

Financial Report for the 3rd quarter FY2024 ended 31 March 2024

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	Quarter			Period-To-Date		
	31 Mar 2024	31 Mar 2023	Changes	31 Mar 2024	31 Mar 2023	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Lease income	22,852	20,235	12.9%	64,372	56,773	13.4%
Revenue from contracts with customers	1,696	1,585	7.0%	5,147	4,586	12.2%
Gross revenue	24,548	21,820	12.5%	69,519	61,359	13.3%
Utilities expenses	(3,083)	(2,625)	(17.5%)	(8,777)	(7,304)	(20.2%)
Maintenance and housekeeping expenses	(712)	(532)	(33.9%)	(2,063)	(1,786)	(15.5%)
Marketing expenses	(147)	(96)	(53.4%)	(280)	(176)	(58.6%)
Quit rent and assessment	(526)	(495)	(6.4%)	(1,517)	(1,434)	(5.9%)
Reimbursement costs	(1,196)	(998)	(19.8%)	(3,242)	(2,828)	(14.6%)
Property manager fee	(43)	(41)	(6.3%)	(125)	(104)	(19.7%)
Other operating expenses	(748)	(607)	(23.2%)	(2,128)	(1,810)	(17.6%)
Property operating expenses	(6,455)	(5,394)	(19.7%)	(18,132)	(15,442)	(17.4%)
Net property income	18,093	16,426	10.1%	51,387	45,917	11.9%
Interest income	157	216	(27.5%)	693	957	(27.5%)
Net investment income	18,250	16,644	9.6%	52,080	46,874	11.1%
Manager's management fee	(2,760)	(1,498)	(84.2%)	(6,235)	(5,667)	(10.0%)
Trustees' fee	12	(106)	111.4%	(156)	(296)	47.4%
Auditors' remuneration	72	(73)	198.2%	(28)	(162)	82.6%
Valuers' fee	75	(102)	173.2%	(82)	(365)	77.5%
Other trust expenses	(997)	(477)	(109.0%)	(2,183)	(1,967)	(11.0%)
Borrowing costs	(4,422)	(3,859)	(14.6%)	(12,129)	(10,965)	(10.6%)
	(8,020)	(6,115)	(31.1%)	(20,813)	(19,422)	(7.2%)
Profit before taxation^{N1}	10,230	10,527	(2.8%)	31,267	27,452	13.9%
Taxation	-	-	-	-	-	-
Profit after taxation	10,230	10,527	(2.8%)	31,267	27,452	13.9%
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	10,230	10,527	(2.8%)	31,267	27,452	13.9%
Profit after taxation is made up as follows:						
- Realised	11,961	10,527	13.6%	32,999	29,228	12.9%
- One-off exp incidental to the acquisition	(1,731)	-	0.0%	(1,731)	(1,776)	(2.5%)
	10,230	10,527	(2.8%)	31,267	27,452	13.9%
Weighted average number of units ('000)	618,630	590,219		611,357	572,083	
Earnings per unit ("EPU") (sen)^{N2}						
- Realised	1.65	1.78		5.11	4.80	
Total comprehensive income	10,230	10,527		31,267	27,452	
Distribution adjustments	223	247		823	788	
Total current period / year distributable income	10,453	10,774		32,090	28,240	
Distribution per unit (sen)	1.60	1.55		4.70	4.45	
^{N1} Included in profit before taxation are following items:						
Interest income	157	216		693	957	
Amortisation of rental rebate	(33)	(41)		(159)	(182)	
Depreciation of equipments	(141)	(132)		(416)	(419)	
Allowance for impairment on receivable	27	(10)		15	11	
Bad debts written off	-	-		(59)	-	
Equipments written off	-	-		-	(6)	

^{N2} EPU for the current quarter is computed based on Profit after tax for the quarter divided by number of units in issue of 618,629,900 units and EPU for the current period is based on weighted average number of units in issue of 611,357,196 units. EPU for preceding year corresponding quarter is computed based on weighted average number of units in issue of 590,218,556 units and EPU for preceding year corresponding period is based on weighted average number of units in issue of 572,082,920 units.

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 ("AFS FY2023") and the accompanying notes attached to this Interim Financial Report.

KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
STATEMENT OF INCOME DISTRIBUTION

	Quarter			Period-To-Date		
	31 Mar 2024	31 Mar 2023	Changes	31 Mar 2024	31 Mar 2023	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Net property income	18,093	16,426	10.1%	51,387	45,917	11.9%
Interest income	157	216	(27.5%)	693	957	(27.5%)
	18,250	16,642	9.7%	52,080	46,874	11.1%
Less : Expenses	(8,020)	(6,115)	(31.1%)	(20,813)	(19,422)	(7.2%)
Total comprehensive income	10,230	10,527	(2.8%)	31,267	27,452	13.9%
Distribution adjustment						
- Amortisation of transactions costs	76	64		204	192	
- Depreciation of equipment	141	132		416	419	
- Allowance for impairment on receivable	(27)	10		(15)	(11)	
- Bad debts written off	-	-		59	-	
- Written off of equipment	-	-		-	6	
- Net amortisation of rental rebate for MCO	33	41		159	182	
	223	247		823	788	
Total current period / year distributable income	10,453	10,774	(3.0%)	32,090	28,240	13.6%
Undistributed distributable income brought forward	12,113	8,177	48.1%	9,465	7,500	26.2%
Distributable income	22,566	18,951	19.1%	41,555	35,740	16.3%
Less: Proposed / declared income distribution	(9,898)	(9,399)	5.3%	(28,887)	(26,188)	10.3%
Undistributed distributable income	12,668	9,552	32.6%	12,668	9,552	32.6%
Distribution per unit (sen)	1.60	1.55	3.2%	4.70	4.45	5.6%

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 ("AFS FY2023") and the accompanying notes attached to this Interim Financial Report.

**KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Group		Fund	
	Unaudited As At	Audited As At	Unaudited As At	Audited As At
	31 Mar 2024	30 Jun 23	31 Mar 2024	30 Jun 23
ASSETS	RM '000	RM '000	RM '000	RM '000
<u>Non-Current Assets</u>				
Equipment	1,479	1,520	1,479	1,520
Investment properties	1,056,511	964,300	1,056,511	964,300
Investment in a subsidiary	-	-	- *	- *
Total Non-Current Assets	1,057,990	965,820	1,057,990	965,820
<u>Current Assets</u>				
Trade receivables	787	1,047	787	1,047
Other receivables and prepayments	9,521	7,763	9,521	7,763
Amount due from subsidiary company	-	-	-	-
Deposit with licensed bank	-	-	-	-
Cash and cash equivalents	27,519	48,761	17,624	40,929
Total Current Assets	37,827	57,571	27,932	49,739
TOTAL ASSETS	1,095,817	1,023,391	1,085,922	1,015,559
FINANCED BY:				
Unitholders' fund				
Unitholders' capital	583,626	573,785	583,626	573,785
Retained earnings	87,855	86,186	87,855	86,186
Total Unitholders' Fund	671,481	659,971	671,481	659,971
<u>Non-Current Liabilities</u>				
Borrowings	387,436	309,586	-	-
Amount due to a subsidiary	-	-	378,920	305,385
Other payables and accruals	23,287	16,167	23,287	16,167
Total Non-Current Liabilities	410,723	325,753	402,207	321,552
<u>Current Liabilities</u>				
Borrowings	1,268	23,631	-	20,000
Trade payables	1,724	549	1,724	549
Other payables and accruals	10,621	13,487	10,510	13,487
Total Current Liabilities	13,613	37,667	12,234	34,036
TOTAL LIABILITIES	424,336	363,420	414,441	355,588
TOTAL UNITHOLDERS' FUND AND LIABILITIES	1,095,817	1,023,391	1,085,922	1,015,559
Net Asset Value (NAV)				
- before income distribution	701,080	696,770	701,080	696,770
- after income distribution	671,481	659,971	671,481	659,971
Number of units in circulation (Units)	618,630	606,360	618,630	606,360
Net Asset Value per unit (RM)				
- before income distribution	1.1333	1.1491	1.1333	1.1491
- after income distribution	1.0854	1.0884	1.0854	1.0884

* Denotes RM2 share capital in KIP REIT Capital Sdn Bhd

The unaudited Condensed Consolidated Statement of the Financial Position should be read in conjunction with the AFS FY 2023 and the accompanying notes attached to this Interim Financial Report.

KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE

	Unitholders' capital	Retained earnings	Total
	RM '000	RM '000	RM '000
<u>Group and Fund</u>			
As at 1 July 2023	573,785	86,186	659,971
Profit for the year	-	31,267	31,267
Total comprehensive income for the period attributable to unitholders	-	31,267	31,267
Unitholders' transactions			
Distribution to unitholders	-	(29,598)	(29,598)
Issuance and placement of units	10,000	-	10,000
Issuing expenses	(159)	-	(159)
Decrease in net asset resulting from unitholders' transactions	9,841	(29,598)	(19,757)
As at 31 March 2024	<u>583,626</u>	<u>87,855</u>	<u>671,481</u>
<u>Group and Fund</u>			
As at 1 July 2022	492,333	62,193	554,526
Profit for the year	-	27,452	27,452
Total comprehensive income for the period attributable to unitholders	-	27,452	27,452
Unitholders' transactions			
Distribution to unitholders	-	(27,400)	(27,400)
Issuance and placement of units	82,399	-	82,399
Issuing expenses	(947)	-	(947)
Increase in net asset resulting from unitholders' transactions	81,452	(27,400)	54,052
As at 31 March 2023	<u>573,785</u>	<u>62,245</u>	<u>636,030</u>

The unaudited condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the AFS FY 2023 and the accompanying notes attached to this Interim Financial Report.

	Group		Fund	
	Cumulative Year-To-Date 31 Mar 2024 RM '000	Cumulative Year-To-Date 31 Mar 2023 RM '000	Cumulative Year-To-Date 31 Mar 2024 RM '000	Cumulative Year-To-Date 31 Mar 2023 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	31,267	27,452	31,267	27,452
Adjustment for:				
Interest expenses on borrowings	11,550	10,794	397	436
Interest expenses on advance from a subsidiary	-	-	11,153	10,337
Interest income	(693)	(957)	(693)	(957)
Depreciation of equipment	416	419	416	419
Amortisation of transaction costs	204	192	204	192
Bad debts written off	59	-	59	-
Written off of equipment	-	5	-	5
Allowance for doubtful debts	(15)	(11)	(15)	(11)
Operating income before changes in working capital	<u>42,788</u>	<u>37,894</u>	<u>42,788</u>	<u>37,873</u>
Net change in trade and other receivables	(1,557)	723	(1,557)	723
Net change in payables and accruals	5,212	6,290	5,467	6,290
Cash generated from operations	<u>46,443</u>	<u>44,907</u>	<u>46,698</u>	<u>44,886</u>
Taxes paid	-	-	-	-
Net cash generated from operating activities	<u>46,443</u>	<u>44,907</u>	<u>46,698</u>	<u>44,886</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	707	862	707	862
Purchase of equipment	(375)	(127)	(375)	(127)
Acquisition of investment properties	(80,000)	(78,700)	(80,000)	(78,700)
Asset enhancement on investment properties	(12,211)	(6,210)	(12,211)	(6,210)
Net cash used in investing activities	<u>(91,879)</u>	<u>(84,175)</u>	<u>(91,879)</u>	<u>(84,175)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of new units	10,000	82,399	10,000	82,399
Payment of issuing expenses	(159)	(947)	(159)	(947)
Income distribution paid to unitholders	(29,598)	(27,400)	(29,598)	(27,400)
Repayment to a subsidiary company	-	-	(2,318)	(103)
Interest paid in advance from a subsidiary	-	-	(13,504)	(12,641)
Interest paid on borrowings	(14,049)	(12,675)	(545)	(33)
Repayment of borrowings	(20,000)	-	(20,000)	-
Proceeds from borrowings	78,000	20,000	78,000	20,000
Net cash generated from financing activities	<u>24,194</u>	<u>61,377</u>	<u>21,876</u>	<u>61,275</u>
Net (decrease)/increase in cash and cash equivalents	(21,242)	22,111	(23,305)	21,986
Cash and cash equivalents at beginning of period	<u>48,761</u>	<u>30,994</u>	<u>40,929</u>	<u>23,345</u>
Cash and cash equivalents at end of period	<u><u>27,519</u></u>	<u><u>53,105</u></u>	<u><u>17,624</u></u>	<u><u>45,331</u></u>

Cash and cash equivalent in the consolidated statement of cash flows comprise the following statement of financial position amounts:

Cash in hand	-	*	-	*	-	-
Bank balances	11,596		8,353		9,710	8,336
Short term deposits placed with licensed bank	15,923		44,752		7,914	36,995
	<u>27,519</u>		<u>53,105</u>		<u>17,624</u>	<u>45,331</u>

* Denotes RM2

The unaudited condensed Consolidated Statement of Cash Flow should be read in conjunction with the AFS FY 2023 and the accompanying notes attached to this Interim Financial Report.

PART A - DISCLOSURE REQUIREMENTS PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134

A1. CORPORATE INFORMATION

KIP Real Estate Investment Trust ("KIP REIT" or the "Fund") is a Malaysia domiciled real estate investment trust constituted pursuant to the trust deed dated 2 November 2016 as amended and restated by the Restated deed dated 12 December 2019 and the supplementary deed dated 29 September 2020 (collectively referred to as the "Deed") between KIP REIT Management Sdn. Bhd. (the "Manager") and Pacific Trustees Berhad (the "Trustee"). The Fund was listed on the Main Market of Bursa Malaysia Securities Berhad on 6 February 2017. The unaudited condensed consolidated interim financial statements comprise KIP REIT and its subsidiary (the "Group").

A2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board, paragraph 9.44 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Deed and the Securities Commission Malaysia's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines").

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2023 ("AFS FY2023") and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements. The accounting policies and methods of computation adopted in these unaudited condensed consolidated financial statements are consistent with those disclosed in the AFS FY2023.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the financial statements of KIP REIT for the preceding financial year ended 30 June 2023 was not qualified.

A4. SEASONALITY AND CYCLICALITY OF OPERATIONS

KIP REIT's operations were not significantly affected by seasonal or cyclical factors.

A5. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

There were no significant unusual items that affect the assets, liabilities, equity, net income or cash flow during the financial period to date under review, except the amortisation of rental rebates during MCO 1.0 offered to non-essential retail tenants and rental assistance offered to affected tenants during MCO 2.0 and Full MCO ("FMCO").

A6. CHANGES IN ESTIMATES

Not applicable as no estimates were previously reported.

A7. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale, and repayment of debt and equity securities for the current quarter.

A8. INCOME DISTRIBUTION

The Manager intends to distribute at least 90% of the distributable income to the unitholders of KIP REIT in financial year ending 30 June 2024, on a quarterly basis.

For the quarter ended 31 March 2024, the Manager proposed a third income distribution of RM9.9 million or 1.60 sen per unit, which includes a non-taxable portion of approximately 0.36 sen per unit derived from capital allowances and tax-exempt income which is not subject to tax. The book closure and payment dates in respect of the proposed income distribution will be fixed on 9 May 2024 and 28 May 2024 respectively.

This amount has not been included in a liability in the current financial quarter under review.

PART A - DISCLOSURE REQUIREMENTS PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134 (CONT'D)

A9. SEGMENT REPORTING

Segmental result for the second quarter ended 31 March 2024 and 31 March 2023 are as follows:-

	3rd quarter Ended 31 March 2024			3rd quarter Ended 31 March 2023		
	Retail RM'000	Industrial RM'000	Total RM'000	Retail RM'000	Industrial RM'000	Total RM'000
Gross Revenue	23,264	1,284	24,548	20,536	1,284	21,820
Property operating expenses	(6,438)	(17)	(6,455)	(5,385)	(9)	(5,394)
Net Property Income	16,826	1,267	18,093	15,151	1,275	16,426
Interest income	147	10	157	216	-	216
Borrowing costs	(3,964)	(458)	(4,422)	(3,568)	(291)	(3,859)
Trust and other expenses	(3,582)	(16)	(3,598)	(2,037)	(219)	(2,256)
Profit before taxation	9,427	803	10,230	9,762	765	10,527
Taxation	-	-	-	-	-	-
Profit after taxation	9,427	803	10,230	9,762	765	10,527

Segmental result for year ended 31 March 2024 and 31 March 2023 are as follows:-

	YTD Ended 31 March 2024			YTD Ended 31 March 2023		
	Retail RM'000	Industrial RM'000	Total RM'000	Retail RM'000	Industrial RM'000	Total RM'000
Gross Revenue	65,668	3,851	69,519	59,827	1,532	61,359
Property operating expenses	(18,097)	(35)	(18,132)	(15,433)	(9)	(15,442)
Net Property Income	47,571	3,816	51,387	44,394	1,523	45,917
Interest income	683	10	693	957	-	957
Borrowing costs	(11,211)	(918)	(12,129)	(10,592)	(373)	(10,965)
Trust and other expenses	(8,277)	(407)	(8,684)	(6,427)	(2,030)	(8,457)
Profit before taxation	28,766	2,501	31,267	28,332	(880)	27,452
Taxation	-	-	-	-	-	-
Profit after taxation	28,766	2,501	31,267	28,332	(880)	27,452

A10. VALUATION OF INVESTMENT PROPERTIES

Investment properties are valued by independent registered valuers. The difference between the valuation and the carrying amounts of the respective investment properties are charged or credited to the profit or loss for the period in which they arise. There was no valuation performed during the quarter under review.

A11. SUBSEQUENT MATERIAL EVENT

There were no item, transaction or event of a material or unusual in nature during the period from the end of the quarter under review to the date of this report.

A12. CHANGES IN THE COMPOSITION / FUND SIZE OF KIP REIT

KIP REIT's fund size was increased from 606,360,000 units to 618,629,900 units as at 31 March 2024 with the issuance of 12,269,900 new units on 11 December 2023.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed.

A14. CAPITAL COMMITMENT

The amount of commitments for investment properties not provided for in the unaudited condensed consolidated financial statements were as follows:

	As at 31.03.2024 RM'000	As at 30.6.2023 RM'000
Approved and contracted for		
KIPMall Bangi Facelift	1,255	11,103
KIPMall Senawang	1,543	-

B1. REVIEW OF PERFORMANCE

Comparison with Preceding Year Corresponding Quarter and Year-to-date

	Quarter			Year To Date		
	<u>31.03.2024</u>	<u>31.03.2023</u>	<u>Changes</u>	<u>31.03.2024</u>	<u>31.03.2023</u>	<u>Changes</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>
Gross revenue						
Southern Region	10,735	10,260	4.6%	31,608	29,823	6.0%
Central Region	8,054	5,807	38.7%	20,579	16,528	24.5%
Northern Region	4,475	4,469	0.1%	13,481	13,476	0.0%
Retail segment	23,264	20,536	13.3%	65,668	59,827	9.8%
Industrial segment	1,284	1,284	0.0%	3,851	1,532	151.4%
	<u>24,548</u>	<u>21,820</u>	<u>12.5%</u>	<u>69,519</u>	<u>61,359</u>	<u>13.3%</u>
Net property income						
Southern Region	8,105	7,836	3.4%	23,828	22,706	4.9%
Central Region	4,404	3,002	46.7%	10,733	8,680	23.7%
Northern Region	4,317	4,313	0.1%	13,010	13,008	0.0%
Retail segment	16,826	15,151	11.1%	47,571	44,394	7.2%
Industrial segment	1,267	1,275	(0.6%)	3,816	1,523	150.5%
	<u>18,093</u>	<u>16,426</u>	<u>10.1%</u>	<u>51,387</u>	<u>45,917</u>	<u>11.9%</u>
Profit before taxation						
Realised	11,961	10,527	13.6%	32,999	29,228	12.9%
One off expenses	(1,731)	-	0.0%	(1,731)	(1,776)	(2.5%)
Unrealised	-	-	N/A	-	-	N/A
	<u>10,230</u>	<u>10,527</u>	<u>(2.8%)</u>	<u>31,267</u>	<u>27,452</u>	<u>13.9%</u>
Income available for distribution	10,453	10,774	(3.0%)	32,090	28,240	13.6%

Quarterly Results

KIP REIT recorded revenue of RM24.5 million in Q3FY24, as compared to RM21.8 million recorded in the preceding year corresponding quarter with growth 12.5%. The increase in gross revenue mainly from retail segment with 13.3% and industrial segment remain constant.

The investment properties from retail and industrial segment contributed 94.8% and 5.2% of the KIP REIT total revenue respectively, whilst Southern, central and Northern region contributed 46.2%, 34.6% and 19.2% of the KIP REIT total revenue from retail segment respectively.

The net property income ("NPI") margin for the current quarter stands at 73.7%, in contrast to the 75.3% recorded in Q3FY23. This slight decrease is primarily attributed to an increase in utilities expenses.

KIP REIT's realised profit before tax for Q3FY24 increase 13.6% compared to the corresponding quarter of the preceding year. This notable growth can be primarily attributed to the acquisition of the retail property, KIPMall Kota Warisan and a higher occupancy rate for retail spaces.

Year to date Results

Total revenue for year-to-date 31 March 2024 was RM69.5 million, at 13.3% improvement against preceding year-to-date performance, mainly due to improvement in occupancy rate for retail. In addition, there was lease income from the newly acquired retail property. The net property income came in higher in tandem with higher revenue at a lower positive variance as compared to preceding year-to-date due to overall higher property expenses such as utilities and sewerage costs.

Year-to-date realised profit before tax and income available for distribution was 13.9% and 13.6% respectively higher against last year mainly due to explanation above.

The total net asset value and net asset value per unit (after income distribution) stood at RM671.5 million (30 June 2023: RM660.0 million) and RM 1.0854 (30 June 2023: RM1.0884) respectively. The increase in the net asset value mainly due to increase in Unitholders' capital upon completion of the first tranche of private placement and net increase in realised profit after tax during the quarter. On the other hand net asset value per unit decrease due to increase in Units causing the dilution.

B2. MATERIAL CHANGES IN QUARTERLY RESULTS AS COMPARED TO IMMEDIATE PRECEDING QUARTER

	Current Quarter	Immediate Preceding Quarter	
	<u>31.03.2024</u>	<u>31.12.2023</u>	<u>Changes</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>
Gross revenue	24,548	22,605	8.6%
Net property income	<u>18,093</u>	<u>16,778</u>	7.8%
Profit before taxation			
Realised	11,961	10,648	12.3%
One off expenses	<u>(1,731)</u>	-	N/A
	<u>10,230</u>	<u>10,648</u>	<u>(3.9%)</u>
Income available for distribution	<u>10,453</u>	<u>10,972</u>	<u>(4.7%)</u>

KIP REIT's revenue for the current quarter was 8.6% higher than the immediate preceding quarter ended 31 December 2023 mainly contributed by newly acquired retail property and higher occupancy rates from retail spaces.

Net property income increased by 7.8% compared to the immediate preceding quarter mainly attributed by higher gross revenue as explained above.

The realised profit before taxation was 3.9% lower than the immediate preceding quarter ended 31 December 2023 due to the one-off expenses incidental to the acquisition of KIPMall Kota Warisan.

Current quarter income available for distribution was 4.7% lower than the immediate preceding quarter ended 31 December 2023. This is due to the reason explained above.

B3. PROSPECTS

The Manager holds a favorable outlook, considering the positive performance of KIP REIT's existing property portfolio and their strategic endeavors to actively enhance leasing and operational strategies while pursuing investments of high quality. As a result, the manager anticipates the ability to sustain a stable performance throughout fiscal year 2024.

The Manager will continue to manage the existing portfolio and exercise prudent capital management in order to deliver sustainable DPU to Unitholders. The Manager will also continue to evaluate growth opportunities in its existing and new asset classes of retail and industrial assets.

B4. PORTFOLIO COMPOSITON

During the financial period under review, the KIP REIT's portfolio consists of total of eleven (11) assets. There are three (3) industrial properties added to the existing portfolio of eight (8) retail malls. The eight (8) retail malls, of which three (3) are in the Southern region, four (4) are in the Central region and one (1) in the Northern region.

B5. TAXATION

Trust Level

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 subjected 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 KIP REIT intends to distribute more than 90% of its distributable income, which translates to more than 90% of its total taxable income, to its unitholders for the financial year ending 30 June 2024, no provision for taxation has been made for the current quarter.

Unitholders' Level

Pursuant to the section 109D of Act, the following withholding tax rates would be applicable on distribution of income which is tax exempt at KIP REIT's level:

Resident unitholder:

a)	Company	Tax flow through; thus no withholding tax
b)	Other than company	Withholding tax at 10%

Non-resident unitholder:

a)	Company	Withholding tax at 24%
b)	Institutional investors	Withholding tax at 10%
c)	Individuals	Withholding tax at 10%

B6. INVESTMENT OBJECTIVES

The Manager's key investment 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. The Manager is pleased to report that since the listing of KIP REIT, the Trust has been successful in achieving the investment objectives. There was no change in the investment objectives of KIP REIT as at the date of this report.

B7. STRATEGIES AND POLICIES

There were no change in the strategies and policies employed since the issuance of the 2023 integrated annual report of KIP REIT.

B8. STATUS OF CORPORATE PROPOSAL

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 ("Properties") for a cash consideration of RM80.0 million ("Proposed Acquisitions"). The Proposed Acquisition is a related party transaction under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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.

On 4 October 2023, the Manager announced that the unitholders approved the proposed acquisition and the proposed private placement of up to 12,269,900 new units in KIP REIT, at an issue price to be determined later to raise approximately RM10.0million.

On 28 November 2023, the Manager announced that the issue price for the first tranche of the Placement Units in respect of the Proposed Private Placement has been fixed at RM0.815 per Placement Unit. The issue price of RM0.815 represents a discount of RM0.0822 or approximately 9.16% to the 5-day VWAMP of KIP REIT Units up to and including 27 November 2023 of RM0.8972, being the market day immediately preceding the price-fixing date.

On 11 December 2023, the Manager announced that the Placement Units amounting to 12,269,900 new units were listed on 11 December 2023 ("Placement Units") on the Main Market of Bursa Securities. The listing of the Placement Units marks the completion of the Private Placement. Arising therefrom, the Board of the Manager wishes to announce that all the conditions precedent set out in the SPA have been fulfilled. Accordingly, the SPA has become unconditional on 11 December 2023.

On 8 February 2024, the Manager announced the completion of the Proposed Acquisition with the settlement of the balance of purchase price.

B9. BORROWINGS

	<u>Current Quarter</u>	<u>Immediate Preceding Quarter</u>
	31.03.2024	31.12.2023
	RM'000	RM'000
Current (secured):		
Short term revolving credit	-	20,000
Medium term notes	1,535	3,891
Unamortised transaction cost	(269)	(256)
	<u>1,268</u>	<u>23,635</u>
Non-current (secured):		
Medium term notes	388,000	310,000
Unamortised transaction cost	(564)	(286)
	<u>387,436</u>	<u>309,714</u>
Total borrowings	<u>388,704</u>	<u>333,349</u>
Total assets	<u>1,095,817</u>	<u>1,033,598</u>
Gearing ratio (%)	35.47%	32.25%

The weighted average interest rate of borrowings as at 31 March 2024 was 4.84% per annum (31 December 2023: 4.65% per annum) and the percentage proportion of debt that is based on fixed and floating interest rate of 54 : 46.

B10. MATERIAL LITIGATION

There was no material litigation pending as at the date of this report.

B11. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager during the current period-to-date.

B12. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Current Quarter ended 31 March 2024	Immediate Preceding Quarter ended 31 December 2023
Number of units in issue (units'000)	618,630	618,630
Net realised income (RM'000)	10,230	10,648
Realised earnings per unit (EPU) (sen)		
- before Manager's fee	2.10 ^{N2}	1.99 ^{N1}
- after Manager's fee	1.65 ^{N2}	1.72 ^{N1}
Net Income distribution to unitholders (RM'000)	9,898	9,589
Distribution per unit (DPU) (sen)	1.60	1.55
Net Asset Value (NAV) (RM'000)	671,481	670,840
NAV per unit (RM)	1.0854	1.0844
Market value per unit (RM)	0.8900	0.8950

^{N1} Weighted average number of units in issue. The total number of units issued increased from 606,360,000 units to 618,629,900 units with the issuance and listing of total 12,269,900 new units arising from private placement on 11 December 2023.

^{N2} Based on total units in issued of 619,629,900 units.

B13. RESPONSIBILITY STATEMENT

In the opinion of the Directors of the Manager, this Interim Financial Report has been prepared in accordance with MFRS 134: Interim Financial Reporting, the MMLR and the REIT Guidelines so as to give a true and fair view of the financial position of KIP REIT as at 31 March 2024 and of its financial performance and cash flows for the financial period ended on that date and duly authorised for release by the Board of Directors of the Manager on 23 April 2024.