

KIP REAL ESTATE INVESTMENT TRUST

Financial Report for the 4th quarter FY2023 ended 30 June 2023

<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 - 15

KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter			Period-To-Date		
	30 June 2023	30 June 2022	Changes	30 June 2023	30 June 2022	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Gross revenue	22,392	19,221	16.5%	83,750	73,700	13.6%
Utilities expenses	(2,906)	(2,221)	(30.8%)	(10,209)	(7,069)	(44.4%)
Maintenance and housekeeping expenses	(718)	(609)	(17.9%)	(2,504)	(1,856)	(34.9%)
Marketing expenses	(58)	(85)	32.0%	(234)	(173)	(35.2%)
Quit rent and assessment	(495)	(482)	(2.5%)	(1,928)	(1,874)	(2.9%)
Reimbursement costs	(1,139)	(1,021)	(11.6%)	(3,967)	(3,591)	(10.5%)
Property manager fee	(41)	(32)	(28.3%)	(145)	(128)	(13.2%)
Other operating expenses	(801)	(571)	(40.2%)	(2,611)	(2,255)	(15.8%)
Property operating expenses	(6,158)	(5,021)	(22.6%)	(21,598)	(16,946)	(27.4%)
Net property income	16,234	14,200	14.3%	62,152	56,754	9.5%
Changes in fair value on investment properties	23,092	39,466	(41.5%)	23,092	39,466	(41.5%)
Interest income	338	98	246.7%	1,295	349	271.2%
Net investment income	39,664	53,764	(26.2%)	86,539	96,569	(10.4%)
Manager's management fee	(1,720)	(1,412)	(21.9%)	(7,387)	(5,664)	(30.4%)
Trustees' fee	(120)	(45)	(166.0%)	(415)	(179)	(132.6%)
Auditors' remuneration	39	(19)	304.2%	(123)	(114)	(7.5%)
Valuers' fee	157	(25)	726.0%	(208)	(154)	(35.2%)
Other trust expenses	(887)	33	2791.2%	(2,855)	(1,654)	(72.6%)
Borrowing costs	(3,794)	(3,334)	(13.8%)	(14,759)	(13,295)	(11.0%)
Profit before taxation ^{N1}	33,339	48,962	(31.9%)	60,792	75,509	(19.5%)
Taxation	-	-		-	-	
Profit after taxation	33,339	48,962	(31.9%)	60,792	75,509	(19.5%)
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive income attributable to unitholders	33,339	48,962	(31.9%)	60,792	75,509	(19.5%)
Profit after taxation is made up as follows:						
- Realised	10,247	9,496	7.9%	39,476	36,043	9.5%
- One-off exp incidental to the acquisition	-	-	-	(1,776)	-	N/A
- Unrealised	23,092	39,466	(41.5%)	23,092	39,466	(41.5%)
	33,339	48,962	(31.9%)	60,792	75,509	(19.5%)
Weighted average number of units ('000)	606,360	505,300		580,629	505,300	
Earnings per unit ("EPU") (sen) ^{N2}						
- Realised	1.69	1.88		6.49	7.13	
- Unrealised	3.81	7.81		3.98	7.81	
	5.50	9.69		10.47	14.94	
Total comprehensive income	33,339	48,962		60,792	75,509	
Distribution adjustments	(22,817)	(39,234)		(22,028)	(38,180)	
Total current period / year distributable income	10,522	9,728		38,764	37,329	
Distribution per unit (sen)	1.75	2.10		6.20	6.80	
^{N1} Included in profit before taxation are following items:						
Interest income	338	98		1,295	349	
Amotisation of rental rebate	(20)	(112)		(205)	(715)	
Depreciation of equipments	(130)	(128)		(549)	(629)	
Allowance for impairment on receivable	(60)	117		(49)	(170)	
Bad debts written off	-	(44)		-	(323)	
Equipments written off	-	(1)		(5)	(1)	

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 2022 ("AFS FY2022") 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 June 2023	30 June 2022	Changes	30 June 2023	30 June 2022	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Net property income	16,234	14,200	14.3%	62,152	56,754	9.5%
Other income	-	-	0.0%	-	-	0.0%
Changes in fair value on investment properties	23,092	39,466	(41.5%)	23,092	39,466	(41.5%)
Interest income	338	98	246.7%	1,295	349	271.2%
	39,664	53,764	(26.2%)	86,539	96,569	(10.4%)
Less : Expenses	(6,325)	(4,802)	(31.7%)	(25,747)	(21,060)	(22.3%)
Total comprehensive income	33,339	48,962	(31.9%)	60,792	75,509	(19.5%)
Distribution adjustment						
- Amortisation of transactions costs	64	64		256	256	
- Depreciation of equipment	130	128		549	629	
- Changes in fair value on investment properties	(23,092)	(39,466)		(23,092)	(39,466)	
- Allowance for impairment on receivable	60	(117)		49	(170)	
- Bad debts written off	-	44		-	323	
- Written off of equipment	-	1		5	1	
- Net amortisation of rental rebate for MCO	21	112		205	247	
	(22,817)	(39,234)		(22,028)	(38,180)	
Total current period / year distributable income	10,522	9,728	8.2%	38,764	37,329	3.8%
Undistributed distributable income brought forward	9,554	8,383	14.0%	7,500	4,532	65.5%
Distributable income	20,076	18,111	10.9%	46,264	41,861	10.5%
Less: Proposed / declared income distribution	(10,611)	(10,611)	0.0%	(36,799)	(34,361)	7.1%
Undistributed distributable income	9,465	7,500	26.2%	9,465	7,500	26.2%
Distribution per unit (sen)	1.75	2.10	(16.7%)	6.20	6.80	(8.8%)

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 2022 ("AFS FY2022") 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 June 2023 RM '000	Audited As At 30 June 2022 RM '000	Unaudited As At 30 June 2023 RM '000	Audited As At 30 June 2022 RM '000
ASSETS				
<u>Non-Current Assets</u>				
Equipment	1,520	1,946	1,520	1,946
Investment properties	964,300	852,000	964,300	852,000
Investment in a subsidiary	-	-	- *	- *
Total Non-Current Assets	965,820	853,946	965,820	853,946
<u>Current Assets</u>				
Trade receivables	1,047	528	1,047	528
Other receivables	7,763	3,567	7,763	3,567
Cash and cash equivalents	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	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
<u>Non-Current Liabilities</u>				
Borrowings	309,586	309,329	-	-
Amount due to a subsidiary	-	-	305,385	305,263
Other payables and accruals	16,167	8,144	16,167	8,144
Total Non-Current Liabilities	325,754	317,473	321,552	313,407
<u>Current Liabilities</u>				
Borrowings	23,631	3,584	20,000	-
Trade payables	549	493	549	493
Other payables and accruals	13,487	12,959	13,487	12,959
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	696,771	588,887	696,771	588,887
- after income distribution	659,971	554,526	659,971	554,526
Number of units in circulation (Units)	606,360	505,300	606,360	505,300
Net Asset Value 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

The unaudited Condensed Consolidated Statement of the Financial Position should be read in conjunction with the AFS FY 2022 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 2022	492,333	62,193	554,526
Profit for the year	-	60,792	60,792
Total comprehensive income for the period attributable to unitholders	-	60,792	60,792
Unitholders' transactions			
Distribution to unitholders	-	(36,799)	(36,799)
Issuance and placement of units	82,399	-	82,399
Issuing expenses	(947)	-	(947)
Decrease in net asset resulting from unitholders' transactions	81,452	(36,799)	44,653
As at 30 June 2023	573,785	86,186	659,971
<u>Group and Fund</u>			
As at 1 July 2021	492,333	21,045	513,378
Profit for the year	-	75,509	75,509
Total comprehensive income for the period attributable to unitholders	-	75,509	75,509
Unitholders' transactions			
Distribution to unitholders	-	(34,361)	(34,361)
Decrease in net asset resulting from unitholders' transactions	-	(34,361)	(34,361)
As at 30 June 2022	492,333	62,193	554,526

The unaudited condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the AFS FY 2022 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 June 2023 RM '000	Cumulative Year-To-Date 30 June 2022 RM '000	Cumulative Year-To-Date 30 June 2023 RM '000	Cumulative Year-To-Date 30 June 2022 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	60,792	75,509	60,792	75,509
Adjustment for:				
Changes in fair value on investment properties	(23,092)	(39,466)	(23,092)	(39,466)
Interest expenses on borrowings	14,503	13,039	634	100
Interest expenses on advance from a subsidiary	-	-	13,869	12,939
Interest income	(1,295)	(349)	(1,295)	(349)
Depreciation of equipment	549	629	549	629
Amortisation of transaction costs	256	256	256	256
Bad debts written off	-	323	-	323
Written off of equipment	5	1	5	1
Allowance for doubtful debts	49	(170)	49	(170)
Operating income before changes in working capital	<u>51,767</u>	<u>49,772</u>	<u>51,767</u>	<u>49,772</u>
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	<u>55,576</u>	<u>53,255</u>	<u>55,576</u>	<u>53,255</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,239	356	1,239	356
Purchase of equipment	(128)	(2)	(128)	(2)
Acquisition of investment properties	(78,700)	-	(78,700)	-
Asset enhancement on investment properties	(10,508)	(4,534)	(10,508)	(4,534)
Net cash used in investing activities	<u>(88,097)</u>	<u>(4,180)</u>	<u>(88,097)</u>	<u>(4,180)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of new units	82,399	-	82,399	-
Payment of issuing expenses	(947)	-	(947)	-
Income distribution paid to unitholders	(36,799)	(34,361)	(36,799)	(34,361)
Repayment to a subsidiary company	-	-	(182)	(135)
Interest paid in advance from a subsidiary	-	-	(13,821)	(12,990)
Interest paid on borrowings	(14,365)	(13,040)	(544)	(50)
Proceeds from borrowings	20,000	-	20,000	-
Net cash generated from / (used in) financing activities	<u>50,288</u>	<u>(47,401)</u>	<u>50,106</u>	<u>(47,536)</u>
Net increase in cash and cash equivalents	17,767	1,674	17,585	1,539
Cash and cash equivalents at beginning of period	<u>30,994</u>	<u>29,320</u>	<u>23,344</u>	<u>21,805</u>
Cash and cash equivalents at end of period	<u><u>48,761</u></u>	<u><u>30,994</u></u>	<u><u>40,929</u></u>	<u><u>23,344</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	6,264		914		6,247	897
Short term deposits placed with licensed bank	42,497		30,080		34,682	22,447
	<u>48,761</u>		<u>30,994</u>		<u>40,929</u>	<u>23,344</u>
Less: Pledged deposits	<u>9,391</u>		<u>9,210</u>		<u>1,578</u>	<u>1,578</u>

* Denotes RM2

The unaudited condensed Consolidated Statement of Cash Flow should be read in conjunction with the AFS FY 2022 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 ("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 2022 ("AFS FY2022") 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 FY2022.

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 2022 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 2023, on a quarterly basis.

For the quarter ended 30 June 2023, the Manager proposed a final income distribution of RM10.61 million or 1.75 sen per unit, which includes a non-taxable portion of approximately 0.97 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 8 August 2023 and 29 August 2023 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 2023 is as follow:-

	4th quarter Ended 30 June 2023						YTD Ended 30 June 2023					
	Southern Region RM'000	Central Region RM'000	Northern Region RM'000	Retail RM'000	Industrial RM'000	Total RM'000	Southern Region RM'000	Central Region RM'000	Northern Region RM'000	Retail RM'000	Industrial RM'000	Total RM'000
By Location Segments												
Revenue and expenses												
Lease income	9,927	5,058	4,439	19,424	1,283	20,706	38,231	18,519	17,914	74,664	2,816	77,480
Contract with Customer	528	1,157	-	1,685	-	1,685	2,046	4,224	-	6,270	-	6,270
Gross revenue	<u>10,455</u>	<u>6,215</u>	<u>4,439</u>	<u>21,109</u>	<u>1,283</u>	<u>22,392</u>	<u>40,277</u>	<u>22,743</u>	<u>17,914</u>	<u>80,934</u>	<u>2,816</u>	<u>83,750</u>
Net property income	7,692	2,985	4,282	14,959	1,275	16,234	30,398	11,665	17,291	59,354	2,798	62,152
Changes in fair value on investment properties	25,449	(2,612)	(345)	22,492	600	23,092	25,449	(2,612)	(345)	22,492	600	23,092
Interest income	169	70	99	338	-	338	606	263	426	1,295	-	1,295
Borrowing costs	(670)	(447)	(2,457)	(3,574)	(220)	(3,794)	(2,680)	(1,778)	(9,708)	(14,166)	(593)	(14,759)
Trust and other expenses	(1,042)	(678)	(607)	(2,327)	(204)	(2,531)	(4,005)	(2,419)	(2,298)	(8,722)	(2,266)	(10,988)
Profit before taxation	31,598	(682)	972	31,888	1,451	33,339	49,768	5,119	5,366	60,253	539	60,792
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	<u>31,598</u>	<u>(682)</u>	<u>972</u>	<u>31,888</u>	<u>1,451</u>	<u>33,339</u>	<u>49,768</u>	<u>5,119</u>	<u>5,366</u>	<u>60,253</u>	<u>539</u>	<u>60,792</u>
Assets												
Segment assets							425,035	209,882	254,405	889,322	79,300	968,622
Unallocated assets												
- Cash and bank balances												48,761
- Trade and other receivables												6,008
Total assets												<u>1,023,391</u>
Liabilities												
Segment liabilities							77,495	42,683	207,347	327,525	22,995	350,520
Unallocated liabilities												
- Payables and accruals												2,503
- Borrowings												10,397
Total liabilities												<u>363,420</u>
Other Segmental information												
Additional to non-current assets:												
- Investment properties							551	8,612	345	10,508	78,700	89,208
- Equipment							81	47	-	128	-	128
Depreciation							285	263	-	549	-	549
Written off							3	2	-	-	-	5

KIP REAL ESTATE INVESTMENT TRUST

A9 SEGMENT REPORTING (Con't)

Segmental result for the financial period ended 30 June 2022 is as follow:-

	4th quarter Ended 30 June 2022				YTD Ended 30 June 2022			
	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
By Location Segments								
Revenue and expenses								
Gross revenue	9,731	5,051	4,439	19,221	35,791	19,994	17,915	73,700
Net property income	7,252	2,665	4,283	14,200	27,574	11,889	17,291	56,754
Changes in fair value on investment properties	6,716	(703)	33,453	39,466	6,716	(703)	33,453	39,466
Interest income	46	15	37	98	156	53	140	349
Borrowing costs	(638)	(422)	(2,274)	(3,334)	(2,543)	(1,683)	(9,069)	(13,295)
Trust and other expenses	(651)	(416)	(401)	(1,468)	(3,823)	(2,091)	(1,851)	(7,764)
Profit before taxation	12,725	1,138	35,098	48,962	28,080	7,465	39,965	75,509
Taxation	-	-	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	12,725	1,138	35,098	48,962	28,080	7,465	39,965	75,509
Assets								
Segment assets					399,534	203,181	254,405	857,120
Unallocated assets								
- Cash and bank balances								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 Segmental information								
Additional to non-current assets:								
- Investment properties					1,285	2,703	546	4,534
- Equipment					168	(166)	-	2
Depreciation					321	308	-	629

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 2023 RM'000	As at 30 June 2022 RM'000	
KIPMall Tampoi	179,000	167,000	12,000
KIPMall Kota Tinggi	58,000	56,000	2,000
KIPMall Masai	186,000	174,000	12,000
KIPMall Senawang	28,000	27,000	1,000
KIPMall Melaka	55,000	50,000	5,000
KIPMall Bangi	125,000	124,000	1,000
AEON Mall Kinta City	254,000	254,000	-
KV3A	24,000	-	24,000
KV5	27,100	-	27,100
KV9	28,200	-	28,200
Total investment properties	964,300	852,000	112,300
Less: Capital expenditure			(10,508)
Less: new acquisition during FY2023			(78,700)
Changes in fair value on investment properties			23,092

A11 SUBSEQUENT MATERIAL EVENT

There were no item, transaction or event of a material or unusual in nature after the financial year ended 30 June 2023.

A12 CHANGES IN THE COMPOSITION / FUND SIZE OF KIP REIT

KIP REIT's fund size was increased from 505,300,000 units to 606,360,000 units as at 30 June 2023 with the issuance of 52,500,000 21,150,000 and 27,410,000 new units on 3 August 2022, 25 August 2022 and 23 February 2023 respectively.

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 30.06.2023 RM'000	As at 30.6.2022 RM'000
Approved and contracted for KIPMall Bangi Facelift	11,103	18,116

KIP REAL ESTATE INVESTMENT TRUST

B1 REVIEW OF PERFORMANCE

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

	Quarter			Year To Date		
	<u>30.06.2023</u>	<u>30.06.2022</u>	<u>Changes</u>	<u>30.06.2023</u>	<u>30.06.2022</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	10,455	9,731	7.4%	40,277	35,791	12.5%
Central Region	6,215	5,051	23.0%	22,743	19,994	13.7%
Northern Region	4,439	4,439	(0.0%)	17,914	17,915	(0.0%)
Retail segment	21,109	19,221	9.8%	80,934	73,700	9.8%
Industrial segment	1,283	-	N/A	2,816	-	N/A
	<u>22,392</u>	<u>19,221</u>	<u>16.5%</u>	<u>83,750</u>	<u>73,700</u>	<u>13.6%</u>
Net property income						
Southern Region	7,692	7,252	6.1%	30,398	27,574	10.2%
Central Region	2,985	2,665	12.0%	11,665	11,889	(1.9%)
Northern Region	4,282	4,283	(0.0%)	17,291	17,291	0.0%
Retail segment	14,959	14,200	5.3%	59,354	56,754	4.6%
Industrial segment	1,275	-	N/A	2,798	-	N/A
	<u>16,234</u>	<u>14,200</u>	<u>14.3%</u>	<u>62,152</u>	<u>56,754</u>	<u>9.5%</u>
Profit before taxation						
Realised	10,247	9,496	7.9%	39,476	36,043	9.5%
One off expenses	-	-	N/A	(1,776)	-	N/A
Unrealised	23,092	39,466	(41.5%)	23,092	39,466	(41.5%)
	<u>33,339</u>	<u>48,962</u>	<u>(31.9%)</u>	<u>60,792</u>	<u>75,509</u>	<u>(19.5%)</u>
Income available for distribution	10,522	9,728	8.2%	38,764	37,329	3.8%

Quarterly Results

KIP REIT recorded revenue of RM22.4 million in Q4FY23, as compared to RM19.2 million recorded in the preceding year corresponding quarter. The increase in gross revenue split into 2 segment which is 9.8% from Retail and 6.7% from industrial.

The investment properties from retail and industrial segment contributed 94.3% and 5.7% of the KIP REIT total revenue respectively, whilst Southern, central and Northern region contributed 46.7%, 27.8% and 19.8% of the KIP REIT total revenue from retail segment respectively.

The net property income ("NPI") margin for the current quarter under review 72.5%, as compared to 73.9% recorded in Q4FY22. The decrease of the NPI margin mainly due to the increase in utilities and upkeep of building.

KIP REIT's Q4FY23 realised profit before tax was 7.9% higher than preceding year corresponding quarter mainly due to the acquisition of the 3 industrial properties and higher occupancy rate for retail.

Year to date Results

Total revenue for year-to-date 30 June 2023 was RM83.8 million, at 13.6% improvement against preceding year-to-date performance, mainly due to improvement in occupancy rate for retail. In addition, there was 6.5 months lease income from the 3 newly acquired industrial properties. 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, reimbursement cost and upkeep of building.

Year-to-date realised profit before tax and income available for distribution was 9.5% and 3.8% 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 RM660 million (30 June 2022: RM554.5 million) and RM 1.0884 (30 June 2022 : RM1.0974) respectively. The increase in the net asset value and net asset value per unit was mainly due to increase in profit after tax arising from changes in fair value on investment properties during the financial year.

KIP REAL ESTATE INVESTEMENT TRUST

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

	Current Quarter	Immediate Preceding Quarter	
	<u>30.06.2023</u>	<u>31.03.2023</u>	<u>Changes</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>
Gross revenue	22,392	21,820	2.6%
Net property income	16,234	16,426	(1.2%)
Profit before taxation			
Realised	10,247	10,527	(2.7%)
Unrealised	23,092	-	N/A
	33,339	10,527	216.7%
Income available for distribution	10,522	10,774	(2.3%)

KIP REIT'S revenue for the current quarter was 2.6% better than the immediate preceding quarter ended 31 March 2023 mainly attributed by higher occupancy rate recorded from retail segment.

Net property income reduced by 1.2% compared to the immediate preceding quarter mainly due to increase in property expenses such as utilities and upkeep of building.

The realised profit before taxation was 2.7% lower than the immediate preceding quarter ended 31 March 2023 due to the reason explained above.

Current quarter unrealised profit before taxation was the changes in fair value on investment properties.

Current quarter income available for distribution was 2.3% lower than the immediate preceding quarter ended 31 March 2023 mainly due to lower realised profit before taxation.

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.

KIP REAL ESTATE INVESTEMENT TRUST

B4 PORTFOLIO COMPOSITON

During the financial period under review, the KIP REIT's portfolio consists of total of ten (10) assets. There are three (3) industrial properties added to the existing portfolio of seven (7) retail malls. The seven (7) retail malls, of which three (3) are in the Southern region, three (3) are in the Central region and one (1) in the Northern region. The Proposed Acquisitions of the three (3) industrial properties was completed on 14 December 2022, located at Pulau Indah.

B5 UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

As at 30 June 2023, the status of utilisation of the gross proceeds from the private placement was as follows:

Proposed utilisation	Proposed Amount for Utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation upon listing
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
	<u>82,399</u>	<u>58,983</u>	<u>23,416</u>	

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 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 2023, 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%

KIP REAL ESTATE INVESTMENT TRUST

B7 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.

B8 STRATEGIES AND POLICIES

There were no change in the strategies and policies employed since the issuance of the 2022 integrated annual report of KIP REIT.

B9 STATUS OF CORPORATE PROPOSAL

- (a) 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 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

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 Acquisition.

- (b) 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

B10 BORROWINGS

	As at 30.06.2023 RM'000	As at 30.6.2022 RM'000
Current (secured):		
Short term revolving credit	20,000	-
Medium term notes	3,887	3,840
Unamortised transaction cost	(256)	(256)
	<u>23,631</u>	<u>3,584</u>
Non-current (secured):		
Medium term notes	310,000	310,000
Unamortised transaction cost	(414)	(671)
	<u>309,586</u>	<u>309,329</u>
Total borrowings	<u>333,217</u>	<u>312,913</u>
Total assets	<u>1,023,391</u>	<u>889,035</u>
Gearing ratio (%)	32.56%	35.20%

The weighted average interest rate of borrowings as at 30 June 2023 was 4.43% per annum (30 June 2022: 4.25% per annum) and the percentage proportion of debt that is based on fixed and floating interest rate of 64 : 36, with the drawdown of short term revolving credit of RM20.0 million.

KIP REAL ESTATE INVESTMENT TRUST

B11 MATERIAL LITIGATION

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

B12 SOFT COMMISSION RECEIVED

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

B13 SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Current Quarter ended 30 June 2023	Immediate Preceding Quarter ended 31 March 2023
Number of units in issue (units'000)	606,360	590,219 ^{N1}
Net realised income (RM'000)	10,247	10,527
Realised earnings per unit (EPU) (sen)		
- before Manager's fee	1.97	2.04
- after Manager's fee	1.69	1.78
Net Income distribution to unitholders (RM'000)	10,611	9,399
Distribution per unit (DPU) (sen)	1.75	1.55
Net Asset Value (NAV) (RM'000)	659,971	636,030
NAV per unit (RM)	1.0884	1.0776
Market value per unit (RM)	0.900	0.905

^{N1} Weighted average number of units in issue. 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.

B14 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 2023 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 24 July 2023.