



2023 ANNUAL REPORT

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ABOUT KIP REIT



VISION

To be a leading Real Estate Investment Trust with sustainability and community engagement at the forefront of our investment strategies.



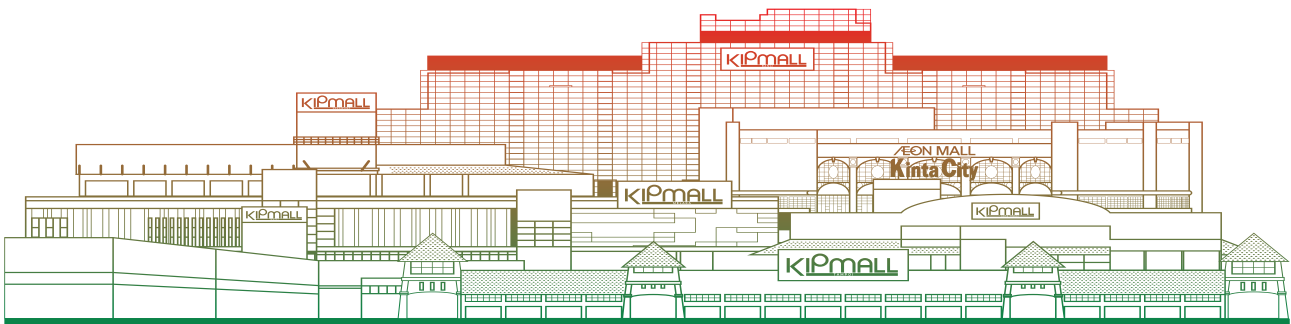
MISSION

Creating value for our stakeholders to ensure sustainable growth for our KIP REIT community.

- For our investors** : We strive to deliver sustainable returns for our investors with a steady stream of distribution income generated by our unique portfolio of assets.
- For our business partners** : We see and treat our tenants as our business partners. We are building a community of assets as a platform for our business partners to expand their enterprises together with our growing community of properties, be it local SMEs or established brands.
- For our shoppers** : We want our shoppers to feel at home at all of our community-centric malls, where they can access their daily necessities and create long-lasting memories with other members of their communities.
- For our employees** : We treat all our people with the utmost respect, embracing diversity and fostering inclusion. We are committed to providing training opportunities that empower our employees to reach their full professional potential and promote team growth.
- For our community** : We are committed to helping the communities in our areas of operation by supporting causes to promote environmental sustainability and to foster economic and social development.



CORE VALUES



Know-how

We are committed to leveraging our core capabilities in identifying investment opportunities and management of our properties to ensure that we maximise value creation for all of our stakeholders. Our management team takes pride in making carefully considered decisions to deliver high-quality investments.

Integrity

We are driven by our desire to do the right thing for our stakeholders in everything we do. We ensure that the way we conduct our businesses is with an open and honest mind-set.

People

At the heart of our investment fund is our community of people. We strive to serve each and every one of our stakeholders with our dedication to maximise their value.

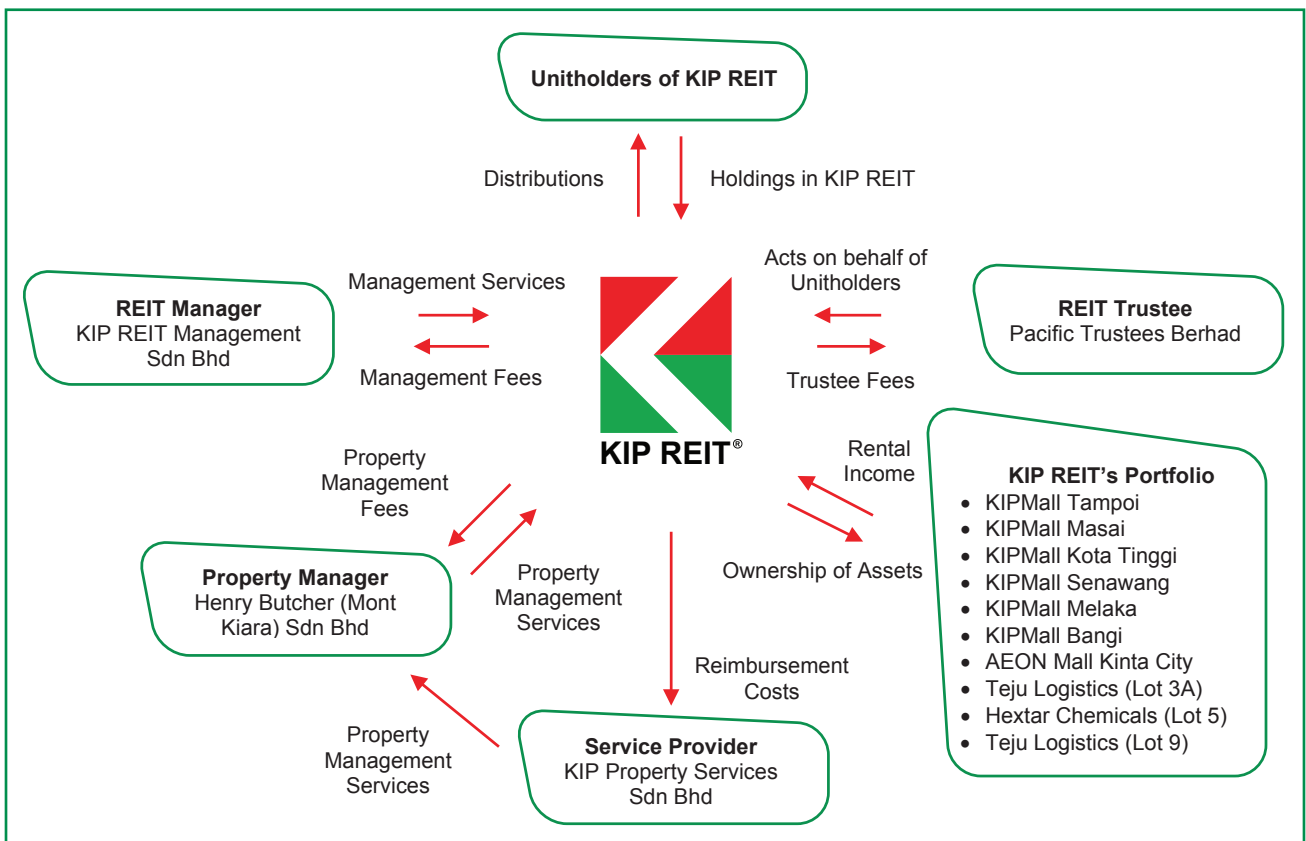
ABOUT KIP REIT (CONT'D)

KIP Real Estate Investment Trust ("KIP REIT") is a Malaysia domiciled real estate investment trust ("REIT") established on 2 November 2016 pursuant to the deed of trust dated 2 November 2016, an amended and restated deed dated 12 December 2019, and a supplementary deed dated 29 September 2020 (collectively referred to as the "Deeds") between KIP REIT Management Sdn Bhd ("the Manager") and Pacific Trustees Berhad ("the Trustee").

KIP REIT was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 6 February 2017. As such, our conducts are regulated by the Securities Commission Malaysia Act 1993, the Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines") prescribed by the Securities Commission Malaysia ("SC"), the Bursa Securities' Main Market Listing Requirements ("MMLR"), the Rules of Bursa Malaysia Depository ("Depository") and taxation laws and rulings.

Subsequent to our unitholders' approval on 29 September 2020, KIP REIT's investment policy is to invest, directly and indirectly, in a portfolio of income producing real estate used primarily for retail purposes, and for industrial or commercial purposes, including, without limiting the generality of the foregoing, warehousing facilities, logistics facilities and manufacturing sites as well as real estate-related assets. As at 30 June 2023, KIP REIT's property portfolio consists of seven (7) community-centric malls strategically located in suburban areas across Peninsular Malaysia and three (3) industrial properties located at Pulau Indah, Klang, Selangor.

The structure of KIP REIT is illustrated as follows: -



ABOUT KIP REIT (CONT'D)

SALIENT FEATURES OF KIP REIT

Name of REIT	KIP Real Estate Investment Trust
REIT Type	Income stability and growth
Duration / Termination	Earlier of the occurrence of any circumstance as stated in the Deeds or 999 years from the establishment of KIP REIT
The Manager	KIP REIT Management Sdn Bhd (201501044317 (1169638-M))
The Trustee	Pacific Trustees Berhad (199401031319 (317001-A))
Investment Objective	The key objective is to provide unitholders with regular and stable distributions, sustainable long-term unit price, distributable income and capital growth, while maintaining an appropriate capital structure.
Investment Strategies	The Manager intends to increase the income and consequently, the value of the investment properties by implementing the following strategies, including: - <ul style="list-style-type: none"> • active asset management and enhancement; • acquisition growth; and • capital and risk management.
Authorised Investments	Real estate used primarily for retail purposes, and for industrial or commercial purposes, including, without limiting the generality of the foregoing, warehousing facilities, logistics facilities and manufacturing sites, special purpose vehicles ("SPVs"), real-estate related assets, non-real estate-related assets, cash, deposits, money market instruments and any other investments not specified above but specified as a permissible investment in the REIT Guidelines or as otherwise permitted by the SC.
Authorised Investment Limits	The investments of KIP REIT are subject to the following investment limits imposed by the REIT Guidelines: - <ul style="list-style-type: none"> • at least 75.0% of KIP REIT's Total Asset Value ("TAV") must be invested in real estate and/or SPVs at all times; and • not more than 25.0% of KIP REIT's TAV may be invested in non-real estate-related assets and/or cash, deposits and money market instruments provided that investments in both real estate-related assets and non-real estate-related assets are limited as follows: - <ul style="list-style-type: none"> • the value of KIP REIT's investments in securities issued by any single issuer must not exceed 5.0% of KIP REIT's TAV; • the value of KIP REIT's investments in securities issued by any group of companies must not exceed 10.0% of KIP REIT's TAV; and • KIP REIT's investments in any class of securities must not exceed 10.0% of the securities issued by any single issuer; or such other limits and investments as may be permitted by the SC or the REIT Guidelines.
Borrowing Limits	Up to 50% of the TAV of KIP REIT at the time the borrowings are incurred.
Investors' Profile	Suitable for investors with long-term investment objectives who seeks regular income distribution and long-term capital appreciation, and who understands the risks related to the real estate industry and REITs.
Distribution Policy	At least 90% of KIP REIT's distributable income shall be distributed on a quarterly basis.
Listing	Main Market of Bursa Securities
Stock Number	KIPREIT 5280

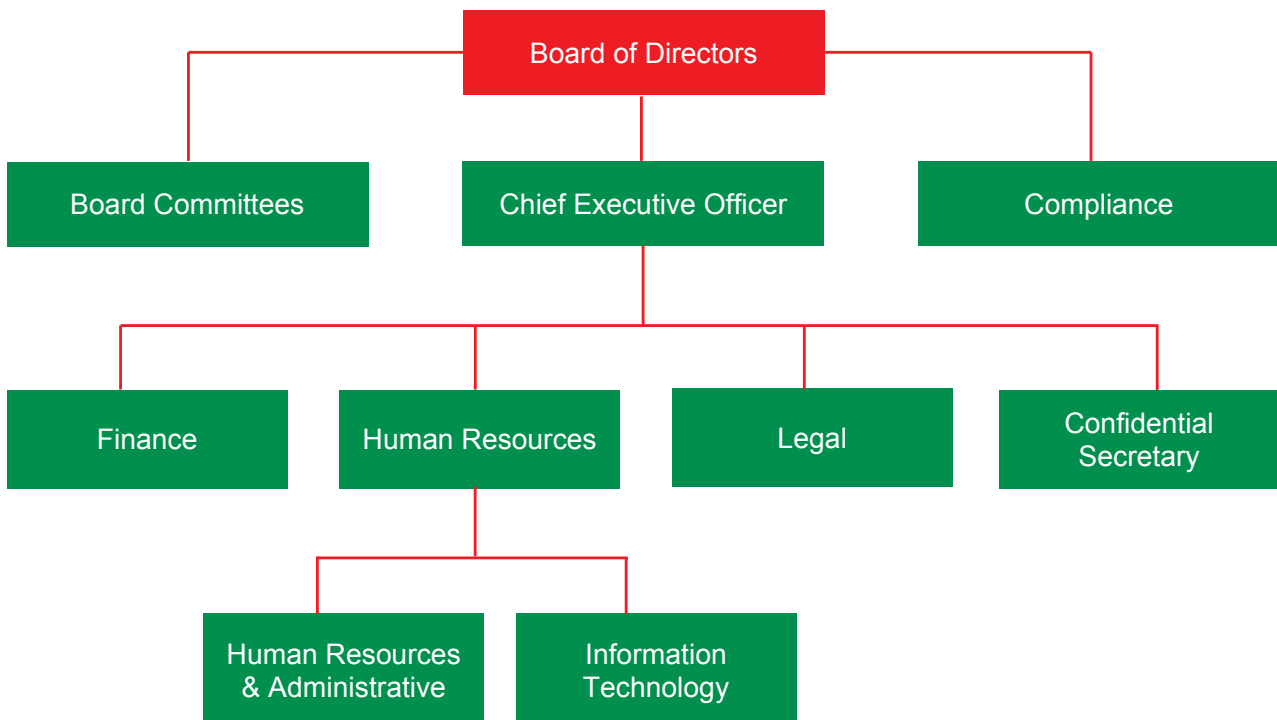
ABOUT THE MANAGER

KIP REIT Management Sdn Bhd by virtue of the Deeds was appointed to act as the management company of KIP REIT ("the Manager") on behalf of its unitholders. The Manager is responsible for the administration and management of KIP REIT as well as the implementation of KIP REIT's investment and business strategies.

The Manager is a wholly-owned subsidiary of KIP Homes Sdn Bhd and was incorporated in Malaysia on 15 December 2015. The Manager is also a Capital Markets and Services License ("CMSL") holder for regulated activity of fund management in relation to asset management restricted to REITs.

The Board of Directors of the Manager ("the Board") is backed by a group of experienced individuals from diversified fields, such as finance, compliance, legal, human resources and etc.

The corporate structure of the Manager by function is as follows: -



LETTER TO UNITHOLDERS

DEAR VALUED UNITHOLDERS,

The financial year ended 30 June 2023 ("FYE 2023") began with optimism after few years of being surrounded and fought with the pandemic that brought many unprecedented events to our lives. As we sailed through the storm, the task of rebuilding the domestic economy and its vibrancy is at hand. This task is not easy given the on-going geopolitical tensions, supply chain disruptions, labour shortage and the rising inflation rate.

Despite the challenging market conditions and business environment, I am delighted to report that KIP REIT managed to stand strong, achieving commendable results and making momentous progress towards achieving our strategic objectives.

Economic and Real Estate Market Review

In Malaysia, we are witnessing robust economic growth, with national Gross Domestic Product ("GDP") growth expanding at 5.6% in the first quarter of 2023, surpassing regional GDP growth rates in Indonesia (5.0%), China (4.5%) and Vietnam (3.3%), primarily driven by the increasing domestic demand. This growth rate posted a positive momentum in achieving the government forecast of 4.0% to 5.0% for the year of 2023.

Comes to the retail sector of real estate market, the overall performance of shopping complex continued to moderate, recording an occupancy rate of 75.4% in 2022, down slightly from 76.3% in 2021, according to the Press Release on Property Market 2022, issued by the Valuation & Property Services Department, Ministry of Finance ("MOF"), Malaysia.

In recent years, notable shifts in tenant demand and consumer preferences were observed in the retail properties sector due to the rise of e-commerce and online shopping trend. However, amidst these changes, KIP REIT has recorded an average occupancy rate of 92.3% in FYE 2023 as compared to 87.3% recorded in financial year ended 30 June 2022 ("FYE 2022"). We are thrilled that KIP REIT's average occupancy rate is higher than the overall performance of the shopping complex in Malaysia as reported by the Valuation & Property Services Department.

Increasing demand for industrial properties are seen in recent years, driven by the e-commerce sub-sector which has generated demand for distribution hubs, warehousing and logistics facilities which are strategically located near high-population areas and served by a good network of highways to enable fast delivery to customers. In view of the softening in retail properties sector, we had in FYE 2023 diversified and expanded our investment portfolio to acquire three (3) industrial properties, i.e.; factory and warehouses that strategically located at Pulau Indah Industrial Park, Klang in order to reduce our heavy reliance on retail properties and to further grow our revenue stream.

Business and Financial Highlights

KIP REIT has delivered a commendable financial performance in FYE 2023 despite operating in a prolonged challenging business environment. Our revenue has increased by 13.6% from RM73.70 million in FYE 2022 to RM83.75 million in FYE 2023. We have diligently maintained a balanced approach towards the optimal mix of tenants, rental rates and occupancy levels across the six (6) KIPMalls and thereby resulting in revenue growth from all the six (6) KIPMalls in FYE 2023. Moreover, we have secured a stable and sustainable income stream with a fifteen (15) years triple net lease agreements for the three (3) newly acquired industrial properties.

Our Net Property Income ("NPI") also exhibited positive growth, reaching RM 62.15 million in FYE 2023 as compared to RM56.75 million in FYE 2022. The growth is attributed to the successful execution of our Asset Enhancement Initiatives ("AEI"), active management of our investment portfolio, and the dedication of our operational teams.

KIP REIT has continued to maintain a healthy balance sheet, complied to its financial covenants and maintain a healthy liquidity. Gearing stood at 32.6% as at 30 June 2023 as compared to 35.2% as at 30 June 2022, on the back of revaluation gain and remains well below the prescribed threshold under the REIT Guidelines.

Further detailed analysis of our financial performance is available in the Management Discussion and Analysis section of this Annual Report.

Income Distribution

In line with our commitment to provide stable and attractive returns to our unitholders, I am pleased to announce that the Board has declared a total of RM36.80 million in distribution, representing 94.9% of the current year's distributable income at RM38.76 million. Based on KIP REIT's total distribution per unit of RM0.062 and closing price at RM0.90 as at 30 June 2023, this translates to a distribution yield of 6.9%.

Asset Enhancements Initiative

KIP REIT remains dedicated in enhancing and optimising the performance of our investment properties. We strive to improve our tenants' satisfaction by listening to their needs and upgrading our properties.

We have initiated a comprehensive facelift programme to reinvigorate the look and feel of the building for our KIPMall Bangi since last year. To-date, the renovation works are still on-going and we are targeting to complete this facelift programme in FYE 2024.

LETTER TO UNITHOLDERS (CONT'D)

Asset Enhancement Initiatives (Cont'd)

Other AEI carried out during FYE 2023 includes renovation on the mezzanine floor of KIPMall Melaka to welcome a new tenant, Jalan Jalan Japan while minor enhancement and upgrading works were carried out in AEON Mall Kinta City as well as KIPMall Kota Tinggi.

As part of our unwavering commitment, we will continue to assess the condition of our assets to ensure that KIP REIT's investment properties are well-positioned to serve the local communities and capitalise on opportunities as they arise. This proactive approach allows us to adapt to changing market conditions and enable us to make informed decisions that align with our long-term goals.

Sustainable Initiative

At KIP REIT, we recognise the importance of integrating the Economic, Environmental, Social, and Governance ("EESG") sustainability practices into our operations. In this regard, we have in place a Sustainability Working Committee to oversee and manage the sustainability policies, strategies, material sustainability matters, risks and opportunities as well as sustainability targets. This committee plays a vital role in supporting the Board to steer the Group's overall sustainability directions.

Throughout the financial year, we remained steadfast in implementing various initiatives aimed at reducing our carbon footprint, optimising energy efficiency, and enhancing the well-being of our communities. This year, we continue our efforts in the generation of renewable energy, through our solar photo-voltaic system at all of the six (6) KIPMalls. These efforts not only resulted in lower electricity tariff but also contributed to the reduction of our carbon footprint.

For sustainability in our human capital, we have increased the provision of training and development opportunities to our employees. We believe that nurturing the growth of our people will ultimately lead to sustainable growth of our business as a whole.

As part of our commitment to giving back to the community, we actively participate in various charitable activities. For instance, KIP REIT and our generous tenants have donated a total of RM8,500 to a food distribution community in the spirit of Ramadan. Meanwhile, we also organised blood donation drives every two (2) months and hosted "Jom Sihat" carnival to promote healthcare awareness within KIP REIT.

Kindly refer to the Sustainability Statement section of this Annual Report for further insights on our sustainability initiatives and performance.

Future Outlook

According to the Press Release on Property Market 2022, issued by the Valuation & Property Services Department, MOF Malaysia, the property market performance is expected to grow in line with the moderately lower economic growth projected for 2023 given the unpredictable external environment. Notwithstanding this, the accommodative policies, continuous government support, well execution of all planned measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under RMK-12 are expected to remain supportive of the property sector.

Despite the uncertainty highlighted above, we are confident in our adaptability to changes and ability to navigate through challenges while capitalise on opportunities arise. KIP REIT shall remain vigilant and prudent on capital management, active asset management and adopt strategies that could provide long-term sustainable values to our stakeholders.

On 16 June 2023, the Trustee, on behalf of the KIP REIT, had entered into a conditional Sales and Purchase Agreement ("SPA") with Cahaya Serijaya Sdn Bhd ("Cahaya Serijaya") for the proposed acquisition of KIPMall Kota Warisan for a purchase consideration of RM80.00 million to further enhance our retail segment portfolio. Moving forward, we will remain focused in retail-based assets, while at the same time, to explore more investment opportunities in accretive industrial or commercial properties including manufacturing facilities, logistics facilities and warehousing facilities within our investment parameter. While exploring new investment opportunities, our dedication and proactive approach in lease management and tenant retention will be paramount in maintaining a stable income stream.

Appreciation and Acknowledgement

On behalf of the Board, I would like to express my sincere appreciation to our management team, employees, tenants and business partners for their unwavering dedication and support during the financial year. I would also like to thank our valued unitholders and other stakeholders, for your continued trust and confidence in KIP REIT.

We are also delighted to share that our efforts and achievements have been acknowledged by the media partner, The Edge, through the accreditation of the following awards in 2022 and 2023: -

- Silver winner in the 10 Years and Above Specialised Categories; and
- The Edge Malaysia Centurion Club 2023.

We will continue to ensure that the trust and confidence that you place in KIP REIT will be rewarding in the long run as we will remain agile, adaptable and focused on delivering our promises.

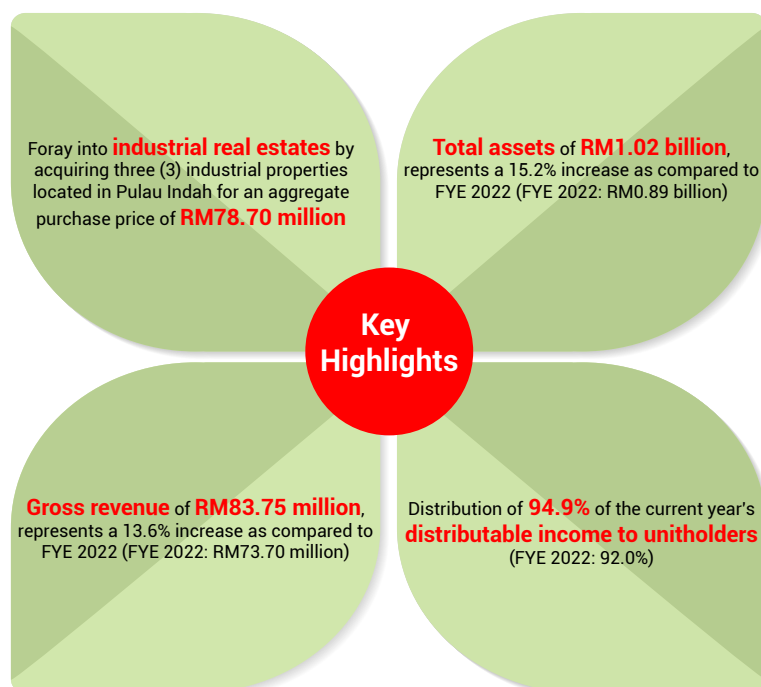
Thank you.

Datuk Dr Syed Hussain bin Syed Husman, PJN. JP
Chairman of the Board

24 July 2023

5-YEAR FINANCIAL HIGHLIGHTS

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Key Financial Performance					
Gross Revenue (RM'000)	83,750	73,700	74,249	74,540	63,065
Net Property Income (RM'000)	62,152	56,754	56,662	56,018	41,953
Profit for the Year (RM'000)	60,792	75,509	35,221	31,883	34,049
- Realised Profit	37,700	36,043	36,068	31,851	30,691
- Unrealised Profit/(Loss)	23,092	39,466	(847)	32	3,357
Key Financial Position					
Assets Under Management (RM'000)	964,300	852,000	808,000	807,000	599,300
Total Assets Value (RM'000)	1,023,391	889,035	846,221	841,818	629,810
Net Asset Value (RM'000)					
- Before Income Distribution	696,770	588,887	545,060	541,016	541,018
- After Income Distribution	659,971	554,526	513,378	509,839	509,133
Gearing Ratio (%)	32.6	35.2	37.0	37.1	15.9
Units Information					
No. of Units Issued ('000)	606,360	505,300	505,300	505,300	505,300
Earning per Unit (Sen)	10.47	14.94	6.97	6.31	6.74
Distribution per Unit (Sen)	6.20	6.80	6.84	6.18	6.03
Distribution Yield Based in Year End Market Price (%)	6.9	7.6	8.1	7.8	7.2
Net Asset Value Per Unit (RM)					
- Before Income Distribution	1.15	1.17	1.08	1.07	1.07
- After Income Distribution	1.09	1.10	1.02	1.01	1.01
Market Value per Unit (RM)					
- Highest Traded Price for the Year	0.920	0.920	0.910	0.910	0.910
- Lowest Traded Price for the Year	0.880	0.820	0.790	0.600	0.600



5-YEAR FINANCIAL HIGHLIGHTS (CONT'D)

PERFORMANCE OF THE GROUP

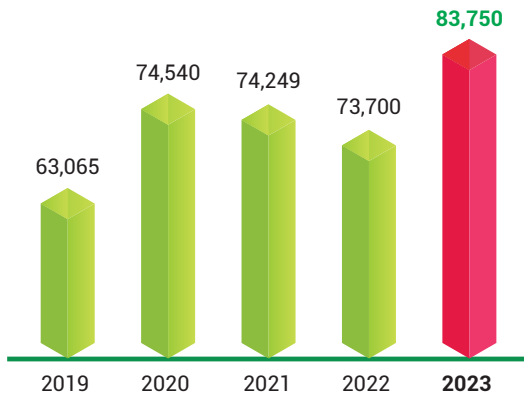
	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Net Lettable Area ("NLA") (sq. ft.) ¹	1,884,817	1,485,415	1,481,761	1,478,046	937,190
Overall Average Occupancy Rate (%) ²	92.3	87.3	89.6	90.7	87.8
Management Expense Ratio ("MER") (%) ³	1.7	1.5	1.5	2.1	1.3
Annual Total Return (%) ⁴	8.0	13.0	14.4	2.4	12.2
Average Total Return (3 years) (%) ⁵	11.8	9.9	9.7	3.4	N/A
Average Total Return (5 years) (%) ⁵	10.0	7.5	N/A	N/A	N/A
Distribution Yield (%) ⁶	6.9	7.6	8.1	7.8	7.2
Net Asset Value per Unit After Income Distribution (RM) ⁷	1.09	1.10	1.02	1.01	1.01
Closing Unit Price (RM) ⁸	0.900	0.890	0.845	0.795	0.840

Notes:

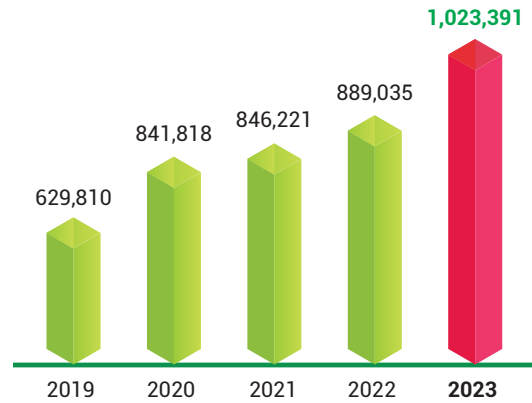
1. Total NLA covers all the assets under management as at 30 June.
2. Overall average occupancy rate is computed by occupied area over NLA.
3. MER is the ratio of expenses incurred in operating KIP REIT to the average net asset value of KIP REIT after income distribution. The computation of MER has been verified by the auditors.
4. Annual total return represents the change in unit price during the year plus distribution yield for the year.
5. Average total return is the sum of the return rates of KIP REIT over a given number of years divided by that number of years.
6. Distribution yield is computed based on distribution per unit divided by its closing unit price.
7. Net asset value per unit is determined by deducting the value of all KIP REIT's liabilities and income distribution paid to unitholders from the total asset value, divided by total number of units issued.
8. Unit price is determined based on the closing unit price as at 30 June.

PERFORMANCE AT A GLANCE

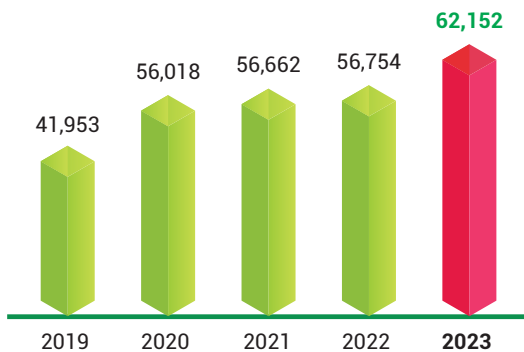
GROSS REVENUE (RM'000)



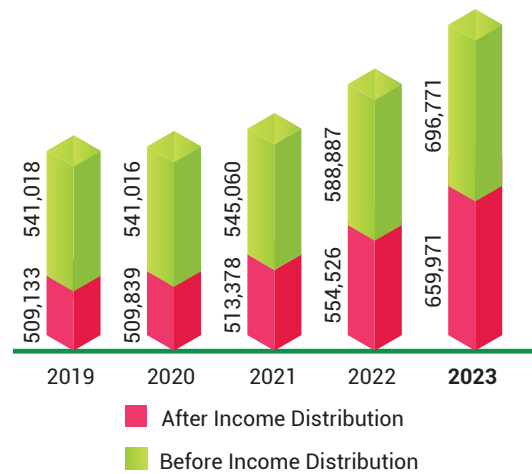
TOTAL ASSETS VALUE (RM'000)



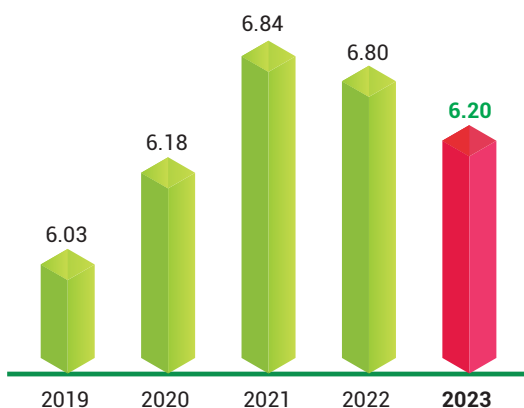
NET PROPERTY INCOME (RM'000)



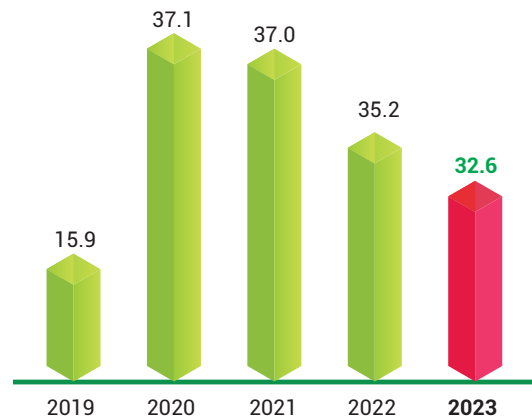
NET ASSET VALUE (RM'000)



DISTRIBUTION PER UNIT (SEN)



GEARING RATIO (%)



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS DIRECTION, OBJECTIVES AND STRATEGIES

KIP REIT was listed on Bursa Securities in 2017 with the principal investment policy of investing in income producing real estate used for retail and industrial properties. It may also invest in other investments as permissible under the REIT Guidelines or permitted by SC, including real estate related assets. As at 30 June 2023, KIP REIT has a market capitalisation of approximately RM545.72 million and a portfolio independently valued at RM964.30 million.

Investment Objective

KIP REIT's key investment objective is to provide unitholders with a regular and stable income distributions as well as a sustainable long-term growth in unit price, distribution income and capital growth while maintaining an appropriate capital structure.

This is achieved by amongst others, selectively acquiring properties with stable recurring rental income that meets the Manager's investment criteria which are yield accretive or close to yield accretive with the potential for enhancement, such that unitholders will be able to enjoy the upside in distribution per unit in the future.

Investment Policies

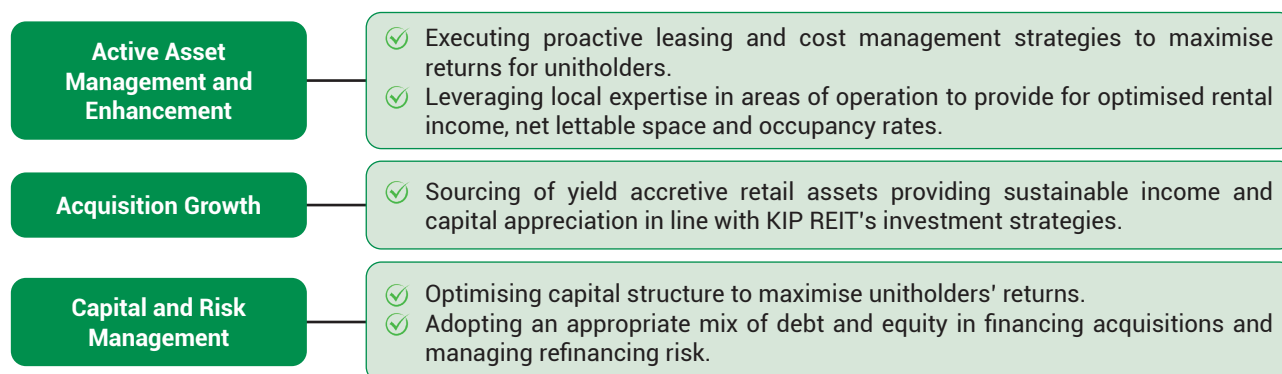
The principal investment policy of KIP REIT is to invest directly and indirectly in a portfolio of income producing real estate used primarily for retail purposes, industrial and commercial real estate such as but not limited to warehousing facilities, logistics facilities and manufacturing sites as well as real estate related assets.

The Manager may, in consultation with the Trustee and subject to the relevant laws and requirements, from time to time change the investment policy of KIP REIT.

The Trustee shall ensure that it is fully informed at all times by the Manager of any changes made by the Manager to the investment policy of KIP REIT. Unless otherwise provided by the relevant laws and requirements, any modification to the Deeds involving any material changes to the investment policy set out for KIP REIT, must be approved by unitholders by way of a resolution of not less than two-third (2/3) of all unitholders present and voting at a unitholders' meeting duly convened and held in accordance with the Deeds.

Investment Strategies

Investment strategies adopted by the Managers are as follows: -



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OVERVIEW OF BUSINESS DIRECTION, OBJECTIVES AND STRATEGIES (CONT'D)

Investment Strategies (Cont'd)

The Manager continues to be disciplined in selecting a portfolio of real estate assets with high long-term potential for investment and development. The Trustee of KIP REIT has taken a step forward to foray into industrial properties by acquiring three (3) industrial properties located in Pulau Indah for an aggregate purchase price of RM78.70 million during FYE 2023.

Accordingly, KIP REIT's investment properties have increased from seven (7) properties in the previous financial year to a total of ten (10) investment properties in the current financial year. As at 30 June 2023, investment properties owned by KIP REIT are segregated into the following segments: -

Retail	Industrial
Consist of the following seven (7) community-centric malls: - <ul style="list-style-type: none"> • KIPMall Tampoi • KIPMall Kota Tinggi • KIPMall Masai • KIPMall Senawang • KIPMall Melaka • KIPMall Bangi • AEON Mall Kinta City 	Consist of three (3) industrial buildings located at Pulau Indah, Klang, Selangor: - <ul style="list-style-type: none"> • Hextar Chemicals (Lot 5) • Teju Logistics (Lot 9) • Teju Logistics (Lot 3A)

In addition, the Trustee had on 16 June 2023 entered into a conditional SPA with Cahaya Serijaya for the proposed acquisition of KIPMall Kota Warisan for a purchase consideration of RM80.00 million to further enhance our retail segment portfolio.

Distribution Policy

The Deed provides that the Manager, shall with the approval of the Trustee, distribute at least 90% of KIP REIT's distributable income on a quarterly basis.

REVIEW OF FINANCIAL PERFORMANCE

	FYE 2023 RM'000	FYE 2022 RM'000	YoY Change %
Gross Revenue	83,750	73,700	13.6
Property Operating Expenses	(21,598)	(16,946)	27.5
Net Property Income	62,152	56,754	9.5
Borrowing Costs	(14,759)	(13,295)	11.0
Profit for the Year	60,792	75,509	(19.5)
- Realised Profit	37,700	36,043	4.6
- Unrealised Profit	23,092	39,466	(41.5)
Distribution Income	38,764	37,329	3.8
Distribution per Unit (Sen)	6.20	6.80	(8.8)
Distribution Yield (%)	6.9	7.6	(0.7)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Gross Revenue

KIP REIT has achieved a notable growth in gross revenue by RM10.05 million or 13.6% from RM73.70 million in FYE 2022 to RM83.75 million in FYE 2023. The increase in gross revenue was mainly attributable to higher revenue recognised from our retail segment which increased by RM7.24 million or 9.8% from RM73.70 million in FYE 2022 to RM80.94 million in FYE 2023. During FYE 2023, approximately 96.6% of our gross revenue was derived from our retail segment while the remaining 3.4% was derived from our industrial segment.

Retail Segment

Overall, KIP REIT's retail segment recorded a higher gross revenue during FYE 2023 on the back of a lower gross revenue base from the previous financial year, which was mainly caused by operational restrictions during the Full Movement Control Order ("FMCO"). Nevertheless, gross revenue from our northern region was not affected by the FMCO due to the master lease agreement signed with the lessee.

Gross revenue from the central region increased by RM2.75 million or 13.8% from RM19.99 million in FYE 2022 to RM22.74 million in FYE 2023 mainly due to higher revenue from KIPMall Melaka which recorded a higher occupancy rate arising from the rental of a new mini anchor tenant namely, Jalan Jalan Japan which commenced operation during the financial year.

Gross revenue from southern region has also increased by RM4.49 million or 12.5% from RM35.79 million in FYE 2022 to RM40.28 million in FYE 2023 mainly due to higher occupancy rate from KIPMall Tampoi and KIPMall Masai. Similar to KIPMall Melaka, KIPMall Tampoi also benefited from the opening of Jalan Jalan Japan which commenced operation during the financial year.

Industrial Segment

The recent acquisition of three (3) industrial properties which was completed on 14 December 2022 has also contributed positively to our overall gross revenue by RM2.82 million during FYE 2023.

The performance of each investment property is set out as follows: -

Segments	Region	Properties	FYE 2023 RM'000	FYE 2022 RM'000	YoY Change %
Retail	Northern	AEON Mall Kinta City	17,915	17,915	0.0
	Central	KIPMall Senawang	3,425	3,289	4.1
		KIPMall Melaka	8,714	6,931	25.7
		KIPMall Bangi	10,603	9,774	8.5
	Southern	KIPMall Tampoi	17,153	14,489	18.4
		KIPMall Kota Tinggi	5,906	5,653	4.5
		KIPMall Masai	17,218	15,649	10.0
Industrial		Hextar Chemicals (Lot 5)	962	-	100.0
		Teju Logistics (Lot 9)	1,004	-	100.0
		Teju Logistics (Lot 3A)	850	-	100.0
Total			83,750	73,700	13.6

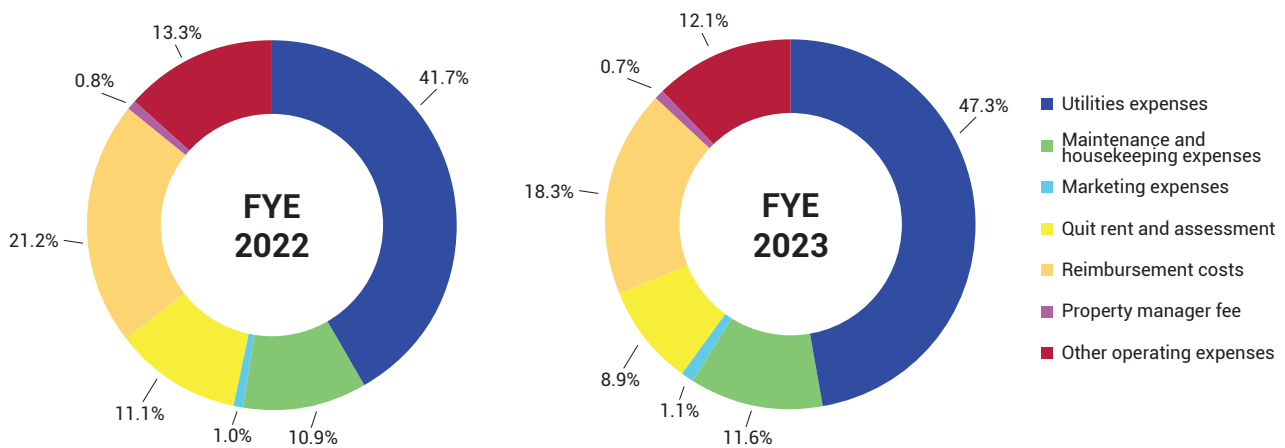
MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Net Property Income

KIP REIT recorded a higher NPI of RM5.40 million as compared to the previous financial year in line with the overall increase in gross revenue. Nevertheless, the increase in NPI yields a lower positive variance of 9.5% as compared to the increase in gross revenue of 13.6% mainly due to higher property operating expenses incurred from our retail segment such as utilities, reimbursement cost and upkeep of building.

It is worth noting that industrial properties are able to yield a higher NPI as major property expenses such as utilities, maintenance, upkeep and repairs expenses are incurred by the tenants. The breakdown of property expenses for FYE 2022 and FYE 2023 is set out as follows: -



Profit for the Year

Despite recording a higher NPI, our profit decreased by RM14.72 million or 19.5% from RM75.51 million in FYE 2022 to RM60.79 million in FYE 2023, mainly due to the decrease in unrealised gain by 41.5% arising from the lower fair value gain on investment property by RM16.37 million as compared to the previous financial year.

Income Distribution

Reflecting the positive performance, total distribution to unitholders for FYE 2023 amounted to RM36.80 million (FYE 2022: RM34.36 million) representing an increase of RM2.44 million or 7.1%, as compared to the previous financial year. This translates to a distribution yield of 6.9% (FYE 2022: 7.6%) based on KIP REIT's closing unit price of RM0.90 as at 30 June 2023 (30 June 2022: RM0.89).

For the FYE 2023, the total amount distributed represents 94.9% of the current year's distributable income of RM38.76 million. The four (4) quarterly income distributions paid by KIP REIT are as follows: -

	Quarter Ended	Date Declared	Distribution per Unit (Sen)	Payment Date
1 st Interim	30 Sep 2022	26 Oct 2022	1.45	23 Nov 2022
2 nd Interim	31 Dec 2022	17 Jan 2023	1.45	21 Feb 2023
3 rd interim	31 Mar 2023	19 Apr 2023	1.55	30 May 2023
Final	30 Jun 2023	24 Jul 2023	1.75	29 Aug 2023
Total			6.20	

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL POSITION

	FYE 2023 RM'000	FYE 2022 RM'000	YoY Change %
Investment Properties	964,300	852,000	13.2
Net Asset Value			
- Before Income Distribution	696,770	588,887	18.3
- After Income Distribution	659,971	554,526	19.0
Total Assets	1,023,391	889,035	15.1
Borrowings	333,217	312,913	6.5
Gearing (%)	32.6	35.2	(2.6)
No. of Units Issued ('000)	606,360	505,300	20.0
Net Asset Value per Unit (RM)			
- Before Income Distribution	1.15	1.17	(1.7)
- After Income Distribution	1.09	1.10	(0.9)

KIP REIT's financial position remains healthy as at 30 June 2023, backed by a solid portfolio of total assets which increased by 15.1% as well as a manageable gearing ratio which decreased by 2.6% as compared to the previous financial year.

Investment Properties

In FYE 2023, KIP REIT completed the acquisition of three (3) industrial properties for a total purchase consideration of RM78.70 million. The acquisition was financed via a combination of equity and debt financing and was immediately income generating upon the completion of the acquisition.

All investment properties are subject to an independent valuation at least once in each financial year pursuant to Chapter 10, Paragraph 10.02(b)(i) of the REIT Guidelines. Any changes in the portfolio's fair value are charged to the statement of comprehensive income as a net gain or loss on the revaluation of investment properties.

During FYE 2023, Nawawi Tie Leung Property Consultants Sdn Bhd was appointed to conduct an independent valuation for all KIP REIT's portfolio. The independent valuer has adopted the income approach (Investment Method), comparison approach and/or cost approach to value all investment properties of KIP REIT. The total appraised value of KIP REIT's portfolio as at 30 June 2023 stood at RM964.30 million (30 June 2022: RM852.00 million). A breakdown of the total appraised value is provided in the table below: -

Properties	Carrying Value Before Revaluation RM'000	Market/ Fair Value RM'000	Unrealised Gain/ (Loss) RM'000
Retail			
KIPMall Tampoi	167,282	179,000	11,718
KIPMall Kota Tinggi	56,135	58,000	1,865
KIPMall Masai	174,135	186,000	11,865
KIPMall Senawang	27,000	28,000	1,000
KIPMall Melaka	50,622	55,000	4,378
KIPMall Bangi	132,989	125,000	(7,989)
AEON Mall Kinta City	254,345	254,000	(345)
Industrial			
Hextar Chemicals (Lot 5)	27,000	27,100	100
Teju Logistics (Lot 9)	28,000	28,200	200
Teju Logistics (Lot 3A)	23,700	24,000	300
Total	941,208	964,300	23,092

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL POSITION (CONT'D)

Net Asset Value

KIP REIT's net asset value after income distribution increased by RM105.44 million or 19.0% from RM554.53 million as at 30 June 2022 to RM659.97 million as at 30 June 2023. The increase in net asset value was mainly driven by the acquisition of the three (3) industrial properties which was partially finance via a private placement which involves an issuance of 101.06 million new KIP REIT units. This partial equity financing enabled KIP REIT to increase its overall net asset value as a lower amount of bank borrowings is needed to acquire these industrial properties.

Capital Management

The Manager of KIP REIT intends to optimise KIP REIT's capital structure by employing an appropriate combination of debt and equity financing to fund any acquisitions and property enhancement while maintaining appropriate level of financial prudence.

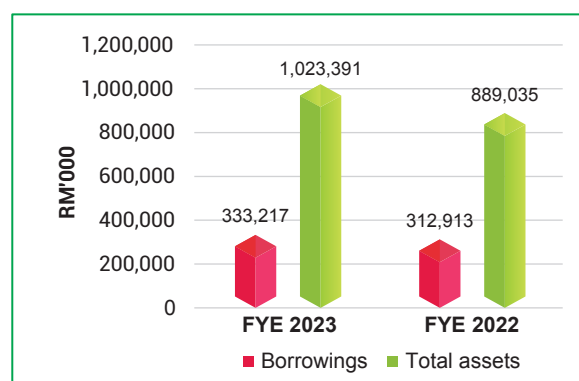
There were no material changes to the borrowing structure during FYE 2023. The increase in borrowings by RM20.30 million during the financial year was mainly due to additional bank borrowing undertaken to partially finance the acquisition of the three (3) industrial properties.

Overall, KIP REIT's total borrowing mainly consists of medium-term note with a nominal value of RM310.00 million with a perpetual term of up to RM2.00 billion. The issuance of medium-term note consists of RM210.00 million at a fixed borrowing rate and RM100.00 million at a floating borrowing rate, thus providing an intrinsic hedge against potential interest rate volatility.

The robust growth in our total assets by RM134.36 million or 15.1% from RM889.04 million as at 30 June 2022 to RM1,023.39 million as at 30 June 2023 was mainly due to fair value gain on our investment properties as well as the acquisition of three (3) industrial properties which was financed via a mixture of debt and equity financing.

Despite an increase in borrowings arising from the acquisition of the industrial properties, our prudent approach towards debt management, underlined by the smaller percentage increase in borrowings compared to the asset value growth, ensures the financial stability of KIP REIT. With the gearing ratio of 32.6% as at 30 June 2023, the capital structure of KIP REIT continues to remain comfortably below the 50.0% limit as stipulated by the REIT Guidelines.

Overall, KIP REIT's sufficient capital combined with balance sheet strength provides the capacity to deliver on our strategic objectives and the ability to capitalise on future opportunities.



CASH FLOW AND LIQUIDITY

	FYE 2023 RM'000	FYE 2022 RM'000	YoY Change RM'000
Net cash generated from operating activities	55,576	53,255	2,321
Net cash used in investing activities	(88,097)	(4,180)	(83,917)
Net cash generated from/ (used in) financing activities	50,288	(47,401)	97,689
Net changes in cash and cash equivalents	17,767	1,674	16,093
Cash and cash equivalent as at 1 July	30,994	29,320	1,674
Cash and cash equivalent as at 30 June	48,761	30,994	17,767

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CASH FLOW AND LIQUIDITY (CONT'D)

In FYE 2023, KIP REIT recorded a net cash generated from operating activities of RM55.58 million as compared to a net cash generated from operating activities of RM53.26 million in FYE 2022. The increase is mainly driven by higher payables and accruals due to deposit received from tenants for tenancy related agreements.

KIP REIT recorded a net cash used in investing activities of RM88.10 million in FYE 2023, primarily stemmed from the acquisition of three (3) industrial properties as well as asset enhancement on investment properties.

KIP REIT recorded a net cash generated from financing activities of RM50.29 million as compared to a net cash used in financing activities of RM47.40 million in FYE 2022 mainly due to the proceeds from the private placement exercise during FYE 2023.

PERFORMANCE BENCHMARKS

Benchmark	FYE 2023	FYE 2022	YoY Commentary
MER (%) ¹	1.7	1.5	MER increased by 0.3% as compared to the prior financial year, in line with higher total asset value and NPI generated in FYE 2023. In addition, the increase was also due to a one-off incidental expense in relation to the acquisition of the three (3) industrial properties.
Total Return (%) ²	8.0	13.0	Total return decreased by 5.0% due to lower distribution yield coupled with the higher closing unit price as at 30 June 2023.
Distribution Yield (%) ³	6.9	7.6	Distribution yield has decreased by 0.7% mainly due to lower distribution per unit arising from higher number of KIP REIT units as well as higher closing unit price as at 30 June 2023.
Net Asset Value Per Unit After Income Distribution (RM) ⁴	1.09	1.10	In FYE 2023, the overall net asset value after income distribution increased by 19.0% mainly due to fair value gain and the acquisition of the three (3) industrial properties. However, the net asset value per unit after income distribution decreased marginally because of the increase in total issued unit arising from the private placement exercise.
Unit Price (RM) ⁵	0.900	0.890	KIP REIT's unit price increased by 1.1% as at 30 June 2023, likely arising from the overall improvement in market sentiment during the financial year.

Notes:

- MER is the ratio of expenses incurred in operating KIP REIT to the average net asset value of KIP REIT.
- Total return represents the change in unit price during the year plus distribution yield for the year.
- Based on distribution per unit of 6.20 sen (FYE 2022: 6.80 sen) divided by its closing unit price as at 30 June 2023 of RM0.900 (30 June 2022: RM0.890).
- Net asset value per unit is determined by deducting the value of all KIP REIT's liabilities and income distribution paid to unitholders from the total asset value, divided by total number of units issued.
- Unit price is determined based on the closing unit price as at 30 June 2023 for FYE 2023 and 30 June 2022 for FYE 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATION REVIEW

Tenant Management

KIP REIT remains devoted to its dynamic leasing strategy, aimed at securing sustainable and steady returns from its community focused mall portfolio. As at 30 June 2023, the total tenancies for KIPMalls amounted to 764, representing a slight decrease from 780 in the previous year. These tenancies occupied an area of 879,823 square feet, accounted for 87.7% of the total NLA of 1,002,975 square feet.

KIP REIT has a long-term master lease agreement with AEON Mall Kinta City for a period of ten (10) years to 2025 with an option to renew of five (5) years to 2030, and hence is able to maintain a 100.0% occupancy rate throughout the period of the master lease agreement. Similarly, we will also be able to maintain a 100.0% occupancy rate for all industrial properties throughout the 15 years lease agreement signed with the tenant.

As the economy is projected to continue on a growth trajectory, there are several external factors such as inflationary pressures, supply chain disruptions, and geopolitical events-induced market uncertainty that might potentially decelerate this progress. In this climate of market uncertainty, KIP REIT underscores that efficient tenant management is of utmost importance for the successful performance of the REIT. To support a sustainable growth, the management team is anticipating a relatively stable rental reversion trend in the foreseeable future.

KIPMall Tenancy Expiry Profile

KIP REIT is strategically poised with tenancy durations tailored to the tenant's business nature, offering longer tenures to key and anchor tenants. This spread across the portfolio efficiently mitigates the risk related to tenant concentration. As at 30 June 2023, the weighted average lease expiry has shown an upward trend with 2.6 years by Occupied Net Lettable Area ("ONLA"), up from 2.5 years in FYE 2022. Similarly, by Gross Rental Income ("GRI"), the weighted average lease expiry stands at 2.5 years, reflecting an increase from 2.06 years in FYE 2022.

The majority of lease expirations in FYE 2024 are attributed to tenancies in KIPMall Kota Tinggi and KIPMall Tampoi. However, our tenant retention strategy has proven effective in FYE 2023, with a renewal rate of 70.2% for leases that have reached their expiration during the year.

Details of the tenancy expiry profile from FYE 2024 to FYE 2027 can be seen in the table below: -

	Total Number of Tenancies	ONLA Expiring (%)	GRI expiring (%)
FYE 2024	377	27.4	30.4
FYE 2025	367	25.0	38.6
FYE 2026	19	47.6	31.0
FYE 2027	1	0.0	0.0
Total	764	100.0	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATION REVIEW (CONT'D)

KIPMall Occupancy Rate

In FYE 2023, KIP REIT achieved an average KIPMall portfolio occupancy rate of 86.7%, reflecting a significant increase compared to the previous financial year's rate of 80.3%. The breakdown of the occupancy rate in each KIPMall is as follow: -

Properties	FYE 2023 (%)	FYE 2022 (%)	FYE 2021 (%)	FYE 2020 (%)	FYE 2019 (%)
KIPMall Tampoi	94.7	80.5	88.5	97.4	97.7
KIPMall Kota Tinggi	89.1	91.4	88.0	92.8	91.3
KIPMall Masai	94.9	91.4	88.9	95.4	93.7
KIPMall Senawang	86.4	83.8	78.2	80.9	79.5
KIPMall Melaka	89.8	78.1	80.1	76.6	80.6
KIPMall Bangi	74.0	70.1	81.9	78.6	86.0
Total	86.7	80.3	83.8	85.4	87.8

During FYE 2023, our retail segment's portfolio is predominantly occupied by home decor, gifts, souvenirs and stationery shops, supermarkets and fashion apparel shops, which collectively represents 66.6% of our total retail segment's ONLA.

In terms of GRI, fashion apparel shops, home decor, gifts, souvenirs and stationery shops, fresh market and Food and Beverage ("F&B") sectors collectively contributed 69.8% of our total retail segment's GRI.

The breakdown by ONLA and GRI for FYE 2023 are as follow: -

Sectors	ONLA (%)	GRI (%)
Home Decor, Gifts, Souvenirs and Stationery	32.8	15.4
Supermarket	19.6	6.6
Fashion Apparel	14.2	22.5
Fresh Market	7.9	19.0
F & B	6.5	12.9
IT/ Electronic/ Digital	6.1	8.9
Entertainment and Leisure	5.0	3.4
Beauty, Health and Wellness	3.4	6.4
Sundry and Services	3.2	2.8
Furniture/ Show Gallery	0.7	0.7
Timepieces and Jewellery	0.6	1.4
Total	100.0	100.0

ASSET ENHANCEMENT INITIATIVE

In FYE 2023, KIP REIT has undertaken various AEs as part of its commitment to delivering sustainable and consistent returns to its unitholders. These AEs amounted to a total investment of RM10.51 million during the financial year which encompassed the following: -

- On-going facelift programme at KIPMall Bangi;
- Various upgrading work at KIPMall Kota Tinggi;
- Renovation of mezzanine floor at KIPMall Melaka; and
- Minor upgrading work at AEON Mall Kinta City.

Moving forward, the Manager remains dedicated to preserving and enhancing the condition of its assets to ensure their continued relevance in meeting the evolving needs of consumers. Approved AEs are implemented with the aim of providing stable and consistent returns to KIP REIT's unitholders in a sustainable manner.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

RISK MANAGEMENT REVIEW

The Manager of KIP REIT conducts regular risk management review to evaluate significant risks as well as their likelihood and potential impact based on the approved risk appetite set by the Board. Appropriate measures are implemented to mitigate the likelihood or impact of identified risks.

The following section provides a summary of key risks associated with KIP REIT's portfolio: -

Principle Risks	Mitigating Measures
<p><u>Economic and Political Landscape</u></p> <p>Macroeconomic trends and political uncertainties may result in financial volatility and pose challenges in the operating environment for KIP REIT and its valued business partners.</p>	<ul style="list-style-type: none"> • Continuous monitoring of economic and political trends to ensure appropriate strategies are adopted in line with the business environment. • Monitoring of occupancy and rental rates and discussions with tenants to understand business activities.
<p><u>Climate Change Risk</u></p> <p>Climate change poses a significant risk to both the natural environment and human societies worldwide that can significantly affect multiple sectors, ecosystems and populations.</p>	<ul style="list-style-type: none"> • Implementation of greenhouse gas emissions reduction measures such as transitioning to renewable energy sources and improving energy efficiency to mitigate climate change risks in the long-term.
<p><u>Credit Control Risk</u></p> <p>Inefficiency on rental collections may result in long overdue receivables.</p>	<ul style="list-style-type: none"> • Operation department monitors the performance of receivables and proactively identifies any potential default from outstanding tenants. Weekly updates are presented by the Complex Manager ("CM") and monthly monitoring process are conducted during meetings to ensure prompt action is taken when necessary. • Operation department and legal department to discuss on the terms of tenancy agreements to gain a comprehensive understanding of the rights of the landlord and obligations of tenants, including the entitlement for long outstanding rental. • Standard notice will be drafted to report long rental outstanding to CTOS. Tenants which outstanding balances exceeding 62 days in CTOS portal will be blacklisted. Verification on such CTOS reporting will be done by CM with monthly sign-off and sampling checks in place to ensure accuracy and consistency.
<p><u>Asset Portfolio Risk</u></p> <p>Lack of monitoring mechanism may result in loss of investment assets and other assets.</p> <p>In addition, non-diversification of portfolio and/or tenancy mix ratio could potentially lead to increased business risks.</p>	<ul style="list-style-type: none"> • Investment Steering Committee ("ISC") regularly assesses and reviews the performance of KIP REIT's asset portfolio. Where necessary, ISC will make appropriate recommendations to the Board. • CM meets on a monthly basis to discuss the performance of each mall. Tenancy mix percentages are tracked by the management and goals are implemented and monitored by General Manager to optimise the performance of asset portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

RISK MANAGEMENT REVIEW (CONT'D)

The following section provides a summary of key risks associated with KIP REIT's portfolio: - (cont'd)

Principle Risks	Mitigating Measures
<p><u>Non-Renewal of Tenancy Renewal Risk Agreement</u></p> <p>Lapsed tenancy due to lack of monitoring, resulting in delays of tenancy renewals.</p>	<ul style="list-style-type: none"> • Prior to tenancy expiry, approaching tenants six (6) months ahead with notice of renewal followed by negotiation for renewal rates. Early engagement with tenants and leases on renewal of tenancies • Revised renewal notice is formalised to require tenants to notify their intention to renew on the Property Management System ("PMS") system to minimise the risks of error. • Double rental shall be chargeable upon expiry of tenancy to deter tenants from holding over and not renewing their agreements.

MARKET REVIEW

Overall Economic Conditions

The Malaysian economy is projected to continue expanding in 2023, although external demand is expected to slow down. Growth will be primarily driven by domestic demand, supported by improvements in the labour market, increased tourism activity, and progress in long-term investment projects. The favourable domestic financial conditions are conducive to financial intermediation. In the first quarter of 2023, the Malaysian economy grew by 5.6%, with higher inbound tourism contributing to this growth.

Private consumption also experienced faster growth, with a 5.9% increase in the first quarter of 2023. This was driven by higher spending on necessities and selected discretionary items such as clothing, footwear, restaurants, hotels, and transportation.

During the first quarter of 2023, headline inflation moderated to 3.6%, mainly due to lower price pressures, particularly in fuel inflation, compared to the preceding quarter's inflation rate of 2.2%.

The growth outlook for Malaysia carries balanced risks. Upside risks stem from domestic factors, including stronger-than-expected tourism activity and the implementation of projects outlined in the re-tabled Budget 2023. Conversely, downside risks arise from weaker-than-expected global growth and increased volatility in global financial markets.

On the global front, the pace of economic growth is expected to slow down in 2023. Positive factors such as China's reopening, a resilient labour market, improved supply chain conditions, and the recovery of services, particularly tourism, will support growth. However, challenges remain due to elevated inflation, tighter monetary policies, and recent episodes of banking stress in some advanced economies, leading to more cautious lending behaviour among banks.

(Source: Bank Negara Malaysia and Department of Statistic Malaysia)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

MARKET REVIEW (CONT'D)

Retail Industry Overview

According to Retail Group Malaysia ("RGM"), the retail industry is projected to experience a growth rate of 4.0% for the year 2023. However, following stronger-than-expected retail results in the first quarter of the year, RGM has revised Malaysia's annual retail industry growth rate to 4.8%.

Notably, shopping traffic has returned to pre-COVID levels, with consumers visiting physical outlets and enjoying meals at their favourite cafes and restaurants. This trend indicates a positive shift in consumer behaviour towards in-person shopping experiences.

Nevertheless, the Malaysian retail industry continues to face significant challenges in the second half of the year caused by factors such as inflation rates, overnight policy rates, and luxury tax pose potential obstacles that needs to be carefully monitored and managed.

Industrial Property Overview

The demand for industrial premises and land in Northern Shah Alam and Southern Klang Valley remains strong, driven by various activities in these areas. Regional logistics and warehousing are expected to be the key drivers in Malaysia's industrial property market, fuelled by the increasing need for last mile delivery facilities, e-commerce retailing, and consumer products.

The rise in online purchases has led to a higher demand for storage space closer to urban centres, emphasising the importance of quality warehouse facilities. These trends highlight the significance of regional logistics and warehousing in the industrial sector and present opportunities for growth and investment.

(Source: Extracted from Bank Negara Malaysia's Quarterly Bulletin for the First Quarter of 2023)

PROSPECTS

According to the Press Release on Property Market 2022, issued by the Valuation & Property Services Department, MOF Malaysia, the property market performance is expected to grow in line with the moderately lower economic growth projected for 2023 given the unpredictable external environment. Notwithstanding this, the accommodative policies, continuous government support, well execution of all planned measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under RMK-12 are expected to remain supportive of the property sector.

Despite the uncertainty highlighted above, we are confident in our adaptability to changes and ability to navigate through challenges while capitalising on potential opportunities. KIP REIT shall remain vigilant and prudent on capital management, active asset management, and adopt strategies that could provide long term sustainable values to our stakeholders.

KIP REIT will continuously strive to identify and evaluate potential growth opportunities in both existing and new assets, encompassing the retail, commercial and industrial sectors. While exploring new investment opportunities, our dedication and proactive approach in lease management and tenant retention will be paramount in maintaining a stable income stream.

PROPERTY DETAILS

KIPMall Tampoi

Building Details	
Address	Lot PTD 152711, Jalan Titiwangsa 1, Taman Tampoi Indah, 81200 Johor Bahru, Johor Darul Takzim
Description	Single-storey retail centre with a mezzanine floor with 579 numbers of car park bays
Age of Building	19 years
Existing Use	Retail mall
Title Information	HSD 452673, PTD 152711, Mukim of Pulai, District of Johor Bahru, Johor Darul Takzim
Encumbrances	Charged to Malaysian Trustees Berhad registered on 29 September 2019; Private caveat on land lodged by Malaysian Trustees Berhad registered on 18 July 2019
Tenure	99 years, expiring on 24 September 2092
Gross Floor Area	238,039 sq. ft.
Net Lettable Area	170,550 sq. ft. (FYE 2022: 167,139 sq. ft.)
Acquisition Date	6 February 2017
Acquisition Price	RM150.0 million
Appraised Value	RM179.0 million (FYE 2022: RM167.0 million)
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd (FYE 2022: CBRE WTW Valuation & Advisory Sdn Bhd)
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur
Average Occupancy Rate for the FYE 2023	94.7% (FYE 2022: 80.5%)
Weighted Average Lease Expiry	ONLA: 2.6 years GRI: 2.5 years

Top 5 Tenants by ONLA	Top 5 Tenants by GRI
Pasaraya Hwa Thai Sdn Bhd	Pasaraya Hwa Thai Sdn Bhd
Bok Marketing Sdn Bhd	Bok Marketing Sdn Bhd
Mr. D.I.Y. (Johor) Sdn Bhd (Mr. Dollar)	Great Zone Household Centre Sdn Bhd
Mr. D.I.Y. (Johor) Sdn Bhd	Mr. D.I.Y. (Johor) Sdn Bhd (Mr. Dollar)
Lionmas Furnishers (M) Sdn Bhd	Tey Tai Hong

Trade Sector Analysis	By ONLA	By GRI
Fresh Market	13.4%	24.4%
Food & Beverages	3.2%	9.2%
Supermarket	14.9%	5.8%
Fashion Apparel	11.5%	20.4%
Entertainment & Leisure	2.2%	3.7%
Beauty, Health and Wellness	3.9%	5.9%
Timepieces and Jewellery	0.6%	1.2%
Home Décor, Gifts, Souvenirs and Stationery	37.7%	14.6%
IT/ Electronic/ Digital	8.7%	9.8%
Furniture/ Show Gallery	1.3%	1.4%
Sundry and Services	2.6%	3.6%
Total	100.0%	100.0%

PROPERTY DETAILS (CONT'D)

KIPMall Kota Tinggi

Building Details	
Address	No. 1, Jalan Maju, 81900 Kota Tinggi, Johor Darul Takzim
Description	Single-storey retail centre with a mezzanine floor with 196 numbers of car park bays
Age of Building	15 years
Existing Use	Retail mall
Title Information	GRN 353762, Lot 28861, Mukim of Kota Tinggi, District of Kota Tinggi, Johor Darul Takzim
Encumbrances	Charged to Malayan Banking Berhad; Private caveat on land lodged by Malayan Banking Berhad on 25 November 2018
Tenure	Freehold
Gross Floor Area	113,958 sq. ft.
Net Lettable Area	76,337 sq. ft. (FYE 2022: 76,297 sq. ft.)
Acquisition Date	6 February 2017
Acquisition Price	RM55.0 million
Appraised Value	RM58.0 million (FYE 2022: RM56.0 million)
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd (FYE 2022: CBRE WTW Valuation & Advisory Sdn Bhd)
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur
Average Occupancy Rate for the FYE 2023	89.1% (FYE 2022: 91.4%)
Weighted Average Lease Expiry	ONLA: 2.6 years GRI: 2.5 years

Top 5 Tenants by ONLA

Lionmas Furnishers (M) Sdn Bhd
Mr. Dollar (Southern) Sdn Bhd
Linkme LM Trading Sdn Bhd
QSR Stores Sdn Bhd
Mystique Catz (M) Sdn Bhd

Top 5 Tenants by GRI

Linkme LM Trading Sdn Bhd
Hikaru Kawaii S PLT
Lionmas Furnishers (M) Sdn Bhd
Mr. Dollar (Southern) Sdn Bhd
Siang Heng Marketing Sdn Bhd

Trade Sector Analysis	By ONLA	By GRI
Fresh Market	26.7%	35.3%
Food & Beverages	9.1%	9.9%
Supermarket	0.0%	0.0%
Fashion Apparel	13.4%	20.0%
Entertainment & Leisure	1.4%	3.0%
Beauty, Health and Wellness	5.3%	7.3%
Timepieces and Jewellery	0.0%	0.0%
Home Décor, Gifts, Souvenirs and Stationery	21.6%	11.4%
IT/ Electronic/ Digital	18.6%	10.2%
Furniture/ Show Gallery	0.8%	1.0%
Sundry and Services	3.1%	1.9%
Total	100.0%	100.0%

PROPERTY DETAILS (CONT'D)

KIPMall Masai

Building Details	
Address	Jalan Persiaran Dahlia 2, Taman Bukit Dahlia, 81700 Pasir Gudang, Johor Darul Takzim
Description	Single-storey retail centre with a mezzanine floor with 628 numbers of car park bays
Age of Building	12 years
Existing Use	Retail mall
Title Information	PN 70766, Lot 198634, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim
Encumbrances	Charged to Malaysian Trustees Berhad registered on 2 October 2019; Private caveat lodged by Malaysian Trustees Berhad on 18 July 2019
Tenure	99 years, expiring on 28 December 2108
Gross Floor Area	247,990 sq. ft.
Net Lettable Area	156,782 sq. ft. (FYE 2022: 151,836 sq. ft.)
Acquisition Date	6 February 2017
Acquisition Price	RM157.0 million
Appraised Value	RM186.0 million (FYE 2022: RM174.0 million)
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd (FYE 2022: CBRE WTW Valuation & Advisory Sdn Bhd)
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur
Average Occupancy Rate for the FYE 2023	94.9% (FYE 2022: 91.4%)
Weighted Average Lease Expiry	ONLA: 2.8 years GRI: 2.8 years

Top 5 Tenants by ONLA

Pasaraya Hwa Thai Sdn Bhd
Bok Marketing Sdn Bhd
Mr. D.I.Y. (Johor) Sdn Bhd
Linkme LM Trading Sdn Bhd
Jacobi Shoes House

Top 5 Tenants by GRI

Pasaraya Hwa Thai Sdn Bhd
Bok Marketing Sdn Bhd
Jacobi Shoes House
Mr. D.I.Y. (Johor) Sdn Bhd
Linkme LM Trading Sdn Bhd

Trade Sector Analysis	By ONLA	By GRI
Fresh Market	16.7%	26.0%
Food & Beverages	5.5%	12.4%
Supermarket	17.9%	4.7%
Fashion Apparel	16.8%	25.3%
Entertainment & Leisure	3.5%	3.6%
Beauty, Health and Wellness	5.0%	5.4%
Timepieces and Jewellery	1.2%	2.2%
Home Décor, Gifts, Souvenirs and Stationery	25.9%	8.3%
IT/ Electronic/ Digital	5.6%	9.3%
Furniture/ Show Gallery	0.4%	0.4%
Sundry and Services	1.5%	2.4%
Total	100.0%	100.0%

PROPERTY DETAILS (CONT'D)

KIPMall Senawang

Building Details	
Address	No. 1, Jalan KLS 1, Lavender Heights, 70450 Seremban, Negeri Sembilan Darul Khusus
Description	Single-storey retail centre with a mezzanine floor with 584 numbers of car park bays
Age of Building	10 years
Existing Use	Retail mall
Title Information	GRN 262080, Lot 61344, Pekan Senawang, District of Seremban, Negeri Sembilan Darul Khusus
Encumbrances	N/A
Tenure	Freehold
Gross Floor Area	175,095 sq. ft.
Net Lettable Area	117,030 sq. ft. (FYE 2022: 116,919 sq. ft.)
Acquisition Date	6 February 2017
Acquisition Price	RM38.0 million
Appraised Value	RM28.0 million (FYE 2022: RM27.0 million)
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd (FYE 2022: CBRE WTW Valuation & Advisory Sdn Bhd)
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur
Average Occupancy Rate for the FYE 2023	86.4% (FYE 2022: 83.8%)
Weighted Average Lease Expiry	ONLA: 2.3 years GRI: 2.2 years

Top 5 Tenants by ONLA
TF Value Mart
Mr. D.I.Y. (M) Sdn Bhd
Porcelain Inn Sdn Bhd
Lionmas Furnishers (M) Sdn Bhd
Hyper Pets (M) Sdn Bhd

Top 5 Tenants by GRI
TF Value Mart
QSR Stores Sdn Bhd
Mr. D.I.Y. (M) Sdn Bhd
Lionmas Furnishers (M) Sdn Bhd
Porcelain Inn Sdn Bhd

Trade Sector Analysis	By ONLA	By GRI
Fresh Market	7.7%	19.2%
Food & Beverages	8.8%	16.2%
Supermarket	35.6%	14.6%
Fashion Apparel	8.1%	17.0%
Entertainment & Leisure	0.2%	0.7%
Beauty, Health and Wellness	2.1%	5.5%
Timepieces and Jewellery	0.0%	0.0%
Home Décor, Gifts, Souvenirs and Stationery	24.0%	15.1%
IT/ Electronic/ Digital	5.5%	6.3%
Furniture/ Show Gallery	3.0%	1.7%
Sundry and Services	5.0%	3.7%
Total	100.0%	100.0%

PROPERTY DETAILS (CONT'D)

KIPMall Melaka

Building Details	
Address	No. 8999, Jalan Tun Fatimah, Batu Berendam, 75350 Hang Tuah Jaya, Melaka
Description	Two-storey retail centre with 521 numbers of car park bays
Age of Building	9 years
Existing Use	Retail mall
Title Information	PN61677, Lot No 19541 (formerly known as HSD76142, PT6786), Mukim of Bachang, District of Melaka Tengah, Melaka
Encumbrances	N/A
Tenure	99 years, expiring on 17 November 2112
Gross Floor Area	276,987 sq. ft.
Net Lettable Area	196,822 sq. ft. (FYE 2022: 187,841 sq. ft.)
Acquisition Date	6 February 2017
Acquisition Price	RM50.0 million
Appraised Value	RM55.0 million (FYE 2022: RM50.0 million)
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd (FYE 2022: CBRE WTW Valuation & Advisory Sdn Bhd)
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur
Average Occupancy Rate for the FYE 2023	89.8% (FYE 2022: 78.1%)
Weighted Average Lease Expiry	ONLA: 2.5 years GRI: 2.3 years

Top 5 Tenants by ONLA

Bachang Family Store Sdn Bhd
Bok Marketing Sdn Bhd
Mr. D.I.Y. Trading Sdn Bhd
DODE Concept
Happy Home Household Sdn Bhd

Top 5 Tenants by GRI

Bachang Family Store Sdn Bhd
Bok Marketing Sdn Bhd
Mr. D.I.Y. Trading Sdn Bhd
Happy Home Household Sdn Bhd
Lionmas Furnishers (M) Sdn Bhd

Trade Sector Analysis	By ONLA	By GRI
Fresh Market	0.2%	0.2%
Food & Beverages	7.9%	11.9%
Supermarket	24.5%	9.3%
Fashion Apparel	10.0%	22.4%
Entertainment & Leisure	2.1%	2.5%
Beauty, Health and Wellness	3.4%	8.9%
Timepieces and Jewellery	0.6%	2.4%
Home Décor, Gifts, Souvenirs and Stationery	39.0%	29.0%
IT/ Electronic/ Digital	5.1%	10.6%
Furniture/ Show Gallery	0.0%	0.0%
Sundry and Services	7.2%	2.8%
Total	100.0%	100.0%

PROPERTY DETAILS (CONT'D)

KIPMall Bangi

Building Details	
Address	No. 1, Jalan Medan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan
Description	Five-storey shopping centre with one (1) level of mezzanine floor and two (2) levels of basement car park with 493 numbers of car park bays
Age of Building	23 years
Existing Use	Retail mall
Title Information	HSD 36945, PT 29330, Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan
Encumbrances	Charged to Malaysian Trustees Berhad registered on 2 October 2019; Private caveat lodged by Malaysian Trustees Berhad on 18 July 2019.
Tenure	99 years, expiring on 14 July 2093
Gross Floor Area	348,203 sq. ft.
Net Lettable Area	286,557 sq. ft. (FYE 2022: 255,202 sq. ft.)
Acquisition Date	6 February 2017
Acquisition Price	RM130.0 million
Appraised Value	RM125.0 million (FYE 2022: RM124.0 million)
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd (FYE 2022: CBRE WTW Valuation & Advisory Sdn Bhd)
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur
Average Occupancy Rate for the FYE 2023	74.0% (FYE 2022: 70.1%)
Weighted Average Lease Expiry	ONLA: 2.8 years GRI: 2.7 years

Top 5 Tenants by ONLA	Top 5 Tenants by GRI
My Hero Hypermarket Sdn Bhd	My Hero Hypermarket Sdn Bhd
Bok Marketing Sdn Bhd	Bok Marketing Sdn Bhd
Live Sport Gallery Enterprise	Central Market Fish Head Curry Sdn Bhd
Megah Inovatif Sdn Bhd	Megah Inovatif Sdn Bhd
Pusat Kain Silk House Sdn Bhd	QSR Stores Sdn Bhd

Trade Sector Analysis	By ONLA	By GRI
Fresh Market	0.0%	0.0%
Food & Beverages	6.8%	21.4%
Supermarket	17.1%	11.0%
Fashion Apparel	21.0%	24.2%
Entertainment & Leisure	13.5%	3.9%
Beauty, Health and Wellness	2.2%	7.1%
Timepieces and Jewellery	0.5%	2.0%
Home Décor, Gifts, Souvenirs and Stationery	35.6%	23.1%
IT/ Electronic/ Digital	2.8%	5.5%
Furniture/ Show Gallery	0.0%	0.0%
Sundry and Services	0.5%	1.8%
Total	100.0%	100.0%

PROPERTY DETAILS (CONT'D)

AEON Mall Kinta City

Building Details	
Address	2, Jalan Teh Lean Swee, Taman Ipoh Selatan, 31400 Ipoh, Perak
Description	Three-storey shopping mall comprising two (2) levels of retail lots, one (1) level of car park and cinema and one (1) level of car park and bowling alley at the rooftop – total car park 1,547 numbers of car park bays
Age of Building	25 years
Existing Use	Shopping mall
Title Information	Lot No. 320549, Mukim of Hulu Kinta, District of Kinta, Perak
Encumbrances	Private caveat entered by Malaysian Trustees Berhad on 18 July 2019; Leased to AEON Co. (M) Bhd for 10 years commencing from 29 September 2015 and ending on 28 September 2025
Tenure	Freehold
Gross Floor Area	1,068,749 sq. ft.
Net Lettable Area	530,181 sq. ft.
Acquisition Date	31 July 2019
Acquisition Price	RM208.0 million
Appraised Value	RM254.0 million (FYE 2022: RM254.0 million)
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd (FYE 2022: Appraisal Malaysia Sdn Bhd)
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur
Master Lessee	AEON Co. (M) Berhad

PROPERTY DETAILS (CONT'D)

Hextar Chemicals (Lot 5)

Building Details	
Address	Lot 5, Jalan Perigi Nenas 7/3, Phase 1A Pulau Indah Industrial Park, 42920 Port Klang, Selangor Darul Ehsan
Description	Industrial premises accommodating a double storey office building annexed with a single storey warehouse and guard house
Age of Building	21 years
Existing Use	Office space, factory and warehouse
Title Information	PN 12168, Lot 88089 and PN 12170, Lot 88105, both under Mukim of Klang, District of Klang, State of Selangor
Encumbrances	Charged to OCBC Al-Amin Bank Berhad vide Presentation No. 94703/2015 registered on 9 September 2015
Tenure	99 years, expiring on 24 February 2097
Gross Floor Area	112,598 sq. ft.
Net Lettable Area	112,508 sq. ft.
Acquisition Date	14 December 2022
Acquisition Price	RM27.0 million
Vendor	Hextar Chemicals Sdn Bhd <i>(Further details have been disclosed in "Other Disclosure Information" section)</i>
Appraised Value	RM27.1 million
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur
Lessee	Hextar Chemicals Sdn Bhd

PROPERTY DETAILS (CONT'D)

Teju Logistics (Lot 3A)

Building Details	
Address	Lot 3A, Jalan Perigi Nenas 7/2, Phase 1A Pulau Indah Industrial Park, 42920 Port Klang, Selangor Darul Ehsan
Description	Industrial premises accommodating a single storey warehouse, pump house and guard house
Age of Building	26 years
Existing Use	Warehouse
Title Information	H.S.(D) 158288, PT 150309, Mukim of Klang, District of Klang, State of Selangor
Encumbrances	Charged to Hong Leong Bank Berhad vide Presentation No. 62578/2011 registered on 23 June 2011
Tenure	99 years, expiring on 24 February 2097
Gross Floor Area	129,362 sq. ft.
Net Lettable Area	129,114 sq. ft.
Acquisition Date	14 December 2022
Acquisition Price	RM23.7 million
Vendor	Hextar Chemicals Sdn Bhd <i>(Further details have been disclosed in "Other Disclosure Information" section)</i>
Appraised Value	RM24.0 million
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur
Lessee	Teju Logistics Sdn Bhd

PROPERTY DETAILS (CONT'D)

Teju Logistics (Lot 9)

Building Details	
Address	PT 154141, Jalan Perigi Nenas 7/3, Phase 1A Pulau Indah Industrial Park, 42920 Port Klang, Selangor Darul Ehsan
Description	Industrial premises accommodating a single storey factory/warehouse, guard house, pump house and refuse chamber
Age of Building	3 years
Existing Use	Factory and warehouse
Title Information	H.S.(D) 163577, PT 154141, Mukim of Klang, District of Klang, State of Selangor
Encumbrances	Charged to RHB Bank Berhad vide Presentation No. 55054/2018 registered on 22 June 2018; Tenanted to GLD Alloys (Malaysia) Sdn Bhd by a tenancy agreement dated 23 May 2022 for a period of three (3) years commencing 1 June 2022 for a rental income of RM168,795 per month
Tenure	78 years, expiring on 24 February 2097
Gross Floor Area	109,245 sq. ft.
Net Lettable Area	108,936 sq. ft.
Acquisition Date	14 December 2022
Acquisition Price	RM28.0 million
Vendor	Teju Logistics Sdn Bhd (Further details have been disclosed in "Other Disclosure Information" section)
Appraised Value	RM28.2 million
Valuer	Nawawi Tie Leung Property Consultants Sdn Bhd
Valuation Date	30 June 2023
Property Manager	Henry Butcher Malaysia (Mont Kiara) Sdn Bhd Unit D4-3-3&3A, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur
Lessee	Teju Logistics Sdn Bhd

INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS

Here in KIP REIT, the Manager truly believes that open and transparent communication is the cornerstone of a successful connection between KIP REIT and our various stakeholders to build trust, values and confidence in the long run. We recognise that timely and accurate information enables our stakeholders to gain meaningful insights and make informed decisions which align to their interests and objectives.

We understand that different stakeholders may require different levels of engagement and information, and thus, we have developed a comprehensive framework, i.e., the Corporate Communications Paper that outlines the appropriate engagement approach and frequency for each stakeholder group. In addition, the Board had on 19 April 2023 performed the annual review on the said Corporate Communications Paper to ensure effective communication channels are carried out in maintaining continuous engagement with various stakeholders.

During FYE 2023, the Manager has leveraged on several communication means to provide constructive information to our stakeholders such as business development, financial and operational performance, industry trends and etc. The communication channels adopted are discussed in the following sections.

Press Release and Media Coverage

As part of our on-going efforts to enhance transparency and build strong relationships with the stakeholders, the Manager continues to interact actively with our investment community through press release. This approach serves as a valuable platform for us to provide the public with an in-depth understanding on our business development, trend, challenges and prospects.

During the financial year under review, the Manager, via the Investor Relations ("IR") Team, has shared our key messages and successes as well as highlighted our unique value proposition through the publication of the following press releases on Bursa Securities: -

Date	Title
12 Jul 2022	KIP REIT to Acquire Three Industrial Properties in Pulau Indah for RM78.7 Million
28 Jul 2022	KIP REIT Delivers Consistent DPU Payout of 2.10 sen for Q4FY2022
26 Oct 2022	KIP REIT Reports 5.0% Higher Q1FY2023 Profit After Taxation to RM8.8 Million
17 Jan 2023	KIP REIT Q2FY2023 Gross Revenue Increases 9.1% to RM20.2 Million
19 Apr 2023	KIP REIT Q3FY2023 Profit After Tax Increases 15.4% to RM10.5 Million

On top of the press release via Bursa Securities, we have also leveraged on a broader media exposure via newspaper publications, such as News Straits Times, Sin Chew Daily, The Edge, The Star and The Malaysian Reserve, in which these press releases are accessible on our company's website at <https://www.kipreit.com.my/news-room>.

Equity Research via Bursa Research Incentive Scheme ("Bursa RISE")

In previous financial year, KIP REIT has been included as part of the first batch of participating public listed companies in Bursa RISE programme which aims to improve Malaysia listed companies' trading velocity and corporate profile through research coverage and marketing activities.

This year, we continue to engage Affin Hwang Research and TA Securities Research to enhance our public reach, especially immediately after the quarterly results announcement made on Bursa Securities. Overall, the events we held were ideal and analysts and fund managers had attended to our quarterly results briefing. We believe that such events will enhance our visibility, reputation and brand awareness among the general public.

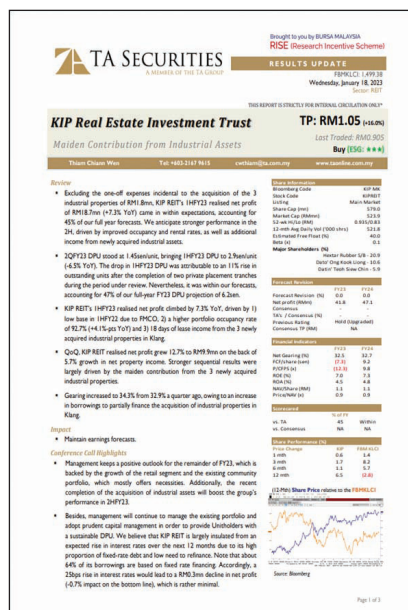
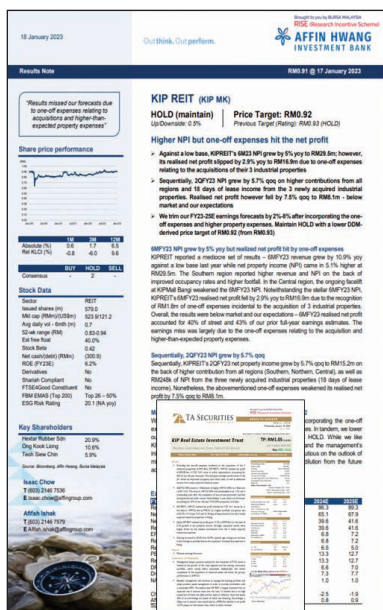
INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS (CONT'D)

Equity Research via Bursa Research Incentive Scheme ("Bursa RISE") (Cont'd)

During the financial year, the IR Team has also updated KIP REIT's corporate factsheet and prepared quarterly briefing decks to the aforementioned analysts and fund managers to deliver our comprehensive information including financial performance, portfolio updates, prospects and outlook as well as Environmental, Social and Governance ("ESG") initiatives.

The engagement events we held with analysts and fund managers during FYE 2023 are shown as below: -

Date	Event
29 Jul 2022	Analysts and Fund Managers Briefing on Q4 FYE 2022 Results
	Publication of Analyst Reports: Affin Hwang and TA Securities Research
26 Oct 2022	Analysts and Fund Managers Briefing on Q1 FYE 2023 Results
27 Oct 2022	Publication of Analyst Reports: Affin Hwang and TA Securities Research
3 Jan 2023	Publication of Analyst Report: Affin Hwang Research
12 Jan 2023	Analysts and Fund Managers Briefing on Q2 FYE 2023 Results
18 Jan 2023	Publication of Analyst Reports: Affin Hwang and TA Securities Research
20 Mar 2023	Work-in-Progress Meeting with Ms. Ong Pui Shan (CEO)
20 Apr 2023	Analysts and Fund Managers Briefing on Q3 FYE 2023 results.
	Publication of Analyst Reports: Affin Hwang and TA Securities Research
25 Apr 2023	The Edge "City & Country" Interview with Ms. Ong Pui Shan (CEO)
27 Apr 2023	Site Visit with Affin Hwang and Great Eastern to KIPMall Bangi.



Sample of Publication of Analyst Reports

INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS (CONT'D)

Malaysian REIT Managers Association ("MRMA")

KIP REIT is also an active member in the MRMA.

Being one of the silver sponsors for the Third (3rd) Annual Malaysian REIT Forum 2022 "M-REITs & The Road Ahead", the Managing Director and CEO, on behalf of KIP REIT, had attended the said event on 18 October 2022, to demonstrate our support to the association and the REIT industry as a whole.

Interactive networking sessions with other REITs and industry stakeholders were held during the said event to enhance our visibility and brand awareness. During the event, all participants have also gained a deeper insight of the overview, trends and opportunities of the Malaysia REIT industry as well as the rising ESG trend relating to the Malaysia REIT.

Quarterly Financial Results, Annual Report and Announcement Made via Bursa Securities

Following the Supplementary Trust Deed dated 29 September 2020 entered into by the Trustee and the Manager, the provisions for the issuance of reports, notices and other documents have been amended to allow for distribution via technological means. In this regard, KIP REIT makes timely and accurate disclosure such as quarterly financial results, annual report, press release, income distribution, change in corporate information and etc. via announcement on Bursa Securities website. Particularly, both of the quarterly financial results and annual report are prepared with reference to the MMLR and REIT Guidelines to provide our stakeholders with comprehensive information surrounding KIP REIT's financial and operational performance, business development as well as growth prospects.

Whilst we aim to maintain high level of transparency by releasing as much information as possible, we are also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

All Bursa announcements are accessible on Bursa Securities' website at https://www.bursamalaysia.com/market_information/announcements/company_announcement or KIP REIT's website at <https://www.kipreit.com.my/ir-bursa-announcement/general-announcements>.

General Meetings

In FYE 2023, KIP REIT had convened both the sixth (6th) Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") virtually on 13 October 2022.

The AGM is the principal forum for dialogue with unitholders. The Board is dedicated to engage in constructive dialogue with our unitholders and provide the necessary information or clarification to address any of their queries. Through the AGM, the Board is able to update the unitholders on KIP REIT's strategic development as well as any portfolio updates, and simultaneously, the unitholders are able to gain a better and deeper understanding on our business strategies, performance, and future prospects. Unitholders are also encouraged to exercise their voting rights during the AGM to ensure that their voices are heard and their collective interests are represented. From financial year ended 30 June 2021 ("FYE 2021") onwards, the Manager has held virtual AGM through live streaming and online voting via Remote Participation Electronic Voting ("RPEV") facilities to enhance the accessibility and convenience for our unitholders.

Whilst KIP REIT conducts AGM every year, the Manager may call for EGM for any specific situations that require the attention and approval of unitholders beyond the AGM. The EGM held on 13 October 2022 was mainly to obtain unitholders' approval on the acquisition of three (3) industrial properties and corresponding leases to be commenced thereafter. Unitholders were also allowed to raise their queries or concerns and exercise their voting rights during the EGM.

In compliance with the Practice 13.1 of the Malaysian Code on Corporate Governance ("MCCG"), the Manager always ensures that the notice of AGM is circulated to unitholders at least 28 days prior to the AGM. We also publish our notice of AGM on newspapers for a wider public outreach. The Manager believes that this arrangement will enable our unitholders to have sufficient time to peruse the annual report and to make any necessary arrangements.

INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS (CONT'D)

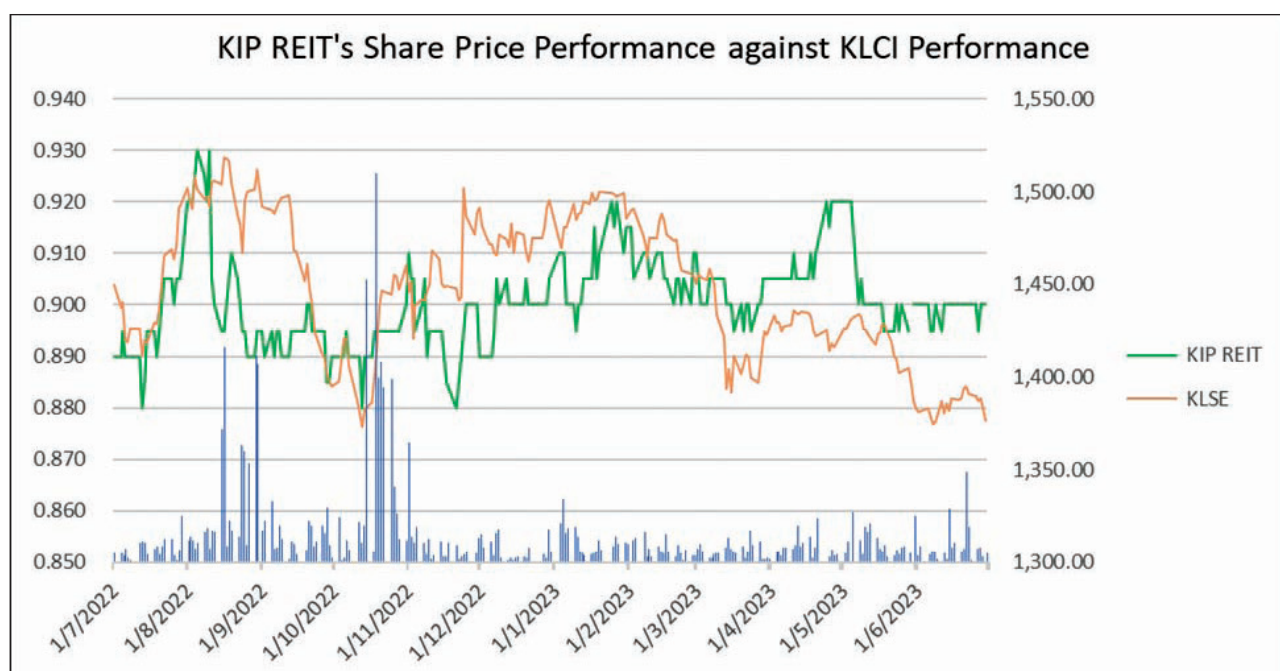
IR Portal and E-Mail

KIP REIT recognises the importance of providing stakeholders with easy access to relevant information as well as a platform for their inquiries and concerns. To this end, we maintain a dedicated IR section on our company's website at <https://www.kipreit.com.my/> to provide information such as annual report, quarterly results, distribution history, stock information, company's policies and etc.

Unitholders and other stakeholders may also contact us through the messaging function on our company's website or e-mail us at info@kipreit.com.my. Our IR personnel will then address the queries/concerns accordingly.

Trading Performance

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Share Price as at 30 June (RM)	0.840	0.795	0.845	0.890	0.900
Highest Traded Share Price (RM)	0.910	0.910	0.910	0.920	0.920
Lowest Traded Share Price (RM)	0.600	0.600	0.790	0.820	0.880
NAV per Unit after Income Distribution (RM)	1.008	1.009	1.016	1.097	1.088
Total Trading Volume ('000)	51,207	61,167	52,697	132,604	113,416
Market Capitalisation ('000)	424,452	401,714	426,979	449,717	545,724
Total Units ('000)	505,300	505,300	505,300	505,300	606,360



BOARD AND MANAGEMENT PROFILES

Datuk Dr Syed Hussain bin Syed Husman, P.J.N. JP
Chairman/Senior Independent Non-Executive Director
66, Male, Malaysian

Datuk Dr Syed Hussain bin Syed Husman, P.J.N. JP was appointed to the Board as a Senior Independent Non-Executive Director on 20 April 2016. He is the Chairman of the Board, a member of the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC").

He graduated with a Master in Business Administration ("MBA") from Western Illinois University, United States of America ("USA"). He then further pursued the Doctorate of Philosophy in Labour Relations from London, United Kingdom ("UK") and also the Doctorate in Business Administration from ASIA e UNIVERSITY, Malaysia. In 2002, he attended the Senior Management Development Programme at Harvard Business School, USA.

Over the years, he has established extensive leadership experience in the field of human resources. He had held prominent roles in Procter & Gamble Malaysia and Singapore, Rothmans of Pall Mall (Malaysia) Berhad, British American Tobacco Berhad, Ramunia Holdings Bhd and Petrofield (M) Sdn Bhd.

Since 2011, Datuk Dr Syed Hussain holds the position of an Executive Director and Chief Executive Officer ("CEO") in SVTT Resources Sdn Bhd. Presently, he is also an Independent and Non-Executive Director in Can-One Berhad. He is also currently serving as the President of the Malaysian Employers Federation and a member of the Board of the Employee's Provident Fund as an Employers' representative. Additionally, he is also appointed to the Ahli Majlis Negara Bagi Keselamatan dan Kesihatan Pekerjaan (MNKPP), the Advisory Council of Malaysian Society for Occupational Health and Safety (MSOSH), National Wages Consultative Council, Ahli Majlis Penasihat Buruh Kebangsaan (NLAC), Ahli Majlis Pekerjaan Negara (MPV) and Ahli Majlis TVET Negara (MTVET).

Datuk Dr Syed Hussain does not have any family relationships with any Director and/or major unitholder of KIP REIT. He has attended all ten (10) Board meetings held during FYE 2023.

DATO' ONG KOOK LIONG
Managing Director
63, Male, Malaysian

Dato' Ong Kook Liong was appointed to the Board as an Executive Director on 18 December 2015 and subsequently redesignated as the Managing Director on 18 August 2022. He is the Chairman of the ISC.

Dato' Ong currently is a CMSL holder under the Capital Markets and Securities Act 2007. He has developed vast experience in sales and marketing of properties, property investment and hospitality over twenty (20) years. He started his career path in 1989 as a Sales Executive in MBf Property Services Sdn Bhd. He then joined Tan Co Properties Sdn Bhd as a Sales Manager in 1991. From 1993 to 1997, he was appointed as Executive Director of property development in Meda group of companies where he was involved in the completion of the Summit Square, Summit Parade, Summit City and Plaza Bukit Mertajam.

Since 1997, Dato' Ong has then co-founded KIP Group of Companies and assumed the role of Executive Director. He is responsible to drive the leasing, retail development conceptualisation and tenant mix strategy for all projects including the KIPMall portfolio. Under his stewardship, he has successfully led the KIP Group of Companies to the completion of several residential, commercial, hospitality and retail projects.

Dato' Ong is a major unitholder of KIP REIT, a major shareholder of the Manager and the father of Ms. Ong Pui Shan, the Executive Director cum CEO of KIP REIT. He does not hold directorships in any other public company and listed issuer. He has attended all ten (10) Board meetings held during FYE 2023.

BOARD AND MANAGEMENT PROFILES (CONT'D)

MS. ONG PUI SHAN
Executive Director cum CEO
35, Female, Malaysian

Ms. Ong Pui Shan was appointed to the Board as a Non-Independent Non-Executive Director on 30 November 2018 and subsequently redesignated as an Executive Director on 18 August 2022 and appointed as the CEO on 5 April 2023. She is one of the Deputy Chairman in the ISC and the Chairman of the Sustainability Steering Committee, namely Chief Sustainability Officer ("CSO").

She holds a Bachelor of Arts from University of Melbourne and graduated with a Master of Science in Marketing from University of West of England. In 2011, she joined Summit Holidays as a Marketing and Branding Manager. In the subsequent year, she left Summit Holidays and joined KIP Group of Companies. She was appointed as the Group CEO of KIP Group of Companies in 2017 and is responsible to execute business strategies and oversee the overall development, operational and financial performance of the KIP Group of Companies which is involved in property development, shopping mall management and hospitality.

On the group level, she directs the company's goals and vision, partnering with high-level officers to grow and strengthen the company's position in the industry and to ensure its sustainability. On the management level, she works with all divisions' heads and closely monitors the progress of development, operational and financial performance. She also liaises with the Chief Financial Officer in the preparation of annual budgets, complete risk analysis on potential investments, and advises the Board with regard to investment risk and return.

Ms. Ong is the daughter of Dato' Ong Kook Liong, the Managing Director of KIP REIT. She does not hold directorships in any other public company and listed issuer. She has attended nine (9) out of ten (10) Board meetings held during FYE 2023.

MS. ONG TZU CHUEN
Executive Director
40, Female, Malaysian

Ms. Ong Tzu Chuen was appointed to the Board as an Executive Director on 18 August 2022. She is one of the Deputy Chairman in the ISC.

She graduated with a Bachelor of Commerce (Accounting) from Macquarie University, Australia. She is a member of the Certified Practising Accountant ("CPA"), Australia since 2004 and Malaysian Institute of Accountants ("MIA") since 2020.

In 2003, she began her career as a Junior Accountant in Sydney, Australia. She then returned to Malaysia and joined Hextar group of companies holding various finance and management positions. She has accumulated corporate management experiences for more than ten (10) years including identifying, evaluating and developing investment opportunities as well as directing the set-up and expansion of various companies across many industries in South East Asia.

Currently, she is also a Non-Independent Non-Executive Director in Hextar Industries Berhad. She is the sister of Dato' Ong Choo Meng, a major unitholder of KIP REIT. She has attended all eight (8) Board meetings after her appointment to the Board on 18 August 2022.

PROFILE OF BOARD MANAGEMENT PROFILES (CONT'D)

DATUK MOHAMED ARSAD BIN SEHAN

*Independent Non-Executive Director
70, Male, Malaysian*

Datuk Mohamed Arsad bin Sehan was appointed to the Board as an Independent Non-Executive Director on 20 April 2016. He is the Chairman of the NC and a member of the ARMC and RC.

He holds a Bachelor of Economics (Statistics) from University of Malaya. He has had a distinguished career in the banking sector for 31 years with Bank Bumiputera Malaysia Berhad and Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat"). During his tenure in Bank Rakyat, he held various senior management positions including that of General Manager of Commercial Banking, Assistant General Manager of Banking Operations, Sector Head of Financing and Division Head of Planning and Development and Corporate Services. He also served as the Managing Director and CEO of a private limited company for seven (7) years in dealing in the manufacture and supply of standby power systems on secondment from Bank Rakyat. After his retirement from Bank Rakyat, he then held the positions of Managing Director and Executive Director in PureCircle Sdn Bhd, a wholly owned subsidiary of PureCircle Limited for eight (8) years.

He is currently an Independent Non-Executive Director in M & A Equity Holdings Berhad (formerly known as SYF Resources Berhad) and Inari Amertron Berhad. He does not have any family relationships with any Director and/or major unitholder of KIP REIT. Datuk Mohamed Arsad has attended all ten (10) Board meetings during FYE 2023.

MR. CHIAM TAU MENG

*Independent Non-Executive Director
70, Male, Malaysian*

Mr. Chiam Tau Meng was appointed to the Board as an Independent Non-Executive Director on 15 April 2019. He is the Chairman of the ARMC and RC and a member of the NC.

He graduated with a Bachelor of Commerce Degree majoring in Accountancy from the University of Otago, Dunedin, New Zealand. He is currently an Associate Chartered Accountant with Chartered Accountants Australia and New Zealand, and a Chartered Accountant with the MIA.

Following his graduation in 1977, Mr. Chiam started his career as a Corporate Accountant in Tolley Industries Ltd (New Zealand). In 1979, he returned to Malaysia and joined Malaysian Containers Bhd as a Finance Manager cum Company Secretary until 1984. Subsequently, he joined Menang Corporation (M) Bhd as the General Manager of Corporate Services. He then left Menang Corporation (M) Bhd and joined Bee Hin Holdings Sdn Bhd as a General Manager of Corporate Finance in 1989. Subsequent in 1993, he was appointed as a Director in BDO Binder Management Consultants Sdn Bhd until 1994 where he incorporated CTM Consulting as a Principal, a position he holds until today.

Mr. Chiam is also an Independent and Non-Executive Director in Tri-Mode System (M) Berhad. He does not have any family relationships with any Director and/or major unitholder of KIP REIT. He has attended all ten (10) Board meetings during FYE 2023.

Notes: -

Saved as disclosed above, none of the Directors: -

- (a) has conflict of interest with the Company;
- (b) has been convicted of any offence in the past five (5) years other than traffic offences, if any; and
- (c) was publicly sanctioned or imposed with penalty by the regulatory bodies during FYE 2023.

INVESTMENT STEERING COMMITTEE PROFILES

DATO' ONG KOOK LIONG

*ISC Chairman
63, Male, Malaysian*

Please refer to Dato' Ong Kook Liong's profile under the section in "Board and Management Profiles".

Dato' Ong has attended all five (5) ISC meetings during FYE 2023.

MS. ONG PUI SHAN

*ISC Deputy Chairman
35, Female, Malaysian*

Please refer to Ms. Ong Pui Shan's profile under the section in "Board and Management Profiles".

Ms. Ong has attended all five (5) ISC meetings during FYE 2023.

MS. ONG TZU CHUEN

*ISC Deputy Chairman
40, Female, Malaysian*

Please refer to Ms. Ong Tzu Chuen's profile under the section in "Board and Management Profiles".

Ms. Ong has attended all five (5) ISC meetings during FYE 2023.

MS. TAN JO LYNN

*Deputy Chief Investment Officer ("CIO")
35, Female, Malaysian*

Ms. Tan Jo Lynn was appointed to the ISC as the Deputy CIO on 21 March 2023. She is currently a member of the MIA and holds a fellowship with the Associate of Chartered Certified Accountants ("ACCA"). With over twelve (12) years of financial experience, she has an extensive background in financial analysis, risk management and financial reporting. In addition to her role as the Deputy CIO, she serves as the Financial Controller and is an integral member of the Risk Management Working Group in KIP REIT.

Ms. Tan began her professional journey as an audit associate in a prominent audit firm, where she honed her skills in auditing practices. Afterward, she transitioned to the role of an external auditor, serving in that capacity for 3.5 years. Seeking a career shift into the corporate sector, she joined a Malaysian public listed company as an accountant, where she showcased her proficiency in financial management. In view of her exceptional performance, she was subsequently transferred to a subsidiary of the same company located in Singapore. In 2018, Ms. Tan assumed the role of Finance Manager in a Malaysian private limited company. Eventually, her remarkable track record led to her appointment as a Financial Controller in a listed company in Malaysia. Throughout her career journey, Ms. Tan has showcased her dedication and competence in various financial roles, culminating in her current position as the Deputy CIO.

Ms. Tan has attended all two (2) ISC meetings held during FYE 2023 after her appointment to the ISC.

INVESTMENT STEERING COMMITTEE PROFILES (CONT'D)

MS. LAM YOKE JING
Finance Representative
33, Female, Malaysian

Ms. Lam Yoke Jing was appointed to the ISC as the Finance Representative on 6 February 2023. She is currently a Chartered Accountant with the MIA. In addition to her role representing the Finance function in ISC, she is currently the Finance Manager in KIP REIT.

Ms. Lam graduated with a Bachelor of Accountancy from Universiti Utara Malaysia. Upon her graduation, she commenced her career as an auditor since 2014 where she established her skills in auditing practices for approximately four (4) years. After gaining valuable experience at Crowe, she pursued opportunities in multinational and listed companies, further expanding her career experience and expertise in the financial domain.

Ms. Lam has attended all three (3) ISC meetings held during FYE 2023 after her appointment to the ISC.

MS. NORZIELA MOHAMED NASIR
Legal and Compliance Representative
34, Female, Malaysian

Ms. Norziela Mohamed Nasir was appointed to the ISC as the Legal and Compliance Representative on 16 May 2023. Representing the Legal and Compliance function in ISC, she is currently a Legal and Compliance Senior Executive in KIP REIT.

She holds a Bachelor of Laws from University Teknologi Mara in 2014 and further pursued a Diploma of Syariah and Practice in 2016 and a Master of Laws in 2018.

Upon her graduation, Ms. Norziela started her career in the legal industry as a practicing lawyer handling corporate matters for various clients including government-linked companies, multinational corporations, state-owned companies as well as private individuals for several years before making a jump to be an in-house legal counsel.

Over the years, she had been fortunate to explore various industries and gain insights and experience from both sides of the legal industry as a practicing lawyer and also an in-house legal counsel. Her seven (7) years of working experiences in the legal industry have exposed her to a diverse industry practice, including healthcare, pharmaceuticals, telecommunications, constructions, engineering and consultations as well as e-commerce. Presently, she is professionally growing together with KIP REIT in the REIT industry.

Ms. Norziela has attended one (1) ISC meeting held during FYE 2023 after her appointment to the ISC.

Notes: -

None of the ISC member: -

- (a) has conflict of interest with KIP REIT;
- (b) has been convicted of any offence in the past five (5) years other than traffic offences, if any; and
- (c) was publicly sanctioned or imposed with penalty by the regulatory bodies during FYE 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Manager places great importance on maintaining strong corporate governance practices, considering them to be fundamental to its organisational culture. To promote strong regulatory compliance and sound governance framework, the Manager actively adopts the relevant best practices outlined in the MCCG as well as adheres to the requirements stipulated by the REIT Guidelines and the MMLR.

In compliance with Paragraph 15.25(1) and the Practice Note 9 of the MMLR, the Board is pleased to present this Corporate Governance Overview Statement ("CG Statement"). This CG Statement illustrates a comprehensive overview of the regulatory framework governing the operations of KIP REIT and the Manager during FYE 2023 within the following key principles: -

- Principle A: Board Leadership and Effectiveness;
- Principle B: Effective Audit and Risk Management; and
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Manager

KIP REIT is constituted by the Deeds entered into between the Manager and the Trustee. In accordance with these Deeds, the Manager is entrusted to manage KIP REIT with due care and diligence to safeguard the best interests of the unitholders. The Manager holds a valid Capital Markets Services License ("CMSL") licensed by the SC to perform such management activities. The Trustee, on the other hand, is tasked with the responsibility to oversee such management on behalf of unitholders.

The Manager is primarily responsible to carry out all necessary activities related to the management of KIP REIT and its assets. This includes executing measures aligned with the strategic direction set by the Board and implementing KIP REIT's investment strategy. Key management activities encompass various areas such as formulating overall strategy, managing risks, carrying out acquisitions and disposals activities, developing business plans as well as monitoring its performance against market performance.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES

1 Board Stewardship

The Board plays a vital role in overseeing the Manager and ensuring their compliance with the corporate governance framework. As part of the stewardship responsibilities, the Board endeavours to cultivate a culture that upholds integrity, transparency and managerial accountability.

The Board is led by Datuk Dr Syed Hussain bin Syed Husman, PJN. JP, our Chairman/Senior Independent Non-Executive Director. He is in charge of promoting good corporate governance in the Board as well as ensuring the overall effectiveness of the Board. Under his leadership, the Board has set KIP REIT's vision, mission and core values by taking the interests of unitholders and stakeholders into consideration, as shown in the Overview section within this Annual Report.

Whilst the Board assumes the collective oversight responsibility, it has delegated certain functions and authorities to three (3) Board Committees, namely the ARMC, NC and RC. These Board Committees support the Board by executing their duties within their respective scope and purview as guided by respective Terms of Reference which are duly approved by the Board. The said Terms of Reference are accessible on KIP REIT's website at <https://www.kipreit.com.my/corporate-governance>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I: BOARD RESPONSIBILITIES (CONT'D)

1 Board Stewardship (Cont'd)

To promote a balance of power and authority, the position of Board Chairman and CEO are held by two (2) distinct individuals. Datuk Dr Syed Hussain bin Syed Husman, PJN. JP, the Board Chairman, is primarily responsible to provide leadership to the Board and ensure the implementation of robust corporate governance standards within the Manager. On the other hand, Ms. Ong Pui Shan, the Executive Director cum CEO, is responsible for the implementation of strategic plans into daily operations so as to oversee the day-to-day operational management. This segregation of duties is clearly stated in the Board Charter on KIP REIT's website at <https://www.kipreit.com.my/corporate-governance>. The Manager believes that such arrangement supports accountability as no individual has unfettered powers of decision-making, and thereby protecting the interests of unitholders and various stakeholders.

In addition to the position of Board Chairman, Datuk Dr Syed Hussain bin Syed Husman, PJN. JP is also currently a member of the ARMC, NC and RC. However, this arrangement does not impair the objectivity of the Chairman or the Board when deliberating on the observations and recommendations put forth by the Board Committees as all the Independent Non-Executive Directors deliberate and discuss matters as a team. Additionally, the Board Chairman is not involved in KIP REIT's managerial and operational affairs.

Regular meetings are held by the Board to discuss a wide range of matters, including management updates, financial performance, operational issues and risk management. These meetings provide an opportunity for the Board to have unfettered access to and timely updates from the management team, who are responsible to implement Board's decisions and monitor daily operation management in line with KIP REIT's vision and mission.

Director	Designation	Meetings Attendance
Datuk Dr Syed Hussain bin Syed Husman, PJN. JP	Chairman/Senior Independent Non-Executive Director	10/10
Dato' Ong Kook Liong	Managing Director	10/10
Ms. Ong Pui Shan	Executive Director cum CEO	9/10
Ms. Ong Tzu Chuen (Appointed on 18/8/2022)	Executive Director	8/8 *
Datuk Mohamed Arsad bin Sehan	Independent Non-Executive Director	10/10
Mr. Chiam Tau Meng	Independent Non-Executive Director	10/10

* Reflects the number of meetings held during the time the Director held office.

Pursuant to Paragraph 15.05(3)(c) of the MMLR, all Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during FYE 2023.

The Board is supported by a qualified Company Secretary for the corporate secretarial matters, meeting proceedings as well as regulatory compliance with all applicable legal and corporate governance standards. To facilitate the conduct of Board and Board Committee meetings, the Company Secretary ensures that notice of meetings together with the relevant meeting materials such as Board papers and agenda items are circulated at least one (1) week in advance to provide the Directors with sufficient time to peruse and consider the matters to be discussed in the scheduled meeting. The Directors also have unrestricted access to KIP REIT's information, including both the management team and external parties, and to seek independent professionals' advice, where necessary, to facilitate their decision-making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I: BOARD RESPONSIBILITIES (CONT'D)

1 Board Stewardship (Cont'd)

The Company Secretary is also responsible to attend all Board and Board Committee meetings to record the deliberations, discussions and decisions made in the meeting. Such records shall be properly documented and tabled in the subsequent meeting for the Board's or Board Committee's notation.

2 Board Charter

The Board has adopted a Board Charter as a formal guidance on its fulfilment of duties and responsibilities. The Board Charter outlines several key areas such as size, composition, roles and responsibilities of the Board, segregation of duties between Board Chairman and CEO, appointment and re-election of Directors, annual performance evaluation and etc.

The Board Charter was last updated on 20 October 2021 and will be reviewed from time to time in order to ensure its relevance and appropriateness with the latest regulatory compliance requirements. The Board Charter is published on KIP REIT's website at <https://www.kipreit.com.my/corporate-governance> for public's reference.

3 Ethical Business Conduct and Whistleblowing

The Board is committed to foster good business conduct and nurture a robust corporate culture with integrity, transparency and fairness. In this regard, the Manager has formalised a Directors' Code of Conduct ("Code") which sets out the policies and procedures of conduct expected of Directors. It highlights ethical business conducts and principles such as discipline, good conduct, professionalism, loyalty, integrity and cohesiveness to promote KIP REIT's success and well-being.

In addition, the Manager has also in place an Anti-Bribery and Corruption Policy ("ABC Policy") and Anti-Bribery Management System ("ABMS") with reference to ISO 37001:2016. The ABC Policy and ABMS reflect KIP REIT's zero-tolerance against any form of bribery and corruption by providing principles and guidance to address potential bribery and corruption activities in the event of occurrence.

To support the implementation of the Code, ABC Policy and AMBS, the Manager has formalised a Whistleblowing Policy. The Whistleblowing Policy serves as an avenue for all employees and stakeholders to raise concerns and report on any illegal, unethical or improper conducts without the fear of retaliation through the following methods: -

Email whistleblower@kipreit.com.my; or

Mailing **Attn to: Compliance Officer or the Chairman of ARMC**

KIP REIT Management Sdn Bhd

Unit B-6, Block B, Tingkat 6, Menara KIP, No. 1, Jalan Seri Utara 1, Sri Utara Off Jalan Ipoh,
68100 Kuala Lumpur

All the abovementioned Code, ABC Policy and Whistleblowing Policy are published on KIP REIT's website at <https://www.kipreit.com.my/corporate-governance>. For the FYE 2023, the Board is pleased to inform that the Manager has not received any report made by any whistleblower in relation to any breach of policies, laws or regulations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I: BOARD RESPONSIBILITIES (CONT'D)

4 Sustainability Management

The Manager acknowledges that incorporating sustainability considerations into KIP REIT's planning, performance, and long-term strategy is essential to create long-term value for unitholders. In this regard, the Board holds the ultimate responsibility for KIP REIT's sustainability management, including developing and overseeing the sustainability strategies, targets and performance. The Board is supported by the Sustainability Steering Committee ("SSC") to implement sustainability strategies into daily operational management. The SSC consists of various Head of Departments and is led by the CSO.

For FYE 2023, the Board, assisted by the SSC, has identified fifteen (15) material sustainability matters within the following four (4) sustainability pillars: -

- Fostering Ethical Business Practises;
- Projecting Economic Growth;
- Regeneration of the Environment; and
- Empowering People and Communities.

Such sustainability matters were determined by a 4-step process, i.e., identify, prioritise, analyse and validate. Corresponding commitment statement were then established with reference to the United Nations Sustainable Development Goals ("UN SDGs"). To ensure that all stakeholders are well informed with KIP REIT's sustainability management, such sustainability strategies, initiatives and performance are elaborated in the Sustainability Statement within this Annual Report. In addition, analysts and investors receive regular updates on KIP REIT's sustainability progress via the distribution of briefing decks.

To stay informed with the latest sustainability trend and business environment, the Directors have attended sustainability-related trainings. The Board is also regularly updated by the ARMC for KIP REIT's risk management, which includes the sustainability risks that KIP REIT exposes to. The list of training programmes attended by the Directors are stated in Section 5 of this CG Statement.

In an effort to further promote the Board's accountability towards sustainability management, the NC has included sustainability management as an additional criterion in the Board evaluation for the FYE 2023.

PART II: BOARD COMPOSITION

5 Board Diversity and Objectivity

At present, the Board comprises six (6) members, including three (3) Independent Non-Executive Directors, one (1) Managing Director and two (2) Executive Directors, as follows: -

Director	Designation
Datuk Dr Syed Hussain bin Syed Husman, PJN. JP	Chairman/Senior Independent Non-Executive Director
Dato' Ong Kook Liong	Managing Director
Ms. Ong Pui Shan	Executive Director cum CEO
Ms. Ong Tzu Chuen (<i>Appointed on 18/8/2022</i>)	Executive Director
Datuk Mohamed Arsad bin Sehan	Independent Non-Executive Director
Mr. Chiam Tau Meng	Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II: BOARD COMPOSITION (CONT'D)

5 Board Diversity and Objectivity (Cont'd)

By having at least 50% of Independent Directors in the Board, the Board is able to ensure an objective and independent decision-making process so as to protect the interests of unitholders and stakeholders. Details of each Director are set out in the Board and Management Profiles in this Annual Report.

The Board, through the NC, embraces and supports diversity in gender, age, experience and cultural background to ensure that both the Board and management deliver a wide range of ideas and perspectives for KIP REIT's business success. The current Board consists of two (2) female Directors, representing a 33.3% female Board representation. However, the Board has yet to develop any formal gender diversity policy as the Board believes that the appointment of Directors shall based on objective criteria and merit, and shall not be driven by any gender considerations. Nevertheless, the Board is supportive of gender diversity and remains open to appoint qualified female directors when deemed suitable.

In terms of independency, the Terms of Reference of the NC requires Independent Directors to serve a cumulative term limit of nine (9) years. Upon nine (9) years, the Independent Director may continue to on the Board as a Non-Independent Director. Guided by the Board Charter, in the event if the Board wishes to retain an Independent Director beyond such limit, the NC shall review his/her suitability and appropriateness, and to obtain unitholders' approval through a two-tier voting process. As at 30 June 2023, none of Independent Directors have served the Company for more than nine (9) years.

The NC is entrusted to review the structure, size and composition of the Board as well as to make necessary recommendations to the Board to enhance Board effectiveness and ensure regulatory compliance. To ensure the objectivity of review and recommendation, the NC is solely made up by Independent Non-Executive Directors as follows: -

Position	Director	Directorship
Chairman	Datuk Mohamed Arsad bin Sehan	Independent Non-Executive Director
Member	Datuk Dr Syed Hussain bin Syed Husman, PJN. JP	Chairman/Senior Independent Non-Executive Director
Member	Mr. Chiam Tau Meng	Independent Non-Executive Director

In line with its Terms of Reference, the NC convened four (4) meetings and carried out following activities, among others: -

- Assessed the composition and performance of the Board and Board Committees;
- Reviewed the term of office of ARMC;
- Reviewed the performance and contribution of each individual Director;
- Reviewed the tenure of each Director and recommended the relevant re-election to the Board in accordance with the annual re-election provisions to seek the Manager's approval;
- Considered the redesignation of Ms. Ong Pui Shan as the Executive Director cum CEO and recommended the same for the Board's approval;
- Deliberated on the appointment of Ms. Ong Tzu Chuen as the Executive Director and recommended the same for the Board's approval;
- Deliberated on the redesignation of Dato' Ong Kook Liong as the Managing Director and recommended the same for the Board's approval;
- Deliberated on the appointment of Mr. Chiam Tau Meng as the Chairman of the RC and recommended the same for the Board's approval; and
- Approved the amendments made on the Terms of Reference of the NC in line with the revision of MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II: BOARD COMPOSITION (CONT'D)

5 Board Diversity and Objectivity (Cont'd)

In an attempt to foster Board diversity, the NC adopts the Fit and Proper Policy for the appointments of Directors in compliance with Paragraph 15.01A of the MMLR. Such policy focuses on several key factors, including character and integrity, experience and competence, as well as time and commitment. In this regard, the NC has adopted the Fit and Proper Policy to evaluate the appointment of Ms. Ong Tzu Chuen during the financial year. In view of the faster appointment process, the appointment of Ms. Ong Tzu Chuen was mainly relying on the recommendations from existing Board members, Senior Management as well as major unitholders. Nonetheless, the Board and NC would not hesitate to utilise independent sources to identify suitably qualified candidates, when necessary.

The Fit and Proper Policy is also applicable for the annual review of Board composition and tenure of Directors. For the FYE 2023, the NC is satisfied that the current Board composition is effective in view of its right mix of skills, expertise and relevant business acumens. Pursuant to the annual re-election provisions, the NC has notified the Board that Dato' Ong Kook Liong and Datuk Dr Syed Hussain bin Syed Husman, PJN. JP shall retire from office this financial year and, being eligible, they have offered themselves for re-election. The NC has then reviewed on such matter and recommended such re-election to the Board with the following justifications: -

- Dato' Ong Kook Liong, being the co-founder of KIP Group of Companies, possesses the suitable qualification and experience to manage KIP REIT's portfolio; and
- Datuk Dr Syed Hussain bin Syed Husman, PJN. JP, through his past working experience, possesses broad perspective in various capacities which is beneficial for KIP REIT's sustainable business development. The NC is also satisfied with his leadership in the Board.

The Board is dedicated to consistently enhance their skills, knowledge and expertise through active participation in industry seminars and training programmes. This continuous development aims to bolster their decision-making capabilities so as to enhance the overall Board effectiveness. During FYE 2023, the Directors have attended the following training programmes: -

Director	Training Programmes Attended	Date
Datuk Dr Syed Hussain bin Syed Husman, PJN. JP	<ul style="list-style-type: none"> • The Institute of Internal Auditors - Governance in Audit Conference 2022 Auditing in this new Governance Era • Board & Leadership Talk Series (BoLT\TLS) #1 – Intrapreneurship in Action: Strategies for Nurturing Innovation Leaders 	6/9/2022 7/4/2023
Dato' Ong Kook Liong	<ul style="list-style-type: none"> • M-REITs & The Road Ahead • MFT318: Inflation, Financial Crisis and Currency War 	18/10/2022 13/12/2022
Ms. Ong Pui Shan	<ul style="list-style-type: none"> • M-REITs & The Road Ahead • KSY 774: Steps to Develop and Implement an ESG Strategy 	18/10/2022 22/2/2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II: BOARD COMPOSITION (CONT'D)

5 Board Diversity and Objectivity (Cont'd)

During FYE 2023, the Directors have attended the following training programmes: - (cont'd)

Director	Training Programmes Attended	Date
Ms. Ong Tzu Chuen (Appointed on 18/8/2022)	• ESG in Credit Ratings: Unpacking our Latest Updates	19/8/2022
	• ESG Management: Leading Companies to Sustainable Development	14/9/2022
	• Materiality Assessment Workshop	17/5/2023
	• Malaysia 2023: A new Investment Chapter	30/5/2023
Datuk Mohamed Arsad bin Sehan	• Governance in Audit Conference 2022	6/9/2022
Mr. Chiam Tau Meng	• Updates on MMLR (May and June 2023) - Enhanced Conflict-of-Interest Measures - MAP Part II - Sustainability	21/6/2023

6 Board Effectiveness

The NC is responsible to assess the effectiveness of the Board, Board Committees as well as the performance and contribution of each individual Director on a yearly basis. Such annual assessment for FYE 2023 was carried out by both self-evaluation and NC's evaluation via the circulation of digital assessment forms. The conduct of annual assessment was facilitated by the Company Secretary and no external party was engaged as the Board believes that the current approach is effective.

In line with the adoption of Fit and Proper Policy, the criteria that have been taken into the annual evaluation include: -

Performance Evaluation for the Board

- (i) Board mix and composition;
- (ii) Quality of information and decision making;
- (iii) Boardroom activities;
- (iv) Board's relationship with Management; and
- (v) Skill sets of each Director.

Performance Evaluation for Board Committees

- (i) Quality and composition;
- (ii) Skills and competency;
- (iii) Meeting administration and conduct;
- (iv) Reporting and communication; and
- (v) Specifically, for the ARMC, the financial literacy.

Performance Evaluation for Individual Director

- (i) Fit and proper;
- (ii) Contribution and performance;
- (iii) Calibre and personality; and
- (iv) Specifically, for Independent Directors, his/her independence..

Based on the assessment conducted, the overall performance and effectiveness of the Board, Board Committee and all Directors are satisfactory.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III: REMUNERATION

7 Remuneration Policy

The RC is entrusted to review and recommend the Board with an appropriate remuneration framework which aligns with KIP REIT's long-term objectives while motivating and retaining the right talent. The RC is solely made up by Independent Non-Executive Directors, as below: -

Position	Director	Directorship
Chairman	Mr. Chiam Tau Meng	Independent Non-Executive Director
Member	Datuk Mohamed Arsad bin Sehan	Independent Non-Executive Director
Member	Datuk Dr Syed Hussain bin Syed Husman, P.J.N. JP	Chairman/Senior Independent Non-Executive Director

The Board has yet to develop any formal remuneration policy. Nevertheless, the RC is guided by the Board Charter and MCCG for the principle to determine such remuneration packages. In this regard, the remuneration for Executive Directors is designed in line with their achievements and contributions, which are measured against their respective Key Performance Indicators. Such remuneration shall also be measured against the comparable positions within the similar industry.

For Non-Executive Directors, their remuneration shall reflect their respective level of responsibilities. It shall include a fixed base fee, and not by a commission or a percentage of profits or turnover, as consideration for their duties.

As for Senior Management, their remuneration is determined based on their performance against their yearly appraisals. The Board assesses their performance against a set of objective criteria.

8 Remuneration of Directors and Key Senior Management

The overview of the remuneration of the Directors for the FYE 2023 is shown as below: -

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,000 to RM200,000	2	3
RM200,001 to RM400,000	-	-
RM400,001 to RM600,000	1	-
RM600,001 and above	1	-

It is important to note that the REIT structure is distinct with a clear segregation between the Manager and the REIT itself. As such, there is no direct link between the remuneration of the management team and the performance of KIP REIT. Such remuneration is disbursed from the fees generated from the Manager.

Therefore, the Board is of the view that the above remuneration overview is sufficient for public disclosure, while protecting the interests of the Manager at the same time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I: AUDIT COMMITTEE

9 Effectiveness of ARMC

The ARMC is primarily responsible to oversee the financial integrity as well as the overall risk management in KIP REIT. To ensure its independence and effectiveness, the ARMC comprises exclusively Independent Non-Executive Directors, as follows: -

Position	Director	Directorship
Chairman	Mr. Chiam Tau Meng	Independent Non-Executive Director
Member	Datuk Mohamed Arsad bin Sehan	Independent Non-Executive Director
Member	Datuk Dr Syed Hussain bin Syed Husman, PJN. JP	Chairman/Senior Independent Non-Executive Director

In order to ensure objectivity and integrity of review, deliberation and decision-making process, the Chairman of the ARMC is not the Chairman of the Board. The ARMC is chaired by Mr. Chiam Tau Meng, who is an Associate Chartered Accountant with Chartered Accountants Australia and New Zealand, and a Chartered Accountant with the MIA. He has more than 45 years of working experience in finance, accounting and corporate affairs.

While only Mr. Chiam Tau Meng is professionally qualified by accounting bodies, Datuk Mohamed Arsad bin Sehan and Datuk Dr Syed Hussain bin Syed Husman, PJN. JP have built up their accounting and financial knowledge through their experience in the banking and corporate sectors respectively. The ARMC as a whole is financially literate and possesses with the necessary skills and knowledge to understand KIP REIT's business and oversee financial reporting and auditing matters. The ARMC also undertakes continuous professional development through training programmes and updates by the management and External Auditors in order stay abreast with the latest developments in accounting and auditing standards, practices and rules.

To strengthen the independence of the ARMC, its Terms of Reference has clearly stated with a provision to require a cooling-off period of at least three (3) years before appointing a former partner from external audit firm as a member of the ARMC. To-date, none of the current ARMC member is a former key audit partner for KIP REIT.

As part of the duties and responsibilities, the ARMC is empowered to review the suitability, objectivity, competence and independence of External Auditors as well as their audit and non-audit services provided. In FYE 2023, the ARMC has conducted a review and assessment on the External Auditors by taking the following areas into consideration: -

- Calibre of external audit firm;
- Quality processes/performance;
- Audit team;
- Independence and objectivity;
- Audit scope and planning;
- Audit fees; and
- Audit communications.

To uphold a high level of transparency and independence, the engagement partner responsible for auditing KIP REIT's financial statements is required to be rotated every five (5) years. Hence, before accepting the audit engagement, the ARMC has reviewed the External Auditors' audit plan for the FYE 2023, and has ensured that the independence of the engagement partner is in compliance with the relevant professional and regulatory requirements. As such, the ARMC is satisfied with the suitability and independence of the External Auditors and had recommended the re-appointment of PricewaterhouseCoopers PLT ("PwC") to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10 Adequate Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility to maintain a robust risk management and internal control system in order to safeguard unitholders' investments, stakeholders' interests and KIP REIT's assets. In this aspect, the Board has in place an Enterprise Risk Management ("ERM") Framework with reference to ISO 31000:2018. It involves a comprehensive set of processes to identify, evaluate and manage risks in an effective manner.

Furthermore, the Board has also implemented several internal controls across KIP REIT to support the effective functioning of the ERM Framework. The internal control system in place is generally segregated into four (4) major functions, i.e., operational controls, financial controls, investment controls and compliance controls. Some key internal controls include Standard Operating Procedures ("SOPs"), Business Continuity Plan ("BCP"), annual budget, five-year strategic plan, ABC Policy and ABMS.

Further details on KIP REIT's risk management and internal control system are elaborated in the Statement on Risk Management and Internal Control in this Annual Report.

11 Internal Audit Function

The Board affirms the significance of internal audit function to ensure the effectiveness of KIP REIT's risk management and internal control systems. To this end, the Manager has outsourced its internal audit function to Baker Tilly Monteiro Heng Governance Sdn Bhd ("Internal Auditor"). The Internal Auditor is free from any relationships or conflicts of interest which could impair their objectivity and independence during audit review. To further uphold such independence, the Internal Auditor is authorised to report directly to the Chairman of the ARMC.

The Internal Auditor is led by Mr. Kuan Yew Choong, the Partner of Internal Audit & Risk Advisory of Baker Tilly Malaysia. Mr. Kuan is a Fellow member of the ACCA, a Chartered Accountant with the MIA and a Chartered Member of the Institute of Internal Auditors ("IIA") Malaysia. During FYE 2023, depending on the scope of works, three (3) to four (4) Internal Auditors, including an experienced Team Lead, were assigned to carry out the internal audit engagement. The internal audit reviews were carried out with reference to the International Standards for the Professional Practice of Internal Auditing, which forms part of the International Professional Practices Framework ("IPPF") by the IIA.

During FYE 2023, the Internal Auditors performed reviews in accordance to the Internal Audit Plan duly approved by the ARMC. To ensure a smooth conduct of internal audit review, the ARMC has full and unrestricted access to all relevant information and resources which are necessary for the conduct of internal audit engagement. Upon conclusion of audit review, the identified weaknesses along with the proposed corrective actions have been presented to the ARMC and the management shall implement the corrective actions within the stipulated time. Follow-up review will be conducted by the Internal Auditors to ensure that corrective actions are properly implemented.

Further information of KIP REIT's internal audit function is stipulated in the Statement on Risk Management and Internal Control as well as the ARMC Report in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I: ENGAGEMENT WITH STAKEHOLDERS

12 Stakeholders Communication

The Board recognises the importance of establishing transparent, regular and effective communication with the stakeholders to reach a mutual understanding of respective objectives and expectations. During FYE 2023, the Manager has leveraged on the following communication channels and platforms to disseminate meaningful information to various stakeholders effectively: -

- Corporate website at www.kipreit.com.my;
- Press release and media coverage;
- Meetings and discussions with fund managers and financial analysts for equity research coverage;
- Quarterly financial results and annual report;
- Announcement made to Bursa Securities; and
- AGM and EGM.

In any circumstances, whilst the Manager is committed to publish as much information as possible, it is also mindful of the legal and regulatory requirements in governing the release of material and price-sensitive information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II: CONDUCT OF GENERAL MEETINGS

13 Meaningful General Meetings

Both the AGM and EGM serve as the primary forum to engage with the unitholders where they can participate and exercise their rights to ask questions, provide recommendations/feedbacks as well as to vote at the general meetings.

To ensure a smooth conduct of general meeting, the Manager ensures that Notice of AGM is circulated to all unitholders at least 28 days prior to the scheduled AGM. For the recent sixth (6th) AGM held on 13 October 2022, such Notice of AGM was circulated to unitholders on 9 September 2022, which was more than 28 days before the AGM. Such Notice of AGM was also published widely through newspaper for a broader public outreach. This shall ensure our unitholders have sufficient time to make necessary arrangements, peruse the Annual Report and to consider the relevant resolutions tabled.

Both of the 6th AGM and EGM were conducted virtually via secured online platforms. All Directors and the Company Secretary, including the External Auditors who attended by invitation, attended the said meetings to address unitholders' queries and concerns, as needed. Although both of the meetings were conducted virtually, they provided an equivalent level of transparency and efficiency as compared to an in-person meeting. Unitholders were provided with sufficient opportunity to raise their concerns and queries during the Question and Answer ("Q&A") session and all questions were properly addressed by the Directors.

Both of the AGM and EGM were facilitated by Boardroom Share Registrars Sdn Bhd ("Boardroom") to provide the RPEV facility. To protect the unitholders' personal data and privacy, the Manager has sought confirmation from Boardroom on its cyber hygiene practices. In this regard, Boardroom's Lumi AGM application's ("Lumi") system and suppliers' services are certified to the ISO/IEC 27001:2013. In addition, Lumi is hosted on a secured cloud platform and is regularly and extensively conducted with penetration testing by independent and accredited third-party experts. Lumi is also adopting strong and industry best-practice encryption techniques and audit trail to protect customers' data from unauthorised access.

The Manager has also appointed independent scrutineer, Sky Corporate Services Sdn Bhd, to verify poll results for transparency and fairness in both the AGM and EGM. Upon conclusion of the meetings, the outcome of the meetings, i.e., the summary of polling results, was made publicly available on Bursa Securities' website. The Manager has also published the minutes of general meetings on KIP REIT's website at <https://www.kipreit.com.my/annual-general-meeting> for public's reference. Moving forward, the Manager will ensure that the minutes of general meetings will be published on KIP REIT's website within 30 business days after the conduct of general meeting in order for the unitholders to have timely access and recap on the information.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through continuous adoption of the principles and best practices as set out in the MCCG and all other applicable laws, where applicable and appropriate.

This CG Statement was approved by the Board on 24 July 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the MMLR, the Board of the Manager, being the management company of KIP REIT, is pleased to present this Statement on Risk Management and Internal Control ("Statement") for the FYE 2023.

This Statement shall outline the scope and features of the risk management and internal control system in KIP REIT for the FYE 2023. This Statement is prepared in accordance with the Principle B of the MCGG and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("SORMIC Guidelines") and REIT Guidelines.

BOARD RESPONSIBILITIES

The Board assumes the ultimate responsibility over KIP REIT's overall risk management and internal control system. Guided by the Board Charter, it is responsible to review the adequacy of KIP REIT's internal control framework and to ensure that all identified risks are properly managed in order to safeguard our assets, unitholders' investments and various stakeholders' interests. In this regard, the Board has in place an ongoing review and assessment on KIP REIT's risk management and internal control system with appropriate risk appetite in this evolving business environment.

Whilst the Board takes the oversight responsibility over KIP REIT's risk management and internal control system, it is supported by the ARMC to oversee and monitor the said system on an on-going basis.

In view of the inherent limitation in any risk management and internal control system, KIP REIT's risk management and internal control system is designed to identify and manage risks within an acceptable level, rather than eliminate them. Thus, it can only provide reasonable but not absolute assurance of its effectiveness against any material financial misstatement, loss, fraud or any unforeseeable events. Nonetheless, the Board, together with the ARMC, is committed to cultivate a sound and resilient culture by maintaining a robust risk management and internal control system within KIP REIT.

MAIN FEATURES OF RISK MANAGEMENT SYSTEM

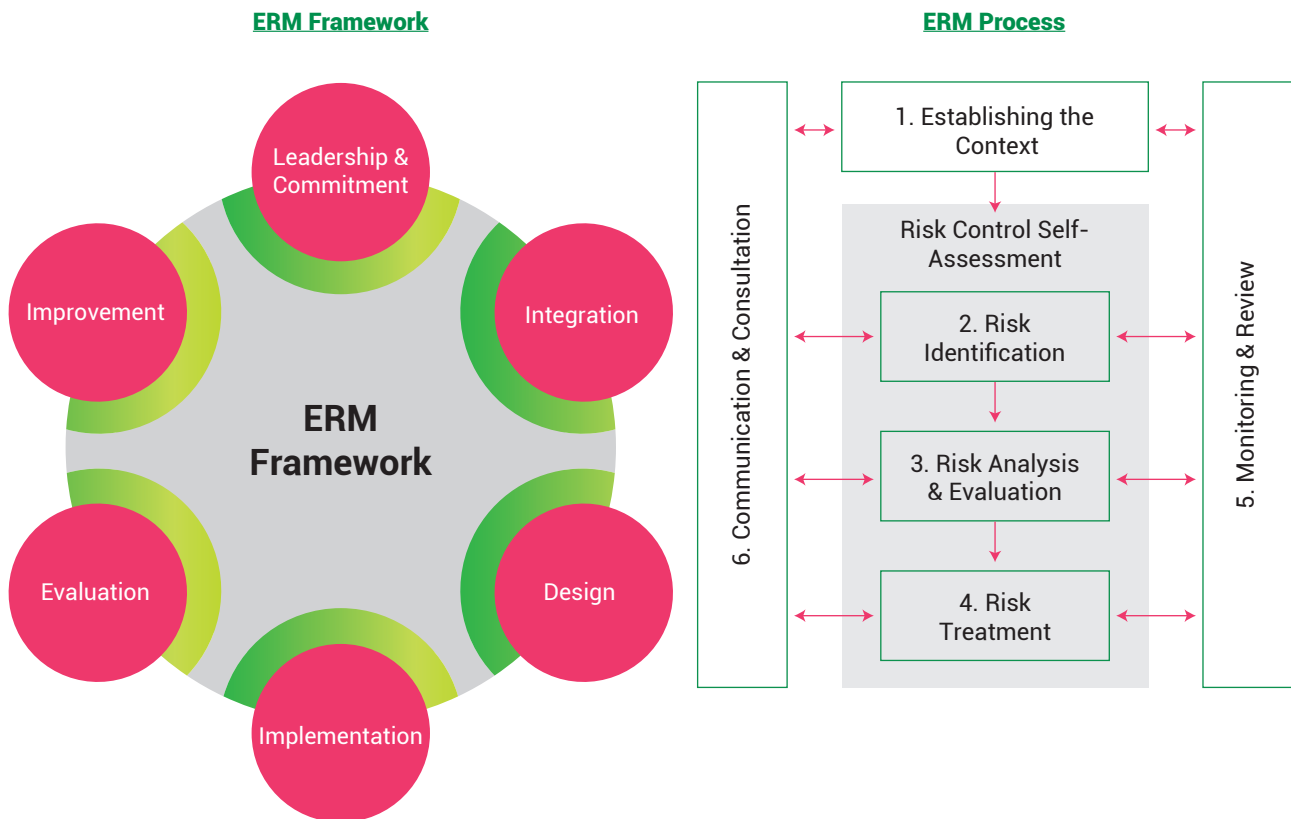
Risk management plays a pivotal role in today's dynamic business landscape. In this regard, the Board has adopted a robust Enterprise Risk Management ("ERM") system in accordance with ISO 31000:2018, an international risk management framework that provides a set of risk management guidelines and principles from the International Organisation for Standardisation ("ISO").

KIP REIT's directors and employees are guided by the ERM Standard Operating Manual for the detailed description and procedures of the ERM system. All the risks identified by the ARMC are documented in the Risk Register to facilitate the on-going review with proper mitigation plans to manage the risks to an acceptable level.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

MAIN FEATURES OF RISK MANAGEMENT SYSTEM (CONT'D)

The overview of KIP REIT's ERM framework and process are depicted as below: -



Both the ERM framework and process are closely associated and interrelated, of which the ERM framework outlines the method adopted by KIP REIT for the integration of ERM within the organisation whereas the ERM process illustrates the overall risk management procedures.

As viewed from the ERM framework, KIP REIT's ERM system is established on the foundation of six (6) key components. Fundamentally, the ERM system relies on the leadership direction and decision-making from the Board and Senior Management. In this regard, the Board as a whole is responsible to set KIP REIT's risk appetite and risk tolerance level by aligning with its risk management objectives. In addition, the Board shall also instil management's accountability and oversight in the integration of ERM system in order to ensure its efficiency and effectiveness.

Meanwhile, the remaining four (4) components, i.e., design, implementation, evaluation and improvement refer to the key elements and procedures in the ERM system to ensure its relevance to KIP REIT's business nature as well as the industry that it operates in.

With the adoption of ERM framework, the Board has developed a six-step ERM process, covering from establishing the context to communication and consultation. At first, the Board together with the ARMC shall establish a common understanding on the basis in which the risk management activities operate in. In this phase, the Board and ARMC shall consider both KIP REIT's internal and external environment in order to determine the strategic and organisational context, risk management context, risk evaluation criteria and stakeholder identification.

Subsequently, the Board and the ARMC undertakes a set of risk control self-assessment process within the context established earlier. All the potential and current risks related to KIP REIT are firstly identified and documented in the Risk Register and subsequently analysed by their likelihood and impact by aligning the existing control within KIP REIT. Such result is then documented in the Risk Heat Map, Risk Register and Corporate Risk Profile.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

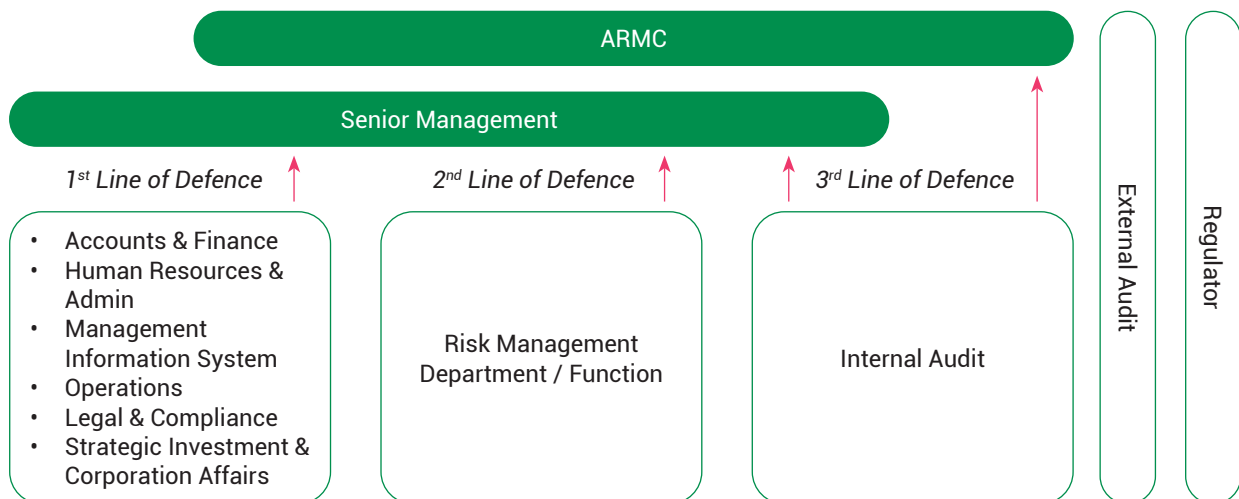
MAIN FEATURES OF RISK MANAGEMENT SYSTEM (CONT'D)

In the event if the Board and ARMC think that existing control is less sufficient, they will develop the appropriate risk treatment strategy to address the identified risks, which include risk avoidance, risk reduction, risk sharing and risk acceptance. In this process, the Board and ARMC will perform a cost-benefit analysis for selecting the most suitable risk treatment approach to ensure that it brings the expected protection/impact within the desired risk tolerance level.

On a semi-annual basis, the Board and ARMC reviews the Risk Register to ensure that the risks identified are current and relevant to the latest business environment and that the risk responses are effective to address the relevant risks within the acceptable risk tolerance level. In this regard, all Head of Departments are required to maintain risk records within their purview and perform regular reporting to the Compliance Officer, who will in turn report to the ARMC accordingly.

Last but not least, the Board and ARMC shall ensure that communication and consultation are present continuously throughout the course of the ERM system. This shall allow all stakeholders to attain a common understanding on KIP REIT's risk management system as well as its overall risk appetite. Where necessary, risk related trainings will be organised to enhance our employees' risk management knowledge and awareness.

ERM Governance Structure



In order to ensure the effectiveness of the ERM, the Board has in place a comprehensive ERM governance structure to monitor the implementation of ERM system within the organisation. Whilst the Board is supported by the External Auditor and governed by the local regulator, it has also established three (3) lines of defence as shown in the figure above.

The first (1st) line of defence, which is also known as operational management, refers to the controls in place at operational levels where each department/function is responsible to own and manage their respective risks within their purview.

For the second (2nd) line of defence, the risk management department/function is tasked to monitor risk management practices and performance within the organisation. They are also empowered to facilitate the top-down communication of risk information to relevant stakeholders. On a semi-annual basis, the Risk Management Working Group ("RMWG") led by the CEO will review the Risk Register and to update the ARMC in the event if there is any emerging risk identified.

The internal audit function serves as our third (3rd) line of defence where it provides independent assurance on the effectiveness of KIP REIT's governance as well as risk management and internal control system which are supported by our 1st and 2nd lines of defence. Internal audit is essential in governing the ERM system as it evaluates and examines the existing controls to identify any internal control deficiencies which require further improvement and enhancement.

Both the Senior Management and ARMC are serving as the governing bodies to oversee KIP REIT's risk management activities, where Senior Management is entrusted to monitor all the three (3) lines of defences while the ARMC is authorised to oversee the internal audit function directly. The ARMC shall also review the adequacy of KIP REIT's risk appetite and tolerance level annually. The Board, who is the highest governing body, remains committed to reviewing KIP REIT's risk management system regularly or as and when necessary.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

MAIN FEATURES OF INTERNAL CONTROL SYSTEM

An effective internal control system serves as the backbone of a risk management system. It refers to a set of processes, procedures, and practices designed and implemented to safeguard assets so as to ensure the accuracy of financial reporting as well as compliance with laws, regulations, and internal policies.

In KIP REIT, the Board remains committed to ensuring the effective functioning of internal control system. In this aspect, internal controls are executed by the management and monitored by the ARMC. In the event if any significant internal control deficiencies are noted, the ARMC shall highlight such matters to the Board.

The key features of KIP REIT's internal control system include: -

Operational Controls

(a) Standard Operating Policies ("SOPs")

To ensure smooth functioning of operations, the Board has implemented several policies and procedures which serve as the guidance for all employees in relation to the management of KIP REIT's portfolio.

The Board acknowledges that regular review and improvement on SOPs are necessary in order to remain current and relevant with the latest business environment which KIP REIT operates in. During FYE 2023, the Board has introduced some new SOPs alongside revisions to some existing SOPs as follows: -

Introduction of New SOPs

1. Sexual Harassment at Workplace Policy
2. KRM Occupational Safety and Health Policy

Amendments on Existing SOPs

1. SOP 360D Feedback Review System
2. Payroll Processing Policy
3. Recruitment Policy
4. KRM & KPS Employee Handbook
5. KRM ED and C-Suite Handbook

(b) Business Continuity Plan ("BCP")

On the other hand, the Manager, who is a CMSL holder, is required to maintain a business continuity arrangement for the assurance of timely resumption and continuation of core activities in the event of any operational disruption. In this regard, the Manager has in place a BCP across all KIP REIT's portfolio. In compliance with the SC Guiding Principles on Business Continuity, the Manager has on 26 May 2023 conducted an annual BCP test and reported such outcome to the Board for review and approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

MAIN FEATURES OF INTERNAL CONTROL SYSTEM (CONT'D)

The key features of KIP REIT's internal control system include: - (Cont'd)

Financial Controls

(a) Annual Budget

On 20 April 2022, the Board reviewed and approved the annual budget for KIP REIT for FYE 2023. Such annual budget is prepared via a target-setting process carried out by each department with detailed reviews at all operation levels.

Throughout the FYE 2023, the Manager is guided by the approved annual budget in managing KIP REIT's portfolio with appropriate decision-making process. On a quarterly basis, the management is tasked to report the actual financial performance in comparison to the approved annual budget and to analyse any variance noted to the ARMC and the Board during scheduled meetings.

(b) Five-Year Strategic Plan

In the stewardship of KIP REIT, the Manager has maintained a Five-Year Strategic Plan which gives a clear strategic direction in managing its portfolio while taking into the consideration of the changing business landscape. The plan outlines the strategic targets for KIP REIT's growth, both organically by leveraging on its current competitive advantage and inorganically via acquisition opportunities.

On 26 October 2022, the ARMC reviewed the targets and realised results of the strategic plan and reported the same to the Board thereafter. Based on the review, the Board will continue to adopt the current strategic plan as established in the prior year.

(c) Related Party Transactions ("RPTs")

In every quarter, the ARMC is responsible to review the RPTs entered into by KIP REIT. ARMC shall ensure that all RPTs are conducted at arm's length basis under normal commercial terms with proper disclosure made to Bursa Securities.

During the financial year under review, KIP REIT did not seek any mandate from its unitholders in relation to the approval of Recurrent Related Party Transactions ("RRPT").

Investment Controls

Serving in the REIT industry, the Manager has established an ISC to evaluate the investment proposals offered to KIP REIT. The ISC Working Group ("ISCWG") is formed with the function to assess investment proposals with a set of prescribed criteria to identify yield-accretive properties for acquisition.

With assessment and due diligence conducted, the ISCWG will present the outcome to ISC for their consideration. If such proposal is approved by the ISC, it shall table the same to the Board for final decision and approval.

Compliance Controls

To foster a bribery and corruption-free environment, the Board has endorsed an Anti-Bribery and Corruption Policy ("ABC Policy"). The Manager has also implemented an Anti-Bribery Management System ("ABMS") in KIP REIT with quarterly review by the ARMC and the Board for continuous monitoring and improvements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION

KIP REIT's internal audit function for the FYE 2023 is supported by Baker Tilly Monteiro Heng Governance Sdn Bhd ("Internal Auditor") on an outsourced basis. The Internal Auditor is entrusted to provide independent assessment on the overall adequacy and effectiveness of KIP REIT's internal control system.

Based on the pre-approved audit plan, the Internal Auditor has conducted four (4) internal audit reviews and four (4) follow-up reviews in the following operational areas during FYE 2023: -

Internal Audit Coverage Area	Internal Audit Cycle
Mall Facility Management	Quarter 1, FYE 2023
Asset Enhancement and Refurbishment	
Follow-up Review on Leasing and Tenant Management	
Follow-up Review on Billing and Credit Control Management	
Business Continuity Management Plans	Quarter 3, FYE 2023
General Information Technology ("IT") & Application Controls	
Follow-up Review on Mall Facility Management	
Follow-up Review on Asset Enhancement and Refurbishment	

Depending on the scope of works, three (3) to four (4) Internal Auditors, including an experienced Team Lead, will usually be assigned to carry out the internal audit work. This shall ensure the effectiveness of the execution of internal audit. To support the internal audit function, interviews with management and access to internal documents were made available to the Internal Auditors during the audit process.

Upon conclusion of audit engagement, the Internal Auditor presented the audit findings together with the corresponding proposed recommendations during the ARMC meetings held on 26 October 2022 and 19 April 2023 respectively. The management is responsible to implement the corrective actions to rectify and improve such weaknesses while the ARMC shall monitor and ensure that the improvements are undertaken within the stipulated timeframe. Internal Auditor will then perform subsequent follow-up review on the implementation of corrective actions on previous audit findings and report the same to the ARMC thereafter.

Based on the internal audit review carried out in FYE 2023, the Board is satisfied that there were no significant weaknesses noted in the internal control system that may arise with material impact and would require separate disclosure in this Annual Report.

The cost incurred by the Manager for the outsourced internal audit function for the FYE 2023 amounted to RM78,000.

BOARD'S APPRAISAL ON RISK MANAGEMENT AND INTERNAL CONTROL IN FYE 2023

The Board has committed its resources to appraise the adequacy and effectiveness of the risk management and internal control system of KIP REIT in place during FYE 2023 up to the date of approval of this Annual Report. The Board has also received reasonable assurance from the Executive Directors and CEO, representing the management, that KIP REIT's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is also satisfied that nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material aspect. Thus, for the FYE 2023, no significant internal control deficiencies or material weaknesses resulting in material losses, contingencies or uncertainties would require separate disclosure in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

The scope of their review is set out in Audit and Assurance Practice Guide 3 Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the MIA.

The Statement was approved by the Board on 24 July 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

In compliance with the Paragraph 15.15(1) of the MMLR, the Board is pleased to present this Audit and Risk Management Committee Report which provides insights as to the manner the ARMC discharged its responsibilities in KIP REIT during FYE 2023.

COMPOSITION AND MEETINGS

The ARMC is entrusted to support the Board in discharging its statutory duties and responsibilities pertaining to the scope of financial reporting, risk management and internal controls, external and internal audit function, related parties transactions as well as the ABMS.

As at 30 June 2023, the composition of the ARMC is as follows: -

Membership	Name	Directorship	Meeting Attendance
Chairman	Mr. Chiam Tau Meng	Independent Non-Executive Director	7/7
Member	Datuk Mohamed Arsad bin Sehan	Independent Non-Executive Director	7/7
Member	Datuk Dr Syed Hussain bin Syed Husman, PJN. JP	Chairman/Senior Independent Non-Executive Director	7/7

In compliance with Paragraph 15.09(1) of the MMLR, the ARMC comprises three (3) Independent Non-Executive Directors and led by Mr. Chiam Tau Meng. Mr. Chiam is currently an Associate Chartered Accountant with Chartered Accountants Australia and New Zealand, and a Chartered Accountant with the MIA. To advocate the best practice as per MCCG, none of the members of the ARMC was previously a partner in PricewaterhouseCoopers PLT ("PwC"), the External Auditors of KIP REIT, nor do they have any financial interest in PwC in the previous three (3) years.

To ensure an effective discharge of responsibilities, the ARMC is guided by its Terms of Reference, outlining the relevant meeting proceedings, objective, authority as well as functions and duties. The Terms of Reference is published on KIP REIT's website at <https://www.kipreit.com.my/corporate-governance>.

Whilst the ARMC is required to meet at least four (4) times in each financial year, the ARMC had convened seven (7) meetings during FYE 2023. All the ARMC meetings were held virtually during FYE 2023. Ms. Hii Wei Bing, our former Chief Financial Officer, and Ms. Tan Jo Lynn, our Financial Controller, attended all ARMC meetings during their respective tenures in office to facilitate direct communication in the meetings by providing clarification and further information on operations, financials and audit related matters. When necessary, other Board members, designated representatives from the Senior Management, External Auditors and Internal Auditors may also attend the ARMC meetings on the invitation by the ARMC.

The Company Secretary ensures that meeting agenda and materials were distributed to the ARMC members seven (7) days prior to the scheduled meeting to ensure that all the ARMC members have sufficient time to peruse the relevant matters so as to facilitate their deliberation and decision-making process during the meetings. During FYE 2023, the Company Secretary also attended all ARMC meetings to record the proceedings of each meeting and tabled the meeting minutes at the subsequent ARMC meeting for confirmation, which then be presented to the Board for notation.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE ARMC

In line with the Terms of Reference, the ARMC has discharged its responsibilities by carrying out the following key activities during the FYE 2023: -

(A) Financial Reporting

- (i) In accordance with KIP REIT's Finance Department Policy, ensured that the following processes and controls are in place for an effective financial reporting function: -
 - Verification and approval of financial transactions in accordance with prescribed authority matrix;
 - Execution of proper month end closing according to the stipulated checklist and timeline;
 - Preparation and review of annual budget and cash flow projection within the stipulated timeframe; and
 - Consultations from Company Secretary and External Auditors to ensure the compliance with the MMLR and relevant disclosure requirements.
- (ii) Confirmed the minutes of previous ARMC meetings. Significant issues and status on follow-up actions to rectify them were highlighted to the Board accordingly;
- (iii) Reviewed and deliberated on the quarterly financial results and annual audited financial statements prior to submission to the Board for consideration and approval. Both the quarterly financial results and audited financial statements were made in compliance with the Deeds, REIT Guidelines, applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), Companies Act 2016 and MMLR;
- (iv) Discussed and considered key audit matters with External Auditors to satisfy that KIP REIT's financial results and reports had complied with relevant accounting standards and regulatory requirements and recommended the same to the Board for approval;
- (v) Discussed with both the management and the External Auditors on the accounting policy, principles and standards applied as well as their judgement of the items that may affect the financial statements as well as issues arising from the statutory audit;
- (vi) Deliberated on the quarterly solvency test and recommend the appropriate income distribution for the Board's approval; and
- (vii) Reviewed the quarterly rolling forecast, 5-year rolling strategic plan annual budget before recommending for the Board's notation and approval.

(B) External Audit

- (i) Reviewed the Audit Plan for FYE 2023 presented by the External Auditors, detailing the areas of technology integrated audit approach, audit scope, potential key audit matters, target audit timeline, audit procedures and proposed audit fee prior to the commencement of audit during ARMC meeting held on 19 April 2023 and recommended the same for the Board's approval;
- (ii) Discussed and considered the audit findings and adjustments with the External Auditors;
- (iii) Discussed on the judgements and accounting estimates which had been reviewed and evaluated by the External Auditors;
- (iv) Reviewed the provision of non-audit services to be rendered by the External Auditors;
- (v) Conducted two (2) private meetings with the External Auditors on 28 July 2022 and 19 April 2023 respectively, without the presence of Executive Directors and management, to discuss over audit procedures and key audit issues in an objective manner; and
- (vi) Evaluated the independence and performance of External Auditors, by taking the considerations of qualifications, experience, objectivity, competency, resources and reliability, and have recommended to the Board for their re-appointment.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

(C) Internal Audit

- (i) Reviewed and approved internal audit plan presented by the Internal Auditors, outlining the proposed audit scope, areas, objective, timeline, key risk and fees;
- (ii) Reviewed and deliberated on the internal audit report, covering the audit findings, key risks, proposed recommendations for improvements as well as the management's responses for action plan to be taken and target implementation timeframe. The Internal Auditor also presented the follow-up status on the previous audit findings to the ARMC in order to ensure that deficiencies identified are addressed accordingly;
- (iii) Conducted two (2) private meetings with the Internal Auditors on 26 October 2022 and 19 April 2023 respectively, without the presence of Executive Directors and management, to discuss over the internal audit procedures in an objective manner; and
- (iv) Evaluated the independence and effectiveness of Internal Auditors and have recommended to the Board for their re-appointment.

Further details of the activities performed by the Internal Auditors are included in the Statement on Risk Management and Internal Controls within this Annual Report.

(D) Risk Management and Internal Control

- (i) Reviewed KIP REIT's Risk Register and deliberated on the RMWG meetings minutes together with the corresponding Risk Management Report;
- (ii) Reviewed the KIP REIT's performance of the ABMS;
- (iii) Evaluated the effectiveness of KIP REIT's risk management procedures by the RMWG for the FYE 2023, covering the consideration of risk appetite, risk profile and risk management framework; and
- (iv) Concurred on the proposed amendments to reduce the frequency of RMWG meetings from quarterly to semi-annually to improve the operational efficiency;

(E) Related Party Transactions ("RPT")

- (i) Reviewed any RPT entered into and any potential conflict-of-interest situations that may arise on a quarterly basis in accordance with KIP REIT's RPT Paper, the REIT Guidelines and the MMLR, and report the same to the Board for their notation. The key principle to be considered during RPT review include: -
 - The RPT should be in the best interest of KIP REIT;
 - The RPT should not be less favourable to KIP REIT than an arm's length transaction between independent parties;
 - The RPT should be compared with at least two (2) other contemporaneous transactions with unrelated third parties, wherever practicable;
 - The RPT should be appropriately approved and disclosed in compliance with the REIT Guidelines, Deeds and the MMLR;
 - The RPT should be abstained from voting at the Board meetings for interested parties; and
 - The RPT should be properly documented.

During FYE 2023, the ARMC has ensured that all RPT were carried out at arm's length and under normal commercial terms with proper disclosure.

(F) Annual Report

- (i) Reviewed the Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control, and draft audited financial statements prior to submission for the Board's approval for inclusion in the Annual Report 2022.

(G) Other Matters

- (i) Reviewed KIP REIT's existing investment policy; and
- (ii) Reviewed and deliberated on proposed acquisition of KIPMall Kota Warisan and recommended the same for the Board's approval.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Manager considers the internal audit function as an integral and important part of KIP REIT's governance process and has outsourced its internal audit function to an independent professional firm, Baker Tilly Monteiro Heng Governance Sdn Bhd. This arrangement shall ensure an effective review on KIP REIT's internal control system in an independent and objective manner.

The Internal Auditors are free from any relationships or conflicts of interest which could impair their objectivity and independence. The qualification and the experience of the Internal Auditors have also been outlined in the CG Statement within this Annual Report.

During FYE 2023, the Internal Auditors have executed four (4) internal audit reviews and four (4) follow-up reviews in the following areas: -

Internal Audit Review Area	Coverage Period
Mall Facility Management	Quarter 1, FYE 2023
Asset Enhancement and Refurbishment	
Follow-up Review on Leasing and Tenant Management	
Follow-up Review on Billing and Credit Control Management	
Business Continuity Management Plans	Quarter 3, FYE 2023
General IT & Application Controls	
Follow-up Review on Mall Facility Management	
Follow-up Review on Asset Enhancement and Refurbishment	

In an effort to uphold the highest level of integrity, the Internal Auditor is authorised to report directly to the ARMC. During the FYE 2023, the Internal Auditor performed the audit review with reference to the International Standards for the Professional Practice of Internal Auditing, which forms part of the IPPF by the IIA. Depending on the scope of works, three (3) to four (4) Internal Auditors, including an experienced Team Lead, will usually be assigned to carry out the internal audit work.

The Internal Auditor then presented the audit findings and the corresponding proposed recommendations to the ARMC in the scheduled meetings for their review and deliberation. The Internal Auditor also reported the status of the follow-up reviews on the previous audit performed to assist the ARMC in monitoring the implementation of corrective actions within the target timeframe by the management. This shall ensure an on-going assessment and monitoring on KIP REIT's risk management and internal control system.

The total professional fee incurred on the internal audit function for the FYE 2023 amounted to RM78,000 (FYE 2022: RM70,200).

This Audit and Risk Management Committee Report was approved by the Board on 24 July 2023.

SUSTAINABILITY STATEMENT

ABOUT OUR STATEMENT

Guided by our vision to be a REIT with sustainability and community engagement at the forefront of our investment strategies, the Manager is proud to present our sustainability statement ("the statement") for the reporting period from 1 July 2022 to 30 June 2023 ("FY 2023").

Documenting the ESG performance and achievements of our operations as a retail REIT, this statement serves as a practical tool for stakeholders to track our ESG progress. It offers a transparent overview of our management approach towards our sustainability priorities and goals, and demonstrates our efforts to embed value creation within our business model to produce long-term, sustainable outcomes. To ensure quality disclosures, we are guided by local and international guidelines and reporting frameworks.

The Year in Review – Our Sustainability Progress

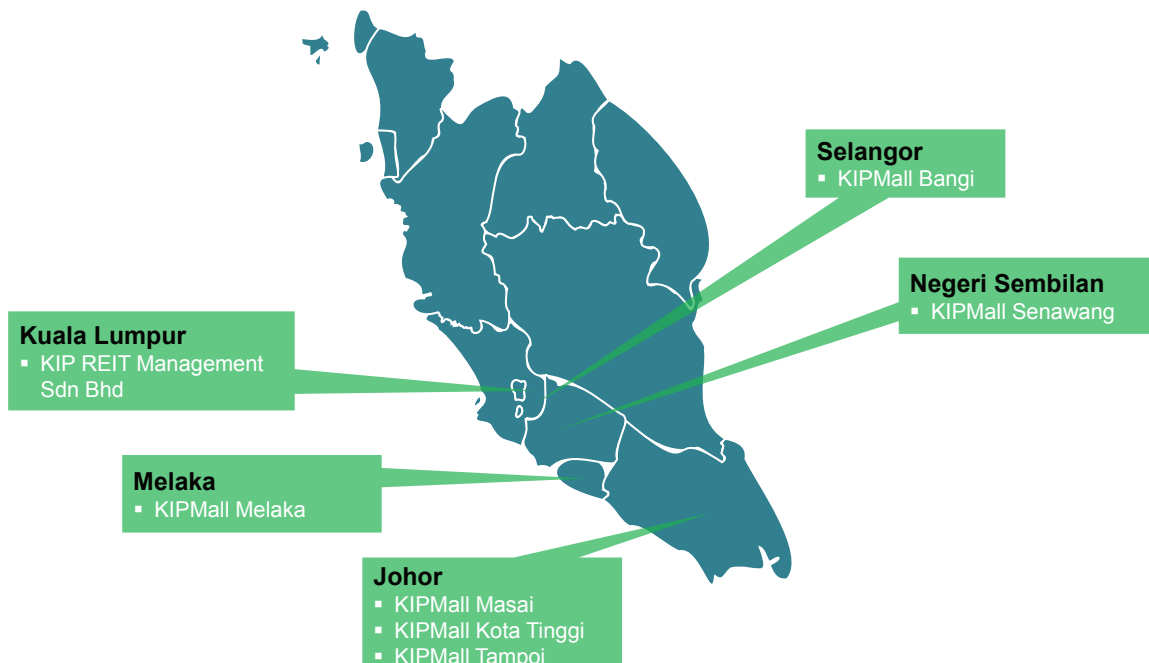
We are fully conversant with how rapidly the real estate landscape is evolving and place climate change awareness and sustainability issues at the forefront of our business agenda. We enacted a Sustainability Policy to formalise our advancement towards ensuring effective corporate governance and lay the groundwork for holistic ESG integration throughout our operations.

This fiscal year, we also conducted a materiality reassessment and identified fifteen (15) material matters. This was instrumental to our sustainability journey by deepening our understanding of the material matters significant to our commitments and development.

Reporting Scope and Boundary

Disclosures in this sustainability statement centre on our operations at the Manager headquartered in Kuala Lumpur and six (6) community-centric neighbourhood malls across Malaysia that comprise the Group's retail portfolio. We discuss our non-financial aspects, such as risks, opportunities, and sustainability performance throughout FY 2023. Where appropriate, data from prior years may be included to highlight and track our progress, as well as indicate annual trends. Any references to KIP REIT's employees should be interpreted as referring to the personnel of the Manager and KIP Property Services Sdn. Bhd. ("Service Provider"), the entity that provides mall management services to the Property Manager.

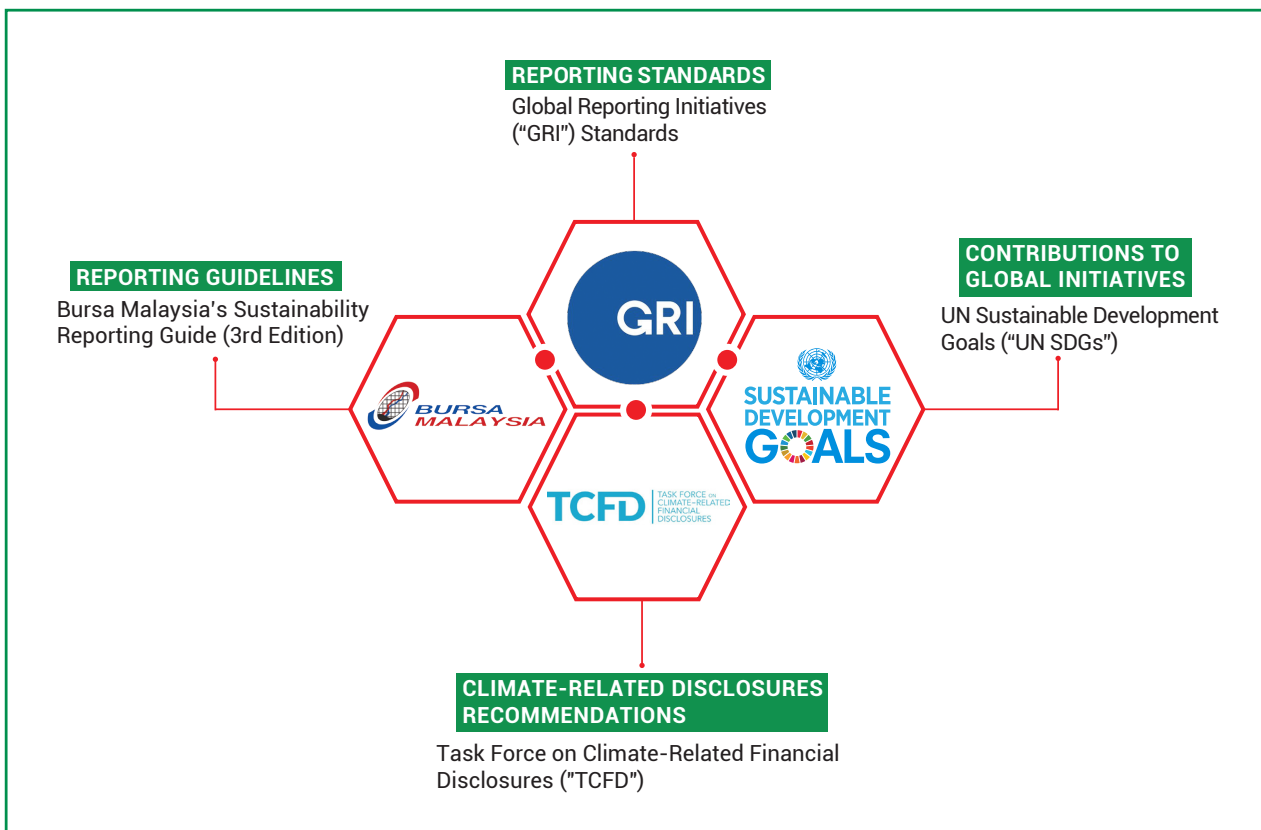
This statement excludes disclosures pertaining to our industrial properties and AEON Mall Kita City as of this publication. These properties are currently leased to third-parties and are not administered by the Manager.



SUSTAINABILITY STATEMENT (CONT'D)

Reporting Framework

We prepared this statement and its content with reference to Bursa Malaysia's Main Market Listing Requirements and the Sustainability Reporting Guide (3rd edition). To present meaningful climate-related financial disclosures, we adopted aspects of the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. Furthermore, we benchmarked against the FTSE4Good Index and referenced the Global Reporting Initiative ("GRI") Standards and the United Nations Sustainable Development Goals ("UN SDGs" or "SDGs") to demonstrate our efforts in providing cohesive, reliable ESG disclosures and year-to-year comparability of our sustainability performance.



Feedback

Your feedback helps us elevate our sustainability and reporting procedures and improves the relevancy of our future reports. Thus, we welcome all inquiries and comments pertaining to our sustainability statement, initiatives, and performance.

Please share your thoughts with us by contacting:

Tan Jo Lynn
 Financial Controller, KIP REIT Management Sdn Bhd
 jolynn.tan@kipreit.com.my | +603-6259 1212

Data Assurance Statement

We implemented internal quality controls throughout the data collection and analysis process, ensuring that pertinent business divisions and information holders validated all sustainability indicators. We aim to routinely examine our data gathering and analysis procedures to identify enhancement opportunities in order to uphold continual adherence to meaningful, transparent reporting. Consequently, these procedures may be modified in subsequent reports.

SUSTAINABILITY STATEMENT (CONT'D)

CREATING SHARED VALUE

ESG Approach – What Drives Us

Our Sustainability Performance

Due to our uncompromising adherence to our ESG principles, we managed to reach several important milestones. Building on this year's accomplishments, we intend to achieve even greater success in our sustainability journey and positive environmental impacts, thereby contributing to the UN SDGs and the global goals.

Key Sustainability Highlights in FY 2023

Zero

reported cases of bribery and corruption



33.33%

of our Board of Directors in FY2023 were women

32.94%

of our energy supply was generated by our solar photovoltaic systems



Began monitoring **Scope 2** emissions data in FY 2023

Raised **awareness** using educational posters on responsible water use amongst tenants, customers and service providers.



Employed **licenced** contractors to collect and dispose of all of our properties' waste in compliance with applicable regulatory requirements.

Invested **RM 50,508.25** for employee training programmes



Maintained **ZERO** work-related injuries

Recorded an increase of **21.90%** in total training hours compared to the previous financial year

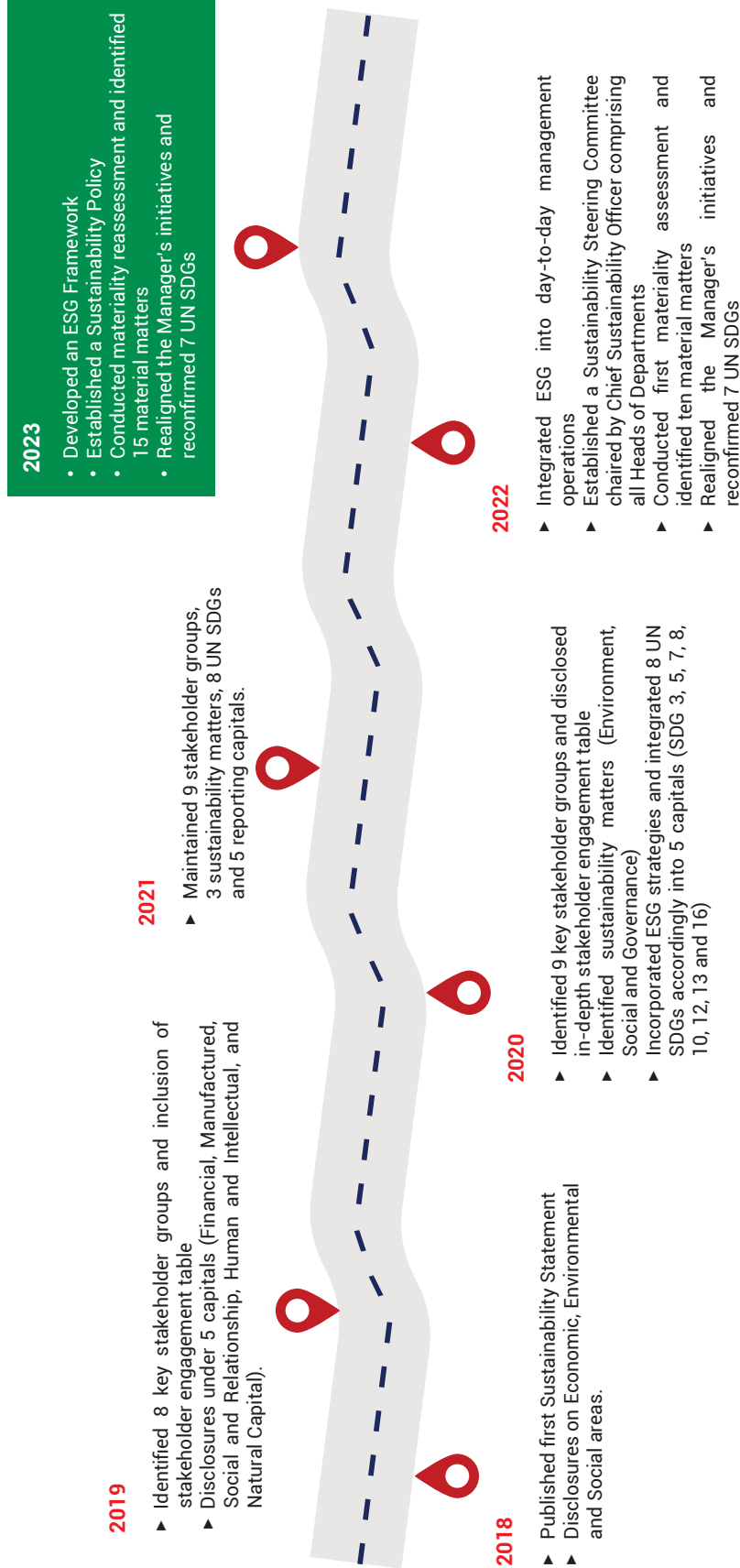


100.00% of our procurement budget was spent on local suppliers

SUSTAINABILITY STATEMENT (CONT'D)

Our Sustainability Journey

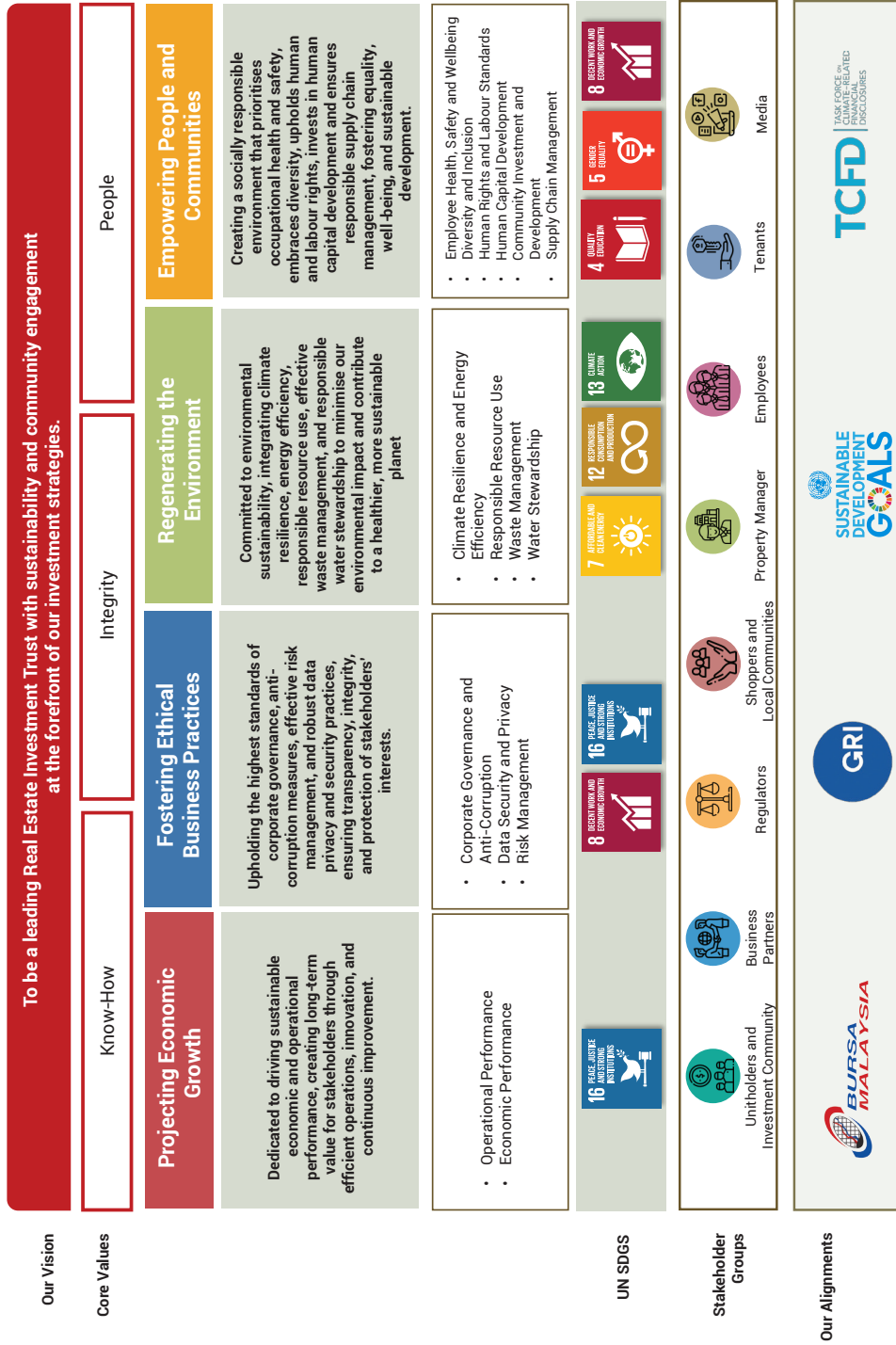
We began our journey in 2018 with our first Sustainability Statement, and will continue to drive our sustainability performance as we endeavour to meet and actively expand our ESG ambitions.



SUSTAINABILITY STATEMENT (CONT'D)

Our ESG Framework

Serving as the focal point for aligning our long-term sustainable development with our business operations, our ESG Framework sets the course for how we address material ESG issues and integrate ESG considerations into our corporate strategy. Founded on four (4) sustainability pillars: Fostering Ethical Business Practices, Projecting Economic Growth, Regenerating the Environment, and Empowering People and Communities, it directs us towards optimal business decisions, effectively managing risks and unlocking potential opportunities.



SUSTAINABILITY STATEMENT (CONT'D)

An Overview of the United Nations Sustainable Development Goals ("UN SDGs")

The 2030 Agenda for Sustainable Development is a comprehensive set of transformative goals devoted to addressing social and environmental concerns on a global scale. These 17 UN SDGs, embraced by all United Nations Member states in 2015, are aimed at fundamentally altering the way all nations mobilise towards a sustainable and equitable future.



How We Contribute to the UN SDGs

To positively impact the communities and environments we serve, we incorporated the UN SDGs global priorities and aspirations as part of our sustainability strategy and identified seven (7) UN SDGs most relevant to our operations. We remain aligned with these UN SDGs in FY 2023, as they remain pertinent to our beliefs, aspirations, and most impactful business activities.

SUSTAINABILITY STATEMENT (CONT'D)



GOAL 4: QUALITY EDUCATION

Invested RM 50,508.25 for employee training programmes

Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills including technical and vocational skills.



GOAL 5: GENDER EQUALITY

33.3% of our Board of Directors in FY 2023 were women

Target 5.5: Proportion of women in managerial positions.



GOAL 7: AFFORDABLE AND CLEAN ENERGY

32.94% of our energy supply was generated by our solar photovoltaic systems

Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services



GOAL 8: DECENT WORK AND ECONOMIC GROWTH

Uphold decent work standards, safe working conditions, and social protection, to ensure the well-being of workers.

Target 8.8: Protect labour rights and promote safe and secure working environments for all workers.



GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

98.84% of waste was diverted from landfill in FY 2023

Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.



GOAL 13: CLIMATE ACTION

Began monitoring Scope 2 emissions data in FY 2023

Target 13.2: Integrate climate change measures into policies and planning.



GOAL 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Zero reported cases of bribery and corruption

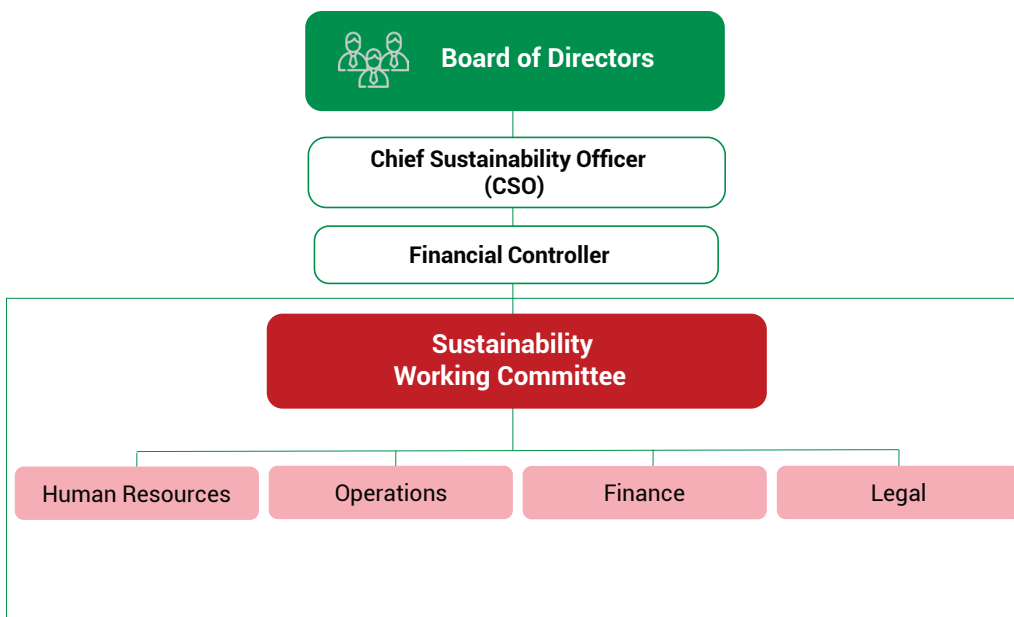
Target 16.5: Substantially reduce corruption and bribery in all their forms.

SUSTAINABILITY STATEMENT (CONT'D)

Our Governance Structure

A strong governance structure is the foundation of exemplary sustainability governance. It ensures a clear segregation of all roles and responsibilities, enhances accountability, and supports a consolidated approach to overseeing our performance. In FY 2022, we instituted a three-tier sustainability governance structure to enhance our sustainability approach and effectively administer our sustainability matters.

This three-tiered structure is chaired by the Board which holds the ultimate responsibility of steering the Group's sustainability direction. The Board is supported by the Sustainability Working Committee led by the CSO who manages sustainability strategies, material sustainability matters, policies and targets.



Roles and Responsibilities

Roles and Responsibilities	
Board of Directors	<ul style="list-style-type: none"> Oversees the management of sustainability strategies, material sustainability matters, policies and targets Approves the proposed sustainability strategies, policies, material sustainability matters, and annual sustainability statement Ensures ESG-related risks and opportunities are incorporated into the Manager's strategy and risk management, including climate risks Considers sustainability issues when overseeing the planning, performance and long-term strategy of the Manager Ensures the communication of strategies, priorities and targets to relevant stakeholders
Sustainability Working Committee	<ul style="list-style-type: none"> Responsible for the strategic management of material sustainability matters Proposes and advises the Board on sustainability strategies, initiatives, and targets and ensures their alignment with the Manager's overall business strategy and goals Assesses and manages the Manager's ESG-related risks and opportunities, including climate-related risks and opportunities Reviews, approves and proposes policies to the Board for final approval Oversees the implementation of approved sustainability strategies and initiatives Monitors the sustainability performance and progress of the Manager and the management of stakeholder engagement

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Policy

Underpinned by KIP REIT's vision and mission, our Sustainability Policy was established to foster a resilient, high-performing corporate culture and guide the direction of our ESG strategy. It outlines our core ESG commitments towards long-term growth and facilitates embedding sustainable practices throughout our operations and value chain. This policy has been reviewed and approved by the Board and is subject to periodic review to ensure its applicability in the future.

Governance

KIP REIT is dedicated to upholding high standards of corporate governance and adhering to ethical business practices to protect stakeholder values and interests. We also comply with applicable laws and regulations to minimise risks in data protection and cybersecurity.

Economic

We aim to generate value for our stakeholders through stable and regular income distribution and capital appreciation. KIP REIT is committed to providing adequate work, productive employment, and platforms for SMEs to expand their businesses within the local community.

Environment

To reduce our carbon footprint and other environmental impacts, KIP REIT is focused on implementing responsible resource management. We strive to assess and control GHG emissions arising from our business operations and promote the use of energy-efficient technology and renewable energy generation at our properties where practical.

Social

KIP REIT works to create a safe, healthy, diverse, and inclusive work environment with fair opportunities for all workers. We adhere to strict labour regulations, prioritise product quality and customer satisfaction, and conduct supplier assessments to ensure suppliers address the pertinent social criteria. We safeguard tenants through security and crime prevention strategies, and we have an emergency response plan in place.

SUSTAINABILITY STATEMENT (CONT'D)

Understanding Stakeholder Perspectives

Proactive stakeholder engagement is fundamental to assessing most material issues encountered across our operations. It acts as a platform for our stakeholders to voice their opinions, facilitates information gathering and allows us to become familiar with current trends. This in turn enhances our decision-making and business strategies based on the received feedback and enables us to serve evolving stakeholder needs.

Key Stakeholder Groups	Unitholders and Investment Community	Business Partners	Regulators	Shoppers and Local Communities	Property Manager	Employees	Tenants	Media
Key Concerns/ Interest	<ul style="list-style-type: none"> Stable and regular income streams Sustainable business model for dividend and/or capital appreciation Transparency in communications 	<ul style="list-style-type: none"> Sustainability of business model Active participation and knowledge sharing 	<ul style="list-style-type: none"> Compliance with relevant regulations Timely and transparent release of performance information Robust corporate governance structure Active participation and knowledge sharing 	<ul style="list-style-type: none"> Good selection of tenants providing goods and services Safe shopping environment 	<ul style="list-style-type: none"> Partnership in management of KIP REIT assets Sustainable business model and operations 	<ul style="list-style-type: none"> Just and fair compensation and benefits Employee wellbeing and personal development Career progression and training Safe working environment 	<ul style="list-style-type: none"> Sustainable business model and relationship Regular communication High shopper traffic Maintenance and upkeep Portfolio of properties 	<ul style="list-style-type: none"> Timely communication of corporate exercise Performance and market outlook Notification on material matters
Engagement Method	<ul style="list-style-type: none"> Investor briefings Roadshows Institutional investors Written and digital communication Annual report Annual General Meeting Extraordinary General Meetings Quarterly/Annual results 	<ul style="list-style-type: none"> Participation in MRMA events Communication (formal and informal) 	<ul style="list-style-type: none"> Timely submissions of required reporting Open discourse and transparency Communication (formal and informal) Media announcements 	<ul style="list-style-type: none"> Promotional events held Shopper surveys Customer feedback Social media 	<ul style="list-style-type: none"> Monthly team meeting/feedback Communication (formal and informal) 	<ul style="list-style-type: none"> Team meetings Feedback/annual appraisals Team building events Employee welfare programmes 	<ul style="list-style-type: none"> Communication (formal and informal) Ad-hoc meetings Two-way feedback channel Social media 	<ul style="list-style-type: none"> Press release Media interviews Annual General Meeting/Extraordinary General Meeting Company updates Announcements
Frequency of engagement	<ul style="list-style-type: none"> Quarterly Ad-Hoc Annually 	<ul style="list-style-type: none"> Ad-hoc Annually Quarterly 	<ul style="list-style-type: none"> Ad-hoc Quarterly Annually 	<ul style="list-style-type: none"> Ad-hoc 	<ul style="list-style-type: none"> Monthly Ad-hoc 	<ul style="list-style-type: none"> Ad-hoc Annual 	<ul style="list-style-type: none"> Ad-hoc 	<ul style="list-style-type: none"> Ad-hoc Annually Quarterly

SUSTAINABILITY STATEMENT (CONT'D)

Engaging Our Stakeholders

To acquire an accurate view of our external stakeholders' perspectives, we distributed online forms to representatives of each group. We collected their feedback and presented their opinions on the REIT's business operations throughout FY 2023 below.

Unitholders and Investors

Our unitholders and investors support KIP REIT as we meet their expectations as a preeminent REIT management company with exceptional ESG practices.

Unitholders and investors have a favourable opinion of KIP REIT's ESG practices and the quality of these practices relative to those of other Main Market-listed companies. Increasing investment value to facilitate the expansion of KIP REIT's ESG practices was met with an encouraging reception.

Business Partners

Through building mutually beneficial business partnerships, we can bolster our business strategy and work towards delivering sustainable value.

Our business partners supported our adoption of appropriate sustainable strategies in line with the business environment and our engagement with tenants during the pandemic in order to promote the long-term sustainability of our business.

Regulators

Our regulators have observed the growing public awareness and concern for sustainable business practices. While more businesses are implementing ESG practices, the likelihood of non-compliance with regulations remains low.

The effectiveness with which KIP REIT provided updates on our compliance with applicable rules and regulations and our efforts to align with the Sustainability Themes of the 12th Malaysia Plan was well received.

Property Manager

Regular communications with our property managers established long-lasting relationships based on trust, thereby enhancing our oversight of our operations. KIP REIT ensures that our properties comply with the relevant authorities' regulations, provides communication channels and assures frequent contact with our property managers, resolving any issues they raise promptly. Our property managers viewed our actions as advantageous and conducive.

Tenants

Engaging with our tenants and understanding their requirements is critical to business longevity. Our tenants enjoyed a positive experience with KIP REIT management's customer support and interaction channels, and our efforts to develop close tenant-landlord relationships to maximise tenant retention. These indicate that KIP REIT has development potential, and we aim to capitalise on these possible growth opportunities to continue building stronger rapport with this stakeholder group.

Shoppers and Local Communities

KIP REIT values the wellbeing of our shoppers and the communities we serve. Our contributions to local community social development via our Corporate Responsibility ("CR") programmes positively impacted our shoppers and local communities. The safety regulations and practices implemented at KIP REIT properties are also highly rated for their effectiveness, demonstrating our commitment to ensuring the safety of our customers and the communities we serve.

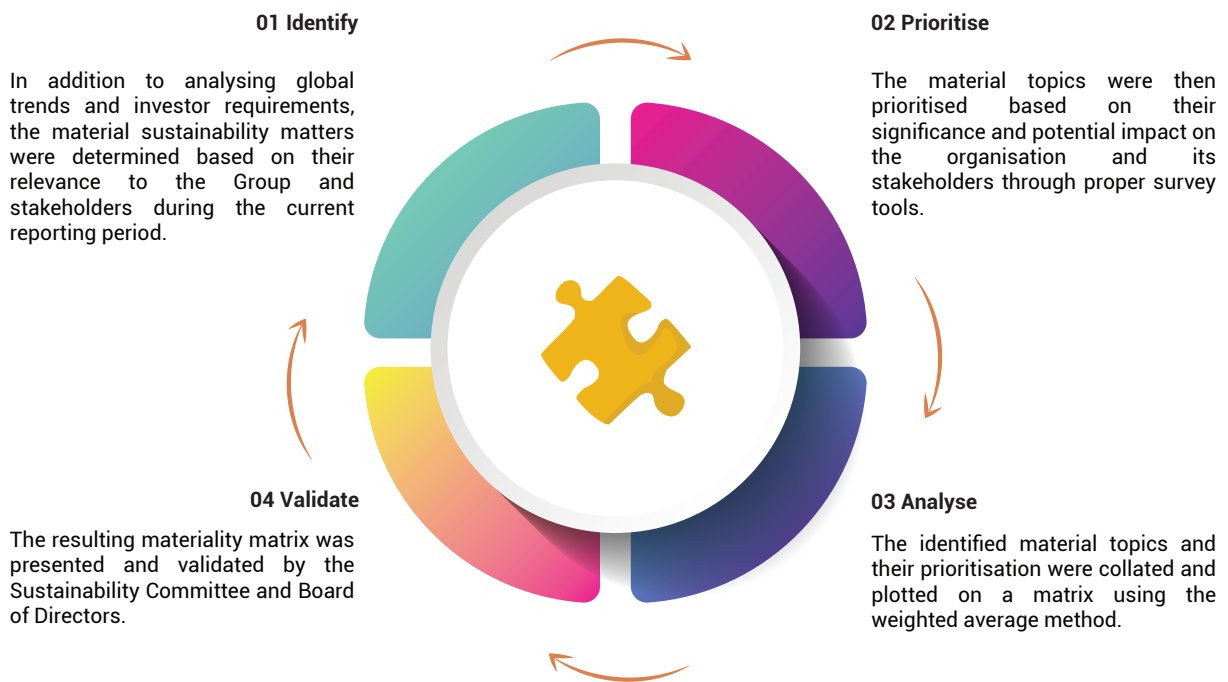
Furthermore, customers felt well served by KIP REIT's properties as a one-stop shopping destination. We will continue to improve the services provided by the KIPMalls in order to achieve and retain better shopper satisfaction in the future.

SUSTAINABILITY STATEMENT (CONT'D)

Understanding The Matters Material To Us

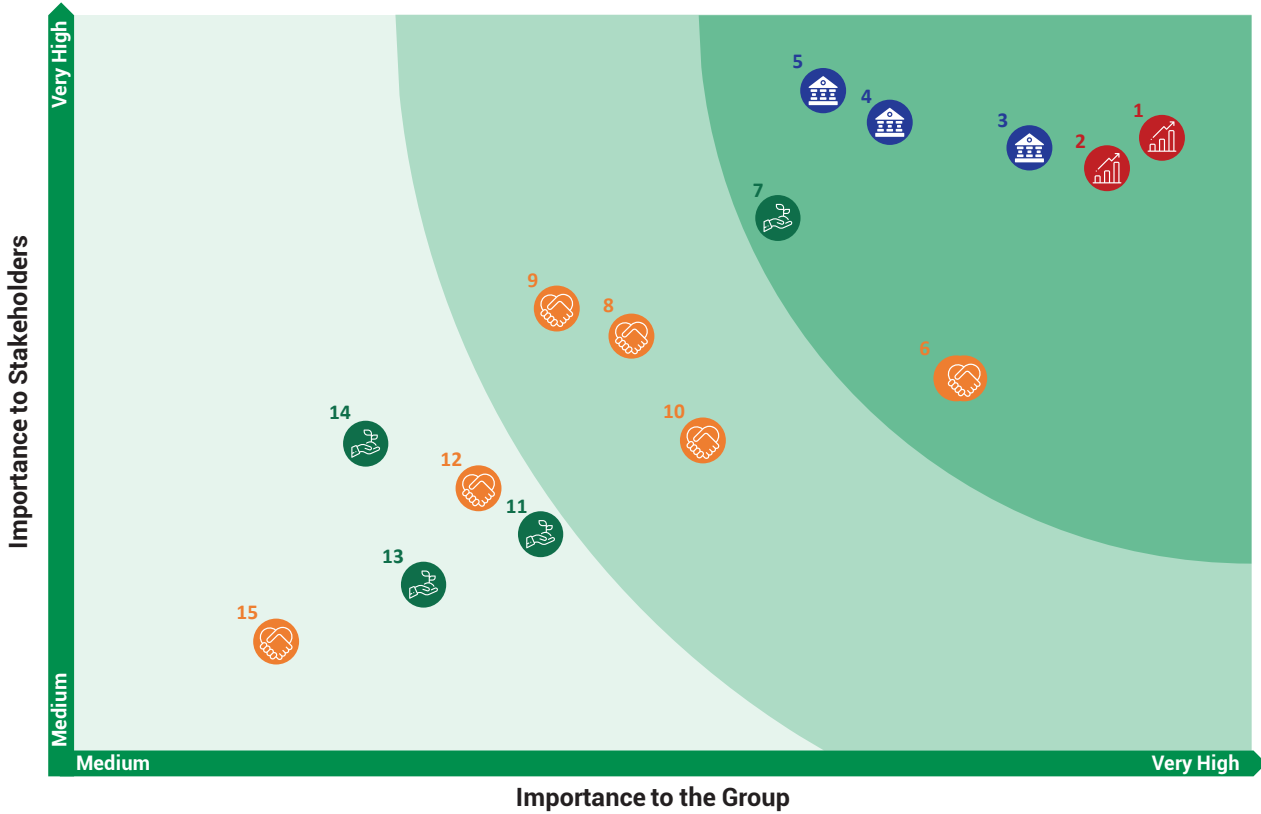
Materiality Assessment Process

The materiality assessment is an effective tool to systematically identify and prioritise the ESG topics most material to the Group and our stakeholders. Using the FY 2022 assessment process as a basis, we incorporated enhancements guided by stakeholder expectations, our operations, and in alignment with Bursa Malaysia's enhanced Main Market Listing Requirements and the Sustainability Reporting Guide (3rd edition) to create a streamlined process for FY 2023. Employing this updated 4-step process culminated in the development of our updated Materiality Matrix.



SUSTAINABILITY STATEMENT (CONT'D)

Materiality Matrix



Projecting Economic Growth 	Fostering Ethical Business Practices 	Regenerating the Environment 	Empowering People and Communities 
1 Operational Performance	3 Corporate Governance & Anti-Corruption	7 Climate Resilience & Energy Efficiency	6 Employee Health, Safety & Wellbeing
2 Economic Performance	4 Data Security & Privacy	11 Responsible Resource Use	8 Diversity & Inclusion
	5 Risk Management	13 Waste Management	9 Human Rights & Labour Standards
		14 Water Stewardship	10 Human Capital Development
			12 Community Investment & Development
			15 Supply Chain Management


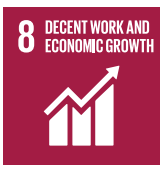







Based on the assessment, we identified fifteen (15) material matters for FY 2023. The five highest-ranked material matters among these were: **Operational Performance, Economic Performance, Corporate Governance and Anti-Corruption, Data Security and Privacy, and Risk Management.** These material matters generally entail accountability towards customers and workers which is crucial to fostering a sense of trust among our stakeholders. Specifically, Operational Performance can be attributed to the Group's main business activities as a REIT to ensure the smooth operations of all buildings in our portfolio.

To align with Bursa Malaysia's 11 common material matters, we also added 8 new material matters, which are: **Employee Health, Safety and Wellbeing, Climate Resilience and Energy Efficiency, Human Rights and Labour Standards, Responsible Resource Use, Community Investment and Development, Waste Management, Water Stewardship, and Supply Chain Management.**




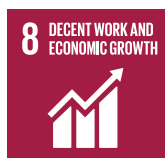
SUSTAINABILITY STATEMENT (CONT'D)

Mapping of Material Sustainability Matters

Our ESG strategies are inextricably linked to our material sustainability concerns. The table denotes the interdependence of our pillars, significant stakeholder groups, and the relevant UN SDGs.

Pillars	Commitment Statement	Material Sustainability Matters	Relevant Standards/ Recommendations	Stakeholders	Corresponding UN SDGs
Projecting Economic Growth	Dedicated to driving sustainable economic and operational performance, creating long-term value for stakeholders through efficient operations, innovation, and continuous improvement	Operational Performance	GRI Standards 201 – Economic Performance 2016 203 – Indirect Economic Impacts		
		Economic Performance			
Fostering Ethical Business Practices	Upholding the highest standards of governance, including strong corporate governance, anti-corruption measures, effective risk management, and robust data privacy and security practices, ensuring transparency, integrity, and protection of stakeholders' interests	Corporate Governance and Anti-Corruption	GRI Standards 2-23 – Policy commitment 2-27 – Compliance with laws and regulations 205 – Anti-corruption 418 – Customer Privacy		
		Data Security and Privacy			
		Risk Management			
Regenerating the Environment	Committed to environmental sustainability, integrating climate resilience, energy efficiency, responsible resource use, effective waste management, and responsible water stewardship to minimise our environmental impact and contribute to a healthier, more sustainable planet	Climate Resilience and Energy Efficiency	GRI Standards 301 – Materials 302 – Energy 303 – Water and Effluents 305 – Emissions 306 – Effluents and Waste TCFD Recommendations		
		Responsible Resource Use			
		Waste Management			
		Water Stewardship			

SUSTAINABILITY STATEMENT (CONT'D)

Pillars	Commitment Statement	Material Sustainability Matters	Relevant Standards/ Recommendations	Stakeholders	Corresponding UN SDGs
Empowering People and Communities	Creating a socially responsible environment that prioritises occupational health and safety, embraces diversity and inclusion, upholds human rights and labour standards, invests in human capital development, engages in community initiatives, and ensures responsible supply chain management, fostering equality, well-being, and sustainable development	Employee Health, Safety and Wellbeing	GRI Standards 204 – Procurement Practices		  
		Diversity and Inclusion	401 – Employment 402 – Labour/ Management Relations		
		Human Rights and Labour Standards	403 – Occupational Health and Safety		
		Human Capital Development	404 – Training and Education 405 – Diversity and Equal Opportunity		
		Community Investment and Development	406 – Non-discrimination		
		Supply Chain Management	413 – Local Communities		

Adopting Task Force on Climate-related Financial Disclosures (“TCFD”)

Climate change is universally acknowledged as a substantial threat to business operations and economic stability. To effectively handle its damaging effects on the environment, society and economy, a thorough awareness of climate-related risks and opportunities is imperative. As such, the Manager had begun to align the Group’s sustainability strategies with the TCFD recommendations, integrating the four principles put forward by the TCFD throughout our company operations to mitigate climate change risks.

The TCFD recommendations also facilitate accurate financial disclosures that will allow our stakeholders to make efficient strategic plans and informed capital allocation decisions, improving our risk and opportunity evaluation in the short, medium and long term.

Governance	KIP REIT is cognisant of the effects of climate change on the industry and took proactive action to mitigate our carbon footprint. These actions included installing solar panels at our KIPMall properties to generate renewable energy. The Board oversees climate-related risks and opportunities, as well as all measures required to combat climate risks. We ensure both board and committee meeting agendas cover climate-related issues.
Strategy	Our climate and sustainability plans are based on our materiality reassessment. Our new Sustainability Policy covers climate risk considerations and will act as our overarching guide to sustainable company operations in future endeavours.
Risk Management	To ensure the methodical and consistent management of ESG risk factors, the Board is supported by the ERM framework. The ERM helps identify and evaluate climate-related risks the REIT is exposed to.
Metrics and Targets	This year, we identified two climate-related material matters: “Climate Resilience and Energy Efficiency” and “Waste Management”. We disclosed our Scope 2 greenhouse gas (“GHG”) emissions based on these matters and plan to evaluate our Scope 1 and Scope 3 GHG emissions the following year.

SUSTAINABILITY STATEMENT (CONT'D)

Projecting Economic Growth



As the industry advances, ESG performance has taken on a more prominent role in generating investment returns. Cognisant of this, the Manager works to incorporate ESG considerations into our corporate strategy to ensure sustainable business performance and accountability to our stakeholders. Through our efforts we can generate stable economic benefits and sustainable distributions for our unitholders and other stakeholders, leading to an optimised capital structure and driving excellence throughout the REIT's asset and portfolio management efforts.

Economic Performance

By nature of our operations as a REIT, asset acquisition is a strategy that directly fuels economic growth and strengthens our financial results. Hence, on 16 June 2023, KIP REIT entered into a conditional sale and purchase agreement with Cahaya Serijaya via our Trustee. The proposal covers the acquisition of KIPMall Kota Warisan for a cash purchase consideration of RM80.0 million.

Revenue	RM 83.8 Million
Operating costs	RM 21.6 Million
Employee remuneration	Not applicable - no employee under KIP REIT structure (refer to reimbursable costs for wages of Service Provider to KIP REIT for mall management employment costs)
Distribution to unitholders	RM 36.8 Million
Taxes	Not applicable - distributed 94.9% of total income, net income exempted from taxes
Community investments	RM 10.5 Million

SUSTAINABILITY STATEMENT (CONT'D)

Operational Performance

The Manager is a strong proponent of efficient property management, as we understand it to be a core component of value creation for our stakeholders. To ensure optimal performance, we closely monitor all tasks performed across our portfolio properties and implement enhancement initiatives as and when required.

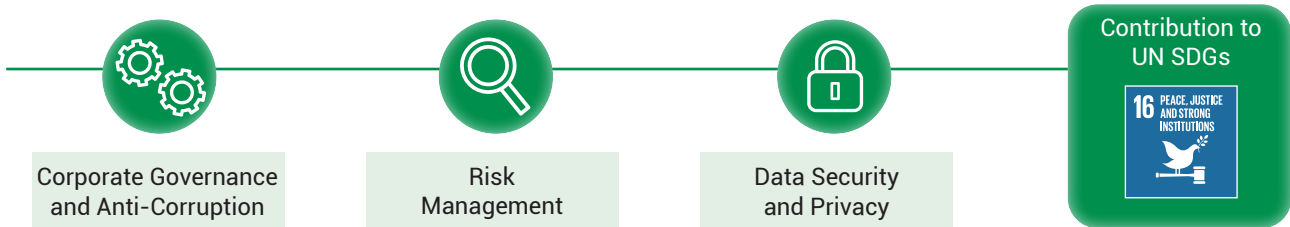
Property	Work Performed	Status as at FY 2023
KIPMall Tampoi	Renovation at the New Wing (Jalan-Jalan Japan) to install a new anchor tenant	Completed
	Renovation at the food court area for a new tenant, PISB Sdn Bhd	
	Converted the "Car Show Gallery" into fixed lots to accommodate the new pharmacy tenant, Healthlane Pharmacy, and a smaller retailer, Sushi Go.	
	Roadworks	
KIPMall Masai	Renovation at the New Wing (Jalan-Jalan Japan) to install a new anchor tenant	On going
KIPMall Bangi	A facelift project to enhance mall interior design	

These initiatives are our commitment towards excellent operational performance, with the REIT maintaining the Best Managed & Sustainable Property Award ("BMSPA") in the 10-years and above category as recognised by The Edge in August 2022. This accolade is given to expertly and sustainably managed buildings by comparing them against the best-in-class globally.



SUSTAINABILITY STATEMENT (CONT'D)

Fostering Ethical Business Practices



Good business is built on a solid foundation of trust, and good governance is maintained through ethical business practices. Balancing both is crucial to long-term success as they facilitate the creation of transparent rules and controls, provide leadership guidance, align the interests of shareholders, directors, management, and employees, and build trust with investors, the community and regulatory authorities.

Corporate Governance and Anti-Corruption

Our vigilance in preventing bribery, corruption, and anti-competitive practices is part of our unwavering dedication to high compliance management standards. Therefore, we are internally guided by the Board Charter which was established by the principles and best practices of the MCCG. The Charter outlines the stipulated functions and responsibilities of the Board, as well as their expected standard of professional behaviour. To ensure relevance and alignment with the latest regulatory requirements, the Charter will undergo regular review.

In addition, the Manager adopted a Code of Conduct for the Board of Directors as an ethical framework that reinforces prudent and professional behaviour. It sets the tone for Director conduct, compelling them to uphold the Manager's values in their day-to-day functions and to foster effective governance within KIP REIT.

Cultivating Transparency and a Bribe-Free Culture

The Manager advocates the highest ethical standards when doing business and has zero tolerance for all forms of corruption. We prioritised implementing an ABC Policy to instil a transparent, zero-bribery governance culture and promote our ethical business conduct. To reinforce this corruption-free culture, we communicated the policy to our workforce via briefings and workshops and ensured that it was accessible to our stakeholders on our corporate website. We also trained employees on anti-bribery measures to safeguard our reputation and maintain stakeholder trust.

The Manager encourages the disclosure of any alleged form of misconduct within the REIT's operations via our Whistleblowing Policy. This policy provides a formal platform that protects the confidentiality and identity of employees or external parties, allowing them to anonymously raise concerns without fear of reprisal. Accessible by all internal and external parties, any violations can be reported via email.

As of this statement, we are pleased to report we have had zero incidences of corruption and misconduct reported through the whistleblowing mechanism in FY 2023.

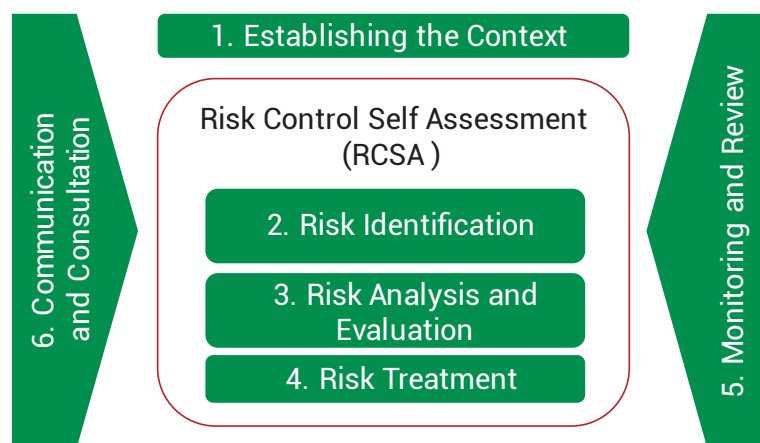
SUSTAINABILITY STATEMENT (CONT'D)

Risk Management

Responsible and effective risk management practices build stakeholder confidence and long-term profitability. To operate sustainably, we addressed stakeholders' ESG expectations.

Our Approach with the ERM Framework

Appropriate risk management is crucial to future-proofing our business as a REIT. To adequately address all potential business risks relevant to KIP REIT, the Manager employs the ERM framework adapted from the ISO 3100:2018 Risk Management Guidelines. The framework assures continuous risk identification within KIP REIT and permits the timely implementation of mitigation plans.

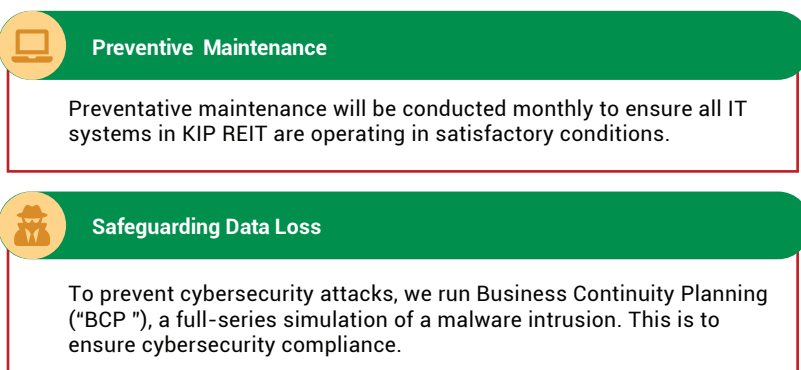


The ERM framework sets the principles of sound risk management governance. This ensures all business activities are aligned with the REIT's long-term viability and durability, improving our capacity to absorb losses. KIP REIT's ARMC is responsible for ensuring the Manager's activities are consistent with the approved risk register, strategies and policies. With an Independent Director as the Chairman of this committee, ARMC has the authority to review the sufficiency, adequacy and comprehensiveness of the ABMS in line with the need to mitigate bribery risks.

Data Security and Privacy

Digital services have become a ubiquitous facet of progressive businesses, making data privacy and cyber security important for long-term business viability. By nature of our operations as a REIT, protecting customer and tenant data from cyber security threats is among our highest priorities. Thus, REIT implemented several technological and organisational security measures that ensure adherence to the Personal Data Protection Act ("PDPA") which regulates the gathering, use, disclosure and maintenance of personal data.

Since the implementation of these measures, there have been no recorded complaints concerning breaches of customer privacy and losses of customer data.



SUSTAINABILITY STATEMENT (CONT'D)

Regenerating the Environment



As of 2019, the building sector is responsible for 39% of global energy-related GHG emissions, according to the World Green Building Council. To meet the commitments outlined in the Paris Agreement and the aspirations of the UN SDGs, decarbonising the building sector is crucial.

KIP REIT leverages energy-efficient technology and initiatives to identify and address our climate change risks, allowing us to manage our business and generate long-term value.

Climate Resilience and Energy Efficiency

Enhancing Operational Energy Efficiency

Of the total global emissions contributed by this sector, 28% is attributed to emissions from operations. As a significant portion of our operational expenditure comes from electricity, we are keen on improving energy performance to minimise the GHG emissions released from our portfolio.

Improving energy efficiency is a cost-effective way to mitigate GHG emissions. Among the energy efficiency initiatives undertaken by the Management is energy monitoring. On a monthly basis, we monitor our energy usage and investigate unusual fluctuations in energy use. In addition, we continued to employ energy efficiency projects in support of Net Zero by 2050, which include:

- Replacing conventional lighting with energy-efficient light-emitting diode ("LED") lighting;
- Minimising electricity wastage through the zoning of lighting; and
- Managing air-conditioning temperatures

Energy Efficiency in Lighting

LED lights are known for their efficiency compared to conventional fluorescent, halogen, and incandescent lights. They use at least 75% less energy compared to incandescent bulbs while lasting 25 times longer, saving energy and reducing waste resulting from light replacements. Before switching to LED lights, the annual average cost to keep our properties lit amounted to RM722,020.61. This decreased by 54.96% to RM325,166.68 after we implemented LED lighting, netting us up to RM396,853.93 in savings.

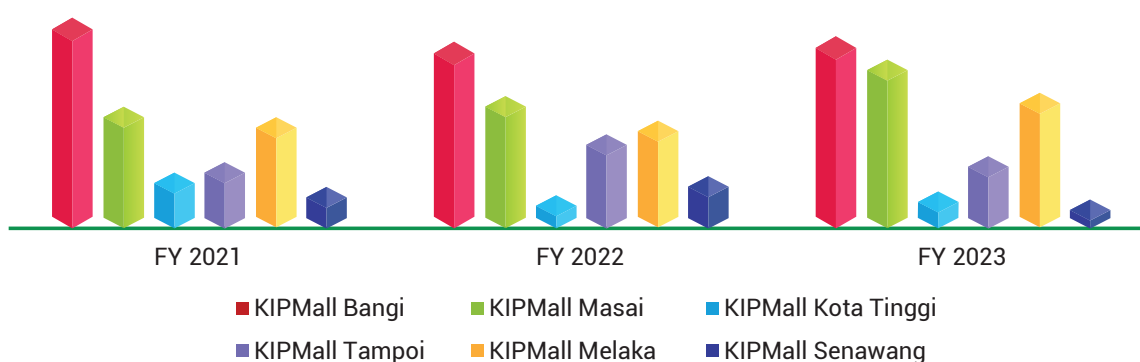
SUSTAINABILITY STATEMENT (CONT'D)

Renewable Energy Sourcing and Generation

All KIPMalls in our portfolio are equipped with a solar photovoltaic system that generates solar energy. KIP REIT also remained a participant for KIPMall Bangi, Kota Tinggi and Senawang in the Net Metering programme by the Sustainable Energy Development Authority ("SEDA") Malaysia which allowed for the distribution of excess solar power generated to surrounding communities.

Energy Consumption

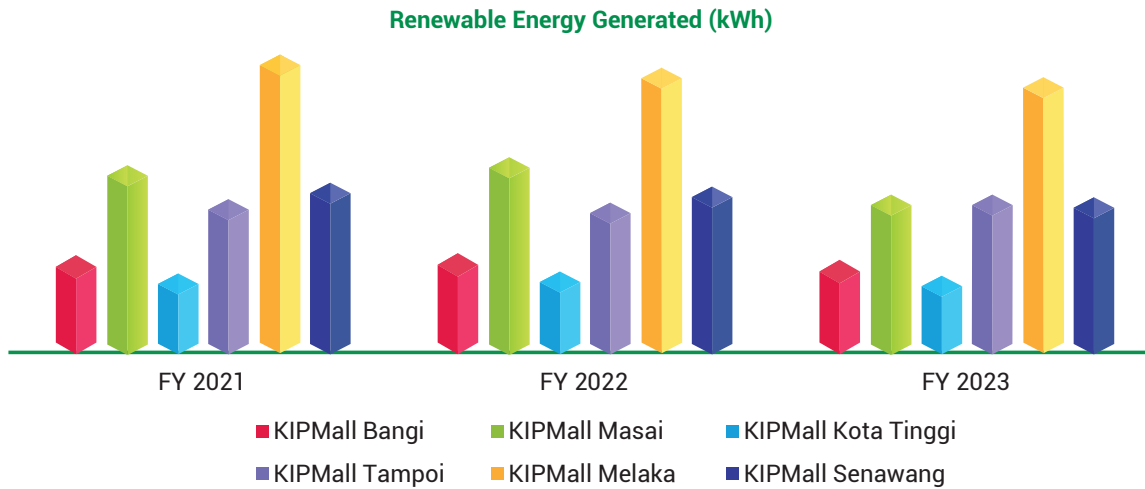
Grid-sourced Electricity (kWh)



Property (Mall)	Grid-sourced Electricity Consumption (kWh)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	2,087,572	1,867,751	1,947,625
KIPMall Masai	1,286,634	1,326,937	1,640,488
KIPMall Kota Tinggi	461,457	258,556	303,836
KIPMall Tampoi	527,523	953,131	648,090
KIPMall Melaka	1,256,388	1,136,332	1,343,675
KIPMall Senawang	345,133	453,587	298,604
Total	5,964,706	5,996,294	6,182,318

Our total consumption of grid-sourced electricity recorded an upward trend across the past three years, with FY 2023 recording the highest at 6,182,318 kWh. It is a 3.10% increase compared to FY 2022 and a 3.65% increase compared to FY 2021. This is attributed to the increase in the local temperature range. The internal temperature of each mall is controlled by a centralised air handling unit ("AHU") set at 23°C to 25°C degrees, depending on external temperatures. As temperatures climb, this causes the AHU compressor to run frequently to ensure a steady temperature, ultimately consuming more electricity. In addition, during the Movement Control Order ("MCO") in FY 2022, mall operations had limited operation hours. In FY 2023, when mall operations resumed normal hours, this led to an increase in consumption.

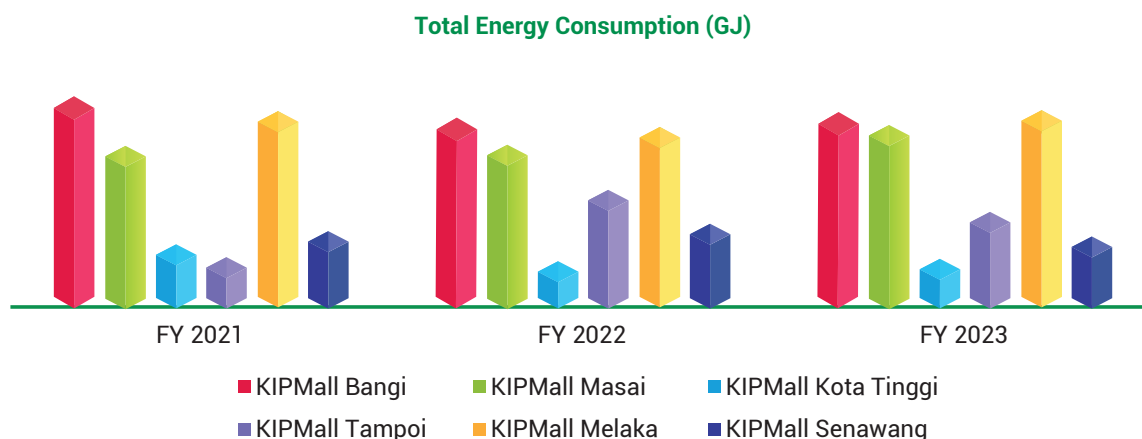
SUSTAINABILITY STATEMENT (CONT'D)



Property (Mall)	Renewable Energy Generated (kWh)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	309,935	316,711	295,269
KIPMall Masai	640,210	663,670	523,701
KIPMall Kota Tinggi	247,580	248,147	232,600
KIPMall Tampoi	516,061	508,210	516,170
KIPMall Melaka	1,025,593	985,888	949,200
KIPMall Senawang	566,772	553,477	519,290
Total	3,306,151	3,276,103	3,036,230

Our malls function on a system where 100% of all solar energy generated is utilised in mall operations, with the rest of our energy needs supplemented by electricity from the grid. This year, KIP REIT recorded a decrease of 7.32% in energy generated compared to FY 2022 and 8.16% compared to FY 2021. This minor decline is due to the naturally changing weather patterns that reduced the efficacy of our solar photovoltaic systems this year.

SUSTAINABILITY STATEMENT (CONT'D)



Property (Mall)	Total Energy Consumption (GJ)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	8,631	7,864	8,074
KIPMall Masai	6,937	7,166	7,791
KIPMall Kota Tinggi	2,552	1,824	1,931
KIPMall Tampoi	1,859	5,261	4,191
KIPMall Melaka	8,215	7,640	8,254
KIPMall Senawang	3,283	3,625	2,944
Total	33,375	33,380	33,187

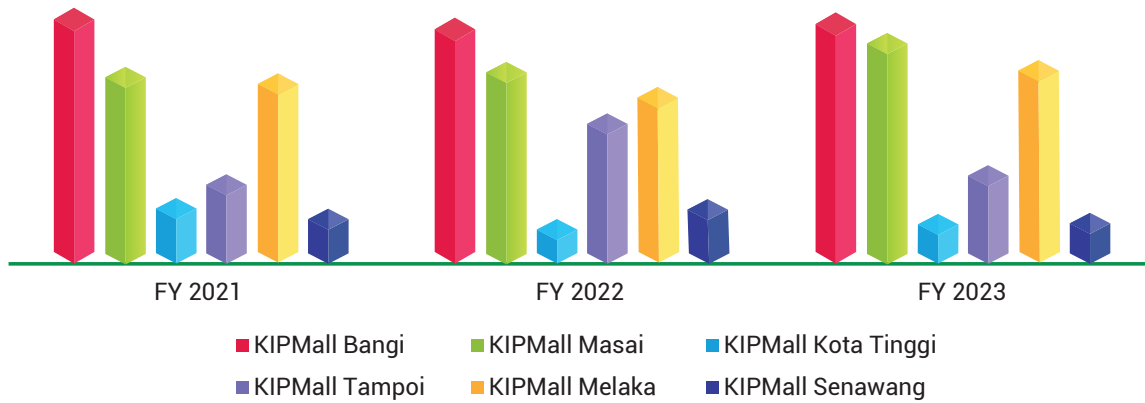
KIP REIT consumed a total of 33,187 GJ in energy this year, which is a 193 GJ decrease compared to FY 2022. This is attributed to the reduced solar energy generated in FY 2023 as indicated in the previous table.

SUSTAINABILITY STATEMENT (CONT'D)

GHG Emissions

As part of our commitment to enhancing our climate resilience, we strive to mitigate and manage our GHG emissions. In this reporting period, we tracked our Scope 2 GHG emissions, which are classified as indirect emissions arising from the consumption of purchased power drawn from the grid, enabling us to track our progress and identify improvement opportunities.

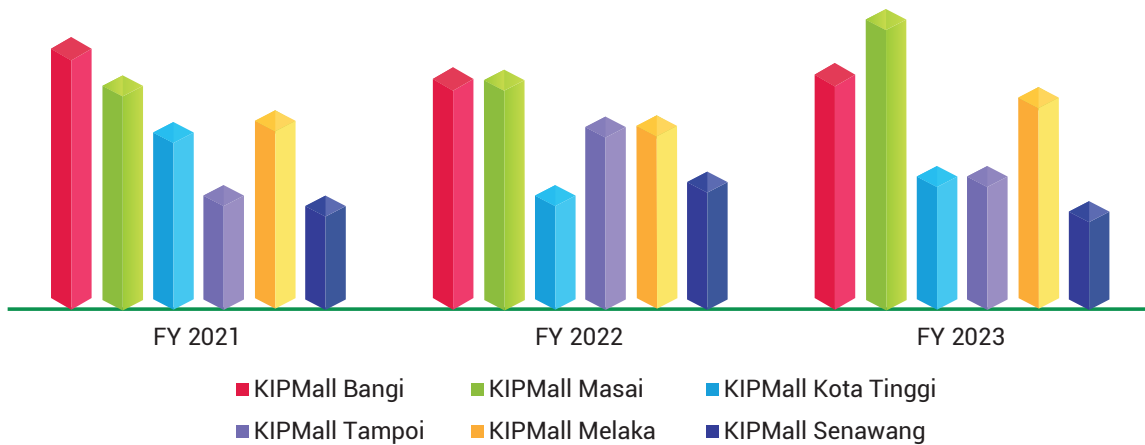
Scope 2 GHG Emissions (tCO₂)



Property (Mall)	Scope 2 GHG Emissions (tCO ₂)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	1,221	1,093	1,139
KIPMall Masai	753	776	960
KIPMall Kota Tinggi	270	151	178
KIPMall Tampoi	309	558	379
KIPMall Melaka	735	665	786
KIPMall Senawang	202	265	175
Total	3,490	3,508	3,617

SUSTAINABILITY STATEMENT (CONT'D)

Scope 2 GHG Emissions Intensity (tCO₂/m²)



Property (Mall)	Scope 2 GHG Emissions Intensity (tCO ₂ /m ²)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	0.038	0.034	0.035
KIPMall Masai	0.033	0.034	0.042
KIPMall Kota Tinggi	0.025	0.014	0.017
KIPMall Tampoi	0.014	0.026	0.017
KIPMall Melaka	0.029	0.026	0.031
KIPMall Senawang	0.012	0.016	0.011
Total	0.151	0.150	0.153

Due to the increased consumption of grid-sourced electricity, our total Scope 2¹ GHG emissions have increased over the past three years. Currently, FY 2023 recorded the highest emissions among the three years, with a 3.11% increase compared to FY 2022 and a 3.64% increase compared to FY 2021. Emission intensity also increased in a similar trend, with FY 2023 experiencing an increase of 2.00% compared to FY 2022 and 1.32% compared to FY 2021.

¹ 2017 CDM Electricity Baseline for Malaysia: <https://www.mgtc.gov.my/wp-content/uploads/2019/12/2017-CDM-Electricity-Baseline-Final-Report-Publication-Version.pdf>

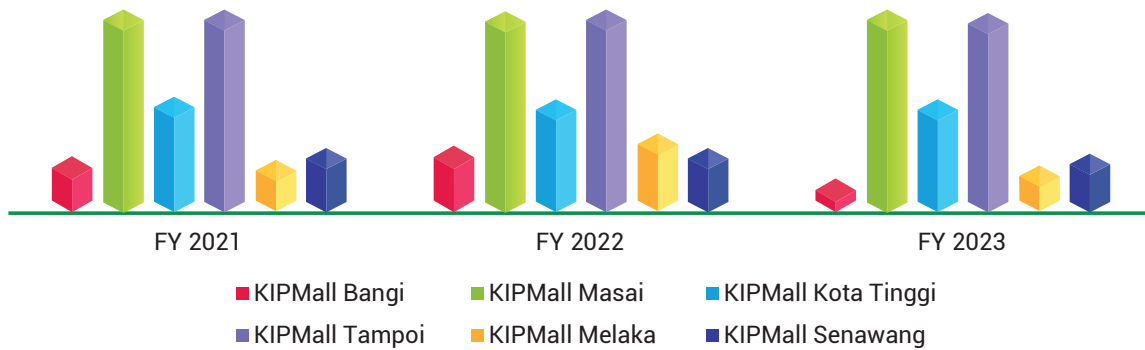
SUSTAINABILITY STATEMENT (CONT'D)

Waste Management

Municipal waste comprises a large portion of the waste produced by the occupants of our properties. Poor waste management, like non-systematic segregation and illegal disposal, can lead to serious environmental risks such as air, water, and soil contamination. Optimising site waste management is thus important for preserving the wellbeing of the environment and community.

We are committed to managing all waste generated by our operations and rigorously abide by all local waste regulations. To facilitate this, we employed licenced contractors to collect and dispose of waste at all of our properties in compliance with applicable regulatory regulations.

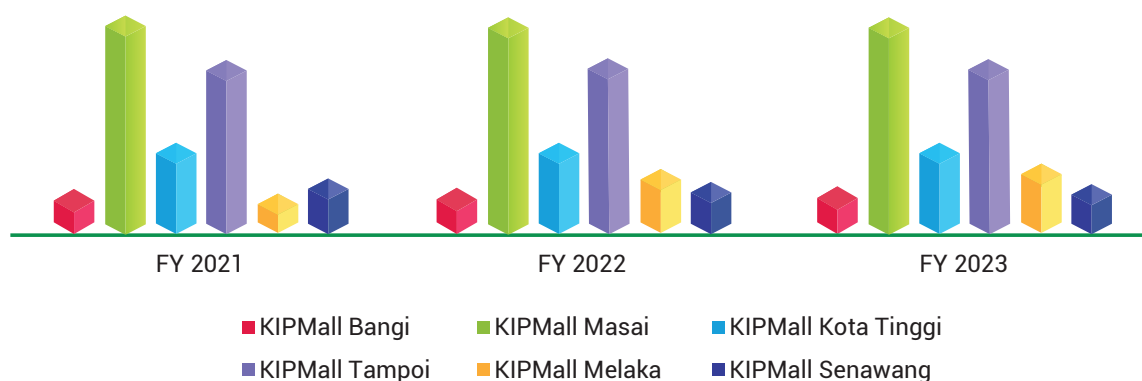
Total Waste Generated (Tonne)



Property (Mall)	Total Waste Generated (Tonne)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	32,960	40,280	16,340
KIPMall Masai	146,000	146,400	145,600
KIPMall Kota Tinggi	78,475	78,475	78,260
KIPMall Tampoi	146,000	146,400	145,600
KIPMall Melaka	29,200	48,500	25,367
KIPMall Senawang	38,400	38,400	36,600
Total	471,035	498,455	447,767

SUSTAINABILITY STATEMENT (CONT'D)

Waste Disposed to Landfill (Tonne)



Property (Mall)	Waste Disposed to Landfill (Tonne)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	309	318	315
KIPMall Masai	1,825	1,830	1,820
KIPMall Kota Tinggi	730	730	728
KIPMall Tampoi	1,460	1,464	1,456
KIPMall Melaka	292	485	513
KIPMall Senawang	384	384	366
Total	5,000	5,211	5,198

In FY 2023, KIP REIT generated a total of 447,767 tonnes of waste, a 10.17% decrease compared to FY 2022 and a 4.94% decrease compared to FY 2021. KIPMall Masai and KIPMall Tampoi have consistently generated the most waste among the six (6) KIPMalls in our portfolio over the past three years. This is primarily attributed to the high turnover of fresh market produce in these malls, as malls with larger fresh market zones consequently produce a large amount of waste. KIPMall Kota Tinggi, the third largest contributor of waste, follows a similar layout concept to the Masai and Tampoi malls, though it is only half the size of both in terms of fresh market area.

We disposed 5,198 tonnes of waste to landfills this reporting period, which is a decrease of 0.25% compared to FY 2022 and an increase of 3.96% compared to FY 2021. Of the three financial years, FY 2022 recorded the highest waste disposed to landfills, attributable to the MCO period that took place within the financial year. During the MCO, many of our essential tenants, particularly those operating within the fresh market segments, experienced increased customer traffic and consumer demand for essential food items. This resulted in increased sales and higher inventory turnover, leading to elevated waste production. We have since returned to our initial collection schedule and daily waste collection procedures in FY 2023, recording an overall decrease in waste disposed.

The waste contractors we engaged with helped us manage our waste diversion to landfills. While we have yet to implement formal recycling measures, we are keen on enacting suitable waste mitigation and recovery measures in the future. In addition, certain KIP REIT tenants, such as supermarket tenants also initiated recycling measures such as implementing recycle boxes.

SUSTAINABILITY STATEMENT (CONT'D)

Water Stewardship

Water scarcity impacts 40% of the world's current population. Considering this global water resource trend, water conservation has become an increasingly central aspect of the property sector's focus on sustainability.

As a REIT, we are committed to optimising water consumption across our properties and promoting water management solutions to elevate long-term water sustainability. We also raised awareness on responsible water use among our tenants, customers, service providers, and cleaners across our property portfolio using educational posters displayed in various public spaces.

Water Consumption (m³)



Property (Mall)	Water Consumption (m ³)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	59,149	43,234	46,333
KIPMall Masai	58,769	56,031	64,672
KIPMall Kota Tinggi	30,636	32,530	33,270
KIPMall Tampoi	96,895	89,725	85,690
KIPMall Melaka	47,823	57,947	65,089
KIPMall Senawang	27,927	25,378	26,015
Total	321,199	304,845	321,069

Water Use Intensity (m³/m²)

Property (Mall)	Water Use Intensity (m ³ /m ²)		
	FY 2021	FY 2022	FY 2023
KIPMall Bangi	2	1	1
KIPMall Masai	3	2	2
KIPMall Kota Tinggi	3	3	3
KIPMall Tampoi	4	4	4
KIPMall Melaka	2	2	2
KIPMall Senawang	2	2	1
Total	16	14	13

Among the three reporting years, FY 2021 recorded the highest water consumption, with KIPMall Tampoi being the largest consumer that year. This remained consistent from FY 2021 to FY 2023. Conversely, KIPMall Senawang recorded the lowest water consumption for all three years. This difference is a result of increased water consumption by KIPMall Tampoi's fresh market tenant operations with Masai, Kota Tinggi and Melaka following a similar trend of high water consumption. The remaining malls either feature a smaller fresh market zone or none, leading to lower consumption in comparison.

SUSTAINABILITY STATEMENT (CONT'D)

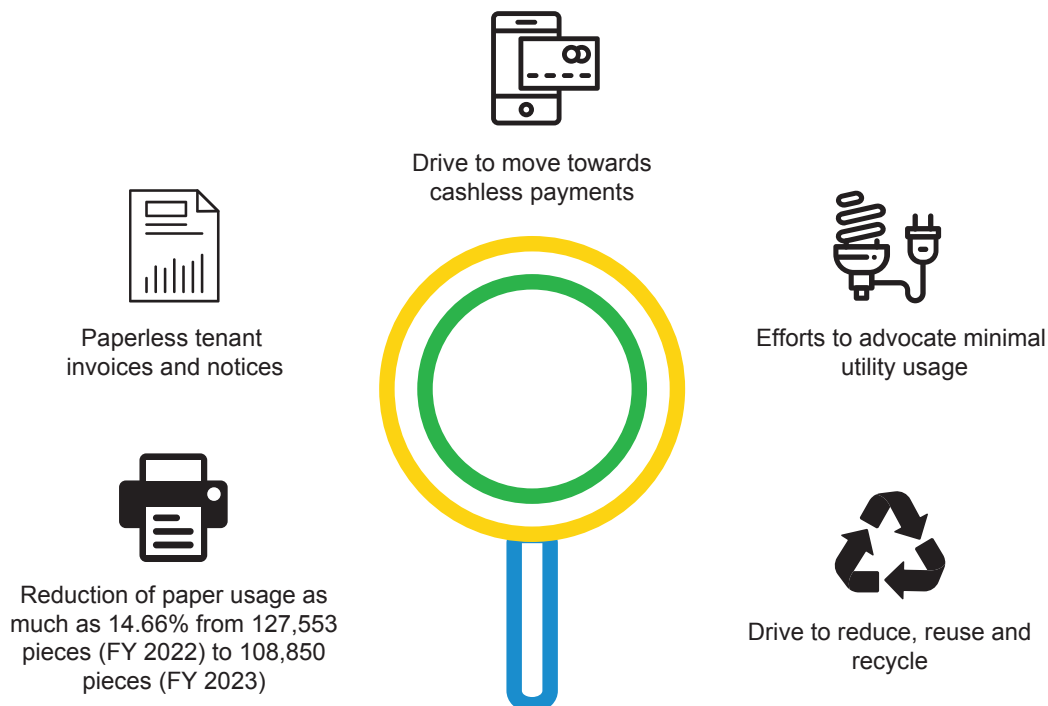
Water Stewardship (Cont'd)

There was a slight fluctuation in the trend in water consumption over the past three years, with first a decrease and then an increase in recorded consumption. A total of 321,069 m³ was consumed in FY 2023, which is an increase of 5.32% compared to FY 2022 and a decrease of 0.04% in comparison with FY 2021. In contrast, water use intensity experienced a steady downward trend, with a 7.14% decrease compared to last year and 18.75% compared to FY 2021. This is indicative of the efficacy of our water efficiency measures.

Responsible Resource Use

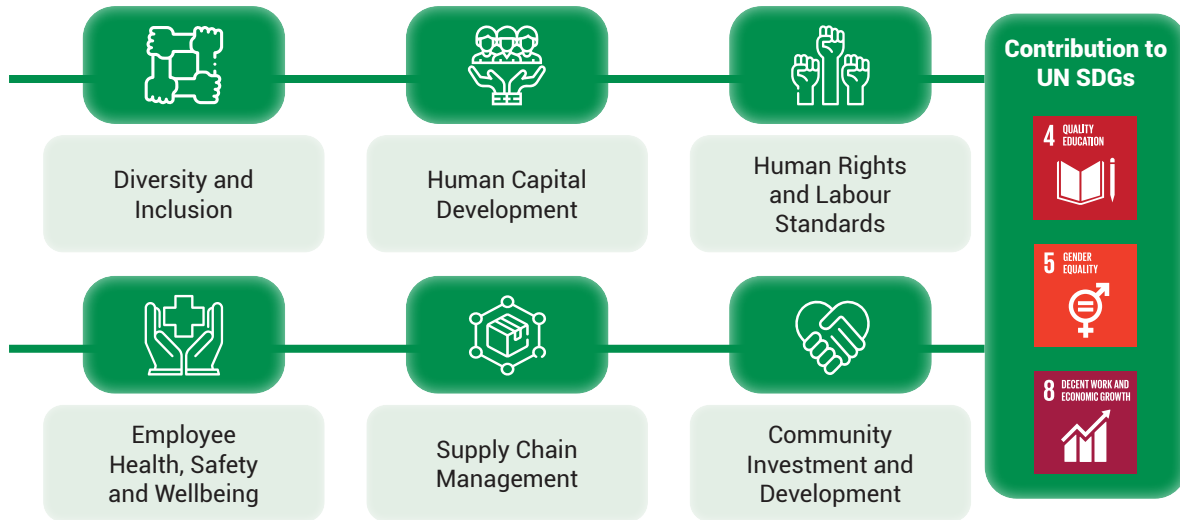
Reducing the use of non-renewable resources is a component of our commitment to the global journey towards carbon neutrality. In order to promote prudent resource consumption, the Manager engages in continued communication with internal and external stakeholders. We are also focused on reducing our overall consumption by implementing paper-saving measures such as:

- **Print only when necessary.** Encouraged the use of digital documents, email, and cloud storage for sharing and storing information, and only printing documents when absolutely necessary.
- **Double-sided printing:** Set the default printer settings to print on both sides of the paper.
- **Digital signatures:** Promoted the use of digital signatures for approvals, contracts, and other documents that traditionally require physical signatures.
- **Electronic communication:** Encouraged the use of email, instant messaging, and collaboration tools for internal communication.
- **Online forms and surveys:** Replaced the use of paper-based forms and surveys with digital alternatives.
- **Paperless billing and invoicing:** Used electronic billing and invoicing methods.



SUSTAINABILITY STATEMENT (CONT'D)

Empowering People and Communities



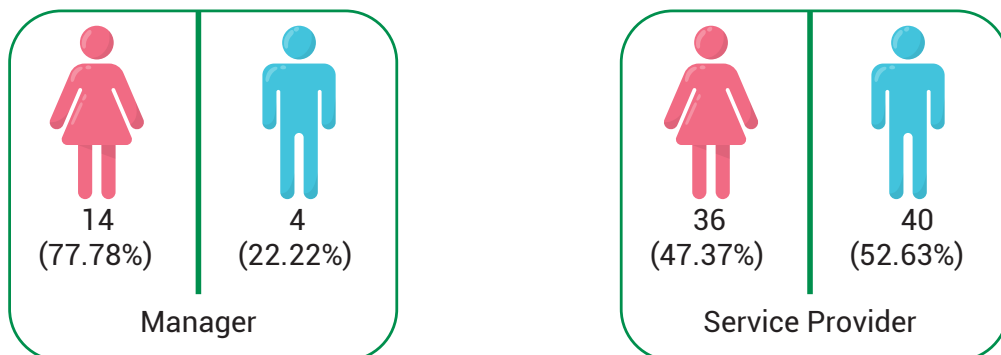
We recognise that people are key to attaining our long-term objectives. At KIP REIT, our commitment to creating positive social impacts and fostering thriving communities is centred on people. We endeavour to cultivate meaningful connections with our staff members by promoting an appealing and healthy work environment that supports a culture of sustainability and responsibility.

Diversity and Inclusion

Embedding a Culture of Inclusivity

Attracting, recruiting, and retaining qualified talent with sector-specific expertise will ensure our future business success. We actively embrace equitable and impartial employment practices to build a gender-balanced, inclusive organisation with diverse perspectives that strongly supports innovation. We also prioritise cooperation and mutual understanding as we foster a culture of zero tolerance for any form of discrimination throughout the REIT.

The Manager places a high value on gender diversity due to its beneficial impact on business performance. As a result, we are continuously striving to increase female representation.




SUSTAINABILITY STATEMENT (CONT'D)

Diversity and Inclusion (Cont'd)

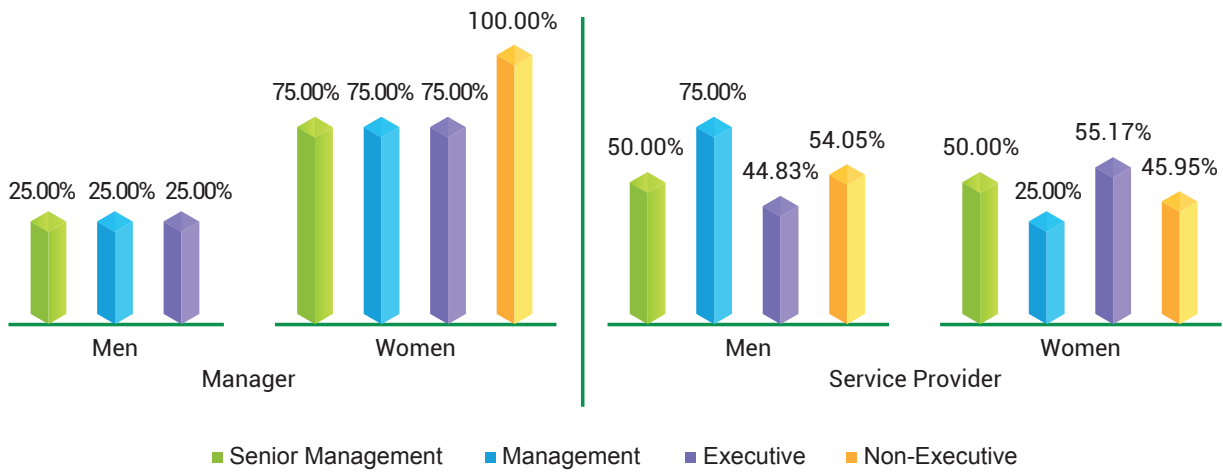
Embedding a Culture of Inclusivity (Cont'd)

In FY 2023, the Manager's workforce comprised of four (22.22%) men and 14 (77.78%) women, while the Service Provider had 40 (52.63%) men and 36 (47.37%) women in their employ. Two directors are in the 30- to 50-year-old range (33.33%) while the remaining are above 50 years of age (66.67%).



The Manager's Board of Directors consists of 33.33% women which is in compliance with MCGG recommendations

Employee Category by Gender in FY 2023



Manager

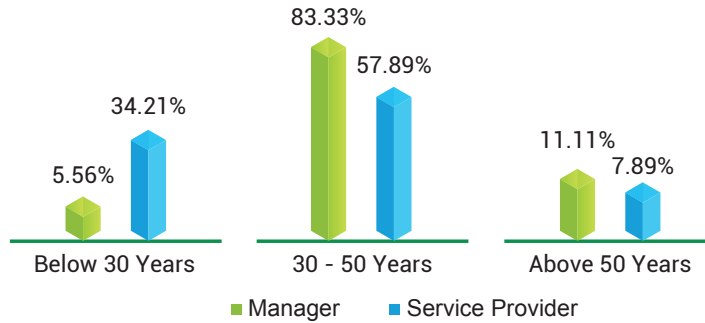
	FY 2021		FY 2022		FY 2023	
	Men	Women	Men	Women	Men	Women
Senior Management	66.67%	33.33%	66.67%	33.33%	25.00%	75.00%
Management	20.00%	80.00%	-	100.00%	25.00%	75.00%
Executive	-	100.00%	-	-	25.00%	75.00%
Non-Executive	60.00%	40.00%	50.00%	50.00%	-	100.00%

Service Provider

	FY 2021		FY 2022		FY 2023	
	Men	Women	Men	Women	Men	Women
Senior Management	100.00%	-	50.00%	50.00%	50.00%	50.00%
Management	100.00%	-	100.00%	-	75.00%	25.00%
Executive	48.78%	51.22%	51.72%	48.28%	44.83%	55.17%
Non-Executive	54.05%	45.95%	57.50%	42.50%	54.05%	45.95%

SUSTAINABILITY STATEMENT (CONT'D)

Employee by Age Group in FY 2023



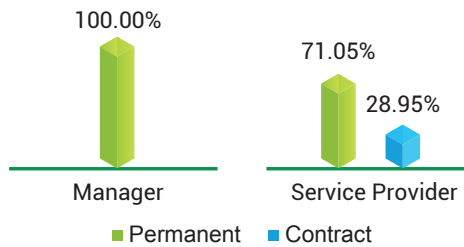
Manager

	FY 2021	FY 2022	FY 2023
<30	14.29%	10.00%	5.56%
30-50	57.14%	80.00%	83.33%
>50	28.57%	10.00%	11.11%

Service Provider

	FY 2021	FY 2022	FY 2023
<30	41.67%	34.67%	34.21%
30-50	52.38%	57.33%	57.89%
>50	5.95%	8.00%	7.89%

Employee by Employment Type



Manager

	FY 2021	FY 2022	FY 2023
Permanent	100.00%	100.00%	100.00%
Contract	-	-	-

Service Provider

	FY 2021	FY 2022	FY 2023
Permanent	98.81%	69.33%	71.05%
Contract	1.19%	30.67%	28.95%

SUSTAINABILITY STATEMENT (CONT'D)

Human Capital Development

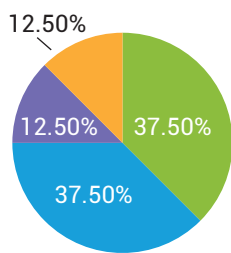
Fostering an Engaging Culture

The Manager aims to create and sustain an engaging workplace culture that encourages high job satisfaction, and has adopted a proactive approach to developing and engaging with our people for this purpose. We also equipped our workers with the right tools and resources which aid cross-collaboration throughout the Group, allowing us to develop sustainable business solutions and provide exceptional services.

The Manager established a formal structure to encourage employee engagement. KIP REIT Management Sdn Bhd hosted monthly staff lunches and welcome lunches for new onboard hires, while all malls participated in KIP REIT’s annual dinner and monthly Complex Management Meetings (“CMM”). In addition, we host a “Majlis Berbuka Puasa” every year during the Ramadan season to celebrate this holy month with our Muslim employees.

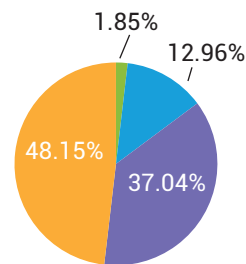
We are committed to nurturing our people through talent development programmes, empowering them to reach their full potential through the acquisition of relevant knowledge and skills. These programmes also encompass organisational core competencies and position-specific competencies. In addition, we encouraged our employees to discuss their performance and aspirations with their supervisors during the annual performance and career development review, which enabled us to identify specific training requirements and expectations.

Employee Performance Appraisal in FY 2023 (Manager)



■ Senior Management ■ Management
 ■ Executive ■ Non-Executive

Employee Performance Appraisal in FY 2023 (Service Provider)



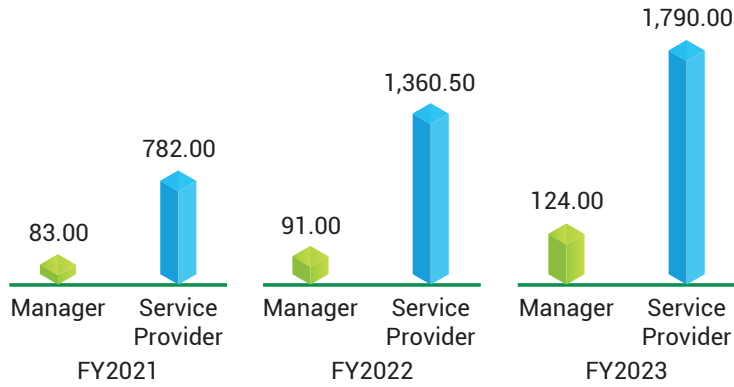
■ Senior Management ■ Management
 ■ Executive ■ Non-Executive

This fiscal year, the Manager invested a total of RM 50,508.25 towards learning and development programmes and ensured that all employees, regardless of gender or employee category, were provided upskilling opportunities to grow and excel within their careers across the REIT.

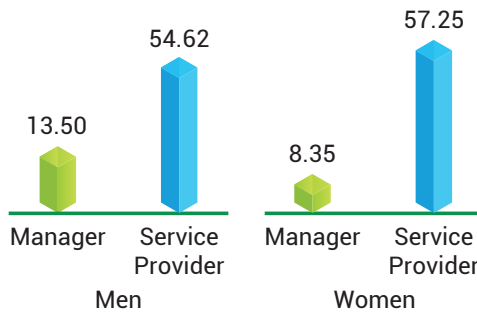
Comparing FY 2023 to FY 2022, the total number of training hours completed by employees increased by 31.86% with the Service Provider recording a greater number of training hours than the Manager. Among all four employment tiers, non-executives and executives recorded the highest number of training hours. We allocate more training hours for non-executives as they comprise the majority of our workforce. By upskilling our non-executive employees and providing them the opportunity to obtain career-specific knowledge, we improve their job performance and enhance overall company productivity.

SUSTAINABILITY STATEMENT (CONT'D)

Total Training Hours



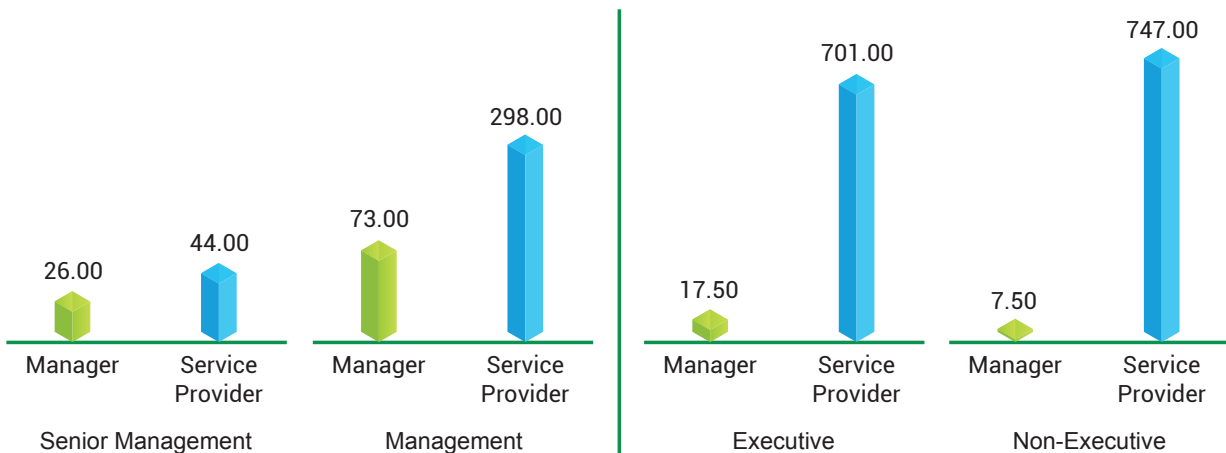
Average Training Hours by Gender in FY 2023



The training programmes attended by KIP REIT staff include:

- KSY 774: Steps to Develop and Implement an ESG Strategy
- MFT318: Inflation, Financial Crisis and Currency War
- M-Reits & The Road Ahead
- Amiro Race - Communication through Gamification
- RR Tenancy Management System
- Briefing of Sexual Harassment Policy

Training Hours by Employee Category in FY 2023

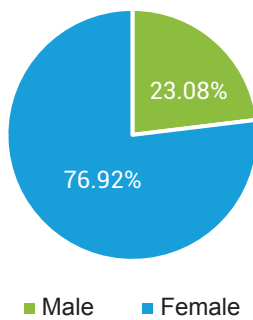


SUSTAINABILITY STATEMENT (CONT'D)

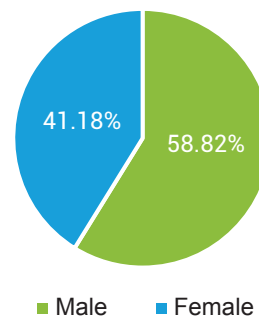
New Hires and Employee Turnover

To support business growth, we actively seek competent and talented employees with the right experience level to supplement the team, both internally and externally. As such, we work to attract qualified new talent while retaining our existing and experienced workforce, evaluating employees based on their qualifications, skills, and experience.

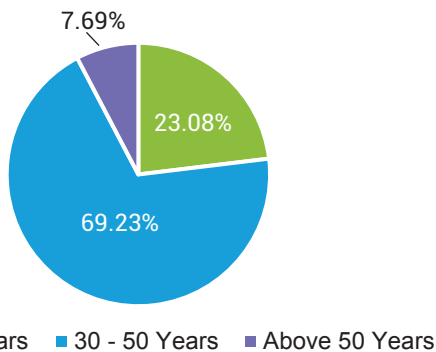
New Hire by Gender in FY 2023 (Manager)



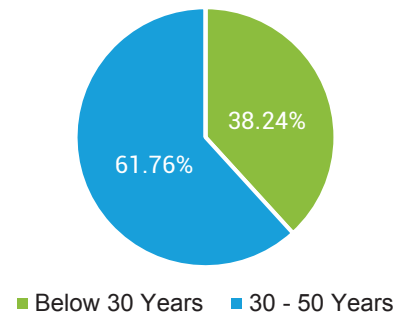
New Hire by Gender in FY 2023 (Service Provider)



New Hire by Age Group in FY 2023 (Manager)



New Hire by Age Group in FY 2023 (Service Provider)

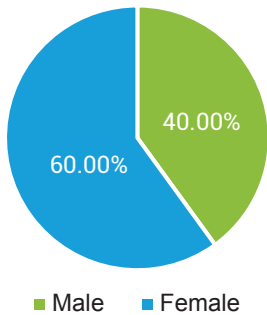


SUSTAINABILITY STATEMENT (CONT'D)

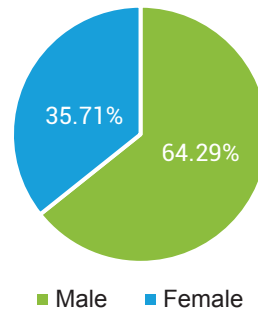
In FY 2023, the new hires for the Manager comprised three men (23.08%) and 10 women (76.92%). Conversely, the Service Provider hired 20 men (58.82%) and 14 women (41.18%).

In terms of age groups, the Manager's new hires are comprised of nine (69.23%) in the 30- to 50-year-old age group, three (23.08%) below 30 years old, and one (7.69%) above 50 years old. Meanwhile, the Service Provider had 13 (38.24%) new employees below the age of 30 and 21 (61.76%) in the 30- to 50-year-old age group.

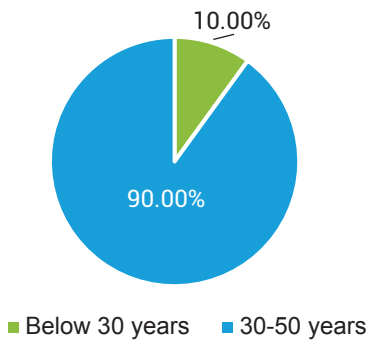
Employee Turnover by Gender in FY 2023 (Manager)



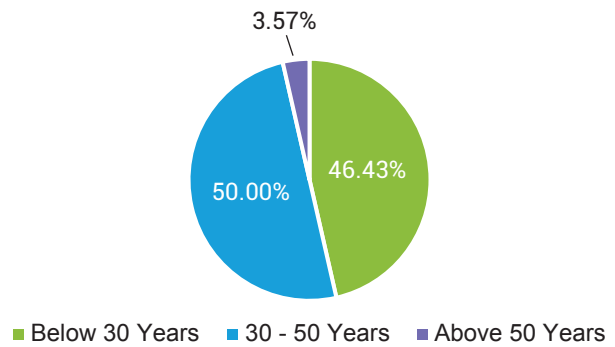
Employee Turnover by Gender in FY 2023 (Service Provider)



Employee Turnover by Age Group in FY 2023 (Manager)

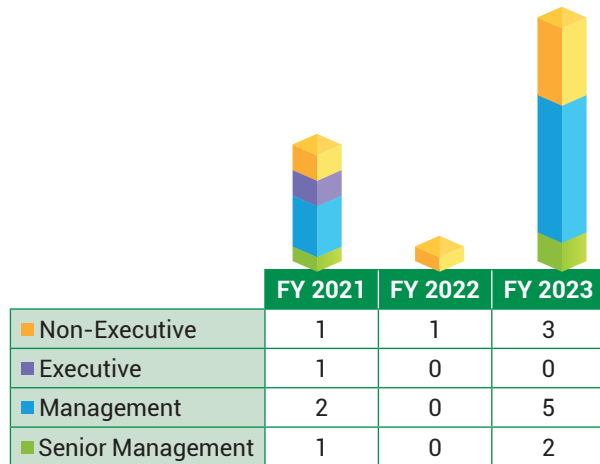


Employee Turnover by Age Group in FY 2023 (Service Provider)

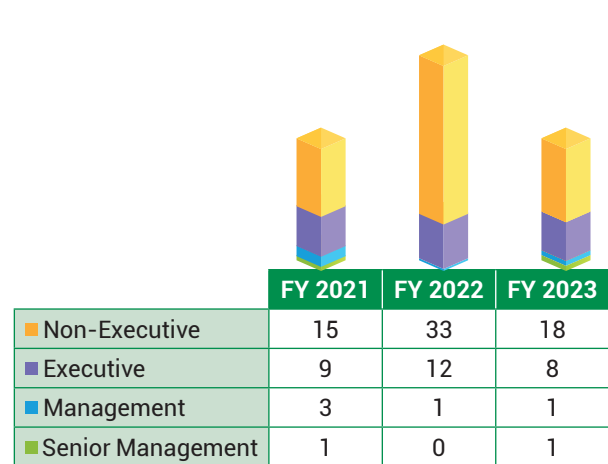


SUSTAINABILITY STATEMENT (CONT'D)

Employee Turnover by
Employee Category (Manager)



Employee Turnover by
Employee Category (Service Provider)



With regard to age group, the highest recorded resignation for both the Manager and Service Provider was for the 30- to 50-year-old bracket at 90% and 50% respectively. Meanwhile, the lowest recorded percentage was for the Service Provider at 3.57% for the above-50 age group.

Human Rights and Labour Standards

We firmly believe in respecting the fundamental rights of all people and the right to free speech. All KIP REIT decisions and actions are founded on ethical principles in various policies that promote a mutually beneficial, transparent relationship with our people.

The REIT's Labour Rights Policy outlines the standards that must be upheld with respect to employee human rights across KIP, covering non-discriminatory employment and the provision of the Minimum Wage. We also adhere to the Employment Act of 1955 and have zero tolerance for any form of child labour, forced labour, or indentured labour in our operations. The REIT strives to maintain a strong ethical culture to create a safe and respectful workplace free of sexual violence, harassment, and intimidation via our Sexual and Harassment Policy. In FY 2023, there were no reports of discrimination or human rights violations.

We also work to promote human rights via the Employment Amendment Act 2022 training, educating our workforce for the long-term prevention of human rights abuses. By empowering our employees with information on their rights, we encourage them to uphold their own rights and advocate for others, creating an ethical and respectful business culture.

Operations	Number of employees	Average number of training hours on human rights (hours)
KIP REIT Management Sdn. Bhd	11	1.50
KIPMall Bangi	6	
KIPMall Masai	15	
KIPMall Kota Tinggi	7	
KIPMall Tampoi	14	
KIPMall Melaka	12	
KIPMall Senawang	6	

SUSTAINABILITY STATEMENT (CONT'D)

Employee Benefits

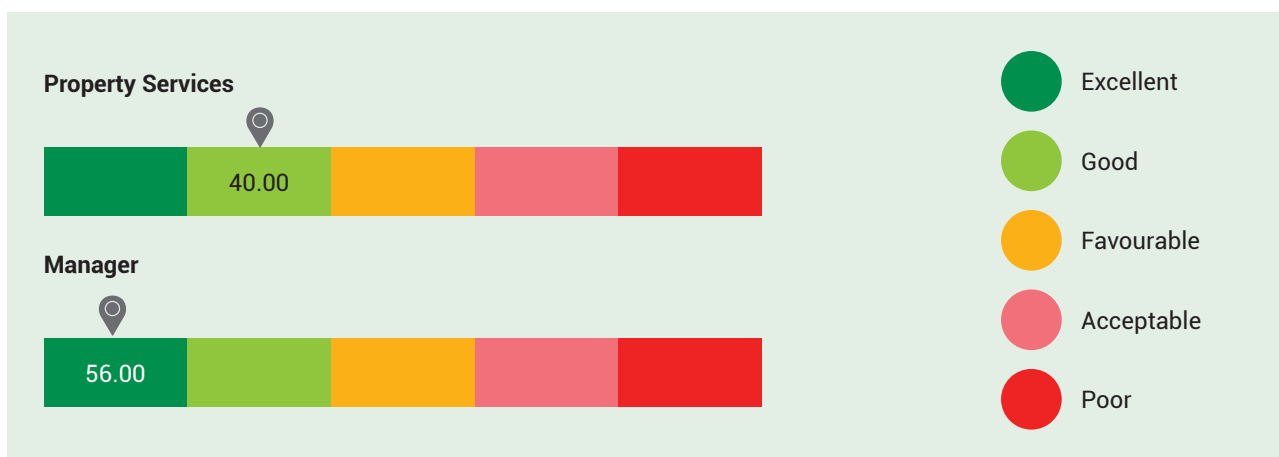
To encourage job satisfaction and facilitate more meaningful and rewarding careers, the REIT provides extensive benefits to all our employees, both permanent and contract staff. These attractive employee benefits include:



As per the Employment Act 1955, all employees are eligible for parental leave. In FY 2023, two staff members went on parental leave, with one taking maternal leave and one taking paternal leave. Both employees returned to work and continued to work for KIP REIT after a period of 12 months.

Parental Leave FY 2023	Men	Women
Number of employees that took parental leave	1	1
Number of employees that returned after parental leave	1	1
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	1	1

Employee Satisfaction



Satisfied employees are more engaged, dedicated and innovative, enabling them to provide exceptional service that drives the REIT’s growth and performance. We strive to secure employee satisfaction, and as such implemented the Employee Net Promoter Score (“eNPS”), an effective survey-based method to determine the satisfaction and engagement level of employees and gain insight into their needs and expectations.

Based on this year’s survey, Property Services employees scored 40 which amounts to an overall “Good” satisfaction level. Meanwhile, the satisfaction of employees under the Manager recorded a score of 56, translating to “Excellent” satisfaction.

SUSTAINABILITY STATEMENT (CONT'D)

Employee Health, Safety and Wellbeing

At KIP RIET, we utilise a number of policies for an integrated approach to the successful health and safety management of our employees, tenants and patrons. These policies detail rigorous processes for identifying and reviewing health and safety hazards, ensuring accountability, developing action plans and engaging with various stakeholders.

The KIPMall Safety and Health Policy proactively encourages a culture of safety and safeguards the wellbeing of all individuals within the mall premises by upholding compliance with relevant safety and health regulations. We align our Occupational Safety and Health Policy with the Occupational Safety and Health Act 1994, incorporating safety measures such as fire, hygiene, and waste disposal measures. Among our HR officers, we elected a safety and health representative, who acts as an advisor on all policy issues and coordinates regular OSH inspections to identify and control hazards within the premises, ensuring a hazard-free workplace. OSH matters are periodically communicated to employees via internal memos and OSH training.

- Emergency Response Team and Fire Drill Training
- Seminar on Laws by the Fire and Safety Department
- Occupational Safety and Health at Workplace

We are pleased to report that due to the effective implementation of our Health and Safety Policies, there were zero incidents of work-related fatality or permanent disability recorded in FY 2023.

Number of hours worked	Manager		Service Provider	
	Male	Female	Male	Female
	4,686	16,866	84,480	76,032

SUSTAINABILITY STATEMENT (CONT'D)

Supply Chain Management

As a REIT, we act primarily as an asset manager and thus have a limited role in the procurement of contractors and other service providers for our properties. Though the terms of triple-net lease agreements stipulate that all supply chain decisions and expenditures are under the tenant's purview, other properties require the approval of KIP REIT for any construction work or total asset replacement. Further to that, all management services for these properties are overseen by the REIT's property managers. The Manager closely monitors all procurement and supply chain management decisions as they can impact operations.

The Manager works diligently to guarantee the quality and sustainability of our supply sources. This is accomplished through meticulous selection based on internal standards and our sustainability targets, taking into consideration each supplier's qualifications and experience during the evaluation process. We appoint suppliers based on their quality and competitiveness and also reassess previously selected suppliers using the same process. Upon selection, suppliers will be granted appointment letters for their services.

A supplier performance re-evaluation is conducted on an annual basis to ascertain whether quality is upheld by our suppliers. In FY 2023, we spent 100% of our procurement budget on local suppliers.

Community Investment and Development

KIP REIT supports positive societal developments through charitable contributions and implements various community initiatives. We intend to play an active role in building up local communities and promoting their wellbeing through Corporate Responsibility ("CR") programmes.

Meals for the Community: Lontong Community Cookout



On the 1st of April 2023, a food distribution community initiative was held in the spirit of Ramadan at KIPMall Tampoi. Organised in collaboration with the Pulai Parliament, 18 associations, three NGOs, and local authorities, KIP REIT and our generous tenants provided an in-kind donation consisting of groceries and cooking items totaling RM 8,500 to the cause.

Multiple parties collaborated to create delectable Lontong Kering from scratch, exemplifying the collaborative strength of the local communities. The hot, scrumptious meal was handed out to a total of 1,300 shoppers visiting the Ramadan Bazaar.

SUSTAINABILITY STATEMENT (CONT'D)

Celebrating Hari Raya Aidiladha: Gift with Purchase Programme



During Hari Raya Aidiladha, we carried out a special promotional event called the Gift with Purchase (“GWP”) programme at KIPMall Masai. During the promotion, any customer who spent a minimum of RM 30 or more on purchases at any shop outlet at the mall was entitled to receive a complimentary 1.5-litre bottle of carbonated drink.

Every Drop Counts: Blood Donation Campaigns



KIP REIT organises a blood donation drive every two months at our KIPMall Kota Tinggi. Conducted in collaboration with healthcare organisations and other NGOs, each blood donation drive targets different blood donor types. These drives serve as easily accessible points of contact for donors and medical institutions in need of a healthy blood supply. The multiple facilities of the mall, such as ample parking spaces and various retail shops, benefit families with demanding work schedules who are unable to make direct donations to hospitals.

On average, 150 individuals donate blood at each blood drive. Given that each donation has the potential to save up to three lives, an effective donation campaign could impact 450 lives.

SUSTAINABILITY STATEMENT (CONT'D)

Empowering Healthcare Awareness: Jom Sihat Carnival



Four government healthcare agencies collaborated with KIP REIT to host a Jom Sihat Carnival at KIPMall Bangi. This campaign scheduled various healthcare awareness programmes that invited shoppers to participate in engaging activities and talks and was aimed at raising drug awareness and providing fitness and healthy lifestyle tips. A blood donation drive was organised in conjunction with this event, and a total of 110 people donated blood, which could potentially impact 330 lives.

Conclusion

Our commitment to positively impacting the communities that we serve is steadfast. As we progress in our ESG-centric ambitions, we are dedicated to upholding integrity across all our real estate assets and management operations. We will continue to strive to be transparent, equitable, and environmentally responsible to generate value for continued long-term growth. Working collaboratively with our stakeholders, we will strengthen our sustainability strategies and our efforts to materialise our commitments for a better tomorrow.

SUSTAINABILITY STATEMENT (CONT'D)

GRI Content Index

Statement of use	KIP REIT has reported the information cited in this GRI content index for the period 1 July 2022 until 30 June 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 2: General Disclosures 2021	2-1 Organisational details	64
	2-2 Entities included in the organisation's sustainability reporting	
	2-3 Reporting period, frequency and contact point	64-65
	2-6 Activities, value chain and other business relationships	64-65, 77-78
	2-7 Employees	93-95
	2-8 Workers who are not employees	95
	2-9 Governance structure and composition	71
	2-10 Nomination and selection of the highest governance body	45-48
	2-11 Chair of the highest governance body	71
	2-12 Role of the highest governance body in overseeing the management of impacts	71
	2-13 Delegation of responsibility for managing impacts	71
	2-14 Role of the highest governance body in sustainability reporting	71
	2-23 Policy commitments	72, 81, 100, 102
	2-24 Embedding policy commitments	72, 81, 100, 102
	2-25 Processes to remediate negative impacts	81-82
	2-26 Mechanisms for seeking advice and raising concerns	81
	2-27 Compliance with laws and regulations	72, 81, 100, 102
2-29 Approach to stakeholder engagement	73-74, 77-78	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	75-76
	3-2 List of material topics	76
GRI 201: Economic Performance	201-1: Direct economic value generated and distributed	79
	201-4: Financial assistance received from government	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	103
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	84-86
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	86
GRI 303: Water and Effluents 2018	303-5 Water consumption	91-92
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	87-88
	305-4 GHG emissions intensity	88
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	89-90
	306-5 Waste directed to disposal	89
GRI 307: Environmental Compliance	307-1: Non-compliance with environmental laws and regulations	89

SUSTAINABILITY STATEMENT (CONT'D)

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	98-100
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	101
	401-3 Parental leave	101
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	102
	403-5 Worker training on occupational health and safety	102
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	97
	404-2 Programmes for upgrading employee skills and transition assistance programmes	97
	404-3 Percentage of employees receiving regular performance and career development reviews	96
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	93-95
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	103-105
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	82

TCFD Content Index

TCFD Recommendation	References / Location
Governance	78
Strategy	
Risk Management	
Metrics and Targets	

DIRECTORS' RESPONSIBILITY STATEMENT FOR PREPARATION OF THE FINANCIAL STATEMENTS

In compliance with the Paragraph 15.26(a) of the MMLR, the Directors are pleased to report that KIP REIT's financial statements for the FYE 2023 was prepared in accordance with the Deeds, REIT Guidelines, Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), the provisions of the Companies Act 2016 ("CA 2016") as well as the MMLR.

To this end, the Directors are satisfied that the financial statements give a true and fair view of the state of affairs of KIP REIT as at 30 June 2023, and of the financial performance and cash flows for the FYE 2023.

In preparing the financial statements for the FYE 2023, the Directors have: -

- Adopted and applied suitable and appropriate accounting policies consistently;
- Ensured compliance with applicable accounting standards, including MFRS, IFRS and CA 2016, subject to any material departure being explained in the financial statements;
- Made judgements and estimates which are reasonable and prudent; and
- Ensured the financial statements have been prepared on a going concern basis.

The Directors are also having general responsibilities to take reasonable steps in safeguarding KIP REIT's assets to prevent and detect fraud, other irregularities and material misstatements. In addition, the Directors also ensure that proper accounting and other relevant records for the preparation of financial statements are kept with reasonable accuracy at all times.

This statement was approved by the Board on 24 July 2023.

MANAGER'S REPORT

The Manager of KIP Real Estate Investment Trust ("KIP REIT" or "Fund"), KIP REIT Management Sdn. Bhd. ("Manager"), is pleased to submit their report and audited financial statements of KIP REIT and its wholly-owned subsidiary, KIP REIT Capital Sdn. Bhd. ("Group") for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITY OF THE MANAGER

The principal activity of the Manager is the management of KIP REIT. There has been no significant change in the nature of this activity during the financial year.

THE FUND AND ITS INVESTMENT OBJECTIVE

KIP REIT is a Malaysia-domiciled real estate investment trust ("REIT") established on 2 November 2016 pursuant to the deed of trust dated 2 November 2016, an amended and restated deed dated 12 December 2019, and a supplementary deed dated 29 September 2020 (collectively referred to as the "Deeds") between the Manager and Pacific Trustees Berhad ("Trustee"), listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 6 February 2017 and regulated by the Securities Commission Act 1993, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines"), the Listing Requirements of Bursa Securities, the Rules of Bursa Malaysia Depository ("Depository") and taxation laws and rulings.

The principal investment policy of KIP REIT is to invest, directly and indirectly, in a portfolio of income producing real estate used for retail purposes, and for industrial or commercial purposes, including, without limiting the generality of the foregoing, warehousing facilities, logistic facilities and manufacturing sites as well as real estate-related assets. The nature of KIP REIT's investment shall be long-term, with a period of at least five years.

DISTRIBUTION OF INCOME

KIP REIT had declared distributions in the financial year as follows:-

- 1.450 sen per unit for the period from 1 July 2022 to 30 September 2022, which was paid on 23 November 2022.
- 1.450 sen per unit for the period from 1 October 2022 to 31 December 2022, which was paid on 21 February 2023.
- 1.550 sen per unit for the period from 1 January 2023 to 31 March 2023, which was paid on 30 May 2023.
- 1.750 sen per unit for the period from 1 April 2023 to 30 June 2023, which is payable on 29 August 2023.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS

The Directors who have served on the Board of the Manager, since the date of the last report are as follows:-

Datuk Dr Syed Hussain bin Syed Husman, PJN. JP
Dato' Ong Kook Liong
Datuk Mohamed Arsad bin Sehan
Ong Pui Shan
Chiam Tau Meng
Ong Tzu Chuen (appointed on 18 August 2022)
Chew Kheng Kai (resigned on 18 August 2022)

MANAGER'S REPORT (CONT'D)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Manager is a party, with the object or objects of enabling the Directors of the Manager to acquire benefits by means of the acquisition of units in or debentures of KIP REIT or any other body corporate, other than as disclosed in Directors' interest.

For the financial year ended 30 June 2023, no Director has received or become entitled to receive a benefit (other than certain directors receive remuneration as a result of their employment with the Manager or related corporations).

DIRECTORS' INTEREST

The following Directors of the Manager who held office at the end of the financial year had, according to the register of unit holdings in KIP REIT, interests in the units of KIP REIT as follows:-

	Number of units			Balance at 30.06.2023
	Balance at 01.07.2022	Addition	Disposal /Transferred	
Datuk Dr Syed Hussain bin Syed Husman, PJN. JP				
Direct	60,000	-	-	60,000
Dato' Ong Kook Liong				
Direct	61,486,283	1,000,000	-	62,486,283
Indirect	3,878,492	-	-	3,878,492
Datuk Mohamed Arsad bin Sehan				
Direct	60,000	240,000	-	300,000
Ong Pui Shan				
Direct	200,000	-	-	200,000
Ong Tzu Chuen				
Indirect	-	120,857,000	-	120,857,000

Other than as disclosed above, the other Directors who held office at the end of the financial year did not have interests in the units of KIP REIT.

OTHER INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Fund were prepared, the Manager took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Fund had been written down to an amount which the current assets they might be expected so to realise.

At the date of this report, the Manager is not aware of any circumstances:-

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Fund inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Fund misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Fund misleading or inappropriate.

MANAGER'S REPORT (CONT'D)

OTHER INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Manager, will or may affect the ability of the Group or of the Fund to meet its obligations when they fall due.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group or of the Fund which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Fund which has arisen since the end of the financial year.

At the date of this report, the Manager is not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Manager:-

- (a) the results of the Group's and of the Fund's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Fund for the financial year in which this report is made.

MATERIAL LITIGATION

The Manager is not aware of any material litigation as at the date of statement of financial position and up to the date of this report.

SOFT COMMISSION

There was no soft commission received by the Manager and/or its delegates during the financial year.

CIRCUMSTANCES THAT MATERIALLY AFFECT THE INTERESTS OF UNITHOLDERS

There are no circumstances which materially affect the interests of the unitholders.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 16 August 2023.

DATO' ONG KOOK LIONG
MANAGING DIRECTOR

ONG PUI SHAN
EXECUTIVE DIRECTOR CUM
CHIEF EXECUTIVE OFFICER

16 August 2023

STATEMENT BY THE MANAGER

In the opinion of the Directors of the Manager, the financial statements are drawn up in accordance with the provisions of the Deeds, the REIT Guidelines, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2023 and of their financial performance and cash flows for the financial year ended 30 June 2023.

Signed on behalf of the Board of the Manager in accordance with a resolution of the Directors of the Manager dated 16 August 2023.

DATO' ONG KOOK LIONG
MANAGING DIRECTOR

ONG PUI SHAN
EXECUTIVE DIRECTOR CUM
CHIEF EXECUTIVE OFFICER

STATUTORY DECLARATION

I, Ong Tzu Chuen the Executive Director of the Manager primarily responsible for the financial management of KIP REIT, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ONG TZU CHUEN
EXECUTIVE DIRECTOR

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 16 August 2023.

Before me:

COMMISSIONER FOR OATHS

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF KIP REIT (Established in Malaysia)

We have acted as Trustee of KIP REIT for the financial year ended 30 June 2023. In our opinion and to the best of our knowledge, the Manager has managed KIP REIT in accordance with the limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts, the Capital Markets and Services Act 2007, applicable securities laws and other applicable laws during the financial year then ended.

We have ensured the procedures and processes employed by the Manager to value and price the units of KIP REIT are adequate and that such valuation/pricing is carried out in accordance with the Deeds and other regulatory requirements.

We also confirm the income distributions declared during the financial year ended 30 June 2023 are in line with and are reflective of the objectives of KIP REIT. Income distributions have been declared for the financial year ended 30 June 2023 as follows:

- 1.450 sen per unit for the period from 1 July 2022 to 30 September 2022, which was paid on 23 November 2022.
- 1.450 sen per unit for the period from 1 October 2022 to 31 December 2022, which was paid on 21 February 2023.
- 1.550 sen per unit for the period from 1 January 2023 to 31 March 2023, which was paid on 30 May 2023.
- 1.750 sen per unit for the period from 1 April 2023 to 30 June 2023, which is payable on 29 August 2023.

For and on behalf of the Trustee,
PACIFIC TRUSTEES BERHAD

RAZAK BIN AHMAD
Chief Executive Director

Kuala Lumpur,
Date: 16 August 2023

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF KIP REAL ESTATE INVESTMENT TRUST (ESTABLISHED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of KIP Real Estate Investment Trust ("the Fund") and its subsidiary ("the Group") give a true and fair view of the financial position of the Group and of the Fund as at 30 June 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Group and of the Fund, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Fund, and the statements of comprehensive income, statements of changes in net asset value and statements of cash flows of the Group and of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 118 to 166.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Fund. In particular, we considered where the Directors of the Manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Fund, the accounting processes and controls, and the industry in which the Group and the Fund operate.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE UNITHOLDERS OF KIP REAL ESTATE INVESTMENT TRUST (ESTABLISHED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Fund for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Fair value of investment properties</p> <p>As at 30 June 2023, KIP REIT's investment properties, carried at fair value, amounted to RM964.3 million.</p> <p>The fair valuation of KIP REIT's investment properties is based on valuation performed by an external valuer, engaged by management.</p> <p>We focused on this area due to the magnitude of the balance and the complexities in determining the fair value of the investment properties, which involved significant judgement and estimation.</p> <p><i>Refer to Note 3(b) (Summary of Significant Accounting Policies), Note 4 (Critical Accounting Estimates and Judgements) and Note 6 (Investment Properties).</i></p>	<p>We evaluated the competence, qualification and experience as well as the independence of the external valuer engaged by the management.</p> <p>We discussed with the external valuer independently without the presence of the management regarding the methodology and assumptions used in the valuation.</p> <p>We agreed, on a sample basis, the rental income and rental periods used in the valuation to underlying lease agreements, to satisfy ourselves of the accuracy of the data provided to the external valuer by management.</p> <p>We tested the significant inputs underpinning the valuation, such as term and reversionary rental, other income, outgoings and allowance for void, by agreeing them to the underlying lease data or comparing to historical trends.</p> <p>We also considered the valuation methodology used against those applied by other valuers for similar property types. We compared the capitalisation rates used in the valuation against available industry data, taking into consideration comparability and market factors.</p> <p>We reviewed and assessed the adequacy of the disclosures, including the sensitivity analysis on the relationship between the key assumptions used and the fair valuation of the investment properties in the financial statements.</p> <p>Based on the above procedures performed, we did not identify any material exceptions.</p>

Information other than the financial statements and auditors' report thereon

The Directors of the Manager are responsible for the other information. The other information comprises the 2023 Annual Report, the Manager's Report and the Trustee's Report, but does not include the financial statements of the Group and of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT

AUDITORS' REPORT (CONT'D)

TO THE UNITHOLDERS OF KIP REAL ESTATE INVESTMENT TRUST (ESTABLISHED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors of the Manager for the financial statements

The Directors of the Manager of the Fund are responsible for the preparation of the financial statements of the Group and of the Fund that give a true and fair view in accordance with the provisions of the Restated Trust Deed dated 12 December 2019, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts, applicable securities laws, Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors of the Manager are also responsible for such internal control as the Directors of the Manager determine is necessary to enable the preparation of financial statements of the Group and of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Fund, the Directors of the Manager are responsible for assessing the Group's and the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Manager either intend to liquidate the Group or the Fund or to terminate the Fund, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Manager.
- (d) Conclude on the appropriateness of the Directors of the Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Fund, including the disclosures, and whether the financial statements of the Group and of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE UNITHOLDERS OF KIP REAL ESTATE INVESTMENT TRUST
(ESTABLISHED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements (cont'd)

We communicate with the Directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Fund for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the unitholders of the Fund as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LEE TZE WOON KELVIN
03482/01/2024 J
Chartered Accountant

Kuala Lumpur
16 August 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current assets					
Equipment	5	1,520	1,946	1,520	1,946
Investment properties	6	964,300	852,000	964,300	852,000
Investment in a subsidiary	7	-	-	-*	-*
Total non-current assets		965,820	853,946	965,820	853,946
Current assets					
Trade and other receivables	8	8,810	4,095	8,810	4,095
Cash and cash equivalents	9	48,761	30,994	40,929	23,344
Total current assets		57,571	35,089	49,739	27,439
Total assets		1,023,391	889,035	1,015,559	881,385
Financed by:					
Unitholders' fund					
Unitholders' capital	10	573,785	492,333	573,785	492,333
Retained earnings		86,186	62,193	86,186	62,193
Total unitholders' fund		659,971	554,526	659,971	554,526
Non-current liabilities					
Borrowings	11	309,586	309,329	-	-
Payables and accruals	12	16,167	8,144	321,552	313,407
Total non-current liabilities		325,753	317,473	321,552	313,407
Current liabilities					
Borrowings	11	23,631	3,584	20,000	-
Payables and accruals	12	14,036	13,452	14,036	13,452
Total current liabilities		37,667	17,036	34,036	13,452
Total liabilities		363,420	334,509	355,588	326,859
Total unitholders' fund and liabilities		1,023,391	889,035	1,015,559	881,385
Net asset value ("NAV")					
- before income distribution		696,770	588,887	696,770	588,887
- after income distribution		659,971	554,526	659,971	554,526
Number of units in circulation ('000 units)	10	606,360	505,300	606,360	505,300
NAV per unit (RM)					
- before income distribution		1.1491	1.1654	1.1491	1.1654
- after income distribution		1.0884	1.0974	1.0884	1.0974

* Denotes RM2 share capital in KIP REIT Capital Sdn. Bhd.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group and Fund	
		2023 RM'000	2022 RM'000
Lease income		77,480	68,312
Revenue from contracts with customers		6,270	5,388
Gross revenue	13	83,750	73,700
Utilities expenses		(10,209)	(7,069)
Maintenance and housekeeping expenses		(2,504)	(1,856)
Marketing expenses		(234)	(173)
Quit rent and assessment		(1,928)	(1,874)
Reimbursement costs	14	(3,967)	(3,591)
Property manager fee		(145)	(128)
Other operating expenses		(2,611)	(2,255)
Property operating expenses		(21,598)	(16,946)
Net property income		62,152	56,754
Changes in fair value on investment properties	6	23,092	39,466
Interest income		1,295	349
Net investment income		86,539	96,569
Manager's management fee	15	(7,387)	(5,664)
Trustees' fee		(415)	(179)
Auditors' remuneration		(123)	(114)
Valuers' fee		(208)	(154)
Other trust expenses		(2,855)	(1,654)
Borrowing costs	16	(14,759)	(13,295)
Profit before taxation		60,792	75,509
Taxation	17	-	-
Profit after taxation		60,792	75,509
Other comprehensive income, net of tax		-	-
Total comprehensive income attributable to unitholders		60,792	75,509
Profit after taxation is made up as follows:			
Realised		37,700	36,043
Unrealised		23,092	39,466
		60,792	75,509
Basic earnings per unit (sen)	18	10.4701	14.9434
Diluted earnings per unit (sen)	18	10.4701	14.9434
Total comprehensive income		60,792	75,509
Distribution adjustments	19	(22,028)	(38,180)
Distributable income		38,764	37,329
Distribution per unit (sen)	19	6.2000	6.8000

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSET VALUE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Group and Fund	Note	Unitholders' capital RM'000	Retained earnings RM'000	Total funds RM'000
As at 1 July 2022		492,333	62,193	554,526
Profit of the year		-	60,792	60,792
Total comprehensive income for the year attributable to unitholders		-	60,792	60,792
Unitholders' transactions				
Distribution to unitholders	19	-	(36,799)	(36,799)
Issuance and placement of units		82,399	-	82,399
Issuing expenses		(947)	-	(947)
Increase in net assets resulting from unitholders' transactions		81,452	(36,799)	44,653
As at 30 June 2023		573,785	86,186	659,971
Group and Fund				
As at 1 July 2021		492,333	21,045	513,378
Profit of the year		-	75,509	75,509
Total comprehensive income for the year attributable to unitholders		-	75,509	75,509
Unitholders' transactions				
Distribution to unitholders	19	-	(34,361)	(34,361)
Decrease in net assets resulting from unitholders' transactions		-	(34,361)	(34,361)
As at 30 June 2022		492,333	62,193	554,526

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit before taxation		60,792	75,509	60,792	75,509
<i>Adjustments for:</i>					
Changes in fair value on investment properties	6	(23,092)	(39,466)	(23,092)	(39,466)
Interest expense on borrowings		14,503	13,039	634	100
Interest expense on advances from a subsidiary		-	-	13,869	12,939
Interest income		(1,295)	(349)	(1,295)	(349)
Depreciation of equipment	5	549	629	549	629
Amortisation of transaction costs		256	256	256	256
Bad debts written off		-	323	-	323
Written off of equipments	5	5	1	5	1
Allowance for doubtful debts		49	(170)	49	(170)
Operating income before changes in working capital		51,767	49,772	51,767	49,772
Net change in trade and other receivables		(4,708)	2,072	(4,708)	2,072
Net change in payables and accruals		8,517	1,411	8,517	1,411
Net cash generated from operating activities		55,576	53,255	55,576	53,255
Cash flows from investing activities					
Purchase of equipment	5	(128)	(2)	(128)	(2)
Additions of investment properties	6	(10,508)	(4,534)	(10,508)	(4,534)
Acquisition of investment properties	6	(78,700)	-	(78,700)	-
Interest received		1,239	356	1,239	356
Net cash used in investing activities		(88,097)	(4,180)	(88,097)	(4,180)
Cash flows from financing activities					
Proceeds from issuance of new units		82,399	-	82,399	-
Payment of issuing expenses		(947)	-	(947)	-
Interest paid on borrowings		(14,365)	(13,040)	(544)	(50)
Income distribution paid to unitholders	19	(36,799)	(34,361)	(36,799)	(34,361)
Interest paid on advances from a subsidiary		-	-	(13,821)	(12,990)
Repayment to a subsidiary		-	-	(182)	(135)
Proceeds from borrowings	11	20,000	-	20,000	-
Net cash generate from/(used in) financing activities		50,288	(47,401)	50,106	(47,536)
Net increase in cash and cash equivalents		17,767	1,674	17,585	1,539
Cash and cash equivalents at beginning of the year		30,994	29,320	23,344	21,805
Cash and cash equivalents at end of the year	9	48,761	30,994	40,929	23,344

Details of reconciliation of liabilities arising from financing activities is disclosed in Note 9.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

KIP REIT is a Malaysia-domiciled real estate investment trust ("REIT") established on 2 November 2016 pursuant to the deed of trust dated 2 November 2016, an amended and restated deed dated 12 December 2019, and a supplementary deed dated 29 September 2020 (collectively referred to as the ("Deeds")) between the Manager and Pacific Trustees Berhad ("Trustee"), listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 6 February 2017 and regulated by the Securities Commission Act 1993, the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines"), the Listing Requirements of Bursa Securities, the Rules of Bursa Malaysia Depository ("Depository") and taxation laws and rulings. The addresses of the Manager's registered office and principal place of business are as follows:-

Registered office

Unit 27.2, Menara 1MK
Kompleks 1 Mont Kiara
No. 1 Jalan Kiara, Mont Kiara
50480 Kuala Lumpur, Malaysia

Principal place of business

Unit B-6, Blok B, Tingkat 6, Menara KIP
No. 1, Jalan Seri Utara 1
Sri Utara Off Jalan Ipoh
68100 Kuala Lumpur, Malaysia

The principal investment policy of KIP REIT is to invest, directly and indirectly, in a portfolio of income producing real estate used for retail purposes, and for industrial or commercial purposes, including, without limiting the generality of the foregoing, warehousing facilities, logistic facilities and manufacturing sites as well as real estate-related assets. The nature of KIP REIT's investment shall be long-term, with a period of at least five years.

The financial statements as at and for the financial year ended 30 June 2023 comprise KIP REIT and its wholly-owned special purpose company, KIP REIT Capital Sdn. Bhd., a company incorporated in Malaysia, of which the principal activity is to raise financing for and on behalf of KIP REIT.

The Manager's key objective is to provide unitholders with regular and stable distributions, sustainable long term Unit price and distributable income and capital growth, while maintaining an appropriate capital structure.

The financial statements were approved by the Board of Directors of the Manager with a resolution of the Board of Directors on 16 August 2023.

KIP REIT entered into several service agreements in relation to the management of KIP REIT and its property operations. The fee structures are as follows:-

(a) Property management fees

The property manager of KIP REIT, Henry Butcher (Mont Kiara) Sdn. Bhd. is entitled to property management fee of RM13,000 per month (excluding sales and service tax). In addition, the property manager is also entitled to full disbursement of costs and expenses properly incurred in the operation, maintenance, management and marketing of the properties held by KIP REIT ("Permitted Expenses") as well as fees and reimbursements for Permitted Expenses payable to its service providers.

(b) Manager's management fees

Pursuant to the Deeds, the Manager is entitled to receive the following fees from KIP REIT, in the forms of cash, new Units or a combination thereof at the election of the Management Company in its sole discretion:-

- (i) a base fee ("Base Fee") of up to 1.0% per annum of the Total Asset Value of KIP REIT (excluding cash and bank balances which are held in non-interest bearing accounts).
- (ii) a performance fee ("Performance Fee") of up to 5.0% per annum of the Net Property Income of KIP REIT.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 GENERAL (CONT'D)

(b) Manager's management fees (Cont'd)

(iii) Acquisition Fee

1.0% of each of the following as is applicable (subject to there being no double-counting):

- (a) in relation to an acquisition (whether directly or indirectly through the Trustee or one or more SPV of KIP REIT) of any Real Estate or Real Estate-Related Assets, the transaction value (being the total purchase price) of any Real Estate or any Real Estate-Related Assets purchased by KIP REIT or its SPV (pro-rated, if applicable, to the proportion of KIP REIT's interest); or
- (b) in relation to an acquisition (whether directly or indirectly through one or more SPV of KIP REIT) of any SPV or holding entities which holds Real Estate, the underlying value of any Real Estate (pro-rated, if applicable, to the proportion of KIP REIT's interest).

Any payment to third party agents or brokers in connection with the acquisition of any Real Estate and Real Estate-Related Assets for KIP REIT shall not be paid by the Manager out of the acquisition fee received or to be received by the Manager (but shall be borne by KIP REIT).

For the avoidance of doubt, no Acquisition Fee is payable with respect to the acquisition of the Subject Properties in connection with the Listing of KIP REIT but acquisition fee is payable with respect to all other transactions (which includes related party and non-related party transactions), including acquisitions from the sponsor.

(iv) Divestment Fee

0.5% of each of the following as is applicable (subject to there being no double-counting):

- (a) in relation to a disposal (whether directly or indirectly through the Trustee or one or more SPV of KIP REIT) of any Real Estate or Real Estate-Related Assets, the transaction value (being the total sale price) of any Real Estate or Real Estate-Related Assets disposed of by KIP REIT or its SPV (pro-rated, if applicable, to the proportion of KIP REIT's interest); or
- (b) in relation to a disposal (whether directly or indirectly through one or more SPV of KIP REIT) of any SPV or holding entities which holds Real Estate, the underlying value of any Real Estate (pro-rated, if applicable, to the proportion of KIP REIT's interest).

Any payment to third party agents or brokers in connection with the sale or divestment of any Real Estate and Real Estate-Related Assets for KIP REIT shall not be paid by the Manager out of the divestment fee received or to be received by the Manager (but shall be borne by KIP REIT).

The Divestment Fee is payable with respect to all transactions (which includes related party and non-related party transactions), including divestments to the Promoters, as well as for compulsory acquisitions.

The payment of the Management Company's management fee in the form of new Units will be in accordance with the following formula:

$$\text{New units to be issued as payment of the Management Company's management fee} = \frac{\text{Management Company's management fee payable in Units}}{\text{Market Price}}$$

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1 GENERAL (CONT'D)

(b) Manager's management fees (Cont'd)

(iv) Divestment Fee (cont'd)

For this purpose, "Market Price" means the volume weighted average market price of Units for the last 5 Market Days preceding the following events:

- (i) in respect of the Base Fee and Performance Fee, the announcement of the relevant quarterly reports; or
- (ii) in respect of the Acquisition Fee and Divestment Fee, the completion of the relevant acquisition/divestment,

(each a "Trigger Event").

With reference to any Book Closing Date, where the Trigger Event is before but the issuance of the new Units relating to such Trigger Event is after the said Books Closing Date, the Market Price will be further adjusted for the entitlement relating to such Books Closing Date.

The Management Company will make immediate announcements to Bursa Securities disclosing the number of new Units issued and the Issue Price when new Units are issued as payment for Management Fee. Payment of the Management fees in Units shall be subject to KIP REIT complying with the public spread requirements stated in the Listing Requirements and there being no adverse implications under the Malaysian Code on Take-Overs and Mergers 2010.

(c) Trustee's fees

The Trustee fee payable is RM100,000 per annum payable upon the execution of the Deed for the first three years up to November 2019 and thereafter at such rate to be mutually agreed between the Manager and the Trustee. In any case, the annual trustee's fee in aggregate shall be up to the maximum rate of 0.05% per annum of the NAV of KIP REIT.

The trustee of KIP REIT Capital Sdn. Bhd., Malaysian Trustees Berhad, is entitled to receive a predetermined annual fixed fee.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Fund have been prepared in accordance with the provisions of the Deeds, REIT Guidelines, Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Securities.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors of the Manager to exercise their judgment in the process of applying KIP REIT's accounting policies. Although these estimates and judgment are based on the Directors of the Manager's best knowledge of current events and actions, actual results could differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2 BASIS OF PREPARATION (CONT'D)

(b) Standards that are effective and applicable

The Group and the Fund have applied the following standards and amendments for the first time for the financial year beginning on 1 July 2022:

- (i) Financial year beginning on/after 1 July 2022
 - Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use;
 - Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework;
 - Amendments to MFRS 1, First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020);
 - Amendments to MFRS 9, Financial instruments (Annual Improvements to MFRS Standards 2018 - 2020);
 - Amendments to illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018 - 2020);
 - Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts – Cost of Fulfilling a Contract;
 - Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current;
 - Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates; and
 - Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The adoption of new standards and amendments listed above did not have any material impact on the financial statements in the current financial year or any prior period and is not likely to affect future periods.

(c) Standards issued but not yet effective

The Group and the Fund intend to apply the following accounting standards, interpretation and amendments from the annual period beginning on 1 July 2023:

- (i) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2023
 - Amendments to MFRS 101, MFRS Practise Statement 2 and MFRS 108 on Disclosure of Accounting Policies and Definition of Accounting Estimates
 - Amendments to MFRS 112 on "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The initial application of the above standards, amendments and interpretation are not expected to have any material financial impacts on the Group's and the Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements by KIP REIT.

(a) Consolidation

(i) Business combination under common control

KIP REIT applies predecessor accounting to account for business combinations under common control on 6 February 2017 i.e. combination involving entities or businesses under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the holding company. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (at the date of the transaction) of the acquired business is recorded as an adjustment to retained earnings. No additional goodwill is recognised. Acquisition-related costs are expensed as incurred. The acquired business' results and the related statement of financial position items are recognised prospectively from the date on which the business combination between entities under common control occurred.

(ii) Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in statement of comprehensive income.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Consolidation (Cont'd)

(ii) Subsidiary (cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in the statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group and company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Investment in subsidiary

In the Fund's separate financial statements, investment in subsidiary is carried at cost less accumulated impairment losses. On disposal of investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investment is recognised in statement of comprehensive income.

The amount due from subsidiary of which the Fund does not expect repayment in the foreseeable future are considered as part of the Fund's investment in the subsidiary.

(b) Investment properties

Investment properties are held for long term rental yields or for capital appreciation or both, and are not substantially occupied by the Group and the Fund.

Investment properties are measured initially at cost, including related transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment properties are carried at fair value. Fair value is based on valuation using an income method, where cash flows projections are capitalised using a capitalisation rate, which takes into account the unexpired period, yield and sinking fund, where applicable. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The fair value of the investment property reflects the market conditions at the reporting date. It reflects, among others, rental income from current leases and reasonable and supportable assumptions that represent what market participants would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are reflected in liability whereas others relate to outflows that are not recognised in the financial statements until a later date.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the Fund, and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment properties (Cont'd)

Changes in fair values are recognised in statement of comprehensive income for the period in which it arises.

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded within net gain from fair value adjustment on investment property.

Right-of-use assets that meet the definition of investment property

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 is presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group.

(c) Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost also includes borrowing costs that are directly attributable to the acquisition of a qualifying asset.

Cost of equipment includes purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing equipment at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Equipment are depreciated on a straight line basis to write-off the cost of the assets to their expected residual values over their estimated useful lives, summarised as follows:-

Equipment and appliance	20%
Furniture and fittings	10%
Signage	30%
Office equipment	20%
Renovation	20%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. The assessment of expected residual values and estimated useful lives of assets is carried out on an annual basis.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Please refer to accounting policy on impairment of non-financial assets (Note 3(e)).

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in net property income in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets

(i) Classification

The Group and the Fund have applied MFRS 9 and classify the financial assets at amortised cost. The classification depends on the Group and the Fund business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Financial assets are recognised on trade date, the date which the Group and the Fund commit to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Fund have transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group and the Fund measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

Debt instrument

Subsequent measurement of debt instruments depends on the Group's and the Fund's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Fund reclassify debt investments when and only when its business model for managing those assets changes.

The Group and the Fund classify its debt instrument into financial assets at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. The carrying amount of these asset is adjusted for any expected credit losses that are recognised in the statement of comprehensive income. Interest income from these financial assets is recognised in the statement of comprehensive income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income. The Group and the Fund classify trade and other receivables (Note 8) and cash and cash equivalents (Note 9) as financial assets at amortised cost.

(iv) Subsequent measurement – Impairment

The Group and the Fund assess on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Fund expect to receive, over the remaining life of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (Cont'd)

(iv) Subsequent measurement – Impairment (cont'd)

Simplified approach for trade receivables

The Group and the Fund apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Note 23.1(b) sets out the measurement details of ECL.

General 3-stage approach for other receivables and non-trade intercompany balances

At each reporting date, the Group and the Fund measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 23.1(b) sets out the measurement details of ECL.

Significant increase in credit risk

The Group and the Fund consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Fund compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- a. internal credit rating
- b. external credit rating (as far as available)
- c. actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- d. actual or expected significant changes in the operating results of the debtor
- e. significant increases in credit risk on other financial instruments of the same debtor
- f. significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancement
- g. significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Definition of default and credit-impaired financial assets

The Group and the Fund define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial assets (Cont'd)

(iv) Subsequent measurement – Impairment (cont'd)

Definition of default and credit-impaired financial assets (cont'd)

Quantitative criteria:

The Group and the Fund define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Fund consider the following instances:

- a. the debtor is in breach of financial covenants
- b. concessions have been made by the lender relating to the debtor's financial difficulty
- c. it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- d. the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Write-off

I. Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Fund, and/or legal action is taken against the debtor.

Impairment losses on trade receivables are presented as net impairment losses within net property income. Subsequent recoveries of amounts previously written off are credited against the same line item.

II. Other receivables

The Group and the Fund write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(e) Impairment of non-financial assets

Equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The impairment loss is charged to the statement of comprehensive income during the period in which they are incurred and any subsequent increase in recoverable amount is recognised in the statement of comprehensive income during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, deposits held at call with licensed financial institutions, other short term and highly liquid investments with original maturities of three (3) months or less, that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts, if any, are included in within borrowings in current liabilities in the statement of financial position.

(g) Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Fund. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less impairment allowance.

(h) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or vendors. Trade payables are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables, deposits received from tenants and other payables are recognised initially at fair value, net of transaction cost incurred, which include transfer taxes and duties, if applicable and subsequently measured at amortised cost using the effective interest method.

(i) Unitholders' capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Fund after deducting all of its liabilities. Units are equity instruments.

Units are recorded at the proceeds received, net of directly attributable incremental transaction costs. Units are classified as equity. Distributions on units are recognised in equity in the period in which they are declared and authorised by the Trustee.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Group and the Fund have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn-down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn-down, the fee is capitalised as a prepayment for liquidity and amortised over the period of the facility to which it relates.

Borrowings costs directly attributable to the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in statement of comprehensive income in the period in which they are incurred.

(k) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services in the ordinary course of the Group and the Fund's activities. Revenue is shown net of rebates and discounts.

Lease income on operating leases

Rental income is recognised in accordance with the accounting policy set out in Note 3(m)(ii)(b).

Revenue from contracts with customers

Revenue which represents income from the Group and the Fund's principal activities within the ordinary course of business and is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Fund transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

Revenue from sales of prepaid utilities reimbursement is recognised when services are being rendered. The credits on prepaid utilities reimbursement from tenants can be deferred up to the point of utilisation, which such amounts are recognised as income. Credits of prepaid utilities are recognised as revenue when services are rendered. Unutilised credits of prepaid utilities reimbursement sold to tenants for which services are yet to be rendered is presented as deferred income in the statement of financial position.

Property related income and advertising income are included in other income and recognised in the accounting period in which the services being rendered.

Interest income

Interest income is recognised on an effective yield basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income tax

Tax is recognised in statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3(b), the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

The carrying value of the Group and the Fund's investment properties is assumed to be realised through continuous use.

(m) Leases

i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Fund assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Fund allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Fund is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

ii) Recognition and measurement

(a) As a lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use (i.e. the commencement date).

In determining the lease term, facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option are considered. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The lease term is reassessed upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Fund and affect whether the Group and the Fund are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

Contracts may contain both lease and non-lease components. Consideration in the contract is allocated to the lease and non-lease components based on their relative standalone prices.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Fund are reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase and extension options if it is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Fund exercising that option.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

ii) Recognition and measurement (cont'd)

(a) As a lessee (cont'd)

Short term leases and leases of low value assets

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Fund, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

Lease liabilities are presented as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of comprehensive income.

Short-term leases are leases with a lease term of twelve (12) months or less. Payments associated with short-term leases and low value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income.

(b) As a lessor

As a lessor, the Group and the Fund determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Fund make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Fund consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating leases

The Group and the Fund classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Fund recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the lessor's statement of financial position based on the nature of the asset.

Rental income on operating leases is recognised over the term of the lease on a straight-line basis. Rental income is shown net of rebates and discounts. Rental income includes base rent, percentage rent and other rent related income from tenants. Base rent is recognised on a straight-line basis over the lease term. Percentage rent is recognised based on sales reported by tenants. When the Group and the Fund provide incentives or rebates to the tenants, the cost of incentives or rebates is recognised over the lease term, on a straight-line basis, as a reduction of rental income. Initial direct cost incurred by the Group and the Fund in negotiating and arranging an operating lease is recognised as an asset and amortised over the lease term on the same basis as the rental income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

ii) Recognition and measurement (cont'd)

(b) As a lessor (cont'd)

Rental rebates offered to tenants by the Group and the Fund which are not based on terms contained in the original tenancy agreements are accounted for as a lease modification, as the rebate has changed the total lease consideration. The rental rebates are treated as a new operating lease from the effective date of modification, where lease income based on the revised total lease consideration is recognised over the remaining lease term on a straight-line basis.

Rental of concession space such as promotional areas is recognised on a straight-line basis over the lease term.

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group and the Fund allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15 "Revenue from Contracts with Customers".

(n) Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operate ("functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Fund's functional and presentation currency.

(o) Earnings per unit

The Group and the Fund's earnings per Unit ("EPU") are presented on basic and diluted format.

Basic EPU is calculated by dividing the profit or loss attributable to unitholders of the Group and the Fund by the weighted average number of Units outstanding during the period.

Diluted EPU is determined by adjusting the comprehensive income attributable to unitholders against the weighted average number of units outstanding adjusted for the effects of all dilutive potential units.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management team.

The senior management team, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the Chief Financial Officer of the Manager that makes strategic decisions.

(q) Net asset value ("NAV") disclosed in statement of financial position

In accordance with the REIT Guidelines, NAV is the value of the Group and the Fund's assets less the value of the Group and the Fund's liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Recognition of distribution of income to unitholders

Distribution of income should only be made from realised gains or realised income in accordance with REIT Guidelines.

Distribution of income should be made after the Manager has taken into consideration the total returns for the period, income for the period, cash flow for distribution, stability and sustainability of income and the investment objective and distribution policy of the Group and the Fund.

Liability is recognised for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the Group and the Fund, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distribution adjustments made in accordance with the REIT Guidelines are disclosed in Note 19.

(s) Realised and unrealised profit or loss analysis in statement of comprehensive income

In accordance with the REIT Guidelines, a charge or a credit to the statement of comprehensive income is deemed as realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use.

Where a credit or a charge to the statement of comprehensive income upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should be deemed as unrealised until the consumption of resource could be demonstrated. Unrealised profit or loss comprises mainly the changes in fair value on investment properties.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors of the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Fund make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group and the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Principal assumptions for estimation of fair value of investment properties

The principal assumptions underlying estimation of fair value of investment properties are those related to term rental, reversionary rental, other income, outgoings, capitalisation rate and allowance for void.

Investment properties are stated at fair value based on valuations performed by Nawawi Tie Leung Property Consultants Sdn Bhd (formerly known as DTZ Nawawi Tie Leung Property Consultants Sdn Bhd) (2022: CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as C H Williams Talhar & Wong Sdn. Bhd.) for all the investment properties except AEON Mall Kinta City ("AMKC") which was performed by Appraisal (Malaysia) Sdn. Bhd.) ("the Valuers"). The Valuers are independent professional valuers who hold a recognised relevant professional qualification and has recent experience in the locations and categories of the investment properties valued.

The valuations are compared with actual market yield data, actual transactions and those reported by the market, when available. Assumptions used are mainly based on market conditions existing at each reporting date.

Sensitivity analysis on fair value of investment properties as valued by the Valuers is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5 EQUIPMENT

	Equipment and appliance RM'000	Furniture and fittings RM'000	Signage RM'000	Office equipment RM'000	Renovation RM'000	Work-In-Progress RM'000	Total RM'000
Group and Fund Cost							
As at 1 July 2022	1,433	839	323	542	415	-	3,552
Additions	22	-	-	106	-	-	128
Written off	-	(13)	-	(4)	-	-	(17)
As at 30 June 2023	1,455	826	323	644	415	-	3,663
Accumulated depreciation							
As at 1 July 2022	699	238	290	175	204	-	1,606
Depreciation charge for the financial year	239	83	29	119	79	-	549
Written off	-	(10)	-	(2)	-	-	(12)
As at 30 June 2023	938	311	319	292	283	-	2,143
Carrying amounts							
As at 30 June 2023	517	515	4	352	132	-	1,520
Group and Fund Cost							
As at 1 July 2021	1,250	838	323	488	415	358	3,672
Additions	305	1	-	54	-	-	360
Transfer to investment properties	-	-	-	-	-	(358)	(358)
Written off	(122)	-	-	-	-	-	(122)
As at 30 June 2022	1,433	839	323	542	415	-	3,552
Accumulated depreciation							
As at 1 July 2021	552	154	199	72	121	-	1,098
Depreciation charge for the financial year	268	84	91	103	83	-	629
Written off	(121)	-	-	-	-	-	(121)
As at 30 June 2022	699	238	290	175	204	-	1,606
Carrying amounts							
As at 30 June 2022	734	601	33	367	211	-	1,946

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6 INVESTMENT PROPERTIES

	Group and Fund	
	2023 RM'000	2022 RM'000
As at 1 July	852,000	808,000
Transfer from Equipment	-	358
Acquisitions *	78,700	-
Additions	10,508	4,176
Fair value gain	23,092	39,466
As at 30 June	964,300	852,000

* The acquisitions transactions are related parties transactions with Hextar Chemicals Sdn Bhd, Hextar Industrial Chemicals Sdn Bhd and Teju Logistics Sdn Bhd where the transactions price of the acquisitions is on a willing-buyer and willing-seller basis.

The title deeds to the investment properties' land are currently being held in trust by the trustees. KIPMall Tampoi, KIPMall Masai, KIPMall Bangi, AMKC and KIPMall Kota Tinggi are charged as securities for borrowings as disclosed in Note 11.

Investment properties are stated at fair value based on valuations performed by independent registered valuers, the Valuers, who hold a recognised relevant professional qualification and have relevant experience in valuing investment properties.

Based on the valuation reports dated 30 June 2023 issued by the Valuers, the fair values of the investment properties as at 30 June 2023 were RM 964.3 million (2022: RM852.0 million).

Fair value is determined based on investment method using Level 3 inputs (defined as unobservable inputs for asset or liability) in the fair value hierarchy of MFRS 13 'Fair Value Measurement'. Under the investment method, the fair value of the investment properties is derived from an estimate of the market rental which the investment properties can reasonably be let for. Rental evidence may be obtained from actual passing rents commanded by the investment properties if they are tenanted. Outgoings, such as quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement initiatives as well as management expenses, are then deducted from the rental income. Thereafter, the net annual rental income is capitalised at an appropriate current market yield to arrive at its fair value. Changes in fair value are recognised in the statement of comprehensive income during the period in which they are reviewed.

There has been no change to the valuation techniques used during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6 INVESTMENT PROPERTIES (CONT'D)

The Level 3 inputs or unobservable inputs include:-

Term rental	the expected rental that the investment properties are expected to achieve and is derived from the current passing rental, (including revision upon renewal of tenancies during the year which is part of passing rental);
Reversionary rental	the expected rental that the investment properties are expected to achieve upon expiry of term rental;
Other income	comprises percentage rent, advertising income and others;
Outgoings	comprises quit rent and assessment, utilities costs, reimbursable manpower costs, repair and maintenance, insurance premium, asset enhancement expense and management expenses;
Capitalisation rate	based on actual location, size and condition of the investment properties and taking into account market data at the valuation date based on the valuers' knowledge of the factors specific to the investment properties;
Allowance for void	refers to allowance provided for vacancy periods.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between significant unobservable inputs and fair value, is detailed in the table below:

<u>Description of valuation technique and inputs used</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Investment method involves capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoing and other operating expenses incidental to the property with allowance for void by using an appropriate market derived discount rate.	<ul style="list-style-type: none"> - Term capitalisation rate of 6.25% to 6.75% (2022: 6.25% to 6.5%) - Reversionary capitalisation rate of 6.75% to 7.25% (2022: 6.75% to 7.00%) - Allowance for void of 5% to 15% (2022: 5% to 15%) - Average term rental per square feet of RM1.00 to RM8.91 (2022: RM2.28 to RM8.83) - Average reversionary rental per square feet of RM1.20 to RM8.67 (2022: RM2.55 to RM8.91) 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> - Term capitalisation rate was lower/ (higher) - Reversionary capitalisation rate was lower/(higher) - Allowance for void was lower/ (higher) - Rental per square feet increase/ (decrease)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6 INVESTMENT PROPERTIES (CONT'D)

The fair value measurements using Level 3 inputs as at 30 June 2023 are as follows:-

Group and Fund

	Valuation technique	Fair value RM'000	Parameters				Sensitivity analysis on fair value measurements*	
			Capitalisation rate %	Term Reversionary Capitalisation rate %	Outgoings RM psf	Allowance for void %	Impact of lower rate RM'000	Impact of higher rate RM'000
KIPMall Tampoi	Investment method	179,000	6.50	7.00	1.70	5.00	13,000	(12,000)
KIPMall Kota Tinggi	Investment method	58,000	6.25	6.75	1.90	5.00	4,000	(4,000)
KIPMall Masai	Investment method	186,000	6.50	7.00	1.60	5.00	13,000	(12,000)
KIPMall Senawang	Investment method	28,000	6.50	7.00	0.94	10.00	2,000	(2,000)
KIPMall Melaka	Investment method	55,000	6.75	7.25	1.03	10.00	4,000	(4,000)
KIPMall Bangi	Investment method	125,000	6.50	7.00	0.75	10.00	9,000	(8,000)
AMKC	Investment method	254,000	6.25	6.75	0.20	5.00	20,000	(18,000)
KV5	Investment method	27,100	6.50	7.00	0.01	10.00	2,000	(1,800)
KV9	Investment method	28,200	6.50	7.00	0.01	10.00	2,100	(1,800)
KV3A	Investment method	24,000	6.50	7.00	0.01	10.00	1,800	(1,500)
		964,300					70,900	(65,100)

* Changes to capitalization rates on term and reversion periods by 50 basis points.

The investment properties are as follows:-

Group and Fund

	Date of acquisition	Date of valuation	Location	Tenure	Expiry date of leasehold land	Occupancy rates as at 30.06.2023 %	Fair value as at 30.06.2023 RM'000	Cost of investment properties RM'000	Percentage of fair value to NAV*1 as at 30.06.2023 %
KIPMall Kota Tinggi	06.02.2017	30.06.2023	Johor	Freehold	-	68.11	58,000	55,000	8.79
KIPMall Masai	06.02.2017	30.06.2023	Johor	Leasehold	28.12.2108	97.64	186,000	157,000	28.18
KIPMall Senawang	06.02.2017	30.06.2023	Seremban	Freehold	-	88.88	28,000	38,000	4.24
KIPMall Melaka	06.02.2017	30.06.2023	Melaka	Leasehold	17.11.2112	94.00	55,000	50,000	8.33
KIPMall Bangi	06.02.2017	30.06.2023	Selangor	Leasehold	14.07.2093	77.56	125,000	130,000	18.94
AMKC	31.07.2019	30.06.2023	Perak	Freehold	-	100.00	254,000	206,813	38.49
KV5	14.12.2022	30.06.2023	Selangor	Leasehold	24.02.2097	100.00	27,100	27,000	4.11
KV9	14.12.2022	30.06.2023	Selangor	Leasehold	24.02.2097	100.00	28,200	28,000	4.27
KV3A	14.12.2022	30.06.2023	Selangor	Leasehold	24.02.2097	100.00	24,000	23,700	3.64
							964,300	865,513	

Notes:-

*1 Based on NAV after income distribution.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6 INVESTMENT PROPERTIES (CONT'D)

The fair value measurements using Level 3 inputs as at 30 June 2022 are as follows:-

Group and Fund

	Valuation technique	Fair value RM'000	Parameters				Sensitivity analysis on fair value measurements*	
			Term Capitalisation rate %	Reversionary Capitalisation rate %	Outgoings RM psf	Allowance for void %	Impact of lower rate RM'000	Impact of higher rate RM'000
KIPMall Tampoi	Investment method	167,000	6.50	7.00	1.90	5.00	12,000	(10,000)
KIPMall Kota Tinggi	Investment method	56,000	6.25	6.75	2.00	5.00	5,000	(3,000)
KIPMall Masai	Investment method	174,000	6.50	7.00	2.00	5.00	12,000	(11,000)
KIPMall Senawang	Investment method	27,000	6.25	6.75	1.20	10.00	2,000	(2,000)
KIPMall Melaka	Investment method	50,000	6.50	7.00	1.30	10.00	3,000	(2,000)
KIPMall Bangi	Investment method	124,000	6.50	7.00	1.00	15.00	3,000	(6,000)
AMKC	Investment method	254,000	6.25	6.75	0.18	10.00	20,000	(17,000)
		852,000					57,000	(51,000)

* Changes to capitalization rates on term and reversion periods by 50 basis points.

The investment properties are as follows:-

Group and Fund

	Date of acquisition	Date of valuation	Location	Tenure	Expiry date of leasehold land	Occupancy rates as at 30.06.2022 %	Fair value as at 30.06.2022 RM'000	Cost of investment properties RM'000	Percentage of fair value to NAV* ¹ as at 30.06.2022 %
KIPMall Tampoi	06.02.2017	30.06.2022	Johor	Leasehold	24.09.2092	90.77	167,000	150,000	30.12
KIPMall Kota Tinggi	06.02.2017	30.06.2022	Johor	Freehold	-	91.97	56,000	55,000	10.10
KIPMall Masai	06.02.2017	30.06.2022	Johor	Leasehold	28.12.2108	93.09	174,000	157,000	31.38
KIPMall Senawang	06.02.2017	30.06.2022	Seremban	Freehold	-	86.09	27,000	38,000	4.87
KIPMall Melaka	06.02.2017	30.06.2022	Melaka	Leasehold	17.11.2112	83.37	50,000	50,000	9.02
KIPMall Bangi	06.02.2017	30.06.2022	Selangor	Leasehold	14.07.2093	55.50	124,000	130,000	22.36
AMKC	31.07.2019	30.06.2022	Perak	Freehold	-	100.00	254,000	206,813	45.80
							852,000	786,813	

Notes:-

*¹ Based on NAV after income distribution.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7 INVESTMENT IN A SUBSIDIARY

	Fund	
	2023 RM'000	2022 RM'000
At cost		
Unquoted shares	-*	-*

* Denotes RM2

Name of company	Principal activity	Place of incorporation	Group's effective interest (%)	
			2023	2022
KIP REIT Capital Sdn. Bhd.	A special purpose vehicle to raise financings for and on behalf of KIP REIT.	Malaysia	100	100

8 TRADE AND OTHER RECEIVABLES

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	1,233	709	1,233	709
Less: Allowance for impairment of trade receivables (Note 23.1(b))	(186)	(181)	(186)	(181)
Trade receivables – net	1,047	528	1,047	528
Other receivables – net (Note 23.1(b))	1,077	996	1,077	996
Deposit recoverable	4,192	191	4,192	191
Amount due from related companies	225	-	225	-
Prepayments	5,494	1,187	5,494	1,187
	2,269	2,380	2,269	2,380
	7,763	3,567	7,763	3,567
Total trade and other receivables	8,810	4,095	8,810	4,095

The carrying amounts of trade and other receivables as at 30 June 2023 and 2022 approximated their fair values.

The credit terms of trade receivables were seven (7) days.

The amount due from related companies are unsecured and with credit terms of ninety (90) days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9 CASH AND CASH EQUIVALENTS

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash in hand	-*	-*	-	-
Bank balances	6,264	914	6,247	897
Short term deposits placed with licensed banks	42,497	30,080	34,682	22,447
Cash and cash equivalents	48,761	30,994	40,929	23,344
Pledged deposits	9,393	9,210	1,578	1,578

* Denotes RM2

Bank balances are deposits held at call with banks and earns no interest.

The weighted average effective interest rate of short-term deposits placed with licensed banks that was effective at the reporting date was 3.03% per annum at Group and 2.90% per annum at Fund (2022: Group at 1.80% per annum and Fund at 1.73% per annum).

Short term deposits placed with licensed banks have an average maturity of 24 days at Group and 13 days at Fund (2022: Group at 29 days and Fund at 18 days).

The Group's short term deposits placed with licensed banks include a total of restricted amount of RM9.4 million which includes

- (i) the pledged deposits of RM1.6 million (2022: RM1.6 million) that relates to letter of guarantee issued by the Bank to Tenaga Nasional Berhad to guarantee the deposit payable by the Fund and
- (ii) an additional restricted amount of RM 7.8 million (2022: RM7.6 million) which are maintained in a Debt Service Reserve Account to cover a minimum of six (6) months interest for MTN granted to the Group (Note 11).

The reconciliation of liabilities arising from financing activities is as follows:-

	Cash changes		Non-cash changes		As at 30 June RM'000
	As at 1 July RM'000	Net cash flows from financing activities RM'000	Amortisation of transaction costs RM'000	Accrued interest RM'000	
Group					
2023					
Borrowings	312,913	5,635	256	14,413	333,217
Fund					
Amount due to a subsidiary	305,263	(14,003)	256	13,869	305,385
Borrowings	-	19,456	-	544	20,000
2022					
Group					
Borrowings	312,708	(12,990)	256	12,939	312,913
Fund					
Amount due to a subsidiary	305,193	(13,125)	256	12,939	305,263

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10 UNITHOLDERS' CAPITAL

	Group and Fund	
	2023 Number of units '000	2022 Number of units '000
Approved fund size:		
As at 1 July	505,300	505,300
Additional issuance during the year		
3 August 2022	52,500	-
25 August 2022	21,150	-
23 February 2023	27,410	-
	101,060	-
As at 30 June	606,360	505,300

	Group and Fund			
	2023 Number of units '000	2023 Value RM'000	2022 Number of units '000	2022 Value RM'000
Issued and fully paid up:				
As at 1 July/30 June	606,360	573,785	505,300	492,333

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11 BORROWINGS

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current (secured):				
STRC	20,000	-	20,000	-
MTN	3,887	3,840	-	-
Unamortised transaction cost	(256)	(256)	-	-
	23,631	3,584	20,000	-
Non-current (secured):				
MTN	310,000	310,000	-	-
Unamortised transaction cost	(414)	(671)	-	-
	309,586	309,329	-	-
Total borrowings	333,217	312,913	20,000	-

The trustee, on behalf of KIP REIT, as borrower, has obtained the credit facilities ("the Facilities") comprising the following:-

- (a) MTN of up to RM 310 million (2022: RM310 million);
- (b) A Short-term Revolving Credit ("STRC") of up to RM 20 million (2022: RM 20 million); and
- (c) A letter of guarantee ("LG") of up to RM 1.6 million (2022: RM 1.6 million).

The weighted average effective interest rate as at the reporting date was as follows:-

	Group		Fund	
	2023 RM'000 % per annum	2022 RM'000 % per annum	2023 RM'000 % per annum	2022 RM'000 % per annum
MTN	4.43	4.25	-	-
STRC	4.66	-	4.66	-

KIP REIT's wholly owned subsidiary, KIP REIT Capital Sdn. Bhd., has a Medium Term Note Programme ("MTN Programme") of up to RM2.0 billion in nominal value. It is a perpetual programme that commenced on 16 July 2019. Details of the MTN issued are set out as follows.

On 31 July 2019, KIP REIT Capital Sdn. Bhd. issued RM310.0 million MTN in nominal value pursuant to the MTN Programme. The MTN of RM310.0 million was issued to re-finance KIP REIT's previous financing facilities, ie term loan (TL). Out of the total RM310.0 million issuance, RM210.0 million has been assigned a long-term final rating of AAA/Stable from RAM Rating Services Berhad ("RAM"). The expected maturity date is 5 years from the issuance date and the legal maturity date is 7 years from the issuance date. The transaction costs relating to the MTN issuance of RM310.0 million are amortised and charged to profit or loss over the expected tenure of the MTN.

The MTN is secured over the investment properties including KIPMall Tampoi, KIPMall Masai, KIPMall Bangi and AMKC and pledged deposits as indicated in Note 6 and Note 9 to the financial statements.

The STRC is to finance working capital of KIP REIT. The STRC is subject to annual review and repayable on demand. The STRC bears an interest rate of 1.25% per annum above cost of funds (as determined by the Bank at the commencement of each interest period) and payable on monthly basis.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11 BORROWINGS (CONT'D)

The facilities are secured and supported by amongst others, the following:-

- (i) First legal mortgage over KIPMall Kota Tinggi for all amounts due and payable under the facility;
- (ii) Assignment of all insurance taken and all rights, titles, benefits and interest in respect of the property;
- (iii) Assignment of all lease, rental or tenancy agreements and tenancy deposits;
- (iv) Assignment of relevant service agreements; and
- (v) Assignment and charge over the Designated Account.
- (vi) Such other security as may be advised by the Bank's Legal counsel.

12 PAYABLES AND ACCRUALS

	Note	Group		Fund	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current payables					
Tenants' deposits	a	16,167	8,144	16,167	8,144
Amount due to a subsidiary	b	-	-	305,385	305,263
		16,167	8,144	321,552	313,407
Current payables					
Trade payables	c	549	493	549	493
Tenants' deposits	a	8,909	9,509	8,909	9,509
		9,458	10,002	9,458	10,002
Other payables and accrued expenses		4,578	3,385	4,578	3,385
Amounts due to related company		-	65	-	65
Total current payables and accruals		14,036	13,452	14,036	13,452
Total payables and accruals		30,203	21,596	335,588	326,859

- (a) Tenants' deposits are in respect of refundable deposits received from tenants for tenancy related agreements. Tenancy tenures are generally for a period of one (1) to three (3) years except for industrial properties for a period of fourteen (14) years.
- (b) Amount due to subsidiary represents advances from KIP REIT Capital Sdn. Bhd. on the MTN issuance of RM310 million as explained in Note 11. The expected repayment period is mirroring the MTN maturity date.
- (c) Credit terms for trade payables range from 30 days to 60 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13 GROSS REVENUE

	Group and Fund	
	2023 RM'000	2022 RM'000
Lease income:		
Gross rental income	73,823	64,856
Promotion area	3,657	3,456
	77,480	68,312
Revenue from contracts with customers:		
Utilities reimbursement	5,597	4,261
Property related and other advertising income	673	1,127
	6,270	5,388
Gross Revenue	83,750	73,700
Revenue from contracts with customers is represented by:		
Point in time	673	1,127
Over time	5,597	4,261
	6,270	5,388

Gross rental income included total rental rebate offered amounted to RM Nil (2022: RM468,000) and variable lease payments related to sales generated from tenants which approximates to 0.55% (2022: 0.74%) of gross rental income. There are no other variable lease payments that depends on an index or rate.

14 REIMBURSEMENT COSTS

Included in reimbursement costs are the following expenses:-

	Group and Fund	
	2023 RM'000	2022 RM'000
Staff salaries	3,080	2,856
Bonus	199	173
Statutory contribution	494	451
Training expenses	22	13
Others	172	98
	3,967	3,591

The reimbursement cost is in relation to staff cost and expenses incurred by the service provider, KIP Property Services Sdn. Bhd. For providing services in managing KIP REIT's operation, maintenance, management and marketing of the investment properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15 MANAGER'S MANAGEMENT FEES

	Group and Fund	
	2023 RM'000	2022 RM'000
Base fee	5,988	5,091
Performance fee	612	573
Acquisition fee	787	-
	<u>7,387</u>	<u>5,664</u>

During the financial year, the Manager received a base fee of 0.6% (2022: 0.60%) per annum of the Total Asset Value of KIP REIT, an acquisition fee of 1% (2022: Nil) of acquisition price, and a performance fee of 1.0% (2022: 1.0%) per annum of Net Property Income.

For the financial year ended 30 June 2023, 100% (2022: 100%) of the total Manager's management fees has been paid in cash.

16 BORROWING COSTS

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest on advances from a subsidiary	-	-	13,869	12,939
Interest on borrowings	14,503	13,039	634	100
Amortisation of transaction cost	256	256	256	256
	<u>14,759</u>	<u>13,295</u>	<u>14,759</u>	<u>13,295</u>

17 TAXATION

	Group and Fund	
	2023 RM'000	2022 RM'000
Reconciliation of tax expense		
Profit before taxation	<u>60,792</u>	<u>75,509</u>
Income tax using Malaysian tax rate of 24% (2022: 24%)	14,590	18,122
Non-deductible expenses	917	589
Non-taxable income	(5,856)	(9,628)
Capital allowances on equipment	(2,023)	(2,176)
Effect of income exempted from tax	(7,628)	(6,907)
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17 TAXATION (CONT'D)

Pursuant to Section 61A of the Malaysian Income Tax Act, 1967 ("Act"), income of KIP REIT will be exempted from tax provided that at least 90% of its total taxable income (as defined in the Act) is distributed to the investors in the basis period of KIP REIT for that year of assessment within two (2) months after the close of the financial year. If the 90% distribution condition is not complied with or the 90% distribution is not made within two (2) months after the close of KIP REIT financial year which forms the basis period for a year of assessment, KIP REIT will be subject to income tax at the prevailing rate on its total taxable income. Income which has been taxed at the KIP REIT level will have tax credits attached when subsequently distributed to unitholders.

As income distribution to unitholders for the financial year ended 30 June 2023 is more than 90% of total distributable income, no provision for income taxation has been made for the current year.

18 EARNINGS PER UNIT ("EPU") - BASIC AND DILUTED

The calculation of EPU is based on total comprehensive income attributable to unitholders divided by the weighted average number of units.

	Group and Fund	
	2023 RM'000	2022 RM'000
Total comprehensive income		
- Realised	37,700	36,043
- Unrealised	23,092	39,466
Total	60,792	75,509
Weighted average number of units ('000)		
Weighted average number of units in issue	580,629	505,300
Weighted average number of units for diluted EPU	580,629	505,300
Basic/Diluted EPU (sen)		
- Realised	6.4930	7.1330
- Unrealised	3.9771	7.8104
Total	10.4701	14.9434

Dilutive earnings per unit equals to basic earnings per unit as there are no potential dilutive units in issue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19 DISTRIBUTION TO UNITHOLDERS

	Group and Fund	
	2023 RM'000	2022 RM'000
Total comprehensive income	60,792	75,509
Distribution adjustments	(a) (22,028)	(38,180)
Distributable income	<u>38,764</u>	<u>37,329</u>
Distributions proposed and declared:		
Distribution per unit (sen)		
- for the period from 1 July 2021 to 30 September 2021	-	1.550
- for the period from 1 October 2021 to 31 December 2021	-	1.550
- for the period from 1 January 2022 to 31 March 2022	-	1.600
- for the period from 1 April 2022 to 30 June 2022	-	2.100
- for the period from 1 July 2022 to 30 September 2022	1.450	-
- for the period from 1 October 2022 to 31 December 2022	1.450	-
- for the period from 1 January 2023 to 31 March 2023	1.550	-
- for the period from 1 April 2023 to 30 June 2023	1.750	-
	<u>6.200</u>	<u>6.800</u>
Sources of distributions		
Net property income	62,152	56,754
Interest income	1,295	349
Changes in fair value on investment properties	23,092	39,466
	<u>86,539</u>	<u>96,569</u>
Less: Expenses	(25,747)	(21,060)
Total comprehensive income	60,792	75,509
Distribution adjustments	(a) (22,028)	(38,180)
Prior year realised gain	18,111	15,143
Distributable income	<u>56,875</u>	<u>52,472</u>
Distribution of:		
- 2.100 sen for the period from 1 April 2021 to 30 June 2021	-	(10,611)
- 1.550 sen for the period from 1 July 2021 to 30 September 2021	-	(7,832)
- 1.550 sen for the period from 1 October 2021 to 31 December 2021	-	(7,832)
- 1.600 sen for the period from 1 January 2022 to 31 March 2022	-	(8,086)
- 2.100 sen for the period from 1 April 2022 to 30 June 2022	(10,611)	-
- 1.450 sen for the period from 1 July 2022 to 30 September 2022	(8,395)	-
- 1.450 sen for the period from 1 October 2022 to 31 December 2022	(8,395)	-
- 1.550 sen for the period from 1 January 2023 to 31 March 2023	(9,398)	-
Distributions recognised in statements of changes in net assets value	<u>(36,799)</u>	<u>(34,361)</u>
Income retained	<u>20,076</u>	<u>18,111</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19 DISTRIBUTION TO UNITHOLDERS (CONT'D)

	Group and Fund	
	2023 RM'000	2022 RM'000
<u>Note (a):-</u>		
Distribution adjustments comprise:-		
Amortisation of transaction costs	256	256
Depreciation of equipment	549	629
Changes in fair value on investment properties	(23,092)	(39,466)
Reversal of allowance for doubtful debts	49	(170)
Bad debts written off	-	323
Written off of equipment	5	1
Net amortisation of rental rebate for MCO	205	247
	(22,028)	(38,180)

The final distributable income for the 3 months ended 30 June 2023 is proposed to be 1.750 sen per unit for the period from 1 April 2023 to 30 June 2023, which was declared on 8 August 2023 and is payable on 29 August 2023. The financial statements for the current year ended 30 June 2023 do not reflect this final distributable income. This will be accounted in the statement of changes in net asset value as an appropriation of retained earnings in the next financial year ending 30 June 2024.

Withholding tax will be deducted for distributions as follows:-

	Withholding Tax rate	
	2023	2022
Resident corporate	N/A [^]	N/A [^]
Resident non-corporate	10%	10%
Non-resident individual	10%	10%
Non-resident corporate	24%	24%
Non-resident institutional	10%	10%

[^] to tax at prevailing rate

20 PORTFOLIO TURNOVER RATIO

	Group and Fund	
	2023	2022
Portfolio Turnover Ratio ("PTR") (times)	0.12	-

The calculation of PTR is based on the average value of total acquisitions and disposals of investments in KIP REIT for the financial year to the average NAV during the financial year which is calculated on a quarterly basis.

Since the basis of calculating PTR can vary among REITs, there is no consistent or coherent basis for providing an accurate comparison of KIP REIT's PTR against other REITs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21 MANAGEMENT EXPENSE RATIO

	Group and Fund	
	2023	2022
Management expense ratio ("MER") (%)	1.74%	1.45%

The calculation of the MER is based on the Fund's total operating expenses (Manager's management fees, trustees' fees, auditors' remuneration, valuers' fee and other trust expenses) incurred for the financial year ended 30 June 2023 to the average NAV (after income distribution) as at 30 June 2023, which is in accordance with the REIT Guidelines.

Since the basis of calculating MER can vary among REITs, there is no consistent or coherent basis for providing an accurate comparison of KIP REIT's MER against other REITs.

22 SEGMENT REPORTING

The senior management team makes the strategic resource allocations on behalf of the Manager. The Manager has determined the operating segments based on the reports reviewed by the senior management team that are used to make strategic decisions.

The primary segment reporting format is determined to be geographical segments as the Group's risks and rates of return are affected predominantly by differences in net property income ("NPI") margin from different geographical location.

The Group's geographical segments are based on the location of the Group's assets. The Group's main geographical segments operate in three main geographical areas:

- (i) Central region - the operations in this region include KIPMall Bangi, KIPMall Melaka and KIPMall Senawang, Pulau Indah Industrial Properties KV5, KV9 and KV3A;
- (ii) Southern region - the operations in this region include KIPMall Tampoi, KIPMall Masai and KIPMall Kota Tinggi; and
- (iii) Northern region - the operations in this region include AMKC.

Revenues derived from the Northern region amount to approximately 21.4% (2022: 24.3%) of total gross revenue are derived from a single tenant.

The Manager assesses the financial performance of the operating segments based on, including but not limited to, NPI and NPI margin. The NPI enables financial performance benchmarking as such basis eliminates the effect of financing and investment decisions which may not be made at operating level.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22 SEGMENT REPORTING (CONT'D)

Geographical segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segments:-

				Group 2023
	Southern region RM'000	Central region RM'000	Northern region RM'000	Total RM'000
Revenue				
Lease income	38,231	21,335	17,914	77,480
Revenue from contracts with customers	2,046	4,224	-	6,270
Gross Revenue	40,277	25,559	17,914	83,750
Segmental net property income	30,398	14,463	17,291	62,152
Changes in fair value on investment properties	25,449	(2,012)	(345)	23,092
Interest income	606	263	426	1,295
Borrowing costs	(2,680)	(2,371)	(9,708)	(14,759)
Trust and other expenses	(4,005)	(4,685)	(2,298)	(10,988)
Profit before taxation	49,768	5,658	5,366	60,792
Taxation	-	-	-	-
Total comprehensive income attributable to unitholders	49,768	5,658	5,366	60,792
Assets				
Segment assets	425,035	289,182	254,405	968,622
Unallocated assets				
- Cash and cash equivalents				48,761
- Trade and other receivables				6,008
Total assets				1,023,391
Liabilities				
Segment liabilities	77,495	65,678	207,347	350,520
Unallocated liabilities				
- Payables and accruals				2,503
- Borrowings				10,397
Total liabilities				363,420
Other segment information				
Additions to non-current assets:				
- Investment properties	551	88,312	345	89,208
- Equipment	81	47	-	128
Depreciation	285	264	-	549
Written off	3	2	-	5

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22 SEGMENT REPORTING (CONT'D)

Geographical segments (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segments:-

				Group 2022
	Southern region RM'000	Central region RM'000	Northern region RM'000	Total RM'000
Revenue				
Lease income	33,751	16,646	17,915	68,312
Revenue from contracts with customers	2,040	3,348	-	5,388
Gross Revenue	35,791	19,994	17,915	73,700
Segmental net property income	27,574	11,889	17,291	56,754
Changes in fair value on investment properties	6,716	(703)	33,453	39,466
Interest income	156	53	140	349
Borrowing costs	(2,543)	(1,683)	(9,069)	(13,295)
Trust and other expenses	(3,823)	(2,091)	(1,851)	(7,765)
Profit before taxation	28,080	7,465	39,964	75,509
Taxation	-	-	-	-
Total comprehensive income attributable to unitholders	28,080	7,465	39,964	75,509
Assets				
Segment assets	399,534	203,181	254,405	857,120
Unallocated assets				
- Cash and cash equivalents				30,994
- Trade and other receivables				921
Total assets				889,035
Liabilities				
Segment liabilities	73,581	43,658	206,959	324,198
Unallocated liabilities				
- Payables and accruals				218
- Borrowings				10,093
Total liabilities				334,509
Other segment information				
Additions to non-current assets:				
- Investment properties	1,285	2,703	546	4,534
- Equipment	168	(166)	-	2
Depreciation	321	308	-	629

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

23.1 Financial risk factors

KIP REIT's activities expose it to a variety of financial risks: interest rate risk (including fair value interest rate risk), credit risk, liquidity and cash flow risk. KIP REIT's overall financial risk management objective is to ensure that it creates value for its unitholders. KIP REIT focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on the financial performance of KIP REIT. Financial risk management is carried out through risk reviews and internal control systems. The Manager regularly reviews the risk profile and ensure adherence to the KIP REIT's financial risk management policies.

(a) Interest rate risk

KIP REIT's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movements in interest rate.

For the purpose of this disclosure, only the Group level interest rate risk is disclosed as the risk at Fund level mirrors the Group exposure, being the exposure to the MTN and STRC (refer note 11 and 12 for more details).

The interest rate profile of KIP REIT's significant interest bearing financial instruments, based on carrying amounts as at the end of reporting period is as follows:-

	Group	
	2023	2022
	RM'000	RM'000
Fixed rate instrument		
MTN - rated	210,000	210,000
Floating rate instrument		
STRC	20,000	-
MTN - unrated	100,000	100,000

Interest rate risk sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's profit after tax for the following year would increase or decrease accordingly as a result from the Group's exposure to interest rates on its borrowing which is not hedged. The Group has performed the following interest rate sensitivity analysis to show the Group's sensitivity to interest rates exposure:

	Group	
	2023	2022
	RM'000	RM'000
<u>Floating rate instrument</u>		
25 basis point increase	(300)	(250)
25 basis point decrease	300	250

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

23.1 Financial risk factors (Cont'd)

(a) Interest rate risk (cont'd)

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rate such as London Interbank Offered Rate ("LIBOR") denominated in USD, Great Britain Pound ("GBP"), Euro Dollar ("EUR"), Swiss Franc ("CHF") and Japanese Yen ("JPY") and other inter-bank offered rates ("IBORs") have become a priority for global regulatory. Globally, the new alternative reference rates ("ARR") are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates, in line with the LIBOR reforms.

In 2021, BNM introduced the Malaysia Overnight Rate ("MYOR") as the new alternative reference rate, which will run in parallel with the existing KLIBOR, providing the market with the flexibility to choose either MYOR or KLIBOR as the reference rate for pricing financial of financial instruments.

There remain key differences between KLIBOR and MYOR. KLIBOR is a 'term rate', which means that it is published for a borrowing period (such as 3- or 6-month tenor) and is 'forward looking', because it is published at the beginning of the borrowing period. MYOR is currently a 'backward-looking' rate, based on unsecured overnight Malaysian Ringgit interbank transactions in the Malaysian financial market, and it is published on the next business day (i.e. at the end of the overnight borrowing period). Furthermore, KLIBOR includes a credit spread over the risk-free rate, which MYOR currently does not. To transition existing contracts and agreements that reference KLIBOR to MYOR, adjustments for term and credit differences might need to be applied to MYOR, to enable the two benchmark rates to be economically equivalent on transition.

On 1 January 2023, BNM had discontinued the publication of the 2- and 12- month KLIBOR tenors, which are the least referenced rates in the market for financial contracts. The remaining one-, three- and six-month KLIBOR tenors, which continue to reflect an active underlying market, continued to be published. The Group's floating rate borrowings of RM100 million which the interest rate is based on the 1-month KLIBOR rate. The Group will closely monitor the regulators' announcement on the alternative benchmark rate or discontinuation of publication of the KLIBOR; and engage the bank to discuss necessary changes to the related contracts.

(b) Credit risk

Credit risk is the risk of a financial loss to KIP REIT if the tenants or counterparty to a financial instrument fails to meet its contractual obligations. At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

KIP REIT is not exposed to significant credit risk. The risk of non-collectability of monthly rentals is also mitigated with rental deposits collected from the tenants. Other than AEON from AMKC, which contributes to 23.1% (2022: 24.3%) of the rental income, the Group and the Fund do not have any significant exposure to any individual or group of tenants or counterparties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

23.1 Financial risk factors (Cont'd)

(b) Credit risk (cont'd)

Simplified approach for trade receivables

The Group and the Fund apply simplified approach which requires expected lifetime losses to be recognized from initial recognition of the trade receivables. To measure the expected credit loss, the expected loss rates are based on the historical payment profiles of tenants and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the tenants to settle the receivables. The Group and the Fund have identified the credit profile and sales performance of tenants to be the most relevant forward looking factors, and accordingly adjusted the historical loss rates based on expected changes in these factors. The Group and the Fund have determined the default rate for trade receivables based on their historical default rate and applied the historical default rate on trade receivables balance in the financial year.

Credit risk with respect to trade receivables and accrued billings is limited due to the nature of business which is mainly rental related and cash-based. Furthermore, the tenants have placed security deposits in the form of cash which act as collateral. In view of the above, no additional credit risk beyond amounts allowed for collection losses is inherent in KIP REIT's trade receivables.

Bank deposits are placed with licensed financial institutions with high credit ratings assigned by credit rating agencies. Hence, the risk of material loss in the event of non-performance by a financial counterparty could be considered to be unlikely.

General 3-stage approach for other receivables

The other receivables impairment is assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs.

The analysis of credit risk exposure of trade and other receivables are as follows:-

Group and Fund

	As at June 2023 RM'000	0-31 days RM'000	32-61 days RM'000	62-91 days RM'000	92-121 days RM'000	122-151 days RM'000	152-181 days RM'000	>181 days RM'000
Trade receivables (gross)	1,233	733	130	57	24	24	17	248
Impairment	(186)	-	-	(2)	(2)	(20)	(10)	(152)
	<u>1,047</u>	<u>733</u>	<u>130</u>	<u>55</u>	<u>22</u>	<u>4</u>	<u>7</u>	<u>96</u>
Expected loss rate				3.5%	8.3%	83.3%	58.8%	61.2%
Non-trade receivables (gross)	256	72	32	14	8	10	9	111
Impairment	(88)	-	-	-	(1)	(3)	(2)	(82)
	<u>168</u>	<u>72</u>	<u>32</u>	<u>14</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>29</u>
Expected loss rate					12.5%	38.8%	21.2%	73.7%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

23.1 Financial risk factors (Cont'd)

(b) Credit risk (cont'd)

General 3-stage approach for other receivables (cont'd)

The analysis of credit risk exposure of trade and other receivables are as follows:- (cont'd)

Group and Fund

	As at June 2022 RM'000	0-31 days RM'000	32-61 days RM'000	62-91 days RM'000	92-121 days RM'000	122-151 days RM'000	152-181 days RM'000	>181 days RM'000
Trade receivables (gross)	709	121	147	47	46	30	25	293
Impairment	(181)	-	-	-	-	-	-	(181)
	<u>528</u>	<u>121</u>	<u>147</u>	<u>47</u>	<u>46</u>	<u>30</u>	<u>25</u>	<u>112</u>
Expected loss rate								62%
Non-trade receivables (gross)	292	110	39	29	13	16	9	76
Impairment	(44)	-	-	-	-	(2)	(1)	(41)
	<u>248</u>	<u>110</u>	<u>39</u>	<u>29</u>	<u>13</u>	<u>14</u>	<u>8</u>	<u>35</u>
Expected loss rate						13%	14%	53%

The movement of allowance for impairment of trade receivables is as follows:-

	<u>Group and Fund</u>	
	<u>2023</u> RM'000	<u>2022</u> RM'000
As at 1 July	181	346
Allowance for impairment	5	158
Bad debts written off	-	(323)
As at 30 June	<u>186</u>	<u>181</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

23.1 Financial risk factors (Cont'd)

(c) Liquidity and cash flow risk

The rolling forecasts of liquidity requirements are monitored to ensure there is sufficient cash to meet operational needs while maintaining sufficient headroom on the committed borrowing facilities (Note 11).

Adequate cash, cash equivalents and bank facilities are maintained and monitored to finance the operations, to distribute income to unitholders, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the REIT Guidelines concerning limits on total borrowings of the investment trust.

Cash and cash equivalents as at 30 June 2023 of RM48.8 million (2022: RM31.0 million) are expected to assist in the liquidity and cash flow risk management.

The analysis of the non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date are as follows: -

	<1 year RM'000	1 to 2 years RM'000	2 to 3 years RM'000	>3 years RM'000	Total RM'000
Group					
At 30 June 2023					
Borrowings	34,468	14,235	311,186	-	359,889
Payables and accruals	14,036	13,172	-	2,995	30,203
Fund					
At 30 June 2023					
Borrowings	20,233	-	-	-	20,233
Amount due to a subsidiary	14,235	14,235	305,385	-	333,855
Payables and accruals	14,036	13,172	-	2,995	30,203
Group					
At 30 June 2022					
Borrowings	13,195	13,195	13,195	311,100	350,685
Payables and accruals	13,452	8,144	-	-	21,596
Fund					
At 30 June 2022					
Amount due to a subsidiary	13,195	13,195	13,195	305,263	344,848
Payables and accruals	13,452	8,144	-	-	21,596

Note: The amounts are contractual and undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

23.2 Capital risk management

Capital is the unitholders' capital and borrowings from bank and intercompany, as shown in the statement of financial position.

The overall capital management objectives are to safeguard the ability to continue as a going concern in order to provide returns for unitholders and other stakeholders as well as to maintain a more efficient capital structure.

The Manager's on-going capital management strategy involves maintaining an appropriate gearing level and adopting an active interest rate management strategy to manage the risks associated with refinancing and changes in interest rates. The Manager intends to implement this strategy by:

- (i) diversifying sources of debt funding to the extent appropriate,
- (ii) maintaining a reasonable level of debt service capability,
- (iii) securing favourable terms of funding,
- (iv) managing its financial obligations and
- (v) where appropriate, managing the exposures arising from adverse market interest rates, such as through fixed rate borrowings, to improve the efficiency for the cost of capital.

The total borrowings to total assets ratio is as follows:-

	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total borrowings	333,217	312,913	325,385	305,263
Total assets	1,023,391	889,035	1,015,559	881,385
Borrowings to total assets ratio (%)	32.56%	35.20%	32.04%	34.63%

The total borrowings should not exceed 50% of the total assets at the time the borrowings are incurred in accordance with the REIT Guidelines. The Group and the Fund complied with the borrowing limit requirement for the financial year ended 30 June 2023. Amount due to a subsidiary (Note 12) is deemed as a borrowing as it represents advances of MTN proceeds from the subsidiary.

The Deeds provides that the Manager shall, with the approval of the Trustee, for each distribution period, distribute all (or such other percentage as determined by the Manager at its absolute discretion) of KIP REIT's distributable income. It is the intention of the Manager to distribute at least 90% of KIP REIT's distributable income on a quarterly basis (or such other interval as determined by the Manager at its absolute discretion).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

23.3 Fair value

The assets and liabilities measured at fair value and classified by level of the fair value measurement hierarchy are as follows:-

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3).

	Level 3	
	2023	2022
	RM'000	RM'000
Recurring fair value measurements:		
Investment properties	964,300	852,000

Level 3 fair values of the investment properties have been derived from the investment method based on valuations performed by the Valuers, who holds a relevant professional qualification and has recent experience in the locations and categories of the investment properties valued. The valuation techniques, significant parameters and movement in fair values are as disclosed in Note 6.

Assets and liabilities not carried at fair value

The carrying amounts of financial assets and liabilities as at reporting date approximated their fair values except as disclosed below. The fair value of tenants' deposits received from tenants at the reporting date is not materially different from their carrying value as the impact of discounting is not expected to be significant. For floating rate loans, the carrying value is generally a reasonable estimate of fair value.

In determining the fair value of the MTN with fixed interest rate, the Group utilizes the discounted cash flow method. This involves the derivation of the present value of cash flows arising from payments of interest and principal based on the current market interest rates.

For the purpose of fair valuing the borrowing facilities, a proxy market interest rate is derived by reference to the floating market rate paid on the floating MTN issue for a borrowing facility of similar characteristics. This represents the best estimate of the market rate for the borrowing facility.

	Level 3	
	2023	2022
	RM'000	RM'000
MTN - fixed rate issue of RM210 million	213,000	217,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions are carried out in the normal course of business on terms and conditions negotiated between the contracting parties.

Related party	Relationship
KIP REIT Management Sdn. Bhd.	REIT Manager
KIP REIT Capital Sdn. Bhd.	Subsidiary company
KIP Property Services Sdn. Bhd.	Common Shareholder
Teju Logistic Sdn Bhd	Common Shareholder
Hextar Chemicals Sdn Bhd	Common Shareholder

KIP REIT Management Sdn. Bhd. are jointly controlled by KIP REIT's substantial unitholders, Dato' Ong Kook Liong and Dato' Ong Choo Meng.

KIP Property Services Sdn. Bhd. are jointly controlled by KIP REIT's substantial unitholders, Dato' Ong Kook Liong, his spouse and Datin Teoh Siew Chin.

Teju Logistic Sdn Bhd is controlled by KIP REIT's substantial unitholder, Dato' Ong Choo Meng and Hextar Chemicals Sdn Bhd is ultimately controlled by KIP REIT' substantial unitholder, Dato'Ong Choo Meng.

Significant related parties transactions for the financial year:	Group		Fund	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Rental income derived from</i>				
Teju Logistic Sdn Bhd	1,853	-	1,853	-
Hextar Chemicals Sdn Bhd	962	-	962	-
<i>Purchases of services</i>				
1) Reimbursement cost - KIP Property Services Sdn. Bhd.	3,967	3,591	3,967	3,591
2) Management fees - KIP REIT Management Sdn. Bhd.	7,387	5,664	7,387	5,664
3) Interest on advances from a subsidiary - KIP REIT Capital Sdn. Bhd.	-	-	14,125	13,195
Significant related parties balances as at reporting date:				
<i>Amounts due from</i>				
KIP REIT Management Sdn. Bhd.	197	-	197	-
KIP Property Services Sdn. Bhd.	28	-	28	-
<i>Amounts due to</i>				
KIP Property Services Sdn. Bhd.	-	65	-	65
KIP REIT Capital Sdn. Bhd.	-	-	305,385	305,263

The amount due from related parties are mainly due to advance payment in relation to operation of investment properties.

The amount due to related parties are related to services rendered by the related companies, as well as advances pertaining to MTN issuance (Note 11).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25 OPERATING LEASES

Leases as lessor

The Group and the Fund lease out the investment properties (Note 6) under operating leases. Subject to full receipts and/or recoveries of all trade receivables, and assuming no existing tenancies are prematurely terminated, all expiring tenancies will be renewed at the same passing rent rates and no rental support, incentive or waiver will be given to tenants.

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	Group and Fund	
	2023 RM'000	2022 RM'000
No later than 1 year	67,361	47,169
Later than 1 year but no later than 2 years	43,861	24,561
Later than 2 year but no later than 3 years	11,093	18,901
Later than 3 year but no later than 4 years	6,891	4,484
Later than 4 year but no later than 5 years	5,823	-
Later than 5 years	66,525	-

26 CAPITAL COMMITMENT

	Group and Fund	
	2023 RM'000	2022 RM'000
Significant capital expenditure commitments:		
<i>Investment properties</i>		
Contracted but not provided for and payable:		
More than one year but less than two years		
KIPMall Bangi Facelift	11,103	18,116

27 SIGNIFICANT EVENTS DURING THE YEAR

(a) Acquisitions of industrial properties in Pulau Indah

On 12 July 2022, the Manager announced that the Trustee to KIP REIT has entered into conditional sale and purchase agreements ("SPAs") with Hextar Chemicals Sdn Bhd, Hextar Industrial Chemicals Sdn Bhd and Teju Logistics Sdn Bhd, respectively (hereinafter referred to as "Hextar group of companies"), for the sale and purchase of three industrial properties located in Pulau Indah ("Properties") for an aggregate purchase price of RM78.7 million ("Proposed Acquisitions"). The Properties will be leased to Hextar group of companies' related companies on a fixed period of 15 years from the date of completion of the SPA's ("Proposed Leases").

The Proposed Acquisitions and the Proposed Leases are deemed related party transactions under Paragraph 10.08 of the Listing Requirements in view of the interests of the interested major unitholder of KIP REIT and are subject to the approval of the unitholders of KIP REIT at a general meeting to be convened, consents from the State Authority of Selangor and any other relevant authorities and/or parties if required. Unitholders of KIP REIT had at the Unitholders' Meeting convened and held on 13 October 2022, approved the Proposed Acquisitions and Proposed Leases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27 SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

(a) Acquisitions of industrial properties in Pulau Indah (Cont'd)

On 7 December 2022, the Manager announced that all the conditions precedent set out in the SPAs have been fulfilled and SPAs became unconditional on the even date.

On 14 December 2022, the Manager announced the completion of the Proposed Acquisitions with the settlement of the balance of purchase price. Following the completion of Proposed Acquisitions, Proposed Leases commenced on the same date.

(b) Completion of private placements

The total number of units issued increased from 505,300,000 units to 606,360,000 units with the issuance and listing of total 101,060,000 new units arising from private placement on 3 August 2022, 25 August 2022 and 23 February 2023 respectively.

(c) Proposed acquisition of KIPMall Kota Warisan

On 16 June 2023, the Manager announced that the Trustee to KIP REIT has entered into conditional sale and purchase agreements ("SPAs") with Cahaya Serijaya Sdn Bhd ("Vendor"), for proposed acquisition of KIPMall Kota Warisan ("Property") for a cash consideration of RM80.0 million ("Proposed Acquisition").

The Proposed Acquisition is a related party transaction under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(d) Proposed private placement for proposed acquisition of KIPMALL Kota Warisan

In conjunction with the Proposed Acquisition, the Trustee on recommendation of the Manager, proposes to undertake a private placement to raise gross proceeds of approximately RM10.0 million.

28 SUBSEQUENT EVENTS

There were no subsequent events.

OTHER DISCLOSURE INFORMATION

1 UTILISATION OF PROCEEDS

KIP REIT's private placement was completed on 23 February 2023 upon subscription and listing of the 101,060,000 placement shares on the Main Market of Bursa Securities. The gross proceeds raised from the private placement were RM82,398,950 and the utilisation status as at 30 June 2023 is as follows: -

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Estimated Timeframe
Future acquisition	72,184	50,000	22,184	Within 14 months
Part-finance the KIPMall Bangi facelift	9,215	8,036	1,179	Within 18 months
Defrayment of expenses in relation to the private placement	1,000	947	53	Within 6 months
Total	82,399	58,983	23,416	

2 AUDIT AND NON-AUDIT FEES

The details of the fees paid/payable to the External Auditor for both audit and non-audit services rendered for the FYE 2023 are tabled as follows: -

	Fund Level RM	Group Level RM
Audit services rendered	120,700	123,000
Non-audit services rendered		
(a) Tax compliance	8,200	8,200
(b) Statement on Risk Management and Internal Control	9,200	9,200
Total	138,100	140,400

3 MATERIAL CONTRACTS

(a) Acquisition of Three (3) Industrial Properties

On 12 July 2022, Pacific Trustees Berhad, acting as the Trustee for and on behalf of KIP REIT, had entered into the following agreements: -

- (i) SPA with Hextar Chemicals Sdn Bhd ("HCSB"), an indirect wholly-owned subsidiary of Hextar Global Berhad ("Hextar Global") for the proposed acquisition of two (2) adjoining parcels of leasehold industrial land measuring in aggregate 229,311 square feet, bearing the address of Lot 5, Jalan Perigi Nenas 7/3, located in Pulau Indah Industrial Park, Port Klang together with the buildings erected thereon ("Klang Property 1"), for a cash consideration of RM27,000,000 ("Proposed Acquisition 1");
- (ii) SPA with Hextar Industrial Chemicals Sdn Bhd ("HICSB") for the proposed acquisition of a parcel of leasehold industrial land measuring 228,189 square feet, bearing the address of Lot 3A, Jalan Perigi Nenas 7/2, located in Pulau Indah Industrial Park, Port Klang together with the buildings erected thereon ("Klang Property 2") for a cash consideration of RM23,700,000 ("Proposed Acquisition 2"); and
- (iii) SPA with Teju Logistics Sdn Bhd ("TLSB") for the proposed acquisition of a parcel of leasehold industrial land measuring 200,861 square feet, bearing the address of PT 154141, Jalan Perigi Nenas 7/3, located in Pulau Indah Industrial Park, Port Klang together with the buildings erected thereon ("Klang Property 3") for a cash consideration of RM28,000,000 ("Proposed Acquisition 3").

(All "Proposed Acquisition 1", "Proposed Acquisition 2" and "Proposed Acquisition 3" are hereby collectively referred as the "Proposed Acquisitions".)

OTHER DISCLOSURE INFORMATION (CONT'D)

3 MATERIAL CONTRACTS (CONT'D)

(a) Acquisition of Three (3) Industrial Properties (Cont'd)

In conjunction with the Proposed Acquisitions, the Trustee, on behalf of KIP REIT ("Lessor") and the lessees (as identified in table below) to the Klang Properties ("Lessees") will sign in escrow, the lease agreements whereby the Trustee shall lease the Klang Properties to the Lessees which shall commence only upon the completion of the SPA ("Proposed Leases"): -

	Lease Agreement 1	Lease Agreement 2	Lease Agreement 3
Property	Klang Property 1	Klang Property 2	Klang Property 3
Lessee	HCSB	TLSB	

Save as disclosed below, none of the Directors, major shareholders and chief executive of the Manager and/or major unitholders of KIP REIT and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisitions and the Proposed Leases: -

- (i) Dato' Ong Choo Meng, being the major unitholder of KIP REIT via his interest through Hextar Rubber Sdn Bhd is also the major shareholder of HCSB, HICSB and TLSB.

As at 30 June 2023, the direct and indirect unitholdings of Dato' Ong Choo Meng in KIP REIT is as follows: -

Unitholders	Direct		Indirect	
	No. of Units	%	No. of Units	%
Hextar Rubber Sdn Bhd	120,857,000	19.932	-	-
Dato' Ong Choo Meng	4,976,000	0.821	120,857,000 ⁽¹⁾	19.932

Note: -

- ⁽¹⁾ Deemed interested by virtue of his interest in Hextar Rubber Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

The aforementioned Proposed Acquisitions and Proposed Leases should be read in conjunction with KIP REIT's announcement made to Bursa Securities dated 12 July 2022 and circular to unitholders dated 23 September 2022. The Proposed Acquisitions have been completed on 14 December 2022 and thereby initiating the commencement of the Proposed Leases with immediate effect on the same day.

(b) Acquisition of KIPMall Kota Warisan

On 16 June 2023, the Trustee had entered into a conditional SPA with Cahaya Serijaya for the proposed acquisition of KIPMall Kota Warisan for a cash purchase consideration of RM80.0 million ("Proposed Acquisition 4").

Save as disclosed below, none of the Directors, major shareholders and chief executive of the Manager and/or major unitholders of KIP REIT and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition 4: -

- (i) Dato' Ong Kook Liong is the director and major shareholder of Cahaya Serijaya, as well as Managing Director and major shareholder of the Manager and major unitholder of KIP REIT; and
- (ii) Ms. Ong Pui Shan is the Executive Director cum CEO of the Manager and daughter of Dato' Ong Kook Liong. She is not a director or shareholder of Cahaya Serijaya. However, she is the alternate director to Dato' Ong Kook Liong in Cahaya Serijaya. Although Ms. Ong Pui Shan has no interest in the Proposed Acquisition 4, she is a person connected to Dato' Ong Kook Liong.

OTHER

DISCLOSURE INFORMATION (CONT'D)

3 MATERIAL CONTRACTS (CONT'D)

(b) Acquisition of KIPMall Kota Warisan (Cont'd)

As at 30 June 2023, the direct and indirect unitholdings of Dato' Ong Kook Liong and Ms. Ong Pui Shan in KIP REIT are as follows: -

Directors	Direct		Indirect	
	No. of Units	%	No. of Units	%
Dato' Ong Kook Liong	62,486,283	10.31	3,878,492 ⁽²⁾	0.64
Ms. Ong Pui Shan	200,000	0.03	-	-

Note: -

⁽²⁾ Deemed interested by virtue of his interest held through his spouse and child pursuant to Section 59(11) (c) of the Companies Act 2016.

The Proposed Acquisition 4 disclosed above should be read in conjunction with KIP REIT's announcement made to Bursa Securities dated 16 June 2023.

4 RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE

During FYE 2023, there was no RRPT entered which requires unitholders' mandate.

UNITHOLDERS' STATISTICS

AS AT 1 AUGUST 2023

ANALYSIS OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	% of Unitholders	No. of Units	% of Issued Unitholdings
Less than 100	31	0.35	442	0.00
100 – 1,000	1,362	15.40	867,929	0.14
1,001 – 10,000	4,620	52.23	23,563,800	3.89
10,001 – 100,000	2,455	27.76	79,889,038	13.17
100,001 to less than 5% of issued units	375	4.24	345,852,191	57.04
5% and above of issued units	2	0.02	156,186,600	25.76
Total	8,845	100.00	606,360,000	100.00

* Voting right: one vote per unit

DIRECTORS' UNITHOLDINGS

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Units	%	No. of Units	%
1	Datuk Dr Syed Hussain bin Syed Husman, PJN. JP	60,000	0.01	-	-
2	Dato' Ong Kook Liong	62,486,283	10.31	3,878,492 ⁽¹⁾	0.64
3	Ong Pui Shan	200,000	0.03	-	-
4	Ong Tzu Chuen	-	-	120,857,000 ⁽²⁾	19.93
5	Datuk Mohamed Arsad bin Sehan	300,000	0.05	-	-
6	Chiam Tau Meng	-	-	-	-

SUBSTANTIAL UNITHOLDERS

No.	Name of Substantial Unitholders	Direct Interest		Deemed Interest	
		No. of Units	%	No. of Units	%
1	Hextar Rubber Sdn Bhd	120,857,000	19.93	-	-
2	Dato' Ong Choo Meng	4,976,000	0.82	120,857,000 ⁽²⁾	19.93
3	Ong Tzu Chuen	-	-	120,857,000 ⁽²⁾	19.93
4	Dato' Ong Kook Liong	62,486,283	10.31	3,878,492 ⁽¹⁾	0.64
5	Datin Teoh Siew Chin	34,347,288	5.66	-	-

Notes:

⁽¹⁾ Deemed interested by virtue of his interest pursuant to Section 59(11)(c) of the Companies Act 2016.

⁽²⁾ Deemed interested by virtue of his/her interest pursuant to Section 8(4) of the Companies Act 2016.

UNITHOLDERS' STATISTICS (CONT'D)

AS AT 1 AUGUST 2023

TOP 30 UNITHOLDERS

No.	Name	Holdings	%
1	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hextar Rubber Sdn Bhd (PJCAC)	120,857,000	19.93
2	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kook Liong	35,329,600	5.83
3	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Siew Chin	28,447,288	4.69
4	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kook Liong (7003599)	17,900,000	2.95
5	Yayasan Guru Tun Hussein Onn	17,000,000	2.80
6	Tan Jyh Yaong	14,882,500	2.45
7	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	13,625,600	2.25
8	Cartaban Nominees (Asing) Sdn Bhd Exempt an for Standard Chartered Bank Singapore (EFGBHK-ASING)	12,500,000	2.06
9	Cartaban Nominees (Asing) Sdn Bhd Exempt an for Standard Chartered Bank Singapore Branch (BJSSHKBR-CL FR)	12,500,000	2.06
10	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Brahmam A/L Vasudevan (PB)	12,200,000	2.01
11	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	9,609,200	1.59
12	Cartaban Nominees (Asing) Sdn Bhd Exempt an for BOCI Securities Ltd (Clients A/C)	9,550,000	1.58
13	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Kook Liong	8,600,000	1.42
14	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB Prin)	8,146,725	1.34
15	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Life Par)	6,931,700	1.14
16	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM Aham) (410195)	6,623,100	1.09
17	Gan Cheng Swee	6,100,000	1.01
18	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Siew Chin (7004885)	5,900,000	0.97
19	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kok Pick Tong (7004042)	5,500,000	0.91
20	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt an for Petroliam Nasional Berhad (Affin)	5,064,400	0.84
21	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Choo Meng (Dato') (MY3918)	4,976,000	0.82
22	Cartaban Nominees (Tempatan) Sdn Bhd TMF Trustees Malaysia Berhad for Affin Hwang Wholesale Equity Fund 2	4,931,300	0.81
23	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)	4,637,300	0.77
24	Maybank Nominees (Tempatan) Sdn Bhd Medical Fund (IFM AHAM) (410222)	3,621,000	0.60
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siew Kui Tau	3,390,000	0.56
26	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Brahmam A/L Vasudevan	3,300,000	0.54
27	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	3,015,575	0.50
28	Christopher Mah Siew Houk	2,900,000	0.48
29	Chow Hon Keong	2,315,000	0.38
30	Kok Pick Tong	2,210,098	0.36
	Total	392,563,386	64.74

CORPORATE DIRECTORY

MANAGER

KIP REIT Management Sdn Bhd
(201501044317 (1169638-M))

Registered Office:
Unit 27.2, Menara 1MK
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Tel. No.: +603 6259 1133
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E-mail: info@kipreit.com.my
Website: www.kipreit.com.my

BOARD OF DIRECTORS

Datuk Dr Syed Hussain bin Syed Husman, PJN. JP
Chairman/Senior Independent Non-Executive Director

Dato' Ong Kook Liong
Managing Director
(Redesignated w.e.f. 18/8/2022)

Ms. Ong Pui Shan
Executive Director cum CEO
(Redesignated w.e.f. 5/4/2023)

Ms. Ong Tzu Chuen
Executive Director
(Appointed w.e.f. 18/8/2022)

Datuk Mohamed Arsad bin Sehan
Independent Non-Executive Director

Mr. Chiam Tau Meng
Independent Non-Executive Director

COMPANY SECRETARY OF THE MANAGER

Foo Siew Loon (MAICSA 7006874)
(SSM Practising Certificate No. 202008002104)
Unit 27.2, Menara 1MK
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SECURITY TRUSTEE

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Tel. No.: +603 9280 5950
Fax No.: +603 9280 5947

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Mr. Chiam Tau Meng

Member
Datuk Mohamed Arsad bin Sehan
Datuk Dr Syed Hussain bin Syed Husman, PJN. JP

NOMINATION COMMITTEE

Chairman
Datuk Mohamed Arsad bin Sehan

Member
Datuk Dr Syed Hussain bin Syed Husman, PJN. JP
Mr. Chiam Tau Meng

REMUNERATION COMMITTEE

Chairman
Mr. Chiam Tau Meng (Appointed as Chairman w.e.f. 18/8/2022)

Member
Datuk Mohamed Arsad bin Sehan
Datuk Dr Syed Hussain bin Syed Husman, PJN. JP
(Redesignated w.e.f. 18/8/2022)

CORPORATE DIRECTORY (CONT'D)

INVESTMENT STEERING COMMITTEE

Chairman

Dato' Ong Kook Liong
Ms. Ong Pui Shan (Deputy Chairman)
Ms. Ong Tzu Chuen (Deputy Chairman)

Member

Ms. Tan Jo Lynn
Ms. Lam Yoke Jing
Ms. Norziela Mohamed Nasir

PROPERTY MANAGER

Henry Butcher (Mont Kiara) Sdn Bhd

(201501023493 (1148822-P))
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EXTERNAL AUDITORS

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REGISTRAR

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STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Stock Short Name: KIPREIT
Stock Code: 5280

INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS

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KIP REIT®

KIP REAL ESTATE INVESTMENT TRUST

KIP REIT MANAGEMENT SDN. BHD.(1169638-M)

(The Manager for KIP REIT)

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