estimates.
- IQFY26 distribution per unit (DPU) rose 18% YoY to 1.8sen, translating to an attractive dividend yield of 8.3% based on the last closing price.
- YoY, IQFY26 revenue and net property income (NPI) rose 53% and 51% to RM40.8mn and RM29.7mn, respectively, driven by stronger contributions from its seven existing KIP Malls and incremental income from the newly acquired DPulse Shopping Centre, TF Value Mart, Cheras Jaya industrial property, KIPMall Desa Coalfields and Bintulu industrial property.
- On a sequential basis, revenue and NPI inched higher by 2% YoY and 6% in IQFY26, primarily due to contributions from the newly acquired KIPMall Desa Coalfields.

Impact

- Maintain earnings forecasts.

Briefing Highlights

- KIP REIT completed three acquisitions during the quarter under review, namely, KIPMall Desa Coalfields, KIP Kuantan, and an industrial property in Bintulu. On 17 Oct 2025, it further completed the acquisition of an industrial asset in Pasir Gudang, Johor. These additions expanded its portfolio to 18 income-generating properties across Peninsular Malaysia and Sarawak, with total assets under management (AUM) of RM1.7bn.
- Management remains positive on the outlook, supported by resilient portfolio performance, proactive leasing, and ongoing operational improvements. At KIPMall Tampoi, enhancement works (40.3% completed as of 9 Oct) are on track for completion by Jan 2026. The RM22mn upgrade will add 10,000 sq ft of NLA and feature improved infrastructure, upgraded F&B areas, digital elements, and sustainability initiatives to boost footfall and rental growth.
- The impact of the 8% SST on commercial rentals is expected to be minimal, given strong occupancy (>90%), improving footfall, and steady tenant sentiment. Management targets rental reversions of 5–10% for FY26.
- KIP REIT remains committed to prudent capital management and sustainable returns, with a goal to expand AUM to RM2.0bn by 2027 through strategic acquisitions in both retail and industrial segments.

Valuation

- We maintain our Buy recommendation on KIP REIT with an unchanged TP of RM1.09/unit, based on a target yield of 6.5%.

Share Information

Bloomberg Code	KIP MK
Stock Code	KIPREIT
Listing	Main Market
Share Cap (mn)	958.6
Market Cap (RMmn)	834.0
52-wk Hi/Lo (RM)	0.935/0.82
12-mth Avg Daily Vol ('000 shrs)	1411.6
Estimated Free Float (%)	63.9
Beta (x)	0.1
Major Shareholders (%)	
	Dato' Ong Choo Meng - 8.8
	Dato' Ong Kook Liong - 7.5

Forecast Revision

	FY26	FY27
Forecast Revision (%)	0.0	0.0
Net profit (RMm)	68.3	74.4
Consensus	65.9	69.8
TA's / Consensus (%)	103.6	106.6
Previous Rating	Buy (Maintained)	
Consensus TP (RM)	1.03	

Financial Indicators

	FY26	FY27
Net Gearing (%)	40.2	40.7
FCF/share (sen)	(12.1)	10.9
P/CFPS (x)	(7.2)	8.0
ROE (%)	7.1	7.2
ROA (%)	4.0	4.1
NAV/Share (RM)	1.1	1.1
Price/NAV (x)	0.8	0.8

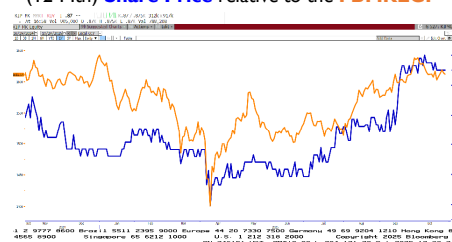
Scorecard

	% of FY	
vs. TA	25.6	Within
vs. Consensus	26.5	Within

Share Performance (%)

Price Change	KIP	FBM KLCI
1 mth	(1.7)	0.0
3 mth	0.6	5.8
6 mth	2.4	6.3

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Table 1: Earnings Summary (RM mn)

FYE June	FY24	FY25	FY26f	FY27f	FY28f
Gross Rental Income	102.2	136.1	155.0	165.3	173.2
Net Property Income	77.8	96.8	123.0	131.0	135.8
NPI Margins (%)	76.2	71.1	79.3	79.2	78.4
Core Pretax profit	45.0	53.4	68.3	74.4	78.2
Core Net Profit	45.0	51.6	68.3	74.4	78.2
Distributable Income	45.6	52.7	63.5	69.2	72.7
Core EPU (sen)	7.3	7.1	7.4	7.8	8.2
Core EPU Growth (%)	11.7	(2.1)	4.6	4.5	5.1
PER (x)	12.0	12.3	11.7	11.2	10.7
DPU (sen)	6.7	6.8	6.9	7.2	7.6
Div Yield (%)	7.7	7.8	7.9	8.3	8.7
ROE (%)	6.7	6.6	7.1	7.2	7.5

Table 2: IQFY26 Results Analysis (RM mn)

FYE June	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
Gross Revenue	26.7	39.9	40.8	2.2	52.6
Net property income	19.7	28.1	29.7	5.9	51.1
Interest Income	0.3	0.3	0.3	0.0	(10.3)
Change in fair value of inv prop / I	(0.5)	63.3	(0.6)	(100.9)	29.4
Net investment Income	19.5	91.6	29.1	(68.2)	49.0
Finance Costs	(5.2)	(7.3)	(6.5)	(11.0)	25.2
Other trust expenses	(0.9)	(1.1)	(0.9)	(18.4)	4.6
Income before taxation	10.1	79.3	16.9	(78.6)	68.1
Net profit	10.1	79.3	17.2	(78.2)	71.1
Core Net Profit	10.1	15.2	17.5	15.1	73.2
Income available for distribution	10.5	15.7	17.6	12.2	68.3
EPU (sen)	1.6	1.9	1.9	(2.9)	14.8
DPU (sen)	1.5	2.0	1.8	(10.8)	18.3
				<i>ppt</i>	<i>ppt</i>
NPI Margin (%)	73.7	70.3	72.2	1.8	(1.5)
Core Net Margin (%)	37.7	38.0	42.8	4.8	5.1

Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to 12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.

HOLD : Total return of the stock is within the range of 7% to 12%.

SELL : Total return of the stock is lower than 7%.

Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★	★★★	★★★	★★★
Remark	It has implemented some green initiatives to reduce carbon emission.	Low exposure to social risks given that the sector is not labour-intensive.	Adequate transparency practices to ensure stakeholder engagement and management efficiency.	★★★

★★★★★ (≥80%)	: Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.	+5% premium to target price
★★★★ (60-79%)	: Above adequate integration of ESG factors into most aspects of operations, management and future directions.	+3% premium to target price
★★★ (40-59%)	: Adequate integration of ESG factors into operations, management and future directions.	No changes to target price
★★ (20-39%)	: Have some integration of ESG factors in operations and management but are insufficient.	-3% discount to target price
★ (<20%)	: Minimal or no integration of ESG factors in operations and management.	-5% discount to target price

Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

As of Thursday, October 30, 2025, the analyst, Thiam Chiann Wen, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

TA SECURITIES HOLDINGS BERHAD 197301001467 (14948-M)
A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048
www.ta.com.my