



KIP REAL ESTATE INVESTMENT TRUST

Interim Financial Report for the 2nd quarter FY2020 ended 31 December 2019

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KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter			Period-To-Date		
	31 Dec 2019	31 Dec 2018	Changes	31 Dec 2019	31 Dec 2018	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Gross rental income	17,310	13,039	32.8%	33,340	26,131	27.6%
Revenue from contracts with customers	2,424	2,585	(6.2%)	4,884	5,086	(4.0%)
Gross revenue	19,734	15,624	26.3%	38,224	31,217	22.4%
Utilities expenses	(2,189)	(2,566)	14.7%	(4,342)	(5,290)	17.9%
Maintenance and housekeeping expenses	(599)	(731)	18.1%	(1,303)	(1,476)	11.7%
Marketing expenses	(80)	(183)	56.2%	(150)	(336)	55.4%
Quit rent and assessment	(445)	(319)	(39.6%)	(849)	(637)	(33.1%)
Reimbursement costs	(1,089)	(1,001)	(8.9%)	(2,198)	(2,308)	4.8%
Property manager fee	(36)	(39)	7.4%	(73)	(75)	1.9%
Other operating expenses	(563)	(339)	(66.0%)	(1,082)	(708)	(52.8%)
Property operating expenses	(5,001)	(5,178)	3.4%	(9,997)	(10,830)	7.7%
Net property income	14,733	10,446	41.0%	28,227	20,387	38.5%
Changes in fair value on investment properties	-	-	0.0%	13,187	-	0.0%
Interest income	183	133	37.5%	286	318	(10.2%)
Net investment income	14,916	10,579	41.0%	41,700	20,705	101.4%
Manager's management fee	(1,399)	(979)	(42.8%)	(4,793)	(1,965)	(143.9%)
Trustees' fee	(39)	(25)	(54.7%)	(272)	(50)	(443.3%)
Auditors' remuneration	(27)	(26)	(1.1%)	(54)	(61)	12.9%
Valuers' fee	(45)	(38)	(20.0%)	(90)	(78)	(15.6%)
Other trust expenses	(503)	(353)	(42.5%)	(1,666)	(909)	(83.2%)
Borrowing costs	(3,675)	(1,263)	(190.9%)	(7,052)	(2,486)	(183.6%)
	(5,688)	(2,684)	(111.9%)	(13,927)	(5,549)	(151.0%)
Profit before taxation	9,228	7,895	16.9%	27,773	15,156	83.3%
Taxation	-	-		-	-	
Profit after taxation	9,228	7,895	16.9%	27,773	15,156	83.3%
Other comprehensive income, net of tax	-	-		-	-	
Total comprehensive income attributable to unitholders	9,228	7,895	16.9%	27,773	15,156	83.3%
Total						
Profit after taxation is made up as follows:						
- Realised	9,228	7,895	16.9%	18,068	15,156	19.2%
- One-off exp incidental to the acquisition	-	-	0.0%	(3,482)	-	0.0%
- Unrealised	-	-	0.0%	13,187	-	0.0%
	9,228	7,895	16.9%	27,773	15,156	83.3%
Basic earnings per unit (sen)	1.83	1.56		5.50	3.00	
Diluted earnings per unit (sen)	1.83	1.56		5.50	3.00	
Total comprehensive income	9,228	7,895		27,773	15,156	
Distribution adjustments	167	102		(12,339)	234	
Distribution income	9,395	7,997		15,434	15,390	
Distribution per unit (sen)	1.76	1.55		3.13	3.00	

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 2019 ("AFS FY2019") 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 31 Dec 2019 RM '000	Audited As At 30 Jun 19 RM '000	Unaudited As At 31 Dec 2019 RM '000	Audited As At 30 Jun 19 RM '000
ASSETS				
<u>Non-Current Assets</u>				
Plant and equipment	1,800	1,190	1,800	1,190
Investment properties	819,481	599,300	819,481	599,300
Investment in a subsidiary	-	-	0 *	0 *
Total Non-Current Assets	821,281	600,490	821,281	600,490
<u>Current Assets</u>				
Trade receivables	256	232	256	232
Other receivables and prepaid expenses	3,649	16,221	3,649	16,221
Amount due from subsidiary company	-	-	-	-
Deposit with licensed bank	-	-	-	-
Cash and bank balances	29,134	12,867	21,875	12,867
Total Current Assets	33,039	29,320	25,780	29,320
TOTAL ASSETS	854,320	629,810	847,061	629,810
FINANCED BY:				
Unitholders' fund				
Unitholders' capital	492,333	492,333	492,333	492,333
Retained earnings	29,970	16,800	29,970	16,800
Total Unitholders' Fund	522,303	509,133	522,303	509,133
<u>Non-Current Liabilities</u>				
Borrowings	308,693	93,390	-	93,390
Amount due to subsidiary company	-	-	305,090	-
Other payables and accrued expenses	10,067	9,750	10,067	9,750
Total Non-Current Liabilities	318,760	103,140	315,157	103,140
<u>Current Liabilities</u>				
Borrowings	3,656	6,779	-	6,779
Trade payables	232	494	232	494
Other payables and accrued expenses	9,369	10,264	9,369	10,264
Total Current Liabilities	13,257	17,537	9,601	17,537
TOTAL LIABILITIES	332,017	120,677	324,758	120,677
TOTAL UNITHOLDERS' FUND AND LIABILITIES	854,320	629,810	847,061	629,810
Net Asset Value (NAV)				
- before income distribution	536,906	541,018	536,906	541,018
- after income distribution	522,303	509,133	522,303	509,133
Number of units in circulation (Units)	505,300	505,300	505,300	505,300
Net Asset Value per unit (RM)				
- before income distribution	1.0625	1.0707	1.0625	1.0707
- after income distribution	1.0336	1.0076	1.0336	1.0076

* 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 2019 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 2019	492,333	16,800	509,133
Profit for the period	-	27,773	27,773
Total comprehensive income for the period attributable to unitholders	-	27,773	27,773
Unitholders' transactions			
Distribution to unitholders	-	(14,603)	(14,603)
Decrease in net asset resulting from unitholders' transactions	-	(14,603)	(14,603)
As at 31 December 2019	492,333	29,970	522,303
<u>Fund</u>			
As at 1 July 2018	492,315	14,636	506,951
Profit for the period	-	15,156	15,156
Total comprehensive income for the period attributable to unitholders	-	15,156	15,156
Unitholders' transactions			
Distribution to unitholders	-	(16,422)	(16,422)
Decrease in net asset resulting from unitholders' transactions	-	(16,422)	(16,422)
As at 31 December 2018	492,315	13,370	505,685

The unaudited condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the AFS FY 2019 and the accompanying notes attached to this Interim Financial Report.

KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period-To-Date 31 Dec 2019 RM '000	Period-To-Date 31 Dec 2018 RM '000 **
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,773	15,156
Adjustment for:		
Changes in fair value on investment properties	(13,187)	-
Interest expenses	6,458	2,499
Interest income	(286)	(318)
Bad debts written off	10	-
Allowance for doubtful debts	95	42
Amortisation of transaction costs	594	114
Gain / (Loss) of disposal of PPE	-	-
Written off of plant and equipment	-	-
Depreciation of plant and equipment	149	78
Operating income before changes in working capital	<u>21,606</u>	<u>17,571</u>
Net change in trade and other receivables	12,470	(6,682)
Net change in payables and accruals	<u>(2,515)</u>	<u>(3,403)</u>
Cash generated from operations	31,561	7,486
Taxes paid	-	-
Net cash generated from operating activities	<u>31,561</u>	<u>7,486</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	258	318
Placement of short term deposits	-	7,161
Pledge deposit	(7,590)	-
Purchase of plant and equipment	(759)	-
Acquisition of investment properties	(206,813)	-
Asset enhancement on investment properties	<u>(181)</u>	<u>(7,870)</u>
Net cash used in investing activities	<u>(215,085)</u>	<u>(391)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Income distribution paid to unitholders	(14,603)	(16,422)
Interest paid	(3,268)	(2,499)
Repayment of borrowings	(99,929)	-
Proceeds from borrowings	310,000	11,018
Net cash from / (used in) financing activities	<u>192,200</u>	<u>(7,903)</u>
Net increase / (decrease) in cash and cash equivalents	8,676	(808)
Cash and cash equivalents at beginning of period	<u>11,579</u>	<u>15,532</u>
Cash and cash equivalents at end of period	<u><u>20,255</u></u>	<u><u>14,724</u></u>

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

Cash in hand	17	30
Bank balances	1,681	2,073
Short term deposits placed with licensed bank	<u>27,436</u>	<u>13,893</u>
	29,134	15,996
Less: Pledged deposits	<u>(8,879)</u>	<u>(1,272)</u>
	<u><u>20,255</u></u>	<u><u>14,724</u></u>

The unaudited condensed Consolidated Statement of Cash Flow should be read in conjunction with the AFS FY 2019 and the accompanying notes attached to this Interim Financial Report.

** Consists of the Fund's Statement of Cash flows only

KIP REAL ESTATE INVESTMENT TRUST

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

A1 BASIS OF PREPARATION

The condensed consolidated interim financial statements is 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 Listing Requirements and the Securities Commission's Guidelines on Listed Real Estate Investment Trusts ("REIT Guidelines").

The unaudited condensed interim financial statements should be read in conjunction with the AFS FY2019 and the accompanying explanatory notes attached to the unaudited condensed interim financial statements. The accounting policies and methods of computation adopted in this condensed unaudited interim financial statements are consistent with those disclosed in the AFS FY2019.

A2 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for FY2019 was not subject to any audit qualification.

A3 SEASONALITY AND CYCLICALITY OF OPERATIONS

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

A4 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.

A5 CHANGES IN ESTIMATES

Not applicable.

A6 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 ended 31 December 2019.

KIP REAL ESTATE INVESTMENT TRUST

A7 INCOME DISTRIBUTION

The Directors of the Manager have decided to distribute at least 90% of KIP REIT's distributable income on a quarterly basis for the financial year ending 30 June 2020.

During the quarter under review, the Manager paid a distribution amounting to RM6.92 million or 1.37 sen per unit on 14 November 2019.

For the second quarter's results ended 31 December 2019, the Manager will be making a distribution of RM8.89 million or 1.76 sen per unit, to be payable on 14 February 2020 to every unitholder who is entitled to receive such distribution as at 4.00 p.m. on 31 January 2020. This amount has not been included in a liability in the current financial quarter under review.

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A8 SEGMENT REPORTING

Segmental result for the financial period ended 31 December 2019 is as follows:-

	<u>2nd Quarter Ended 31.12.2019</u>				<u>YTD Ended 31.12.2019</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>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	10,130	5,480	4,124	19,734	20,175	11,192	6,857	38,224
Net property income	7,697	3,065	3,971	14,733	15,298	6,329	6,600	28,227
Changes in fair value on investment properties	-	-	-	-	-	-	13,187	13,187
Interest income	85	46	52	183	145	77	64	286
Borrowing costs	(702)	(465)	(2,508)	(3,675)	(1,746)	(1,133)	(4,173)	(7,052)
Trust and other expenses	(1,024)	(559)	(430)	(2,013)	(2,013)	(1,148)	(3,714)	(6,875)
Profit before taxation	6,056	2,087	1,085	9,228	11,684	4,125	11,964	27,773
Taxation	-	-	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	6,056	2,087	1,085	9,228	11,684	4,125	11,964	27,773
Assets								
Segment assets					389,759	214,353	220,131	824,243
Unallocated assets								
- Cash and bank balances								29,134
- Trade and other receivables								943
Total assets								854,320

	<u>2nd Quarter Ended 31.12.2018</u>				<u>YTD Ended 31.12.2018</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>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>
Revenue and expenses								
Gross revenue	9,693	5,932	-	15,625	19,337	11,880	-	31,217
Net property income	7,237	3,209	-	10,446	14,162	6,225	-	20,387
Changes in fair value on investment properties	-	-	-	-	-	-	-	-
Interest income	85	48	-	133	205	114	-	318
Borrowing costs	(779)	(484)	-	(1,263)	(1,543)	(944)	-	(2,486)
Trust and other expenses	(901)	(520)	-	(1,421)	(1,917)	(1,146)	-	(3,063)
Profit before taxation	5,642	2,253	-	7,895	10,907	4,249	-	15,156
Taxation	-	-	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	5,642	2,253	-	7,895	10,907	4,249	-	15,156
Assets								
Segment assets					377,444	217,090	-	594,534
Unallocated assets								-
- Cash and bank balances								15,996
- Trade and other receivables								12,490
Total assets								623,020

A9 SUBSEQUENT MATERIAL EVENTS

There was 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.

KIP REAL ESTATE INVESTMENT TRUST

A10 CHANGES IN THE COMPOSITION OF KIP REIT

There was no change in composition of fund size for the current quarter and cumulative quarter ended 31 December 2019.

A11 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A12 CAPITAL COMMITMENT

There were no capital commitment 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		
	31.12.2019	31.12.2018	Changes	31.12.2019	31.12.2018	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Gross revenue	19,735	15,625	26.3%	38,224	31,217	22.4%
Net property income	14,733	10,448	41.0%	28,227	20,387	38.5%
Profit before taxation	9,229	7,897	16.9%	27,774	15,156	83.3%
Profit after taxation	9,229	7,897	16.9%	27,774	15,156	83.3%
Total comprehensive income attributable to unitholders	9,229	7,897	16.9%	27,774	15,156	83.3%

Quarterly Results

KIP REIT recorded revenue of RM19.7 million in Q2FY20, as compared to RM15.6 million recorded in the preceding year corresponding quarter. The increase was attributed to RM4.1 million from new acquisition of AEON Mall Kinta City ("AMKC") in July 2019.

KIP REIT property operating expenses was RM5.0 million in Q2FY20, a decrease of RM0.2 million or 3.4% mainly attributed to lower electricity bill with solar PV system. Correspondingly, net property income of RM14.7 million was 41.0% higher than preceding year corresponding quarter.

The investment properties in the Southern region, Central region and Northern region contributed 51.3%, 27.8% and 20.9% of the KIP REIT total revenue respectively.

Current quarter total comprehensive income attributable to unitholders was RM9.2 million, 16.9% higher than preceding year corresponding quarter. The increase in total comprehensive income was attributed to lower effective interest rate on top of higher revenue from acquisition of AMKC and savings on electricity bill with solar PV system.

Year-to-date Results

Total revenue for year-to-date 31 December 2019 was RM38.2 million, representing an increase of 22.4% against preceding year-to-date performance, mainly due to 5 months contribution from acquisition of AMKC effective 31 July 2019 on top of the existing 6 assets recorded 0.5% growth year on year.

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Total property expenses were 38.5% lower compared to year-to-date 31 December 2018 on the back of savings from solar PV system and better productivity management reflected through lower reimbursement cost.

Year-to-date total comprehensive income attributable to unitholders was 83.3% higher than preceding year-to-date attributed to unrealised fair value gain on acquisition of AMKC of RM13.2 million but partially offset by one-off expenses incidental to the acquisition of RM3.5 million on top of the positive net property income contribution from acquisition of AMKC.

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

	Current Quarter	Immediate Preceding Quarter	
	31.12.2019	30.9.2019	Changes
	RM'000	RM'000	(%)
Gross revenue	19,735	18,490	6.7%
Net property income	14,733	13,496	9.2%
Profit before taxation	9,229	18,545	-50.2%
Profit after taxation	9,229	18,545	-50.2%
Total comprehensive income attributable to unitholders	9,229	18,545	-50.2%

KIP REIT revenue for the current quarter was 6.7% higher than the immediate preceding quarter ended 30 September 2019 mainly attributed to full quarter contribution from new acquisition of AMKC as compared to immediate preceding quarter of 2 months contribution but partially offset by lower revenue from KIPMall Bangi due to a strategic exercise of reshuffling tenant which may continue for next few quarters.

In tandem with higher revenue, the net property income increased by 9.2% compared to the preceding quarter. Lower profit before taxation by 50.2% was due to unrealised fair value gain on acquisition of AMKC of RM13.2 million in preceding quarter.

KIP REAL ESTATE INVESTMENT TRUST

B3 PROSPECTS

Retail Group Malaysia (“RGM”) forecasted an improved growth of 4.6% for 2020. However, RGM noted that the Malaysian retail industry will continue to face challenges resulting from external and internal factors including trade uncertainties, global economic conditions and limited fiscal policies aimed at stimulating consumer spending.

Notwithstanding the above, the Manager will strive to drive organic growth from its existing portfolio, through proactive leasing efforts and completion of asset enhancement initiatives to improve the overall occupancy rate and net property income on top of cost saving initiatives from the introduction of solar panels. The Manager is actively looking for areas of expansion and to identify yield-accretive assets for acquisition in the coming financial years.

Moving forward, the Manager will continue to focus on delivering sustainable income distributions to unitholders and is confident that the underlying strength of KIP REIT’s portfolio of quality retail malls, and continue to create long-term value for its unitholders.

B4 PORTFOLIO COMPOSITON

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

The Group completed the acquisition of AMKC (Northern region) on 31 July 2019.

B5 UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

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

B6 TAXATION

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 declare more than 90% of its distributable income to its unitholders for the financial year ending 30 June 2020, no provision for taxation has been made for the current quarter.

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B7 GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no disposal of unquoted securities or investment properties during Q2FY20 ended 31 December 2019 under review.

B8 PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during Q2FY20 ended 31 December 2019 under review.

B9 BORROWINGS

The Group's borrowings as at 31 December 2019 are as follows:

	<u>RM'000</u>
Medium Term Note (MTN)	
Current	3,656
Non-current	308,693
	<u>312,349</u>
Total sssets	<u>854,320</u>
Gearing ratio (%)	36.56%

B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments for the Q2FY20 ended 31 December 2019 under review.

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.

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B13 SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31 December 2019	Immediate Preceding Quarter ended 30 September 2019
Number of units in issue (unuts'000)	505,300	505,300
Earnings per unit (EPU) (sen)		
- before Manager's fee	2.10	4.34
- after Manager's fee	1.83	3.67
Net Income distribution to unitholders (RM'000)	8,893	6,923
Distribution per unit (DPU) (sen)	1.76	1.37
Net Asset Value (NAV) (RM'000)	522,303	519,997
NAV per unit (RM)	1.0336	1.0291
Market value per unit (RM)	0.860	0.830

B14 MANAGER FEE

Based on the Deed, the Manager is entitled to receive the following fees from KIP REIT:-

- (i) Base fee of up to 1.0% per annum on the TAV;
- (ii) Performance fee of up to 5.0% per annum of net property income;
- (iii) Acquisition fee of 1.0% of the transaction value of real estate and real estate related assets directly or indirectly acquired from time to time by the Trustee; and
- (iv) Divestment fee of 0.5% of the transaction value of any real estate and real estate related assets directly or indirectly sold or divested from time to time by the Trustee.

The Manager fees for the period-to-date was RM4.8 million, which consists of base fee (0.6%) of TAV, performance fee (1%) of net property income and acquisition fee (1%) of the transaction value of AMKC.

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B15 TRUSTEE FEE

Based on the Deed, the annual trustee's fee in aggregate shall be up to maximum rate of 0.05% per annum of the NAV of KIP REIT.

Included in the cumulative quarter ended 31 December 2019 Trustee fees was acquisition fee (0.1%) of the transaction value of AMKC.

B16 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 December 2019 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 16 January 2020.