

30 Oct 2025

## Buy

**Price**  
RM0.87

**Target Price**  
RM0.95

### Market Data

Bloomberg Code	KIP MK
No. of shares (m)	958.6
Market cap (RMm)	838.8
52-week high/low (RM)	0.94 / 0.82
Avg daily turnover (RMm)	1.9
KLCI (pts)	1,611.5

Source: Bloomberg, CIMB Securities

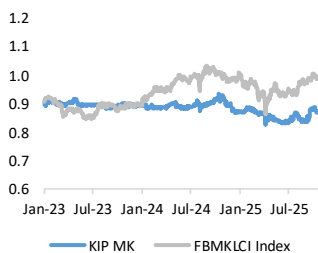
### Major Shareholder (%)

Dato' Eddie Ong Choo Meng	10.4%
Dato' Ong Kook Liong	7.8%
EPF	4.2%
Free Float	77.6%

Source: Bloomberg, CIMB Securities

### Performance

	3M	6M	12M
Absolute (%)	1.2	2.9	(5.9)
Rel Market (%)	(4.3)	(1.5)	(6.3)



Source: Bloomberg, CIMB Securities

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# KIP REIT

## Earnings boost from expanded portfolio

KIP REIT's 1QFY26 results were broadly in line with expectations at 26% and 27% of our and consensus full-year forecasts, respectively. 1QFY26 CNP grew 68.6% YoY, driven by healthy rental reversion and improved occupancy rate. In 2QFY26F we expect CNP to improve QoQ on full-quarter contributions from three of its newly acquired assets. We maintain our Buy call on KIP REIT with an unchanged DDM-based TP of RM0.95, supported by distribution yields of 7.8–8.9% for FY26–28F.

### Financial highlights

FYE Jun	2024	2025	2026F	2027F	2028F
Revenue (RM mil)	102.2	136.1	158.2	165.3	172.7
Net property income	77.8	96.8	116.4	121.6	127.0
Realised net profit(RM mil)	44.5	53.3	67.2	71.2	76.5
EPU (sen)	8.3	7.4	7.3	7.7	8.3
EPU Growth (%)	34.0	(11.4)	(1.0)	5.9	7.5
DPS (sen)	6.7	6.8	6.8	7.2	7.7
P/E (x)	10.1	11.4	11.6	10.9	10.1
Dividend yield (%)	7.9	8.0	7.8	8.3	8.9
ROE (%)	8.8	7.3	7.8	8.3	8.9
Gearing (%)	37.3	39.5	38.2	38.1	37.9

Source: Company, CIMB Securities

### 1QFY26 CNP grew 68.6% YoY; in line with expectations

KIP REIT reported a core net profit (CNP) of RM17.9m (+68.6% YoY, 2.2% QoQ) for 1QFY26 which is in line with expectations at 26% and 27% of our and consensus full-year forecasts, respectively. The REIT declared a first interim distribution per unit (DPU) of 1.80 sen (1QFY25: 1.52 sen; 4QFY25: 2.02 sen), translating to a payout of 90% and representing 25% of our estimate and 26% of the consensus FY26F projection.

### Strong occupancy and rental reversion led YoY improvement in CNP

In 1QFY26, KIP REIT recorded a strong net property income (NPI) of RM29.7m (+51.1% YoY), driven by robust revenue growth of 52.6% YoY. The stronger revenue performance was supported by higher occupancy rates and positive rental reversions across its seven existing KIPMalls, alongside incremental contributions from newly acquired assets. On a QoQ basis, CNP rose by 2.2% in 1QFY26, underpinned by the partial rental contributions from KIPMall Desa Coalfields, KIP Kuantan, and Bintulu Industrial Land, which were completed between Aug and Sep 2025. Portfolio occupancy improved to 98.3% (+3.9 percentage points (pp) YoY, +1.6 pp QoQ) as at end-1QFY26, underscoring KIP REIT's strong tenancy retention and proactive asset management strategies.

### Expect stronger QoQ earnings from newly acquired assets

We anticipate KIP REIT's earnings to strengthen QoQ in 2QFY26, supported by the full-quarter contributions from its newly acquired assets in 1QFY26. Collectively, these assets are projected to contribute approximately 8% to total rental income in 2QFY26. Separately, KIP REIT noted an improvement in shopper traffic across its retail malls following the disbursement of the government's Sumbangan Asas Rahmah (SARA) cash aid in end-Aug 2025, as KIPMalls house several participating outlets under the programme. This is expected to support the REIT's variable rental income component, which accounts for 5% of total rental revenue on average.

### Retain Buy with DDM-based TP of RM0.95

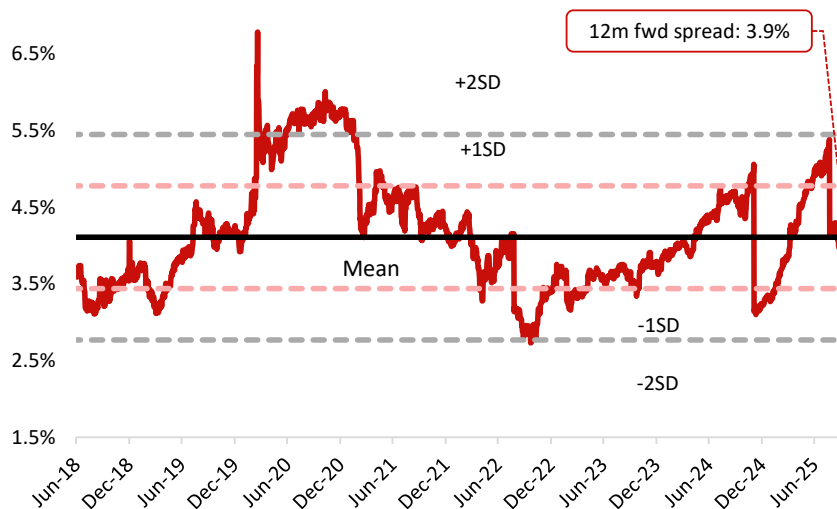
We maintain our Buy call and DDM-based target price (TP) of RM0.95. The REIT's current 12-month forward distribution yield spread over the 10-year Malaysian Government Securities (MGS) stands at 3.9%, in line with its 5-year historical average. Key catalysts include stronger-than-expected rental reversion and yield contributions from future acquisitions. Downside risks include non-renewal of tenancies and higher-than-expected operating costs.

## Exhibit 1: Results comparison

FYE Jun (RM m)	1Q	1Q	YoY %	4Q	QoQ %	Prev.
	FY26	FY25	chg	FY25	chg	FY26F
Revenue	40.8	26.7	52.6	39.9	2.2	158.2
Operating costs	(16.4)	(11.1)	48.4	(15.8)	3.9	(61.5)
EBITDA	24.3	15.6	55.7	24.1	1.1	96.7
EBITDA margin (%)	59.7	58.6	2.0	60.4	(1.1)	61.1
Depn & amort.	(0.3)	(0.2)	52.2	0.3	nm	(1.6)
EBIT	24.0	15.4	55.7	24.4	(1.7)	95.1
Interest expense	(6.5)	(5.2)	25.2	(7.3)	(11.0)	(28.5)
Interest & invt inc	0.3	0.3	(10.3)	0.3	0.0	0.6
Exceptionals	(0.6)	(0.5)	19.9	61.8	nm	-
<b>Pretax profit</b>	<b>17.2</b>	<b>10.1</b>	<b>71.1</b>	<b>79.3</b>	<b>(78.2)</b>	<b>67.2</b>
Tax	-	-	nm	-	nm	-
<b>Net profit</b>	<b>17.2</b>	<b>10.1</b>	<b>71.1</b>	<b>79.3</b>	<b>(78.2)</b>	<b>67.2</b>
<b>Core net profit</b>	<b>17.9</b>	<b>10.6</b>	<b>68.6</b>	<b>17.5</b>	<b>2.2</b>	<b>67.2</b>
DPU (sen)	1.8	1.5	18.3	2.0	(10.8)	6.8

Source: Company reports, CIMB Securities

## Exhibit 2: KIP REIT's distribution yield spread against 10-year MGS



Source: Company reports, CIMB Securities

## KIP REIT

### Income Statement

FYE Jun (RMm)	2024	2025	2026F	2027F	2028F
Gross rental income	102.2	136.1	158.2	165.3	172.7
Property operating expenses	(24.3)	(39.3)	(41.8)	(43.7)	(45.6)
Net property income	77.8	96.8	116.4	121.6	127.0
Non-property expenses	(9.4)	(18.4)	(19.7)	(20.0)	(20.2)
PBITDA	64.2	140.1	96.7	101.7	106.8
PBIT	63.1	138.9	95.1	100.0	105.1
Interest expense	(16.7)	(24.9)	(28.5)	(29.5)	(29.5)
Exceptional item	(4.2)	61.8	-	-	-
PBT	47.3	115.1	67.2	71.2	76.5
Tax	-	-	-	-	-
Core Net Profit	51.5	53.3	67.2	71.2	76.5

### Balance Sheet

FYE Jun (RMm)	2024	2025	2026F	2027F	2028F
Investment properties	1,054.5	1,484.8	1,671.6	1,671.6	1,671.6
Trade and other receivables	7.1	9.2	9.2	9.2	9.2
Cash and bank balances	34.9	57.1	26.2	28.8	38.5
Inventories	-	-	-	-	-
Total Assets	1,135.9	1,577.0	1,747.7	1,754.8	1,762.3
Payables and accruals	21.5	36.6	28.5	29.9	30.9
Short-term Borrowings	313.9	16.4	16.4	16.4	16.4
Long-term Borrowings	109.5	606.4	651.7	651.7	651.7
Payables and accruals	12.2	22.5	22.2	23.0	24.0
Unit holder's capital	583.6	730.5	860.1	860.1	860.1
Undistributed income to Reserves	94.0	163.7	168.4	173.3	178.7
Total unit holder's fund	677.6	894.2	1,028.5	1,033.4	1,038.8
Total liabilities and shareholder's fund	1,135.9	1,577.0	1,748.3	1,755.5	1,762.9

### Cash flow Statement

FYE Jun (RMm)	2024	2025	2026F	2027F	2028F
Pretax profit	47.3	115.1	67.2	71.2	76.5
Working capital	(24.3)	54.5	(23.0)	(2.4)	4.3
Others	13.8	(39.1)	27.9	28.8	28.6
Operating cash flows	36.8	130.5	72.0	97.6	109.5
Acquisitions	(94.5)	(368.5)	(114.9)	-	-
Enhancement exp.	-	-	(71.9)	-	-
Others	(0.2)	(15.5)	0.6	0.6	0.8
Investing cash flows	(94.7)	(384.0)	(186.3)	0.6	0.8
Issue of shares	10.0	148.5	129.6	-	-
Dividend paid	(39.5)	(45.5)	(62.5)	(66.2)	(71.2)
Borrowings	90.0	200.0	45.3	-	-
Others	(17.1)	(27.4)	(28.5)	(29.5)	(29.5)
Financing cash flow	43.4	275.6	83.9	(95.6)	(100.6)
Net inflows/(outflows)	(14.4)	22.1	(30.3)	2.6	9.7
Change in receivables	(27.9)	29.1	(14.7)	(4.5)	2.3
Change in payables	3.6	25.4	(8.3)	2.2	2.1

Source: Bloomberg, CIMB Securities

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<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
<b>Reduce</b>	The stock's total return is expected to fall below 0% or more over the next twelve (12) months.
	<i>Note: The total expected return of a stock is defined as the sum of:</i> <i>(a) the percentage difference between the target price and the current price; and</i> <i>(b) the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months.</i>
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