TA SECURITIES
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RESULTS UPDATE

Friday, July 24, 2026
FBMKLCI: 1,714.59
Sector: REIT

THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY*

KIP Real Estate Investment Trust

TP: RM1.15 (+36.1%)

Record Performance

Last Traded: RM0.845

Buy (ESG: ★★★★)

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Review

- KIP REIT's FY26 realised net profit of RM73.6mn increased by 42.7% YoY and came in above our forecast at 108%, but within consensus expectations at 104%. The earnings beat was mainly attributable to stronger-than-expected retail performance.
- 4QFY26 DPU increased by 0.6% YoY to 2.03 sen, bringing FY26 DPU to a record 7.26 sen, up 6.8% YoY. Based on the last closing price of RM0.845, this translates into an attractive distribution yield of 8.6%.
- FY26 revenue and net property income (NPI) rose 30.1% YoY and 34.1% YoY to RM177.1mn and RM129.9mn, respectively. Growth was driven by stronger contributions from its existing KIPMall portfolio, alongside incremental income from newly acquired retail and industrial assets.
- On a QoQ basis, 4QFY26 revenue and NPI rose by 8.0% and 9.6% to RM48.2mn and RM35.4mn, respectively. The improvement was driven by better operating performance across most malls.

Impact

- We raise our FY27 and FY28 earnings forecasts by 5.4% and 5.0% to reflect the stronger-than-expected performance of the retail portfolio.
- We also introduce our FY29 net profit forecast of RM84.8mn and EPU forecast of 8.8sen, implying earnings growth of 3.2%.
- Our forecasts have yet to incorporate the proposed Setapak Central acquisition and the associated private placement. We will revisit our estimates upon completion, when the final placement price, number of new units and effective financing cost are known.

Briefing Highlights

- Management indicated that KIP REIT achieved rental reversions of approximately 6–7% in FY26 and expects positive reversions to continue in FY27. Around 42.7% of portfolio gross rental income is due for renewal in FY27, providing room for further rental growth.
- Portfolio occupancy improved to 98.7% in 4QFY26 from 98.5% in 3QFY26, supported by healthy occupancy across both the retail and industrial portfolios. KIP REIT's community-focused malls continue to benefit from necessity-based spending and established local catchments.
- Unitholders approved the proposed RM435mn acquisition of Setapak Central, which will become KIP REIT's 19th and largest asset by value upon completion. The acquisition is targeted for completion in September 2026 and will be funded through a 60:40 combination of bank borrowings and private placement proceeds. Upon completion, AUM is expected to increase to approximately RM2.1bn, exceeding management's RM2.0bn target ahead of schedule.
- With its near-term AUM target largely achieved, management intends to

Share Information	
Bloomberg Code	KIP MK
Stock Code	KIPREIT
Listing	Main Market
Share Cap (mn)	958.6
Market Cap (RMmn)	810.0
52-wk Hi/Lo (RM)	0.96/0.82
12-mth Avg Daily Vol ('000 shrs)	1803.9
Estimated Free Float (%)	63.9
Beta (x)	0.2
Major Shareholders (%)	
	Dato' Ong Choo Meng - 8.8
	Dato' Ong Kook Liong - 7.5

Forecast Revision	FY27	FY28
Forecast Revision (%)	5.4	5.0
Net profit (RMm)	78.4	82.1
Consensus	76.4	80.7
TA's / Consensus (%)	102.6	101.8
Previous Rating	Buy (Maintained)	
Consensus TP (RM)	1.06	

Financial Indicators	FY27	FY28
Net Gearing (%)	42.9	45.9
FCF/share (sen)	9.7	12.9
P/CFPS (x)	8.7	6.5
ROE (%)	7.1	7.4
ROA (%)	4.0	3.9
NAV/Share (RM)	1.2	1.2
Price/NAV (x)	0.7	0.7

Scorecard	% of FY	
vs. TA	108.0	Above
vs. Consensus	104.0	Within

Share Performance (%)		
Price Change	KIP	FBM KLCI
1 mth	0.6	2.1
3 mth	(1.7)	(0.4)
6 mth	(10.1)	(0.3)
12 mth	(1.2)	12.1

(12-Mth) **Share Price** relative to the **FBMKLCI**

Source: Bloomberg

place greater emphasis on organic DPU growth through rental reversions, turnover rents, tenant remixing, AEIs, space optimisation and further cost efficiencies.

Valuation

- Following our earnings revisions, we raise our TP to RM1.15/unit from RM1.13/unit, based on an unchanged CY27 target yield of 6.75% and a 3% ESG premium. Maintain **Buy**.
- KIP REIT remains our top pick in the M-REIT sector, supported by its above-sector distribution yield, defensive community-mall portfolio and visible organic growth opportunities from rental renewals, tenant remixing and planned AEIs. The proposed Setapak Central acquisition provides an additional medium-term growth avenue, although the final DPU impact will depend on the placement price and financing cost.
- Key downside risks include weaker-than-expected rental reversions, higher financing costs, greater placement dilution and delays in completing the Setapak Central acquisition.

Table 1: Earnings Summary (RM mn)

FYE June	FY25	FY26	FY27f	FY28f	FY29f
Gross Rental Income	136.1	177.1	182.5	191.3	198.9
Net Property Income	96.8	129.9	137.4	144.2	149.6
NPI Margins (%)	71.1	73.3	75.3	75.3	75.2
Core Pretax profit	53.4	76.8	78.4	82.1	84.8
Core Net Profit	51.6	73.6	78.4	82.1	84.8
Distributable Income	52.7	74.5	72.9	76.4	78.8
Core EPU (sen)	7.1	7.9	8.2	8.6	8.8
Core EPU Growth (%)	(2.1)	10.8	3.4	4.7	3.2
PER (x)	11.9	10.7	10.3	9.9	9.6
DPU (sen)	6.8	7.3	7.6	8.0	8.2
Div Yield (%)	8.0	8.6	9.0	9.4	9.7
ROE (%)	6.6	7.4	7.1	7.4	7.6

Table 2: 4QFY26 Results Analysis (RM mn)

FYE June		4Q25	3Q26	4Q26	QoQ (%)	YoY (%)	FY25	FY26	YoY (%)
Gross Revenue		39.9	44.6	48.2	8.0	20.9	136.1	177.1	30.1
Net property income		28.1	32.3	35.4	9.6	26.2	96.8	129.9	34.1
Interest Income		0.3	0.2	0.5	127.6	77.8	1.1	1.2	9.4
Change in fair value of inv prop / EI		63.3	(0.3)	74.1	>100	17.2	61.8	72.9	18.0
Net investment Income		91.6	32.3	110.1	241.0	20.1	159.7	204.0	27.7
Finance Costs		(7.3)	(7.4)	(8.2)	10.8	12.7	(24.9)	(30.3)	21.5
Other trust expenses		(1.1)	(1.6)	0.0	(102.0)	(102.8)	(4.2)	(3.7)	(12.9)
Income before taxation		79.3	18.2	96.8	432.8	22.1	115.1	149.7	30.0
Net profit		79.3	18.2	92.4	408.5	16.6	115.1	145.3	26.2
Core Net Profit		15.2	18.2	20.2	11.0	33.0	51.6	73.6	42.7
Income available for distribution		15.7	18.5	20.5	10.9	30.7	52.7	74.5	41.4
EPU	(sen)	1.9	1.9	2.1	11.0	9.2	7.1	7.9	10.8
DPU	(sen)	2.0	1.7	2.0	17.3	0.6	6.8	7.3	6.8
					ppt	*ppt*			*ppt*
NPI Margin	(%)	70.3	72.4	73.4	1.1	3.1	71.1	73.3	2.2
Core Net Margin	(%)	38.0	40.7	41.8	1.1	3.8	37.9	41.5	3.7

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% to12%.

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% to12%.
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	KIP REIT has implemented full climate risk assessments and achieved measurable impact across waste and water recycling. It issued an ESG-linked Medium Term Note and set clear environmental targets aligned with Net Zero Carbon 2050.	The REIT promotes inclusivity through a 61% female workforce and 31% SME tenants. It has achieved full coverage in human rights training and grievance resolution, with continued investment in community and employee well-being.	All Board and Senior Management have completed ESG training, and 100% of suppliers are screened using ESG criteria. External assurance and recognition through FTSE4Good inclusion and ESG Positive Impact Gold Award reflect strong governance and disclosure practices	

★★★★★	**(≥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

As of Friday, July 24, 2026, 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

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