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KIP REIT's 2QFY21 NPI down 5.7%, declares 1.59 sen DPU

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KUALA LUMPUR (Jan 19): KIP Real Estate Investment Trust (REIT), which invests in community-centric retail properties in the country, has reported a 5.7% drop in net property income (NPI) for its second financial quarter ended Dec 31, 2020 (2QFY21) to RM13.9 million from RM14.73 million a year ago as the trust continues to be affected by the Movement Control Order (MCO).

In a statement today, KIP REIT said recognition of the amortisation of rental rebates of RM500,000 offered to eligible tenants affected by the MCO enforced in the second quarter of 2020 led to a slight dip in its earnings.

Net profit fell 6.2% to RM8.66 million in 2QFY21 from RM9.23 million a year ago, as revenue fell 5.65% to RM18.62 million versus RM19.73 million previously.

KIP REIT Management Sdn Bhd, the manager of KIP REIT, has declared a second interim distribution per unit (DPU) of 1.59 sen, amounting to RM8.03 million, for 2QFY21. Payment of the DPU will be made on Feb 19.

"We are cautiously optimistic of the economic situation and consumers' sentiment, following the current MCO imposed by the government, commencing from Jan 13, 2021. However, we anticipate that it will take a while before the situation will return to normalcy and people to resume to their daily activities," said KIP REIT Management managing director Datuk Chew Lak Seong in a statement.

For the cumulative six-month period under review (1HFY21), the REIT's NPI fell by a marginal 1.2% to RM27.9 million from RM28.23 million a year ago. Net profit was also lower by 37% at RM17.51 million compared with RM27.77 million, while revenue dipped slightly by 3.59% to RM36.85 million from RM38.22 million in 1HFY20.

Going forward, Chew said the group will continue to take a prudent approach and observe the situation, which may cause the softening of the retail market.

KIP REIT units closed unchanged at 81.5 sen today, bringing a market capitalisation of RM411.82 million.