AME REIT

Within Expectations

MARKET PERFORM ↔

Price: RM1.62
Target Price: RM1.58 ↔

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AMEREIT reported its FY26 core net profit of RM39.8m with a full-year dividend of 8.34 sen, meeting our expectations but fell short of consensus estimates (by two houses) by 6%. The group's net profit jumped by 16% largely driven by six newly acquired properties in Johor from its sponsor alongside positive rental reversions. We remain optimistic on the potential upsides from the ongoing developments in the JS-SEZ. We tweak our FY27 earnings forecasts by +2%, maintain a TP of RM1.58 and a MARKET PERFORM call.

Within expectations. AMEREIT's FY26 net profit of RM39.8m made up 99% of our forecast but fell short of consensus estimates by 6%. The group also declared a gross distribution of 2.16 sen, bringing YTD total to 8.34 sen, in-line with our FY26 gross dividend forecast of 8.3 sen.

YoY, FY26 revenue jumped 22% primarily led by contributions from six newly acquired properties, along with the higher rental rates from tenancy renewals. Its net profit grew by 16% as it was partially offset by the higher financing expenses from additional borrowings drawn to fund the acquisitions.

QoQ, its 4QFY26 top line and bottom line inched up by 3% and 2%, respectively, largely contributed by positive rental reversions.

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

(i) future acquisitions (cumulatively targeted up to RM1b by CY27 from sponsor or open market) including a newly injected asset and an ongoing transaction which are slated to increase FY27 net profit by RM1.2m

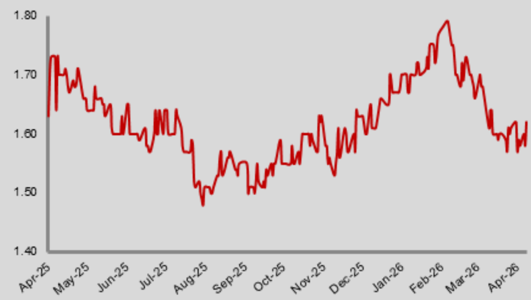
(ii) increasing rate of rental reversions to approximately double-digit as leases renew at higher market rates on Johor's rising industrial demand.

Johor's rise as Malaysia's premier manufacturing hub. fueled by the Johor-Singapore Special Economic Zone (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. We tweak FY27F earnings by +2% post model updates. Meanwhile, we introduce new FY28F numbers that imply 6% net profit growth.

Valuations. We maintain our TP at RM1.58 based on FY27F GDPS assumption of 8.7 sen. This is against an unchanged yield spread of 2.00% (on top of our unchanged 10-year MGS assumption of 3.50%).

Share Price Performance



KLCI	1710.39
YTD KLCI chg	1.8%
YTD stock price chg	-2.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	AMEREIT MK EQUITY
Market Cap (RM m)	850.4
Shares Outstanding	531.1
52-week range (H)	1.79
52-week range (L)	1.48
3-mth avg. daily vol.	236,357
Free Float	38%
Beta	0.57

Major Shareholders

Ame Development Sdn Bhd	48.1%
Hong Leong Assurance	5.3%
Lee Yook Kim	4.3%

Summary Earnings Table

FY Mar (RM m)	2026A	2027F	2028F
Turnover	62.3	69.8	72.6
EBIT	56.4	64.2	66.8
PBT	125.7	44.5	46.9
PATAMI	**116.7**	**43.1**	**45.5**
Core PATAMI	**39.8**	**43.1**	**45.5**
Consensus (NP)	-	45.1	49.9
Earnings Revision (%)	-	+1.9	NEW
Core EPS (sen)	7.6	8.1	8.6
Core EPS Growth (%)	15.7	7.6	5.5
GDPS (sen)	8.3	8.7	9.3
BVPS (RM)	1.27	1.26	1.24
PER (x)	22.2	20.7	19.8
PBV (x)	1.3	1.3	1.4
Asset Gearing (x)	0.29	0.30	0.29
Div. Yield (%)	5.0	5.2	5.5

Investment case. We like AMEREIT for its quality assets with strong tenant mix that are poised to reap further benefits from the Johor-Singapore Special Economic Zones 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

FYE Mar (RM m)	4Q FY26	3Q FY26	QoQ Chg	4Q FY25	YoY Chg	12M FY26	12M FY25	YoY Chg
Property Income	16.5	16.0	2.9%	13.1	26.2%	62.3	50.9	22.4%
Non-Property Income	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Gross Revenue	**16.5**	**16.0**	**2.9%**	**13.1**	**26.2%**	**62.3**	**50.9**	**22.4%**
Property Operating Expenses	-1.5	-1.6	-5.0%	-1.5	5.0%	-5.9	-4.5	31.9%
Net Property Income	**14.9**	**14.4**	**3.8%**	**11.6**	**28.9%**	**56.4**	**46.4**	**21.5%**
Interest & Investment Income	87.3	-0.3	-<100%	13.7	<100%	86.6	14.1	<100%
Net Investment Income	**102.2**	**14.1**	**<100%**	**25.3**	**<100%**	**143.1**	**60.5**	**<100%**
Non-operating expenses	-4.9	-4.6	5.8%	-3.1	56.2%	-17.3	-11.2	54.9%
Profit before tax	**97.3**	**9.5**	**<100%**	**22.2**	**<100%**	**125.7**	**49.3**	**<100%**
Taxation	-9.1	0.0	-<100%	-1.4	<100%	-9.0	-1.4	<100%
Minority interest	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M
Net Profit	**88.2**	**9.6**	**<100%**	**20.8**	**<100%**	**116.7**	**48.0**	**<100%**
Distributable Income	**11.5**	**10.9**	**5.5%**	**9.6**	**19.4%**	**44.3**	**39.2**	**13.0%**
Core Net Profit	**10.3**	**10.0**	**2.4%**	**7.2**	**42.4%**	**39.8**	**34.4**	**15.7%**
Core Earnings Per Unit (sen)	1.93	1.89	2.3%	1.37	41.5%	7.51	6.53	15.0%
Distribution Per Unit (sen)	2.16	2.06	4.9%	1.83	18.0%	8.34	7.43	12.2%
Net Asset Value Per Unit (RM)	1.26	1.11	13.1%	1.12	12.8%	1.26	1.12	12.8%
Key Operating Metrics:								
Net property income margin	90.6%	89.9%		88.7%		90.6%	91.2%	
Pretax margin	590.4%	59.5%		169.6%		201.8%	96.9%	
Gross Gearing	28.8%	31.3%		22.9%		28.8%	22.9%	

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.
REITs																	
AL-AQAR REIT	MP	1.24	1.25	0.8%	1,041.0	Y	12/2026	8.1	8.3	5.8%	2.4%	15.3	15.0	1.0	6.4%	7.5	6.0%
AME REIT	MP	1.62	1.58	-2.5%	860.0	Y	03/2026	8.1	8.5	8.3%	5.5%	19.9	19.0	1.3	6.5%	8.7	5.4%
AXIS REIT	MP	2.01	1.93	-4.0%	4,070.0	Y	12/2026	10.6	11.1	6.2%	5.1%	19.0	18.1	1.2	6.3%	10.1	5.0%
CAPITALAND MALAYSIA TRUST	MP	0.610	0.650	6.6%	2,053.0	N	12/2026	5.2	5.4	10.1%	4.2%	11.7	11.2	0.6	5.4%	4.8	7.9%
IGB REIT	MP	2.82	2.50	-11.3%	12,198.0	N	12/2026	10.1	14.0	18.1%	38.6%	28.0	20.2	2.7	12.6%	10.0	3.5%
KLCCP STAPLED GROUP	MP	9.10	9.22	1.3%	16,429.0	Y	12/2026	47.8	49.2	5.8%	2.9%	19.0	18.5	1.3	6.1%	46.9	5.2%
PAVILION REIT	MP	1.80	1.73	-3.9%	7,070.0	N	12/2026	10.0	10.4	9.5%	3.9%	17.9	17.3	1.4	7.2%	10.7	5.9%
SUNWAY REIT	UP	2.38	2.17	-8.8%	8,151.0	N	12/2026	12.7	13.3	1.7%	5.3%	18.8	17.8	1.6	7.8%	12.5	5.3%
SECTOR AGGREGATE					**51,872.0**					**7.9%**	**9.8%**	**20.3**	**18.5**	**1.4**	**7.3%**		**5.5%**

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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