

# KIP REAL ESTATE INVESTMENT TRUST

## Interim Financial Report for the 2nd quarter FY2023 ended 31 December 2022

<b><u>No</u></b>	<b><u>Contents</u></b>	<b><u>Page</u></b>
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 - 18

**KIP REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Quarter			Period-To-Date		
	31 Dec 2022	31 Dec 2021	Changes	31 Dec 2022	31 Dec 2021	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Lease income	18,633	17,015	9.5%	36,539	33,093	10.4%
Revenue from contracts with customers	1,557	1,497	4.0%	3,000	2,556	17.4%
<b>Gross revenue</b>	<b>20,190</b>	<b>18,512</b>	<b>9.1%</b>	<b>39,539</b>	<b>35,649</b>	<b>10.9%</b>
Utilities expenses	(2,369)	(1,788)	(32.5%)	(4,680)	(2,912)	(60.7%)
Maintenance and housekeeping expenses	(633)	(400)	(58.4%)	(1,254)	(824)	(52.1%)
Marketing expenses	(41)	(20)	(109.0%)	(80)	(36)	(119.7%)
Quit rent and assessment	(469)	(455)	(3.2%)	(938)	(910)	(3.1%)
Reimbursement costs	(866)	(873)	0.8%	(1,830)	(1,715)	(6.7%)
Property manager fee	(32)	(32)	0.0%	(64)	(64)	0.0%
Other operating expenses	(623)	(564)	(10.5%)	(1,203)	(1,135)	(6.0%)
Property operating expenses	<b>(5,033)</b>	<b>(4,132)</b>	<b>(21.8%)</b>	<b>(10,049)</b>	<b>(7,596)</b>	<b>(32.3%)</b>
<b>Net property income</b>	<b>15,157</b>	<b>14,380</b>	<b>5.4%</b>	<b>29,490</b>	<b>28,053</b>	<b>5.1%</b>
Changes in fair value on investment properties	-	-	0.0%	-	-	0.0%
Interest income	461	86	437.5%	740	165	349.2%
<b>Net investment income</b>	<b>15,618</b>	<b>14,466</b>	<b>8.0%</b>	<b>30,230</b>	<b>28,218</b>	<b>7.1%</b>
Manager's management fee	(2,431)	(1,381)	(76.0%)	(4,169)	(2,823)	(47.6%)
Trustees' fee	(141)	(45)	(213.4%)	(190)	(90)	(110.2%)
Auditors' remuneration	(39)	(30)	(28.7%)	(89)	(55)	(59.8%)
Valuers' fee	(198)	(66)	(200.3%)	(263)	(119)	(120.1%)
Other trust expenses	(1,036)	(552)	(87.7%)	(1,490)	(1,026)	(45.2%)
Borrowing costs	(3,642)	(3,342)	(9.0%)	(7,105)	(6,684)	(6.3%)
	<b>(7,487)</b>	<b>(5,416)</b>	<b>(38.2%)</b>	<b>(13,306)</b>	<b>(10,797)</b>	<b>(23.2%)</b>
<b>Profit before taxation<sup>N1</sup></b>	<b>8,131</b>	<b>9,050</b>	<b>(10.2%)</b>	<b>16,924</b>	<b>17,421</b>	<b>(2.9%)</b>
Taxation	-	-	-	-	-	-
<b>Profit after taxation</b>	<b>8,131</b>	<b>9,050</b>	<b>(10.2%)</b>	<b>16,924</b>	<b>17,421</b>	<b>(2.9%)</b>
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Total comprehensive income attributable to unitholders</b>	<b>8,131</b>	<b>9,050</b>	<b>(10.2%)</b>	<b>16,924</b>	<b>17,421</b>	<b>(2.9%)</b>
<b>Profit after taxation is made up as follows:</b>						
- Realised	9,907	9,050	9.5%	18,700	17,421	7.3%
- One-off exp incidental to the acquisition	(1,776)	-	0.0%	(1,776)	-	0.0%
- Unrealised	-	-	0.0%	-	-	0.0%
	<b>8,131</b>	<b>9,050</b>	<b>(10.2%)</b>	<b>16,924</b>	<b>17,421</b>	<b>(2.9%)</b>
Weighted average number of units ('000)	578,950	505,300		563,212	505,300	
<b>Earnings per unit ("EPU") (sen)<sup>N2</sup></b>						
- Realised	1.40	1.79		3.00	3.45	
- Unrealised	-	-		-	-	
	<b>1.40</b>	<b>1.79</b>		<b>3.00</b>	<b>3.45</b>	
<b>Total comprehensive income</b>	<b>8,131</b>	<b>9,050</b>		<b>16,924</b>	<b>17,421</b>	
<b>Distribution adjustments</b>	<b>250</b>	<b>512</b>		<b>542</b>	<b>596</b>	
<b>Total current period / year distributable income</b>	<b>8,381</b>	<b>9,562</b>		<b>17,466</b>	<b>18,017</b>	
<b>Distribution per unit (sen)</b>	<b>1.45</b>	<b>1.55</b>		<b>2.90</b>	<b>3.10</b>	
<sup>N1</sup> Included in profit before taxation are following items:						
Interest income	461	86		740	165	
Amotisation of rental rebate	(65)	(204)		(143)	(480)	
Depreciation of equipments	(140)	(170)		(287)	(335)	
Allowance for impairment on receivable	21	205		21	158	
Bad debts written off	-	(279)		-	(279)	
Equipments written off	(2)	-		(5)	-	

<sup>N2</sup> EPU for the current quarter is computed based on Profit after tax for the quarter divided by number of units in issue of 578,950,000 units and EPU for the current period is based on weighted average number of units in issue of 563,212,228 units. EPU for preceding year corresponding quarter/period is based on number of units in issue of 505,300,000 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 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		
	31 Dec 2022	31 Dec 2021	Changes	31 Dec 2022	31 Dec 2021	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
<b>Net property income</b>	<b>15,157</b>	<b>14,380</b>	5.4%	<b>29,490</b>	<b>28,053</b>	5.1%
Interest income	461	86	437.5%	740	165	349.2%
	<b>15,618</b>	<b>14,466</b>	8.0%	<b>30,230</b>	<b>28,218</b>	7.1%
Less : Expenses	(7,487)	(5,416)	(38.2%)	(13,306)	(10,797)	(23.2%)
<b>Total comprehensive income</b>	<b>8,131</b>	<b>9,050</b>	(10.2%)	<b>16,924</b>	<b>17,421</b>	(2.9%)
Distribution adjustment						
- Amortisation of transactions costs	64	64		128	128	
- Depreciation of equipment	140	170		287	335	
- Allowance for impairment on receivable	(21)	(205)		(21)	(158)	
- Bad debts written off	-	279		-	279	
- Written off of equipment	2	-		5	-	
- Net amortisation of rental rebate for MCO	65	204		143	12	
	<b>250</b>	<b>512</b>	(51.1%)	<b>542</b>	<b>596</b>	(9.1%)
Total current period / year distributable income	<b>8,381</b>	<b>9,562</b>	(12.4%)	<b>17,466</b>	<b>18,017</b>	(3.1%)
Undistributed distributable income brought forward	8,191	5,156	58.9%	7,500	4,532	65.5%
<b>Distributable income</b>	<b>16,572</b>	<b>14,718</b>	12.6%	<b>24,966</b>	<b>22,549</b>	10.7%
Less: Proposed / declared income distribution	(8,395)	(7,832)	(7.2%)	(16,789)	(15,663)	(7.2%)
<b>Undistributed distributable income</b>	<b>8,177</b>	<b>6,886</b>	18.8%	<b>8,177</b>	<b>6,886</b>	18.8%
<b>Distribution per unit (sen)</b>	<b>1.45</b>	<b>1.55</b>	(6.5%)	<b>2.90</b>	<b>3.10</b>	(6.5%)

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	Audited As At	Unaudited As At	Audited As At
	31 Dec 2022 RM '000	30 Jun 2022 RM '000	31 Dec 2022 RM '000	30 Jun 2022 RM '000
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Equipment	1,780	1,946	1,780	1,946
Investment properties	934,621	852,000	934,621	852,000
Investment in a subsidiary	-	-	-	-
<b>Total Non-Current Assets</b>	<b>936,401</b>	<b>853,946</b>	<b>936,401</b>	<b>853,946</b>
<b><u>Current Assets</u></b>				
Trade receivables	637	528	637	528
Other receivables	2,658	3,567	2,658	3,567
Cash and cash equivalents	32,306	30,994	24,558	23,344
<b>Total Current Assets</b>	<b>35,601</b>	<b>35,089</b>	<b>27,853</b>	<b>27,439</b>
<b>TOTAL ASSETS</b>	<b>972,002</b>	<b>889,035</b>	<b>964,254</b>	<b>881,385</b>
<b>FINANCED BY:</b>				
<b>Unitholders' fund</b>				
Unitholders' capital	551,547	492,333	551,547	492,333
Retained earnings	60,111	62,193	60,111	62,193
<b>Total Unitholders' Fund</b>	<b>611,658</b>	<b>554,526</b>	<b>611,658</b>	<b>554,526</b>
<b><u>Non-Current Liabilities</u></b>				
Borrowings	309,457	309,329	-	-
Amount due to subsidiary company	-	-	305,421	305,263
Other payables and accruals	10,963	8,144	10,963	8,144
<b>Total Non-Current Liabilities</b>	<b>320,420</b>	<b>317,473</b>	<b>316,384</b>	<b>313,407</b>
<b><u>Current Liabilities</u></b>				
Borrowings	23,712	3,584	20,000	-
Trade payables	550	493	550	493
Other payables and accruals	15,662	12,959	15,662	12,959
<b>Total Current Liabilities</b>	<b>39,924</b>	<b>17,036</b>	<b>36,212</b>	<b>13,452</b>
<b>TOTAL LIABILITIES</b>	<b>360,344</b>	<b>334,509</b>	<b>352,596</b>	<b>326,859</b>
<b>TOTAL UNITHOLDERS' FUND AND LIABILITIES</b>	<b>972,002</b>	<b>889,035</b>	<b>964,254</b>	<b>881,385</b>
<b>Net Asset Value (NAV)</b>				
- before income distribution	630,664	588,887	630,664	588,887
- after income distribution	611,658	554,526	611,658	554,526
<b>Number of units in circulation (Units)</b>	<b>578,950</b>	<b>505,300</b>	<b>578,950</b>	<b>505,300</b>
<b>Net Asset Value per unit (RM)</b>				
- before income distribution	1.0893	1.1654	1.0893	1.1654
- after income distribution	1.0565	1.0974	1.0565	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**

	<b>Unitholders' capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
<b><u>Group and Fund</u></b>			
<b>As at 1 July 2022</b>	492,333	62,193	554,526
Profit for the year	-	16,924	16,924
Total comprehensive income for the period attributable to unitholders	-	16,924	16,924
<b>Unitholders' transactions</b>			
Distribution to unitholders	-	(19,006)	(19,006)
Issuance and placement of units	59,923	-	59,923
Issuing expenses	(709)	-	(709)
Decrease in net asset resulting from unitholders' transactions	59,214	(19,006)	40,208
<b>As at 31 December 2022</b>	<b>551,547</b>	<b>60,111</b>	<b>611,658</b>
<b><u>Group and Fund</u></b>			
<b>As at 1 July 2021</b>	492,333	21,045	513,378
Profit for the year	-	17,421	17,421
Total comprehensive income for the period attributable to unitholders	-	17,421	17,421
<b>Unitholders' transactions</b>			
Distribution to unitholders	-	(18,444)	(18,444)
Decrease in net asset resulting from unitholders' transactions	-	(18,444)	(18,444)
<b>As at 31 December 2021</b>	<b>492,333</b>	<b>20,022</b>	<b>512,355</b>

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		Cumulative Year-To-Date	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM '000	RM '000	RM '000	RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	16,924	17,421	16,924	17,421
Adjustment for:				
Interest expenses on borrowings	6,978	6,557	136	50
Interest expenses on advance from a subsidiary company	-	-	6,842	6,507
Interest income	(740)	(165)	(740)	(165)
Depreciation of equipment	287	335	287	335
Amortisation of transaction costs	128	128	128	128
Bad debts written off	-	279	-	279
Written off of equipment	5	-	5	-
Allowance for doubtful debts	(21)	(158)	(21)	(158)
Operating income before changes in working capital	23,561	24,397	23,561	24,397
Net change in trade and other receivables	818	498	818	530
Net change in payables and accruals	5,542	(191)	5,542	(191)
Cash generated from operations	29,921	24,704	29,921	24,736
Taxes paid	-	-	-	-
Net cash generated from operating activities	29,921	24,704	29,921	24,736
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	743	173	743	141
Purchase of equipment	(126)	(798)	(126)	(798)
Acquisition of investment properties	(78,700)	-	(78,700)	-
Asset enhancement on investment properties	(3,921)	(348)	(3,921)	(348)
Net cash used in investing activities	(82,004)	(973)	(82,004)	(1,005)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of new units	59,923	-	59,923	-
Payment of issuing expenses	(709)	-	(709)	-
Income distribution paid to unitholders	(19,006)	(18,443)	(19,006)	(18,443)
Repayment to a subsidiary company	-	-	(98)	(66)
Interest paid on advance from a subsidiary company	-	-	(6,714)	(6,455)
Interest paid on borrowings	(6,813)	(6,497)	(99)	(42)
Proceeds from borrowings	20,000	-	20,000	-
Net cash generated from / (used in) financing activities	53,395	(24,940)	53,297	(25,006)
Net increase / (decrease) in cash and cash equivalents	1,312	(1,209)	1,214	(1,275)
Cash and cash equivalents at beginning of period	30,994	29,320	23,344	21,805
<b>Cash and cash equivalents at end of period</b>	<b>32,306</b>	<b>28,111</b>	<b>24,558</b>	<b>20,530</b>

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

Cash in hand	-	*	-	*	-	-
Bank balances	814		1,067		797	1,050
Short term deposits placed with licensed bank	31,492		27,044		23,761	19,480
	<u>32,306</u>		<u>28,111</u>		<u>24,558</u>	<u>20,530</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.

# 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 31 December 2022, the Manager proposed a second income distribution of RM8.39 million or 1.45 sen per unit, which includes a non-taxable portion of approximately 0.01 sen per unit derived from 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 7 February 2023 and 21 February 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 31 December 2022 is as follow:-

	2nd quarter Ended 31 December 2022						YTD Ended 31 December 2022					
	Southern Region	Central Region	Northern Region	Retail	Industrial	Total	Southern Region	Central Region	Northern Region	Retail	Industrial	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>By Location Segments</b>												
<b>Revenue and expenses</b>												
Lease income	9,390	4,473	4,522	18,385	248	18,633	18,555	8,729	9,007	36,291	248	36,539
Contract with Customer	534	1,023	-	1,557	-	1,557	1,008	1,992	-	3,000	-	3,000
Gross revenue	9,924	5,496	4,522	19,942	248	20,190	19,563	10,721	9,007	39,291	248	39,539
Net property income	7,579	2,963	4,367	14,909	248	15,157	14,869	5,677	8,696	29,242	248	29,490
Interest income	208	97	156	461	-	461	331	153	256	740	-	740
Borrowing costs	(676)	(448)	(2,436)	(3,560)	(82)	(3,642)	(1,339)	(886)	(4,798)	(7,023)	(82)	(7,105)
Trust and other expenses	(921)	(565)	(548)	(2,034)	(1,811)	(3,845)	(1,996)	(1,217)	(1,177)	(4,390)	(1,811)	(6,201)
Profit before taxation	6,190	2,047	1,539	9,776	(1,645)	8,131	11,865	3,727	2,977	18,569	(1,645)	16,924
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	6,190	2,047	1,539	9,776	(1,645)	8,131	11,865	3,727	2,977	18,569	(1,645)	16,924
<b>Assets</b>												
Segment assets							399,256	206,577	254,297	860,130	78,700	938,830
Unallocated assets												
- Cash and bank balances												32,306
- Trade and other receivables												866
Total assets												972,002
<b>Liabilities</b>												
Segment liabilities							74,982	43,897	207,262	326,141	22,995	349,136
Unallocated liabilities												
- Payables and accruals												858
- Borrowings												10,350
Total liabilities												360,344
<b>Other Segmental information</b>												
Additional to non-current assets:												
- Investment properties							212	3,557	152	3,921		3,921
- Equipment							81	45	-	126		126
Depreciation							151	136	-	287		287

# KIP REAL ESTATE INVESTMENT TRUST

Segmental result for the financial period ended 31 December 2021 is as follow:-

	<u>2nd quarter Ended 31 December 2021</u>				<u>YTD Ended 31 December 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>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>
<b>By Location Segments</b>								
<b>Revenue and expenses</b>								
Gross revenue	8,911	5,078	4,523	18,512	16,870	9,772	9,007	35,649
Net property income	6,933	3,082	4,365	14,380	13,201	6,158	8,694	28,053
Changes in fair value on investment properties	-	-	-	-	-	-	-	-
Interest income	38	13	35	86	71	25	69	165
Borrowing costs	(639)	(425)	(2,278)	(3,342)	(1,279)	(846)	(4,559)	(6,684)
Trust and other expenses	(1,021)	(577)	(476)	(2,074)	(2,077)	(1,076)	(960)	(4,113)
Profit before taxation	5,311	2,093	1,646	9,050	9,916	4,261	3,244	17,421
Taxation	-	-	-	-	-	-	-	-
Total comprehensive income attributable to unitholders	5,311	2,093	1,646	9,050	9,916	4,261	3,244	17,421
<b>Assets</b>								
Segment assets					393,995	200,334	221,243	815,572
Unallocated assets								28,111
- Cash and bank balances								1,513
- Trade and other receivables								845,196
Total assets								
<b>Liabilities</b>								
Segment liabilities					69,586	45,066	207,362	322,014
Unallocated liabilities								759
- Payables and accruals								10,068
- Borrowings								332,841
Total liabilities								
<b>Other Segmental information</b>								
<b>Additional to non-current assets:</b>								
- Investment properties					-	-	348	348
- Equipment					218	580	-	798
Depreciation					176	159	-	335

# 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. There was no valuation performed during the quarter under review.

## 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 / FUND SIZE OF KIP REIT

KIP REIT's fund size was increased from 505,300,000 units to 578,950,000 units in last quarter with the issuance of 52,500,000 and 21,150,000 new units on 3 August 2022 and 25 August 2022 respectively. There was no change in the 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

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

	<b>As at</b> <b>31.12.2022</b> <b><u>RM'000</u></b>	<b>As at</b> <b>30.6.2022</b> <b><u>RM'000</u></b>
Approved and contracted for KIPMall Bangi Facelift	15,657	18,116

# 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		
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>Changes</u>	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>Changes</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>
<b>Gross revenue</b>						
Southern Region	9,924	8,911	11.4%	19,563	16,870	16.0%
Central Region	5,496	5,078	8.2%	10,721	9,772	9.7%
Northern Region	4,522	4,523	(0.0%)	9,007	9,007	0.0%
Retail segment	19,942	18,512	7.7%	39,291	35,649	10.2%
Industrial segment	248	-	N/A	248	-	N/A
	<u>20,190</u>	<u>18,512</u>	9.1%	<u>39,539</u>	<u>35,649</u>	10.9%
<b>Net property income</b>						
Southern Region	7,579	6,933	9.3%	14,869	13,201	12.6%
Central Region	2,963	3,082	(3.9%)	5,677	6,158	(7.8%)
Northern Region	4,367	4,365	0.0%	8,696	8,694	0.0%
Retail segment	14,909	14,380	3.7%	29,242	28,053	4.2%
Industrial segment	248	-	N/A	248	-	N/A
	<u>15,157</u>	<u>14,380</u>	5.4%	<u>29,490</u>	<u>28,053</u>	5.1%
<b>Profit before taxation</b>						
Realised	9,907	9,050	9.5%	18,700	17,421	7.3%
One off expenses	(1,776)	-	N/A	(1,776)	-	N/A
Unrealised	-	-	N/A	-	-	N/A
	<u>8,131</u>	<u>9,050</u>	(10.2%)	<u>16,924</u>	<u>17,421</u>	(2.9%)
<b>Income available for distribution</b>	8,381	9,562	(12.4%)	17,466	18,017	(3.1%)

#### Quarterly Results

KIP REIT recorded revenue of RM20.2 million in Q2FY23, as compared to RM18.5 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly due to low base revenue in Q2FY22 despite the relaxation of the SOPs. Q2FY23 saw occupancy rate increase on the back of mini anchor, Jalan Jalan Japan commenced operation in Tampoi and Melaka. The net property income came in higher in tandem with higher revenue at a lower positive variance as compared to preceding year corresponding quarter due to overall higher property expenses with full force operating during quarter. In addition, there was 18 days of lease income from the 3 newly acquired industrial properties.

Southern region recorded revenue of RM9.9 million, at 11.4% improvement against Q2FY22 mainly due to the same reason mentioned earlier at Tampoi. Net property income came in better than preceding year corresponding quarter by 9.3%, at lower positive variance as compared to revenue improvement.

Central region recorded higher revenue by 8.2% against preceding year corresponding quarter mainly due to improvement from Melaka. Contrary to the higher revenue, Central region net property income came in lower than preceding

## KIP REAL ESTATE INVESTMENT TRUST

---

year corresponding quarter due to higher property expenses such as utilities, upkeep of building and reimbursement costs.

Northern region revenue and net property income remained unchanged pursuant to master lease agreement with the lessee.

With the completion of the Proposed Acquisitions as explained in B9 below, KIP REIT will assess the portfolio performance by retail and industrial segment, with retail further assess by region.

The investment properties from retail and industrial segment contributed 98.8% and 1.2% of the KIP REIT total revenue respectively, whilst Southern, Central and Northern region contributed 49.8%, 27.6% and 22.6% of the KIP REIT total revenue from retail segment respectively.

KIP REIT's Q2FY23 realised profit before tax was 10.2% lower than Q2FY22 mainly due to one off expenses incidental to the acquisitions of the 3 industrial properties. Stripping out the one off expenses, the realised profit before tax was 9.5% better than Q2FY22, on the back of higher revenue and net property income recorded.

Current quarter income available for distribution was 12.4% lower than preceding year corresponding quarter mainly due to one off expenses.

### **Year to date Results**

Total revenue for year-to-date 31 December 2022 was RM39.5 million, at 10.9% improvement against preceding year-to-date performance, mainly due to low base revenue in last year especially quarter 1 (July to September 2022) on the back of restriction on activities as a result of FMCO. In addition, there was 18 days of 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.

Southern region recorded revenue of RM19.6 million, at 16.0% improvement against preceding year-to-date mainly due to higher average occupancy rate and better promotional income. Correspondingly, the net property income came in 12.6% better than last year.

Central region also recorded higher revenue year-on-year against last year, all Malls recorded higher revenue except Bangi due to ongoing Facelift as explained in past quarters' announcements. Contrary to the higher revenue, the net property income came in lower than last year due to higher property expenses as explained above.

Northern region revenue and net property income remained unchanged pursuant to master lease agreement with the lessee.

Year-to-date realised profit before tax was 2.9% shortfall against last year due to explanation earlier.

## KIP REAL ESTATE INVESTMENT TRUST

Year-to-date income available for distribution was 3.1% lower than last year mainly due to lower realised profit before tax.

The total net asset value and net asset value per unit (after income distribution) stood at RM611.7 million (30 June 2022: RM554.5 million) and RM1.0565 (30 June 2022 : RM1.0974) respectively. The increase in the net asset value was due to increase in Unitholders' capital upon completion of the 2 tranches of private placements during last quarter. Net asset value per unit on the other hand decrease due to increase in Units in circulation causing the dilution.

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

	Current Quarter	Immediate Preceding Quarter	
	<u>31.12.2022</u>	<u>30.9.2022</u>	<u>Changes</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>
<b>Gross revenue</b>	<b>20,190</b>	<b>19,349</b>	<b>4.3%</b>
<b>Net property income</b>	<b>15,157</b>	<b>14,333</b>	<b>5.7%</b>
<b>Profit before taxation</b>			
<b>Realised</b>	<b>9,907</b>	<b>8,793</b>	<b>12.7%</b>
<b>One off expenses</b>	<b>(1,776)</b>	<b>-</b>	<b>N/A</b>
<b>Unrealised</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
	<b>8,131</b>	<b>8,793</b>	<b>(7.5%)</b>
<b>Income available for distribution</b>	<b>8,381</b>	<b>9,085</b>	<b>(7.8%)</b>

KIP REIT's revenue for the current quarter was 4.3% better than the immediate preceding quarter ended 30 September 2022 mainly attributed to lower rental rebate amortisation, higher occupancy rate recorded from retail segment and 18 days of lease income from the 3 newly acquired industrial properties.

Net property income came in higher by 5.7% compared to the preceding quarter mainly due to the same reason.

Contrary to the higher net property income, realised profit before taxation was 7.5% lower than the immediate preceding quarter ended 30 September 2022 due to one off expenses incidental to the acquisition of 3 industrial properties.

Current quarter income available for distribution was 7.8% lower than the immediate preceding quarter ended 30 September 2022 mainly due to lower realised profit before taxation.

# KIP REAL ESTATE INVESTMENT TRUST

---

## **B3 PROSPECTS**

Bank Negara Malaysia reported that Malaysian economy expanded by 9.3% in the first three quarters of calendar year 2022, and is projected to expand by 4.0% to 5.0% in calendar year 2023, at the slower pace due to challenging global environment but continue to be supported by firm domestic demand, improving labour market conditions and higher tourist arrivals. Headline and core inflation are expected to remain elevated amid both demand and cost pressures.

The Manager maintains an optimistic outlook for the remainder of FY2023, supported by the growth in retail segment and existing community centric portfolio which provides predominantly essential items. In addition, with the completion of the Proposed Acquisitions of 3 industrial properties in December 2022, there will be incremental revenue to KIP REIT for the remaining quarters in FY2023.

Nonetheless, the Manager remains cautious of the domestic and global uncertainties which may pose a challenge and add to the country's downside risks.

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

## **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.

## KIP REAL ESTATE INVESTMENT TRUST

### B5 UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

As at 31 December 2022, the status of utilisation of the gross proceeds from the private placement was as follows:

Proposed utilisation	Proposed amount for utilisation	Actual utilisation	Balance unutilised	Estimated timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
Part-finance the proposed acquisitions of 3 industrial properties as announced on 12 July 2022	50,000	50,000	-	within 14 months
Part-finance the KIPMall Bangi facelift	9,215	1,117	8,098	within 18 months
Defrayment of expenses in relation to the private placement	708	708	-	within 6 months
	<u>59,923</u>	<u>51,825</u>	<u>8,098</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.



# KIP REAL ESTATE INVESTMENT TRUST

---

## 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 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**

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 SPAs ("Proposed Leases").

The Proposed Acquisitions and the Proposed Leases are deemed related party transactions under Paragraph 10.08 of the Listing Requirements in view of the interests of the interested major unitholder of KIP REIT and are subject to the approval of the unitholders of KIP REIT at a general meeting to be convened, consents from the State Authority of Selangor and any other relevant authorities and/or parties if required. Unitholders of KIP REIT had at the Unitholders' Meeting

## KIP REAL ESTATE INVESTMENT TRUST

---

convened and held on 13 October 2022, approved the Proposed Acquisitions and Proposed Leases.

On 7 December 2022, the Manager announced that all the conditions precedent set out in the SPAs have been fulfilled and SPAs became unconditional on the even date.

On 14 December 2022, the Manager announced the completion of the Proposed Acquisitions with the settlement of the balance of purchase price. Following the completion of Proposed Acquisitions, Proposed Leases commenced on the same date.

### B10 BORROWINGS

The Group's borrowings as at 31 December 2022 are as follows:

	<b>As at 31.12.2022</b>	<b>As at 30.6.2022</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Current (secured):		
Short term revolving credit	20,000	-
Medium term notes	3,968	3,840
Unamortised transaction cost	(256)	(256)
	<u>23,712</u>	<u>3,584</u>
Non-current (secured):		
Medium term notes	310,000	310,000
Unamortised transaction cost	(543)	(671)
	<u>309,457</u>	<u>309,329</u>
Total borrowings	<u>333,169</u>	<u>312,913</u>
Total assets	<u>972,002</u>	<u>889,035</u>
Gearing ratio (%)	34.28%	35.20%

The weighted average interest rate of borrowings as at 31 December 2022 was 4.60% 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 during the quarter.

### B11 MATERIAL LITIGATION

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

## KIP REAL ESTATE INVESTMENT TRUST

### 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 31 December 2022	Immediate Preceding Quarter ended 30 September 2022
Number of units in issue (units'000)	578,950	578,950
Net realised income (RM'000)	8,131	8,793
Realised earnings per unit (EPU) (sen)		
- before Manager's fee	1.82 <sup>N2</sup>	1.92 <sup>N1</sup>
- after Manager's fee	1.40 <sup>N2</sup>	1.61 <sup>N1</sup>
Net Income distribution to unitholders (RM'000)	8,395	8,395
Distribution per unit (DPU) (sen)	1.45	1.45
Net Asset Value (NAV) (RM'000)	611,658	611,953
NAV per unit (RM)	1.0565	1.0570
Market value per unit (RM)	0.905	0.890

<sup>N1</sup> Based on average number of units in issue. The total number of units issued increased from 505,300,000 units to 578,950,000 units with the issuance and listing of total 73,650,000 new units arising from private placement on 3 and 25 August 2022.

<sup>N2</sup> Based on total units in issued of 578,950,000 units.

### 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 31 December 2022 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 17 January 2023.