

KIP REAL ESTATE INVESTMENT TRUST

Interim Financial Report for the 4th quarter FY2021 ended 30 June 2021

<u>No</u>	<u>Contents</u>	<u>Page</u>
1.	Condensed Consolidated Statement of Comprehensive Income	1 - 2
2.	Condensed Consolidated Statement of Financial Position	3
3.	Condensed Consolidated Statement of Changes in Net Asset Value	4
4.	Condensed Consolidated Statement of Cash Flows	5
5.	Part A - Disclosure requirements pursuant to Malaysian Financial Reporting Standards ("MFRS") 134	6 - 10
6.	Part B - Additional disclosure pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")	11 - 17

KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter			Period-To-Date		
	30 Jun 2021	30 Jun 2020	Changes	30 Jun 2021	30 Jun 2020	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Gross rental income	17,049	15,505	10.0%	64,984	65,955	(1.5%)
Revenue from contracts with customers	2,355	1,395	68.9%	9,265	8,585	7.9%
Gross revenue	19,404	16,900	14.8%	74,249	74,540	(0.4%)
Utilities expenses	(1,704)	(1,404)	(21.4%)	(6,792)	(7,642)	11.1%
Maintenance and housekeeping expenses	(565)	(387)	(45.9%)	(2,493)	(2,368)	(5.3%)
Marketing expenses	(74)	10	(856.5%)	(232)	(217)	(6.8%)
Quit rent and assessment	(451)	(494)	8.6%	(1,892)	(1,836)	(3.0%)
Reimbursement costs	(912)	(845)	(7.9%)	(3,662)	(4,139)	11.5%
Property manager fee	(33)	(30)	(12.0%)	(156)	(151)	(3.1%)
Other operating expenses	(589)	(518)	(13.8%)	(2,360)	(2,169)	(8.8%)
Property operating expenses	(4,328)	(3,668)	(18.0%)	(17,587)	(18,522)	5.0%
Net property income	15,076	13,232	13.9%	56,662	56,018	1.2%
Changes in fair value on investment properties	(847)	(13,155)	93.6%	(847)	32	(2779.6%)
Interest income	60	113	(47.0%)	417	567	(26.4%)
Net investment income	14,289	190	7409.8%	56,232	56,617	(0.7%)
Manager's management fee	(1,394)	(1,157)	(20.5%)	(5,541)	(7,407)	25.2%
Trustees' fee	(45)	(36)	(22.9%)	(179)	(353)	49.4%
Auditors' remuneration	(17)	(25)	32.2%	(108)	(105)	(2.0%)
Valuers' fee	(45)	(50)	10.0%	(190)	(200)	4.8%
Other trust expenses	(215)	(448)	52.1%	(1,699)	(2,552)	33.4%
Borrowing costs	(3,307)	(3,471)	4.7%	(13,294)	(14,117)	5.8%
	(5,023)	(5,187)	3.2%	(21,011)	(24,734)	15.1%
Profit / (loss) before taxation ^{N1}	9,266	(4,997)	285.4%	35,221	31,883	10.5%
Taxation	-	-	-	-	-	-
Profit / (loss) after taxation	9,266	(4,997)	285.4%	35,221	31,883	10.5%
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	9,266	(4,997)	285.4%	35,221	31,883	10.5%
Profit / (loss) after taxation is made up as follows:						
- Realised	10,113	8,158	24.0%	36,068	35,333	2.1%
- One-off exp incidental to the acquisition	-	-	0.0%	-	(3,482)	100.0%
- Unrealised	(847)	(13,155)	93.6%	(847)	32	(2779.6%)
	9,266	(4,997)	285.4%	35,221	31,883	10.5%
Weighted average number of units ('000)	505,300	505,300		505,300	505,300	
Basic / Diluted earnings per unit (sen)						
- Realised	2.00	1.61		7.14	6.30	
- Unrealised	(0.17)	(2.60)		(0.17)	0.01	
	1.83	(0.99)		6.97	6.31	
Total comprehensive income	9,266	(4,997)		35,221	31,883	
Distribution adjustments	893	12,480		3,033	(728)	
Total current period / year distributable income	10,159	7,483		38,254	31,155	
Distribution per unit (sen)	2.10	1.53		6.84	6.18	
^{N1} Included in profit / (loss) before taxation are following items:						
Interest income	60	113		417	567	
Amortisation of rental rebate	(410)	(1,411)		(1,973)	(1,645)	
Depreciation of equipments	(152)	(77)		(552)	(306)	
Allowance for impairment on receivable	(16)	(16)		1	(104)	
Bad debts written off	-	-		(2)	(20)	
Equipments written off	(2)	-		(2)	-	

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 2020 ("AFS FY2020") 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		
	30 Jun 2021	30 Jun 2020	Changes	30 Jun 2021	30 Jun 2020	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Net property income	15,076	13,232	13.9%	56,662	56,018	1.2%
Changes in fair value on investment properties	(847)	(13,155)	93.6%	(847)	32	(2779.6%)
Interest income	60	113	(47.0%)	417	567	(26.4%)
	14,289	190	7409.8%	56,232	56,617	(0.7%)
Less : Expenses	(5,023)	(5,187)	3.2%	(21,011)	(24,734)	15.1%
Total comprehensive income / (loss)	9,266	(4,997)	285.4%	35,221	31,883	(10.5%)
Distribution adjustment						
- Amortisation of transactions costs	64	64	0.0%	256	722	(64.5%)
- Depreciation of equipment	152	77	96.2%	552	306	80.4%
- Changes in fair value on investment properties	847	13,155	(93.6%)	847	(32)	2779.6%
- Allowance for impairment on receivable	16	16	1.3%	(1)	104	(101.0%)
- Bad debts written off	-	-	0.0%	2	20	(89.2%)
- Written off of equipment	2	-	0.0%	2	-	0.0%
- (Realised unamortisation) / amortisation of rental rebate for MCO	(188)	(832)	77.4%	1,375	(1,848)	174.4%
	893	12,480	(92.8%)	3,033	(728)	516.5%
Total current period / year distributable income	10,159	7,483	35.8%	38,254	31,155	22.8%
Undistributed distributable income brought forward	4,984	1,088	358.1%	840	913	(8.0%)
Distributable income	15,143	8,571	76.7%	39,094	32,068	21.9%
Less: Proposed / declared income distribution	(10,611)	(7,731)	37.3%	(34,562)	(31,228)	10.7%
Undistributed distributable income	4,532	840	439.6%	4,531	840	439.6%
Distribution per unit (sen)	2.10	1.53	37.3%	6.84	6.18	10.7%

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 2020 ("AFS FY2020") 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 30 Jun 2021 RM '000	Audited As At 30 Jun 2020 RM '000	Unaudited As At 30 Jun 2021 RM '000	Audited As At 30 Jun 2020 RM '000
ASSETS				
<u>Non-Current Assets</u>				
Equipment	2,574	1,585	2,574	1,585
Investment properties	808,000	807,000	808,000	807,000
Investment in a subsidiary	-	-	- *	- *
Total Non-Current Assets	810,574	808,585	810,574	808,585
<u>Current Assets</u>				
Trade receivables	2,423	1,612	2,423	1,612
Other receivables and prepaid expenses	3,904	5,645	3,904	5,645
Cash and bank balances	29,320	25,976	21,805	18,597
Total Current Assets	35,647	33,233	28,132	25,854
TOTAL ASSETS	846,221	841,818	838,706	834,439
FINANCED BY:				
Unitholders' fund				
Unitholders' capital	492,333	492,333	492,333	492,333
Retained earnings	21,045	17,506	21,045	17,506
Total Unitholders' Fund	513,378	509,839	513,378	509,839
<u>Non-Current Liabilities</u>				
Borrowings	309,073	308,817	-	-
Amount due to subsidiary company	-	-	305,193	305,048
Other payables and accrued expenses	10,960	5,108	10,960	5,108
Total Non-Current Liabilities	320,033	313,925	316,153	310,156
<u>Current Liabilities</u>				
Borrowings	3,635	3,610	-	-
Trade payables	435	744	435	744
Other payables and accrued expenses	8,740	13,700	8,740	13,700
Total Current Liabilities	12,810	18,054	9,175	14,444
TOTAL LIABILITIES	332,843	331,979	325,328	324,600
TOTAL UNITHOLDERS' FUND AND LIABILITIES	846,221	841,818	838,706	834,439
Net Asset Value (NAV)				
- before income distribution	545,060	541,016	545,060	541,016
- after income distribution	513,378	509,839	513,378	509,839
Number of units in circulation (Units)	505,300	505,300	505,300	505,300
Net Asset Value per unit (RM)				
- before income distribution	1.0787	1.0707	1.0787	1.0707
- after income distribution	1.0160	1.0090	1.0160	1.0090

* 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 2020 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'	Retained	Total
	RM '000	earnings	RM '000
	RM '000	RM '000	RM '000
<u>Group and Fund</u>			
As at 1 July 2020	492,333	17,506	509,839
Profit for the period	-	35,221	35,221
Total comprehensive income for the period attributable to unitholders	-	35,221	35,221
Unitholders' transactions			
Distribution to unitholders	-	(31,682)	(31,682)
Decrease in net asset resulting from unitholders' transactions	-	(31,682)	(31,682)
As at 30 June 2021	492,333	21,045	513,378
<u>Group and Fund</u>			
As at 1 July 2019	492,333	16,800	509,133
Profit for the period	-	31,883	31,883
Total comprehensive income for the period attributable to unitholders	-	31,883	31,883
Unitholders' transactions			
Distribution to unitholders	-	(31,177)	(31,177)
Decrease in net asset resulting from unitholders' transactions	-	(31,177)	(31,177)
As at 30 June 2020	492,333	17,506	509,839

The unaudited condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the AFS FY 2020 and the accompanying notes attached to this Interim Financial Report.

KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Fund	
	Cumulative Year-To-Date 30 Jun 2021 RM '000	Cumulative Year-To-Date 30 Jun 2020 RM '000	Cumulative Year-To-Date 30 Jun 2021 RM '000	Cumulative Year-To-Date 30 Jun 2020 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	35,221	31,883	35,221	31,883
Adjustment for:				
Changes in fair value on investment properties	847	(32)	847	(32)
Interest expenses on borrowings	13,038	13,395	100	543
Interest expenses on advance from a subsidiary company	-	-	12,938	12,852
Interest income	(417)	(567)	(417)	(567)
Bad debts written off	2	20	2	20
(Reversal) / Allowance for doubtful debts	(1)	104	(1)	104
Amortisation of transaction costs	256	722	256	722
Gain / (Loss) of disposal of PPE	-	-	-	-
Written off of equipment	2	-	2	-
Depreciation of equipment	552	306	552	306
Operating income before changes in working capital	49,500	45,831	49,500	45,831
Net change in trade and other receivables	941	(1,325)	941	(1,325)
Net change in payables and accruals	575	(956)	575	(956)
Cash generated from operations	51,016	43,550	51,016	43,550
Taxes paid	-	-	-	-
Net cash generated from operating activities	51,016	43,550	51,016	43,550
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	405	564	405	564
Pledge deposit	(160)	(7,708)	(23)	(349)
Purchase of equipment	(1,543)	(701)	(1,543)	(701)
Acquisition of investment properties	-	(196,413)	-	(196,413)
Asset enhancement on investment properties	(1,847)	(855)	(1,847)	(855)
Net cash used in investing activities	(3,145)	(205,113)	(3,008)	(197,754)
CASH FLOWS FROM FINANCING ACTIVITIES				
Income distribution paid to unitholders	(31,682)	(31,177)	(31,682)	(31,177)
(Repayment)/Advances from a subsidiary company	-	-	(137)	300,948
Interest paid on advance from a subsidiary company	-	-	(12,912)	(8,987)
Payment for transaction cost	-	(1,674)	-	-
Interest paid on borrowings	(13,005)	(10,256)	(92)	(1,270)
Repayment of borrowings	-	(99,929)	-	(99,929)
Proceeds from borrowings	-	310,000	-	-
Net cash (used in) / generated from financing activities	(44,687)	166,964	(44,823)	159,585
Net increase in cash and cash equivalents	3,184	5,401	3,185	5,381
Cash and cash equivalents at beginning of period	16,980	11,579	16,960	11,579
Cash and cash equivalents at end of period	20,164	16,980	20,145	16,960

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

Cash in hand	-	4	-	4
Bank balances	542	1,257	524	1,239
Short term deposits placed with licensed bank	28,778	24,715	21,281	17,354
	29,320	25,976	21,805	18,597
Less: Pledged deposits	(9,156)	(8,996)	(1,660)	(1,637)
	20,164	16,980	20,145	16,960

The unaudited condensed Consolidated Statement of Cash Flow should be read in conjunction with the AFS FY 2020 and the accompanying notes attached to this Interim Financial Report.

KIP REAL ESTATE INVESTMENT TRUST

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

A1 CORPORATE INFORMATION

KIP Real Estate Investment Trust ("KIPREIT" 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 KIPREIT 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 2020 ("AFS FY2020") 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 FY2020.

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 2020 was not qualified.

A4 SEASONALITY AND CYCLICALITY OF OPERATIONS

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

KIP REAL ESTATE INVESTMENT TRUST

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") as explained in B1 and B2.

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

For the quarter ended 30 June 2021, the Manager proposed a final income distribution of RM10.61 million or 2.10 sen per unit, which includes a non-taxable portion of approximately 0.705 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 16 August 2021 and 27 August 2021 respectively.

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

KIP REAL ESTATE INVESTMENT TRUST

A9 SEGMENT REPORTING

Segmental result for the financial period ended 30 June 2021 is as follows:-

	<u>4th quarter Ended 30 June 2021</u>				<u>YTD Ended 30 June 2021</u>			
	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>Total</u>	<u>Southern</u>	<u>Central</u>	<u>Northern</u>	<u>Total</u>
	<u>Region</u>	<u>Region</u>	<u>Region</u>	<u>Region</u>	<u>Region</u>	<u>Region</u>	<u>Region</u>	<u>Region</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
By Location Segments								
Revenue and expenses								
Gross revenue	9,500	5,465	4,439	19,404	36,302	20,801	17,146	74,249
Net property income	7,510	3,283	4,283	15,076	27,940	12,203	16,519	56,662
Changes in fair value on investment propertie	1,147	(4,251)	2,257	(847)	1,147	(4,251)	2,257	(847)
Interest income	27	10	23	60	189	80	148	417
Borrowing costs	(633)	(419)	(2,255)	(3,307)	(2,543)	(1,683)	(9,068)	(13,294)
Trust and other expenses	(846)	(463)	(407)	(1,716)	(3,693)	(2,210)	(1,814)	(7,717)
Profit before taxation	7,205	(1,840)	3,901	9,266	23,040	4,139	8,042	35,221
Taxation	-	-	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	7,205	(1,840)	3,901	9,266	23,040	4,139	8,042	35,221
Assets								
Segment assets					394,481	200,819	220,555	815,855
Unallocated assets								29,320
- Cash and bank balances								1,046
- Trade and other receivables								846,221
Total assets								
Liabilities								
Segment liabilities					70,000	44,454	207,568	322,022
Unallocated liabilities								933
- Payables and accruals								9,888
- Borrowings								332,843
Total liabilities								
Other Segmental information								
Additional to non-current assets:								
- Investment properties					853	251	743	1,847
- Equipment					706	837	-	1,543
Depreciation					241	311	-	552

KIP REAL ESTATE INVESTMENT TRUST

Segmental result for the financial period ended 30 June 2020 is as follows:-

	4th quarter Ended 30 June 2020				YTD Ended 30 June 2020			
	Southern Region RM'000	Central Region RM'000	Northern Region RM'000	Total RM'000	Southern Region RM'000	Central Region RM'000	Northern Region RM'000	Total RM'000
Revenue and expenses								
Gross revenue	8,465	4,389	4,046	16,900	38,583	20,975	14,982	74,540
Net property income	6,749	2,595	3,888	13,232	29,624	11,991	14,403	56,018
Changes in fair value on investment properties	(836)	(9,152)	(3,167)	(13,155)	(836)	(9,152)	10,020	32
Interest income	52	24	37	113	271	140	156	567
Borrowing costs	(663)	(439)	(2,369)	(3,471)	(3,096)	(2,027)	(8,994)	(14,117)
Trust and other expenses	(832)	(478)	(406)	(1,716)	(3,836)	(2,183)	(4,598)	(10,617)
Profit before taxation	4,470	(7,450)	(2,017)	(4,997)	22,127	(1,231)	10,987	31,883
Taxation	-	-	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	4,470	(7,450)	(2,017)	(4,997)	22,127	(1,231)	10,987	31,883
Assets								
Segment assets					391,921	205,798	217,883	815,602
Unallocated assets								
- Cash and bank balances								25,976
- Trade and other receivables								240
Total assets								841,818
Liabilities								
Segment liabilities					68,931	43,922	209,286	322,139
Unallocated liabilities								
- Payables and accruals								234
- Borrowings								9,606
Total liabilities								331,979
Other Segmental information								
Additional to non-current assets:								
- Investment properties					36	652	206,980	207,668
- Equipment					321	380	-	701
Depreciation					156	150	-	306

KIP REAL ESTATE INVESTMENT TRUST

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.

Investment Properties	Fair value		Increase / (decrease) RM'000
	As at 30 June 2021 RM'000	As at 30 June 2020 RM'000	
<u>Southern Region</u>			
KIPMall Tampoi	163,000	163,000	-
KIPMall Kota Tinggi	56,000	56,000	-
KIPMall Masai	170,000	168,000	2,000
	<u>389,000</u>	<u>387,000</u>	<u>2,000</u>
<u>Central Region</u>			
KIPMall Senawang	25,000	25,000	-
KIPMall Melaka	48,000	48,000	-
KIPMall Bangi	126,000	130,000	(4,000)
	<u>199,000</u>	<u>203,000</u>	<u>(4,000)</u>
<u>Northern Region</u>			
AEON Mall Kinta City	220,000	217,000	3,000
	<u>220,000</u>	<u>217,000</u>	<u>3,000</u>
Total investment properties	<u>808,000</u>	<u>807,000</u>	<u>1,000</u>
Less : Capital expenditure			(1,847)
Changes in fair value on investment properties			<u>(847)</u>

A11 SUBSEQUENT MATERIAL EVENTS

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 OF KIP REIT

There was no change in composition of fund size for the current quarter under review.

A13 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A14 CAPITAL COMMITMENT

There were no capital commitments to be disclosed.

KIP REAL ESTATE INVESTMENT TRUST

PART B - ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 9.44 OF THE MMLR

B1 REVIEW OF PERFORMANCE

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

	Quarter			Year To Date		
	30.6.2021 RM'000	30.6.2020 RM'000	Changes (%)	30.6.2021 RM'000	30.6.2020 RM'000	Changes (%)
Gross revenue						
Southern Region	9,500	8,465	12.22%	36,302	38,583	(5.91%)
Central Region	5,465	4,389	24.52%	20,801	20,975	(0.83%)
Northern Region	4,439	4,046	9.71%	17,146	14,982	14.45%
	<u>19,404</u>	<u>16,900</u>	14.81%	<u>74,249</u>	<u>74,540</u>	(0.39%)
Net property income						
Southern Region	7,510	6,749	11.28%	27,940	29,624	(5.68%)
Central Region	3,283	2,595	26.50%	12,203	11,991	1.76%
Northern Region	4,283	3,888	10.15%	16,519	14,403	14.69%
	<u>15,076</u>	<u>13,232</u>	13.94%	<u>56,662</u>	<u>56,018</u>	1.15%
Profit before taxation						
Realised	10,113	8,158	23.97%	36,068	31,851	13.24%
Unrealised	(847)	(13,155)	(93.56%)	(847)	32	(2779.57%)
	<u>9,266</u>	<u>(4,997)</u>	(285.44%)	<u>35,221</u>	<u>31,883</u>	10.47%
Income available for distribution	10,159	7,483	35.76%	38,254	31,155	22.79%

Quarterly Results

KIP REIT recorded revenue of RM19.4 million in Q4FY21, as compared to RM16.9 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly due to Q4FY20 was after amortisation of rental rebate of RM1.4 million for MCO 1.0. Q4FY21 also saw the average occupancy rate increased coupled with better promo area income as compared to preceding year corresponding quarter. The net property income also came in higher in tandem with the better revenue as compared to preceding year corresponding quarter at a slightly lower positive variance.

Southern region recorded revenue of RM9.5 million, at 12.2% improvement against Q4FY20 mainly due to Q4FY20 amortisation of MCO 1.0 rental rebates. The net property income was 11.3% better against Q4FY20.

Central region saw 24.5% better against preceding year corresponding quarter. On top of the Q4FY20 amortisation of rental rebates offered during the MCO 1.0, Central region's Q4FY21 average occupancy rate improved by 6.3 percentage point from Q4FY20. Correspondingly, net property income was higher than preceding year corresponding quarter at better rate as revenue.

Northern region recorded 9.7% improvement in revenue against Q4FY20 mainly due to step up rent upon renewal of lease agreement effective September 2020. The net property income was 10.2% better against Q4FY20, at higher positive variance due to same property expenses pursuant to lease agreement with tenant.

KIP REAL ESTATE INVESTMENT TRUST

The investment properties in the Southern region, Central region and Northern region contributed 49.0%, 28.2% and 22.8% of the KIP REIT total revenue respectively.

KIP REIT's Q4FY21 realised profit before tax was 24.0% better than Q4FY20 mainly due to Q4FY20 amortisation of MCO 1.0 rental rebates of RM1.4 million and better performance from across the region during the quarter.

Current quarter income available for distribution was 35.8% higher than preceding year corresponding quarter on the back of better realised profit before tax.

Year to date Results

Total revenue for year-to-date 30 June 2021 was RM74.3 million, at 0.4% shortfall against preceding year-to-date performance, mainly due to RM1.7 million amortisation of rental rebates for MCO 1.0 and RM0.3 million amortisation of rental assistances for MCO 2.0 and FMCO (year-to-date 30 June 2020: RM1.6 million amortisation of rental rebates for MCO 1.0) but partially cushioned by one-month additional revenue from AEON Mall Kinta City ("AMKC").

Southern region recorded revenue of RM36.3 million, at -5.9% against preceding year-to-date mainly due to overall higher amortisation of MCO rental rebates and lower average occupancy rate as compare to preceding year-to-date. Correspondingly, the net property income came in 5.7% lower than last year.

Central region recorded marginally lower revenue year-on-year against last year. However, the net property income came in better as compared to last year attributed to cost management.

Northern region recorded better revenue and net property income mainly due to one-month additional revenue from AMKC and step up rent from renewal of lease agreement effective September 2020 (acquisition date on 31 July 2019).

Year-to-date realised profit before tax was 13.2% better than last year on the back of last year RM3.5 million one off expenses in relation of AMKC acquisition.

Year-to-date income available for distribution was 22.8% higher than last year mainly due to realised profit before tax as explained earlier and last year distribution adjustment of RM3.5 million rental rebates for MCO 1.0.

The total net asset value and net asset value per unit (after income distribution) stood at RM513.4 million (30 June 2020: RM509.8 million) and RM1.0160 (30 June 2020: RM1.0090) respectively. The increase in the net asset value and net asset value per unit was mainly due to net increase in realised profit after tax during the year.

KIP REAL ESTATE INVESTMENT TRUST

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

	Current Quarter <u>30.6.2021</u> <u>RM'000</u>	Immediate Preceding Quarter <u>31.3.2021</u> <u>RM'000</u>	<u>Changes</u> <u>(%)</u>
Gross revenue	19,404	17,992	7.84%
Net property income	15,076	13,689	10.13%
Profit before taxation			
Realised	10,113	8,443	19.78%
Unrealised	(847)	-	N/A
	<u>9,266</u>	<u>8,443</u>	9.75%
Income available for distribution	10,159	8,956	13.43%

KIP REIT's revenue for the current quarter was 7.8% higher than the immediate preceding quarter ended 31 March 2021 mainly attributed to higher rental billed on the back of improved average occupancy rate and lower amortisation of rental rebates.

Net property income came in higher by 10.1%, at higher positive variance compared to the preceding quarter mainly due to cost management in current quarter coupled with better revenue.

In tandem with higher net property income, realised profit before taxation was 19.8% higher than the immediate preceding quarter ended 31 March 2021, at a higher variance % due to lower other trust expenses.

Current quarter income available for distribution was 13.4% higher than the immediate preceding quarter ended 31 March 2021 mainly due to higher realised profit before taxation.

KIP REAL ESTATE INVESTMENT TRUST

B3 PROSPECTS

As at quarter end on 30 June 2021, Malaysia remains in Phase 1 of the National Recovery Plan due to a resurgence of Covid-19 infections. Many sectors of the economy face disruptions with many being affected by the restrictions imposed. The World Bank has revised its initial growth projections from 6.0% to 4.5% taking into account of rising infections and slower than expected vaccine roll out in Malaysia.

The retail sector continues to be adversely impacted by restrictions with tenants in non-essential trades being prohibited from operating during this period. The Retail Group Malaysia has projected a 0.1% decline from 4.1% growth rate in retail. The Manager maintains a cautious outlook for the coming quarter and will continue to practice fiscal prudence and implement credit control measures. KIP REIT's performance remains manageable to date and the Manager will closely monitor the situation and actively manage the portfolio. The Manager will also continue to evaluate opportunities for growth and diversification into different asset classes in commercial and industrial assets.

B4 PORTFOLIO COMPOSITON

During the financial period under review, the KIP REIT's portfolio consists of seven (7) retail malls as investment properties, of which three (3) are in the Southern region, three (3) are in the Central region and one (1) in the Northern region.

B5 UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There was no issuance of new units during the financial period under review.

KIP REAL ESTATE INVESTMENT TRUST

B6 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 proposes 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 ended 30 June 2021, 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%

B7 STATUS OF CORPORATE PROPOSAL

There were no corporate proposals that have been announced but not completed as at the date of this report.

KIP REAL ESTATE INVESTMENT TRUST

B8 BORROWINGS

The Group's borrowings as at 30 June 2021 are as follows:

	As at 30.6.2021 RM'000	As at 30.6.2020 RM'000
Current (secured):		
Medium term notes	3,891	3,866
Unamortised transaction cost	(256)	(256)
	<u>3,635</u>	<u>3,610</u>
Non-current (secured):		
Medium term notes	310,000	310,000
Unamortised transaction cost	(927)	(1,183)
	<u>309,073</u>	<u>308,817</u>
Total borrowings	<u>312,708</u>	<u>312,427</u>
Total assets	<u>846,221</u>	<u>841,818</u>
Gearing ratio (%)	36.95%	37.11%

The weighted average interest rate of borrowings as at 30 June 2021 was 4.25% (30 June 2020: 4.52%) and the percentage proportion of debt that is based on fixed and floating interest rate of 68 : 32.

B9 MATERIAL LITIGATION

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

B10 SOFT COMMISSION RECEIVED

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

KIP REAL ESTATE INVESTMENT TRUST

B11 SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Current Quarter ended 30 June 2021	Immediate Preceding Quarter ended 31 March 2021
Number of units in issue (units'000)	505,300	505,300
Net realised income (RM'000)	10,113	8,443
Realised earnings per unit (EPU) (sen)		
- before Manager's fee	2.28	1.95
- after Manager's fee	2.00	1.67
Net Income distribution to unitholders (RM'000)	10,611	8,085
Distribution per unit (DPU) (sen)	2.10	1.60
Net Asset Value (NAV) (RM'000)	513,378	512,196
NAV per unit (RM)	1.0160	1.0136
Market value per unit (RM)	0.845	0.880

B12 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 30 June 2021 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 29 July 2021.