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KUALA LUMPUR: KIP Real Estate Investment Trust's (KIP REIT) net profit fell 6.2% to RM8.66mil in the second quarter of its financial year ending June 30, 2021, (Q2'21) from RM9.22mil a year ago, mainly dragged by the amortisation of rental rebates of half a million offered to eligible tenants affected by the movement control order (MCO).

"Notwithstanding this amortisation, the profit before tax would have been at par with the profit before tax for the corresponding period last year," the company said in a press release yesterday.

In a filing with Bursa Malaysia, its revenue also dropped 5.6% to RM18.61mil in the quarter compared to RM19.73 a year ago due to RM1.3mil lower revenue from both southern and central region.

However, the company added that the lower revenue was partially offset by higher revenue from Aeon Mall Kinta City at northern region.

"During the financial period under review, KIP REIT's portfolio consists of seven retail malls as investment properties, of which three are in the southern region, three are in the central region and one in the northern region," it pointed out.

Meanwhile, the manager of KIP REIT declared a second interim distribution of 1.59 sen per unit, amounting to RM8.03mil for Q2'21.

"This includes a non-taxable portion of around 0.72 sen per unit derived from capital allowances and tax-exempt income," it said.

The book closure is set for Feb 5, 2021, and payment of the distribution per unit (DPU) will be made on Feb 19, 2021.

"Based on the closing price of 81.5 sen on Jan 19 this year, the annualised DPU gives a yield of approximately 7.60%," it said.

Amid the Covid-19 pandemic, KIP REIT Management Sdn Bhd managing director Datuk Chew Lak Seong said the financial performance of the quarter was within the management's expectations.

Moving forward, he is cautiously optimistic of the economic situation and consumers' sentiments following the implementation of the current movement control order that commenced earlier this month.

"Operationally, we have adopted proactive measures, such as initiating stringent cost management strategies to achieve greater cost efficiency, intensified our marketing tools by making use of social media platforms to attract more customers and continued with our efforts to engage with our tenants.

"Going forward, we will continue to take a prudent approach and observe the situation, which may cause the softening of the retail market," he added.

However, Chew believes that it will take a while before normalcy returns and people resume back to daily activities given the Covid-19 pandemic.

With KIP REIT looking to diversify its assets portfolio, the group said it is also exploring for potential acquisitions to support fund growth and create long-term value to unitholders with diverse income producing assets.