

23 April 2026

## AME REIT

### Within Expectations

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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.

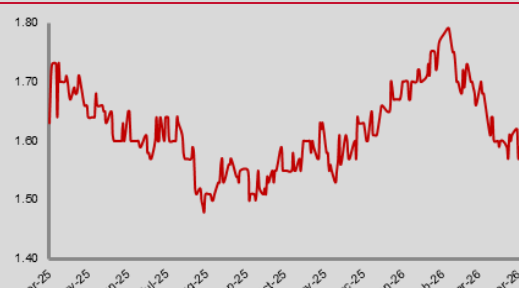
**Forecasts.** We tweak FY27F earnings by +2% post model updates. Meanwhile, we introduce new FY28F numbers that imply 6% net profit growth.

**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%).

## MARKET PERFORM ↔

Price: **RM1.62**  
Target Price: **RM1.58** ↔

### 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
<b>PATAMI</b>	<b>116.7</b>	<b>43.1</b>	<b>45.5</b>
<b>Core PATAMI</b>	<b>39.8</b>	<b>43.1</b>	<b>45.5</b>
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



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**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**

	4Q FY26	3Q FY26	QoQ Chg	4Q FY25	YoY Chg	12M FY26	12M FY25	YoY Chg
<b>FYE Mar (RM m)</b>								
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
<b>Gross Revenue</b>	<b>16.5</b>	<b>16.0</b>	<b>2.9%</b>	<b>13.1</b>	<b>26.2%</b>	<b>62.3</b>	<b>50.9</b>	<b>22.4%</b>
Property Operating Expenses	-1.5	-1.6	-5.0%	-1.5	5.0%	-5.9	-4.5	31.9%
<b>Net Property Income</b>	<b>14.9</b>	<b>14.4</b>	<b>3.8%</b>	<b>11.6</b>	<b>28.9%</b>	<b>56.4</b>	<b>46.4</b>	<b>21.5%</b>
Interest & Investment Income	87.3	-0.3	<100%	13.7	<100%	86.6	14.1	<100%
<b>Net Investment Income</b>	<b>102.2</b>	<b>14.1</b>	<b>&lt;100%</b>	<b>25.3</b>	<b>&lt;100%</b>	<b>143.1</b>	<b>60.5</b>	<b>&lt;100%</b>
Non-operating expenses	-4.9	-4.6	5.8%	-3.1	56.2%	-17.3	-11.2	54.9%
<b>Profit before tax</b>	<b>97.3</b>	<b>9.5</b>	<b>&lt;100%</b>	<b>22.2</b>	<b>&lt;100%</b>	<b>125.7</b>	<b>49.3</b>	<b>&lt;100%</b>
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
<b>Net Profit</b>	<b>88.2</b>	<b>9.6</b>	<b>&lt;100%</b>	<b>20.8</b>	<b>&lt;100%</b>	<b>116.7</b>	<b>48.0</b>	<b>&lt;100%</b>
<b>Distributable Income</b>	<b>11.5</b>	<b>10.9</b>	<b>5.5%</b>	<b>9.6</b>	<b>19.4%</b>	<b>44.3</b>	<b>39.2</b>	<b>13.0%</b>
<b>Core Net Profit</b>	<b>10.3</b>	<b>10.0</b>	<b>2.4%</b>	<b>7.2</b>	<b>42.4%</b>	<b>39.8</b>	<b>34.4</b>	<b>15.7%</b>
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%
<b>Key Operating Metrics:</b>								
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.
<b>REITs</b>																	
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%
<b>SECTOR AGGREGATE</b>					<b>51,872.0</b>					<b>7.9%</b>	<b>9.8%</b>	<b>20.3</b>	<b>18.5</b>	<b>1.4</b>	<b>7.3%</b>		<b>5.5%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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