

Results Note

RM0.85 @ 23 July 2026

"12MFY26 DPU rose by 7% yoy – within estimates"

Share price performance



	1M	3M	12M
Absolute (%)	0.6	-1.7	-1.2
Rel KLCI (%)	-1.4	-1.3	-11.8

	BUY	HOLD	SELL
Consensus	5	-	-

Stock Data

Sector	REIT
Issued shares (m)	958.6
Mkt cap (RMm)/(US\$m)	810/198.1
Avg daily vol - 6mth (m)	2.0
52-wk range (RM)	0.82-0.96
Est free float	63.9%
Stock Beta	0.45
Net cash/(debt) (RMm)	(615.0)
ROE (FY26E)	7.0%
Derivatives	No
Shariah Compliant	No
FTSE4Good Constituent	Yes
FBM EMAS (Top 200)	Top 26 – 50%
ESG Risk Rating	n/a

Key Shareholders

Ong Choo Meng	8.8%
Ong Kook Liong	7.5%
AIA Bhd	4.4%
EPF	4.0%

Source: Bloomberg, Affin Hwang, Bursa Malaysia

Afifah Ishak

T (603) 2146 7579

E Afifah.ishak@affingroup.com

Isaac Chow

T (603) 2146 7536

E Isaac.chow2@affingroup.com

KIP REIT (KIP MK)

BUY (maintain)

Up/Downside: +27.1%

Price Target: RM1.08

Previous Target (Rating): RM1.08 (BUY)

FY26 DPU rose 6.8% yoy – within estimates

- KIPREIT's 12MFY26 core net profit rose by 42% yoy to RM74m on new acquisitions. Despite the dilutive effect from the placement exercise, its 12MFY26 DPU grew by 7% yoy
- FY27E-29E core net profit to see further growth on the back of (i) full-year contribution from completed/ongoing acquisitions of KIPMall Desa Coalfields, East Coast assets and Setapak Central Mall which will contribute RM40m in annual NPI
- Maintain our BUY call with an unchanged DDM-derived 12-month target price of RM1.08. Its FY27E-29E DPU yields of 9-10% look attractive to us

KIPREIT's 12MFY26 core net profit rose by 42% yoy to RM74m

KIP REIT delivered a strong set of results, with 12MFY26 revenue rising 30.1% yoy to RM177.1m, driven by the incremental contribution from its newly acquired assets, namely (i) DPulse Shopping Mall, (ii) KIPMall Desa Coalfields and (iii) East Coast-based assets. This more than offset a 21.5% yoy increase in finance costs to RM30.3m, lifting 12MFY26 core net profit by 41.5% yoy to RM73.6m. Sequentially, 4QFY26 core net profit grew 11% qoq to RM20.2m as stronger rental income more than offset higher operating expenses and higher finance costs. Reflecting the stronger earnings base, 12MFY26 DPU increased 6.8% yoy to 7.26 sen (12MFY25: 6.80 sen), despite dilution from the recent private placement.

Setting the stage for stable earnings growth

Overall, the results were in line with our expectations but exceeded consensus, with 12MFY26 core net profit accounting for 100% and 104% of our and consensus full-year earnings forecasts, respectively. We remain positive on KIPREIT's earnings outlook, underpinned by the full-year contribution from DPulse Shopping Centre, which is expected to contribute approximately RM23m in annual NPI. In addition, acquisitions completed over 2025–2026, including Setapak Central Mall, KIPMall Desa Coalfields, Lotus's Indera Mahkota and several commercial assets, are expected to collectively contribute around RM40m in annual NPI. While the recent private placement and acquisition-related borrowings will result in unit dilution and higher finance costs, we expect the incremental rental income to more than offset these headwinds, supporting steady DPU growth of 3–4% over FY27E–FY29E.

Maintain our BUY call with an unchanged DDM-derived price target of RM1.08

Post full-year FY26 results, we maintain our BUY call on KIPREIT with an unchanged DDM-derived 12-month target price of RM1.08. We continue to favour KIPREIT for its differentiated portfolio, proactive management and attractive FY27E–FY29E DPU yields of 9–10%. Downside risks include weaker-than-expected rental reversions, earnings disappointments, and a sharper-than-expected increase in the OPR and global bond yields.

Earnings & Valuation Summary

FYE 30 June	2025	2026	2027E	2028E	2029E
Revenue	136.1	177.1	216.6	243.4	243.7
Net Property Income	96.8	129.9	157.9	174.6	174.7
Reported net profit	115.1	145.3	86.4	97.7	100.4
Realised net profit	52.0	73.6	86.4	97.7	100.4
EPU (sen)	15.9	15.6	8.1	8.3	8.5
Realised EPU (sen)	7.1	7.9	8.1	8.3	8.5
Realised EPU growth (%)	-1.2	10.6	3.0	2.6	2.7
PER (x)	5.3	5.4	10.5	10.3	10.0
Realised PER (x)	12.0	10.8	10.5	10.3	10.0
DPU (sen)	6.8	7.3	7.5	7.9	8.1
Distribution Yield (%)	8.0	8.5	8.9	9.3	9.5
NAV (RM)	1.2	1.2	1.2	1.1	1.1

Chg in EPU (%)

-0.1

-

New

Affin/Consensus (x)

1.1

1.2

N/A

Source: Company, Affin Hwang estimates

Fig 1: Results Comparison

FYE 30 June (RMm)	4Q FY25	3Q FY26	4Q FY26	QoQ % chg	YoY % chg	12M FY25	12M FY26	YoY % chg	Comments
Revenue	39.9	44.6	48.2	8.0	20.9	136.1	177.1	30.1	12MFY26 revenue rose yoy on new asset acquisitions, mostly arising from DPulze's rental contribution
Operating expenses	-11.8	-12.3	-12.8	3.9	8.1	-39.3	-47.2	20.2	
Net Property Income	28.1	32.3	35.4	9.6	26.2	96.8	129.9	34.1	
<i>NPI margin (%)</i>	<i>70.3</i>	<i>72.4</i>	<i>73.4</i>	<i>+1.1 ppt</i>	<i>+3.1 ppt</i>	<i>71.1</i>	<i>73.3</i>	<i>+2.2 ppt</i>	Improved 4QFY26 NPI margin qoq as higher revenue effectively offset the higher opex
Revaluation surplus & Others	63.6	0.0	74.6	>100	17.4	62.9	74.1	17.9	
Net Investment Income	91.6	32.3	110.1	241.0	20.1	159.7	204.0	27.7	
Int expense	-7.3	-7.4	-8.2	10.8	12.7	-24.9	-30.3	21.5	Higher 12MFY26 interest expense yoy due to additional borrowings to partially finance its acquisitions
REIT's expenses	-5.1	-6.7	-5.1	-24.3	-0.1	-19.7	-24.0	22.2	
Pretax profit	79.3	18.2	96.8	>100	22.1	115.1	149.7	30.0	
Net Profit	79.3	18.2	92.4	>100	16.6	115.1	145.3	26.2	
Realised net profit	15.6	18.2	20.2	11.0	29.3	52.0	73.6	41.5	Within our but above consensus estimates
Distributable income	15.7	18.5	20.5	10.9	30.7	52.6	74.5	41.6	
EPU (sen)	9.92	1.89	9.64	>100	-2.9	15.94	15.62	-2.0	
Realised EPU (sen)	1.95	1.89	2.10	11.0	7.7	7.10	7.86	10.7	
DPU (sen)	2.02	1.73	2.03	17.3	0.6	6.80	7.26	6.8	

Source: Affin Hwang, Company

Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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Affin Hwang Investment Bank Berhad (14389-U)
A Participating Organisation of Bursa Malaysia Securities Berhad

32nd Floor, Menara Affin,
Lingkaran TRX, Tun Razak Exchange,
55188 Kuala Lumpur.
Malaysia.

T : + 603 2142 3700
F : + 603 2146 7630
research@affingroup.com

www.affingroup.com