

05 February 2026

AME REIT

Stronger 4QFY26 Ahead

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AMEREIT reported 3QFY26 net profit of RM28.5m, broadly within our expectation as we expect stronger contribution from 4QFY26. The group's revenue jumped 21%, largely driven by six newly acquired properties in Johor from its sponsor alongside positive rental reversions. Its net profit only saw 5% growth as it was partially offset by the higher financing expenses from additional borrowings drawn to fund the acquisitions. We remain optimistic on the potential upsides from the ongoing developments in the Johor-Singapore Special Economic Zones (JS-SEZ). We maintain our forecasts, TP at RM1.68 and a MARKET PERFORM call.

Within expectations. AMEREIT's 9MFY26 net profit made up 71% of our forecast. We deem this as broadly meeting our expectation on an anticipated lumpier 4QFY26, led by its progressive acquisitions in the past two quarters that will see full impact in 4QFY26. However, it only managed to make up 64% of consensus estimates. The group also declared a gross distribution of 2.06 sen, bringing YTD total to 6.18 sen, on track to meet our FY25F gross dividend of 8.3 sen.

YoY, 3QFY26 revenue jumped 21% while its core net profit (after adjusting for fair value changes) grew 9% primarily led by the contributions from six newly acquired properties, along with the higher rental rates from tenancy renewals. The slower growth in net profit was in line with a higher financing expenses following additional borrowings drawn to fund the above acquisitions, amounting to ~RM220m (or 26%) of its present portfolio.

QoQ, its top line inched up by 2%, largely contributed by two newly acquired properties. On the other hand, its core net profit dipped by 3% largely due to higher management fees and some repair works.

Outlook. Looking forward, AMEREIT's future growth will be anchored by:

- (i) two ongoing acquisitions that are expected to see full-year benefits in FY27 net profit by an additional RM1.2m, which we have already reflected in our model assumptions.
- (ii) future asset acquisitions either from the sponsor or the open market from third-party sellers, as the group targets to achieve RM1b in total assets by CY27.
- (iii) increasing rate of rental reversions to approximately double-digit as leases renew at higher market rates on Johor's rising industrial demand.

Johor's rise as Malaysia's premier manufacturing hub, fueled by the JS-SEZ with close proximity to Singapore, RTS Link completion, and strong FDI inflows create long-term demand for integrated industrial facilities. AMEREIT, whose portfolio is fully situated within the JS-SEZ, is uniquely positioned to enjoy strategic concentration in Johor's high-demand industrial parks. As manufacturers relocate production capacities due to global supply-chain restructuring, AMEREIT stands to benefit from rising rental rates, higher enquiries, and stronger tenant covenants.

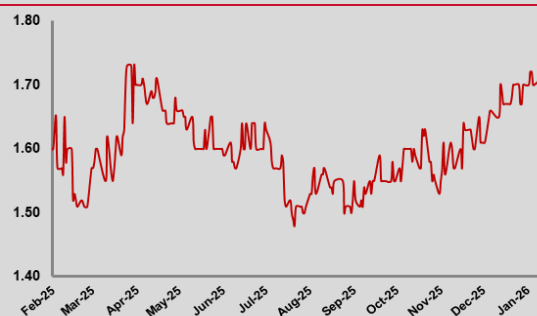
Forecasts. Maintained.

Valuations. We maintain our TP at RM1.68 based on FY26F NDPS assumption of 7.6 sen. This is against an unchanged yield spread of 1.25% (on top of our unchanged 10-year MGS assumption of 3.50%).

MARKET PERFORM ↔

Price: RM1.73
Target Price: RM1.68 ↔

Share Price Performance



KLCI	1,742.82
YTD KLCI chg	3.7%
YTD stock price chg	4.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	AMEREIT MK EQUITY
Market Cap (RM m)	917.4
Shares Outstanding	530.270329
52-week range (H)	1.73
52-week range (L)	1.40
3-mth avg. daily vol.	102,317
Free Float	33%
Beta	0.5

Major Shareholders

Ame Development Sdn Bhd	48.1%
Hong Leong Assurance	5.3%
Lee Chai	4.7%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	50.9	64.1	71.8
EBIT	46.4	59.0	66.1
PBT	49.3	41.6	43.6
PATAMI	48.0	40.4	42.3
Core PATAMI	34.4	40.4	42.3
Consensus (NP)	-	44.3	46.1
Earnings Revision	-	-	-
Core EPS (sen)	6.5	7.6	8.0
Core EPS Growth (%)	1.1	16.5	4.8
GDPU (sen)	7.4	8.3	8.7
NDPU (sen)	6.9	7.6	8.0
BVPS (RM)	1.12	1.11	1.10
PER (x)	23.7	20.4	19.4
PBV (x)	1.4	1.4	1.4
Asset Gearing (x)	0.23	0.34	0.36
Net Div. Yield (%)	4.4	4.9	5.2



Investment case. We like AMEREIT for its quality assets with strong tenant mix that are poised to reap further benefits from the JS-SEZ developments. We maintain our **MARKET PERFORM** call. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us.

Risks to our call include: (i) bond yield expansion, and (ii) slower-than-expected rental reversion.

Results Highlights

	3Q FY26	2Q FY26	QoQ Chg	3Q FY25	YoY Chg	9M FY26	9M FY25	YoY Chg
FYE Mar (RM m)								
Property Income	16.0	15.7	2.2%	12.7	25.8%	45.8	37.8	21.1%
Non-Property Income	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Gross Revenue	16.0	15.7	2.2%	12.7	25.8%	45.8	37.8	21.1%
Property Operating Expenses	-1.6	-1.3	22.7%	-1.0	58.9%	-4.3	-3.0	45.2%
Net Property Income	14.4	14.4	0.3%	11.7	23.0%	41.5	34.9	19.1%
Interest & Investment Income	-0.3	-0.5	-40.7%	0.1	-326.4%	-0.6	0.4	-248.3%
Net Investment Income	14.1	13.9	1.7%	11.8	19.3%	40.9	35.3	15.9%
Non-operating expenses	-4.6	-4.2	8.9%	-2.7	71.1%	-12.5	-8.1	54.5%
Profit before tax	9.5	9.7	-1.4%	9.2	4.1%	28.4	27.2	4.4%
Taxation	0.0	0.1	-22.4%	0.0	N.M.	0.1	0.0	N.M
Minority interest	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Net Profit	9.6	9.7	-1.5%	9.2	4.6%	28.5	27.2	4.8%
Distributable Income	10.9	11.5	-4.8%	10.0	9.4%	32.8	29.6	10.9%
Core Net Profit	10.0	10.3	-2.6%	9.2	9.6%	29.5	27.2	8.6%
Core Earnings Per Unit (sen)	1.89	1.95	-2.8%	1.74	8.9%	5.58	5.17	8.0%
Distribution Per Unit (sen)	2.06	2.16	-4.6%	1.89	9.0%	6.18	5.60	10.4%
Net Asset Value Per Unit (RM)	1.11	1.12	-0.3%	1.10	1.6%	1.11	1.10	1.6%
Key Operating Metrics:								
Net property income margin	89.9%	91.6%		92.0%		90.5%	92.1%	
Pretax margin	59.5%	61.6%		71.9%		62.0%	71.9%	
Gross Gearing	31.3%	27.1%		14.9%		31.3%	14.9%	

Source: Company, Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)		ROE		Net Div. (sen)		Net Div Yld	
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.		
REITs																					
AME REIT	MP	1.73	1.68	-2.9%	917.4	Y	03/2026	7.6	8.0	17.3%	4.8%	22.7	21.7	1.6	6.9%	7.6	4.4%				
AXIS REIT	MP	2.05	2.02	-1.5%	4,151.0	Y	12/2025	10.6	11.1	6.2%	5.1%	19.3	18.4	1.2	6.3%	10.1	4.9%				
CAPITALAND MALAYSIA TRUST	MP	0.680	0.650	-4.4%	2,265.3	N	12/2025	5.2	5.4	10.1%	4.2%	13.1	12.5	0.7	5.4%	4.8	7.1%				
IGB REIT	UP	2.93	2.52	-14.0%	12,666.7	N	12/2025	10.1	14.0	18.1%	38.6%	29.1	21.0	2.8	12.6%	10.6	3.6%				
KLCCP STAPLED GROUP	MP	9.17	9.37	2.2%	16,554.9	Y	12/2025	47.6	48.8	9.8%	2.5%	19.3	18.8	1.3	6.3%	45.7	5.0%				
SUNWAY REIT	UP	2.55	2.28	-10.6%	8,733.3	N	12/2025	12.7	13.3	1.7%	5.3%	20.1	19.1	1.7	7.8%	12.5	4.9%				
SECTOR AGGREGATE					45,288.6					9.4%	10.8%	21.0	19.0	1.5	7.7%		5.1%				

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Product Quality & Safety	★	★	★	★	
	Effluent/Water Management	★	★	★		
	Waste Management	★	★	★		
	Biodiversity & Conservation	★	★	★		
	Green Building	★	★	★		
	Supply Chain Management	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations**

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**** The Expected Total Return might contain rounding discrepancy**

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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