



# KIP REAL ESTATE INVESTMENT TRUST

## Financial Report for the 1st quarter FY2024 ended 30 September 2023

<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 - 7
6.	Part B - Additional disclosure pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")	8 - 11

	Quarter			Period-To-Date		
	30 Sep 2023	30 Sep 2022	Changes	30 Sep 2023	30 Sep 2022	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Lease income	20,574	17,906	14.9%	20,574	17,906	14.9%
Revenue from contracts with customers	1,793	1,443	24.3%	1,793	1,443	24.3%
<b>Gross revenue</b>	<b>22,367</b>	<b>19,349</b>	<b>15.6%</b>	<b>22,367</b>	<b>19,349</b>	<b>15.6%</b>
Utilities expenses	(2,889)	(2,311)	(25.0%)	(2,889)	(2,311)	(25.0%)
Maintenance and housekeeping expenses	(657)	(621)	(5.8%)	(657)	(621)	(5.8%)
Marketing expenses	(60)	(39)	(52.5%)	(60)	(39)	(52.5%)
Quit rent and assessment	(496)	(469)	(5.6%)	(496)	(469)	(5.6%)
Reimbursement costs	(993)	(964)	(3.0%)	(993)	(964)	(3.0%)
Property manager fee	(41)	(32)	(28.3%)	(41)	(32)	(28.3%)
Other operating expenses	(715)	(580)	(23.2%)	(715)	(580)	(23.2%)
Property operating expenses	<b>(5,851)</b>	<b>(5,016)</b>	<b>(16.6%)</b>	<b>(5,851)</b>	<b>(5,016)</b>	<b>(16.6%)</b>
<b>Net property income</b>	<b>16,516</b>	<b>14,333</b>	<b>15.2%</b>	<b>16,516</b>	<b>14,333</b>	<b>15.2%</b>
Interest income	279	279	0.0%	279	279	0.0%
<b>Net investment income</b>	<b>16,795</b>	<b>14,612</b>	<b>14.9%</b>	<b>16,795</b>	<b>14,612</b>	<b>14.9%</b>
Manager's management fee	(1,805)	(1,738)	(3.9%)	(1,805)	(1,738)	(3.9%)
Trustees' fee	(60)	(49)	(23.3%)	(60)	(49)	(23.3%)
Auditors' remuneration	(50)	(50)	(0.0%)	(50)	(50)	(0.0%)
Valuers' fee	(75)	(65)	(15.4%)	(75)	(65)	(15.4%)
Other trust expenses	(577)	(454)	(27.0%)	(577)	(454)	(27.0%)
Borrowing costs	(3,839)	(3,463)	(10.8%)	(3,839)	(3,463)	(10.8%)
<b>Profit before taxation <sup>N1</sup></b>	<b>10,389</b>	<b>8,793</b>	<b>18.2%</b>	<b>10,389</b>	<b>8,793</b>	<b>18.2%</b>
<b>Taxation</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Profit after taxation</b>	<b>10,389</b>	<b>8,793</b>	<b>18.2%</b>	<b>10,389</b>	<b>8,793</b>	<b>18.2%</b>
<b>Total comprehensive income attributable to unitholders</b>	<b>10,389</b>	<b>8,793</b>	<b>18.2%</b>	<b>10,389</b>	<b>8,793</b>	<b>18.2%</b>
<b>Profit after taxation is made up as follows:</b>						
- Realised	<b>10,389</b>	<b>8,793</b>	<b>18.2%</b>	<b>10,389</b>	<b>8,793</b>	<b>18.2%</b>
Weighted average number of units ('000)	606,360	547,474		606,360	547,474	
<b>Earnings per unit ("EPU") (sen)</b>						
- Realised	1.71	1.61		1.71	1.61	
<b>Total comprehensive income</b>	10,389	8,793		10,389	8,793	
<b>Distribution adjustments</b>	303	292		303	292	
<b>Total current period / year distributable income</b>	<b>10,692</b>	<b>9,085</b>		<b>10,692</b>	<b>9,085</b>	
<b>Distribution per unit (sen)</b>	1.55	1.45		1.55	1.45	
<sup>N1</sup> Included in profit before taxation are following items:						
Interest income	279	279		279	279	
Amotisation of rental rebate	(69)	(78)		(69)	(78)	
Depreciation of equipments	(136)	(147)		(136)	(147)	
Allowance for impairment on receivable	16	-		16	-	
Bad debts written off	(52)	-		(52)	-	
Equipments written off	-	(3)		-	(3)	

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

	Quarter			Period-To-Date		
	30 Sep 2023	30 Sep 2022	Changes	30 Sep 2023	30 Sep 2022	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
<b>Net property income</b>	<b>16,516</b>	<b>14,333</b>	15.2%	<b>16,516</b>	<b>14,333</b>	15.2%
Interest income	279	279	0.0%	279	279	0.0%
	<b>16,795</b>	<b>14,612</b>	14.9%	<b>16,795</b>	<b>14,612</b>	14.9%
Less : Expenses	(6,406)	(5,819)	(10.1%)	(6,406)	(5,819)	(10.1%)
<b>Total comprehensive income</b>	<b>10,389</b>	<b>8,793</b>	18.2%	<b>10,389</b>	<b>8,793</b>	18.2%
Distribution adjustment						
- Amortisation of transactions costs	62	64		62	64	
- Depreciation of equipment	136	147		136	147	
- Allowance for impairment on receivable	(16)	-		(16)	-	
- Bad debts written off	52	-		52	-	
- Written off of equipment	-	3		-	3	
- Net amortisation of rental rebate for MCO	69	78		69	78	
	<b>303</b>	<b>292</b>		<b>303</b>	<b>292</b>	
Total current period / year distributable income	<b>10,692</b>	<b>9,085</b>	17.7%	<b>10,692</b>	<b>9,085</b>	17.7%
Undistributed distributable income brought forward	9,466	7,500	26.2%	9,466	7,500	26.2%
<b>Distributable income</b>	<b>20,158</b>	<b>16,585</b>	21.5%	<b>20,158</b>	<b>16,585</b>	21.5%
Less: Proposed / declared income distribution	(9,399)	(8,105)	16.0%	(9,399)	(8,105)	16.0%
<b>Undistributed distributable income</b>	<b>10,759</b>	<b>8,480</b>	26.9%	<b>10,759</b>	<b>8,480</b>	26.9%
<b>Distribution per unit (sen)</b>	1.55	1.45	6.9%	1.55	1.45	6.9%

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



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

	Group		Fund	
	Unaudited As At	Audited As At	Unaudited As At	Audited As At
	30 Sep 2023	30 Jun 23	30 Sep 2023	30 Jun 23
	RM '000	RM '000	RM '000	RM '000
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Equipment	1,552	1,520	1,552	1,520
Investment properties	966,980	964,300	966,980	964,300
Investment in a subsidiary	-	-	-	-
<b>Total Non-Current Assets</b>	<u>968,532</u>	<u>965,820</u>	<u>968,532</u>	<u>965,820</u>
<b><u>Current Assets</u></b>				
Trade receivables	366	1,047	366	1,047
Other receivables and prepayments	6,978	7,763	6,978	7,763
Cash and cash equivalents	43,590	48,761	35,687	40,929
<b>Total Current Assets</b>	<u>50,934</u>	<u>57,571</u>	<u>43,031</u>	<u>49,739</u>
<b>TOTAL ASSETS</b>	<u><b>1,019,466</b></u>	<u><b>1,023,391</b></u>	<u><b>1,011,563</b></u>	<u><b>1,015,559</b></u>
<b>FINANCED BY:</b>				
<b>Unitholders' fund</b>				
Unitholders' capital	573,785	573,785	573,785	573,785
Retained earnings	85,964	86,186	85,964	86,186
<b>Total Unitholders' Fund</b>	<u>659,749</u>	<u>659,971</u>	<u>659,749</u>	<u>659,971</u>
<b><u>Non-Current Liabilities</u></b>				
Borrowings	309,650	309,586	-	-
Amount due to a subsidiary	-	-	303,052	305,385
Other payables and accruals	18,159	16,167	18,159	16,167
<b>Total Non-Current Liabilities</b>	<u>327,809</u>	<u>325,753</u>	<u>321,211</u>	<u>321,552</u>
<b><u>Current Liabilities</u></b>				
Borrowings	21,305	23,631	20,000	20,000
Trade payables	276	549	276	549
Other payables and accruals	10,327	13,487	10,327	13,487
<b>Total Current Liabilities</b>	<u>31,908</u>	<u>37,667</u>	<u>30,603</u>	<u>34,036</u>
<b>TOTAL LIABILITIES</b>	<u>359,717</u>	<u>363,420</u>	<u>351,814</u>	<u>355,588</u>
<b>TOTAL UNITHOLDERS' FUND AND LIABILITIES</b>	<u><b>1,019,466</b></u>	<u><b>1,023,391</b></u>	<u><b>1,011,563</b></u>	<u><b>1,015,559</b></u>
<b>Net Asset Value (NAV)</b>				
- before income distribution	670,361	696,770	670,361	696,770
- after income distribution	<u>659,749</u>	<u>659,971</u>	<u>659,749</u>	<u>659,971</u>
<b>Number of units in circulation (Units)</b>	606,360	606,360	606,360	606,360
<b>Net Asset Value per unit (RM)</b>				
- before income distribution	1.1055	1.1491	1.1055	1.1491
- after income distribution	<u>1.0880</u>	<u>1.0884</u>	<u>1.0880</u>	<u>1.0884</u>

\* Denotes RM2 share capital in KIP REIT Capital Sdn Bhd

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



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

	Unitholders' capital	Retained earnings	Total
	RM '000	RM '000	RM '000
<b><u>Group and Fund</u></b>			
<b>As at 1 July 2023</b>	573,785	86,186	659,971
Profit for the year	-	10,389	10,389
Total comprehensive income for the period attributable to unitholders	-	10,389	10,389
<b>Unitholders' transactions</b>			
Distribution to unitholders	-	(10,611)	(10,611)
Decrease in net asset resulting from unitholders' transactions	-	(10,611)	(10,611)
<b>As at 30 September 2023</b>	<u>573,785</u>	<u>85,964</u>	<u>659,749</u>
<b><u>Group and Fund</u></b>			
<b>As at 1 July 2022</b>	492,333	62,193	554,526
Profit for the year	-	8,793	8,793
Total comprehensive income for the period attributable to unitholders	-	8,793	8,793
<b>Unitholders' transactions</b>			
Distribution to unitholders	-	(10,611)	(10,611)
Issuance and placement of units	59,923	-	59,923
Issuing expenses	(678)	-	(678)
Increase in net asset resulting from unitholders' transactions	59,245	(10,611)	48,634
<b>As at 30 September 2022</b>	<u>551,578</u>	<u>60,375</u>	<u>611,953</u>

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

	Group		Fund	
	Cumulative Year-To-Date 30 Sep 2023 RM '000	Cumulative Year-To-Date 30 Sep 2022 RM '000	Cumulative Year-To-Date 30 Sep 2023 RM '000	Cumulative Year-To-Date 30 Sep 2022 RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	10,389	8,793	10,389	8,793
Adjustment for:				
Interest expenses on borrowings	4,592	3,399	1,052	25
Interest expenses on advance from a subsidiary	-	-	2,723	3,374
Interest income	(279)	(279)	(279)	(279)
Depreciation of equipment	136	147	136	147
Amortisation of transaction costs	62	64	62	64
Bad debts written off	52	-	52	-
Written off of equipment	-	3	-	3
Allowance for doubtful debts	(16)	-	(16)	-
Operating income before changes in working capital	14,936	12,127	14,119	12,127
Net change in trade and other receivables	1,412	(3,906)	1,467	(3,906)
Net change in payables and accruals	(2,364)	548	(2,363)	548
Net cash generated from operating activities	13,984	8,769	13,223	8,769
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	298	114	242	114
Purchase of equipment	(168)	(109)	(168)	(109)
Asset enhancement on investment properties	(2,680)	(685)	(2,680)	(685)
Net cash used in investing activities	(2,550)	(680)	(2,606)	(680)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of new units	-	59,923	-	59,923
Payment of issuing expenses	-	(678)	-	(678)
Income distribution paid to unitholders	(10,611)	(10,611)	(10,611)	(10,611)
Repayment to a subsidiary company	-	-	(71)	(38)
Interest paid in advance from a subsidiary	-	-	(5,048)	(5,602)
Interest paid on borrowings	(5,994)	(5,684)	(129)	(82)
Net cash generated (used in) / from financing activities	(16,605)	42,950	(15,859)	42,912
Net (decrease)/increase in cash and cash equivalents	(5,171)	51,039	(5,242)	51,001
Cash and cash equivalents at beginning of period	48,761	30,994	40,929	23,344
<b>Cash and cash equivalents at end of period</b>	<b>43,590</b>	<b>82,033</b>	<b>35,687</b>	<b>74,345</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	12,588		1,126		12,572	1,109
Short term deposits placed with licensed bank	31,002		80,907		23,115	73,236
	43,590		82,033		35,687	74,345

\* Denotes RM2

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



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

**A1. CORPORATE INFORMATION**

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

**A2. BASIS OF PREPARATION**

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

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

**A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

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

**A4. SEASONALITY AND CYCLICALITY OF OPERATIONS**

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

**A5. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS**

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

**A6. CHANGES IN ESTIMATES**

Not applicable as no estimates were previously reported.

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

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

**A8. INCOME DISTRIBUTION**

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

For the quarter ended 30 September 2023, the Manager proposed a first income distribution of RM9.4 million or 1.55 sen per unit, which includes a non-taxable portion of approximately 0.11 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 3 November 2023 and 23 November 2023 respectively.

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



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

## A9. SEGMENT REPORTING

Segmental result for the first quarter ended 30 September 2023 and 30 September 2022 are as follows:-

	<b><u>1st quarter Ended 30 September 2023</u></b>			<b><u>1st quarter Ended 30 September 2022</u></b>		
	<b>Retail RM'000</b>	<b>Industrial RM'000</b>	<b>Total RM'000</b>	<b>Retail RM'000</b>	<b>Industrial RM'000</b>	<b>Total RM'000</b>
Gross Revenue	21,083	1,284	22,367	19,349	-	19,349
Property operating expenses	(5,842)	(9)	(5,851)	(5,016)	-	(5,016)
Net Property Income	15,241	1,275	16,516	14,333	-	14,333
Interest income	279	-	279	279	-	279
Borrowing costs	(3,604)	(235)	(3,839)	(3,463)	-	(3,463)
Trust and other expenses	(2,363)	(204)	(2,567)	(2,356)	-	(2,356)
Profit before taxation	9,553	836	10,389	8,793	-	8,793
Taxation	-	-	-	-	-	-
Profit after taxation	9,553	836	10,389	8,793	-	8,793

Segmental result for year ended 30 September 2023 and 30 September 2022 are as follows:-

	<b><u>YTD Ended 30 September 2023</u></b>			<b><u>YTD Ended 30 September 2022</u></b>		
	<b>Retail RM'000</b>	<b>Industrial RM'000</b>	<b>Total RM'000</b>	<b>Retail RM'000</b>	<b>Industrial RM'000</b>	<b>Total RM'000</b>
Gross Revenue	21,083	1,284	22,367	19,349	-	19,349
Property operating expenses	(5,842)	(9)	(5,851)	(5,016)	-	(5,016)
Net Property Income	15,241	1,275	16,516	14,333	-	14,333
Interest income	279	-	279	279	-	279
Borrowing costs	(3,604)	(235)	(3,839)	(3,463)	-	(3,463)
Trust and other expenses	(2,363)	(204)	(2,567)	(2,356)	-	(2,356)
Profit before taxation	9,553	836	10,389	8,793	-	8,793
Taxation	-	-	-	-	-	-
Profit after taxation	9,553	836	10,389	8,793	-	8,793

## A10. VALUATION OF INVESTMENT PROPERTIES

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

## A11. SUBSEQUENT MATERIAL EVENT

On 4 October 2023, the Manager announced that unitholders of KIP REIT had at the Unitholders' Meeting convened and held on 4 October 2023, approved the Proposed Acquisition and Proposed Private Placement of up to 12,269,900 new units as announced on 16 June 2023, 27 July 2023, 21 August 2023 and 5 September 2023.

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

There was no change in composition of fund size for the current quarter and cumulative quarter ended 30 September 2023.

## A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

## A14. CAPITAL COMMITMENT

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

	<b>As at 30.09.2023 RM'000</b>	<b>As at 30.6.2023 RM'000</b>
Approved and contracted for KIPMall Bangi Facelift	<b>8,502</b>	<b>11,103</b>





B1. REVIEW OF PERFORMANCE

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

	Quarter			Year To Date		
	<u>30.09.2023</u>	<u>30.09.2022</u>	<u>Changes</u>	<u>30.09.2023</u>	<u>30.09.2022</u>	<u>Changes</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>	<u>RM'000</u>	<u>RM'000</u>	<u>(%)</u>
<b>Gross revenue</b>						
Southern Region	10,428	9,640	8.2%	10,428	9,640	8.2%
Central Region	6,171	5,225	18.1%	6,171	5,225	18.1%
Northern Region	4,484	4,484	0.0%	4,484	4,484	0.0%
Retail segment	21,083	19,349	9.0%	21,083	19,349	9.0%
Industrial segment	1,284	-	N/A	1,284	-	N/A
	<u>22,367</u>	<u>19,349</u>	15.6%	<u>22,367</u>	<u>19,349</u>	15.6%
<b>Net property income</b>						
Southern Region	7,852	7,290	7.7%	7,852	7,290	7.7%
Central Region	3,062	2,715	12.8%	3,062	2,715	12.8%
Northern Region	4,327	4,329	0.0%	4,327	4,329	0.0%
Retail segment	15,241	14,333	6.3%	15,241	14,333	6.3%
Industrial segment	1,275	-	N/A	1,275	-	N/A
	<u>16,516</u>	<u>14,333</u>	15.2%	<u>16,516</u>	<u>14,333</u>	15.2%
<b>Profit before taxation</b>						
<b>Realised</b>	<u>10,389</u>	<u>8,793</u>	18.2%	<u>10,389</u>	<u>8,793</u>	18.2%
<b>Income available for distribution</b>	10,692	9,085	17.7%	10,692	9,085	17.7%

**Quarterly and Year to date result**

KIP REIT recorded revenue of RM22.4 million in Q1FY24, as compared to RM19.3 million recorded in the preceding year corresponding quarter. The increase in gross revenue split into 2 segment which is 9.0% from Retail and 6.6% 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 49.5%, 29.3% and 21.3% of the KIP REIT total revenue from retail segment respectively.

The net property income ("NPI") margin for the current quarter stands at 73.8%, in contrast to the 74.1% recorded in Q1FY23. This slight decrease is primarily attributed to an increase in utilities expenses.

KIP REIT's realised profit before tax for Q1FY24 saw a significant increase of 18.2% compared to the corresponding quarter of the preceding year. This notable growth can be primarily attributed to the acquisition of the three industrial properties and a higher occupancy rate for retail spaces.

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

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	<u>30.09.2023</u>	<u>30.06.2023</u>	
	<u>RM'000</u>	<u>RM'000</u>	
<b>Gross revenue</b>	<u>22,367</u>	<u>22,392</u>	(0.1%)
<b>Net property income</b>	<u>16,516</u>	<u>16,234</u>	1.7%
<b>Profit before taxation</b>			
<b>Realised</b>	10,389	10,247	1.4%
<b>Unrealised</b>	-	23,092	N/A
	<u>26,905</u>	<u>49,573</u>	(45.7%)
<b>Income available for distribution</b>	<u>10,692</u>	<u>10,522</u>	1.6%



**B2. MATERIAL CHANGES IN QUARTERLY RESULTS AS COMPARED TO IMMEDIATE PRECEDING QUARTER (CONT'D)**

KIP REIT's revenue for the current quarter was 0.1% slightly lower than the immediate preceding quarter ended 30 June 2023 mainly due to lower rental income from promotional area.

Net property income increased by 1.7% compared to the immediate preceding quarter mainly due to reduce in property expenses such as utilities and upkeep of building.

The realised profit before taxation was 1.4% higher than the immediate preceding quarter ended 30 June 2023 due to the reason explained above.

There was unrealised profit before tax in the immediate preceding quarter on the changes in fair value on investment properties.

Current quarter income available for distribution was 1.6% higher than the immediate preceding quarter ended 30 June 2023 mainly due to the reason explained above.

**B3. PROSPECTS**

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

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

**B4. PORTFOLIO COMPOSITON**

During the financial period under review, the KIP REIT's portfolio consists of total of 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.

**B5. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS**

<b>Proposed utilisation</b>	<b>Proposed Amount for Utilisation</b>	<b>Actual utilisation</b>	<b>Balance unutilised</b>	<b>Estimated timeframe for utilisation upon listing</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>Future acquisition</b>	<b>72,184</b>	<b>50,000</b>	<b>22,184</b>	<b>within 14 months</b>
<b>Part-finance the KIPMall Bangi facelift</b>	<b>9,215</b>	<b>9,215</b>	<b>-</b>	<b>within 18 months</b>
<b>Defrayment of expenses in relation to the private placement</b>	<b>1,000</b>	<b>947</b>	<b>53</b>	<b>within 6 months</b>
	<b>82,399</b>	<b>60,162</b>	<b>22,237</b>	



**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 2024, no provision for taxation has been made for the current quarter.

Unitholders' Level

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

Resident unitholder:

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

Non-resident unitholder:

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

**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 2023 integrated annual report of KIP REIT.

**B9. STATUS OF CORPORATE PROPOSAL**

On 16 June 2023, the Manager announced that the Trustee to KIP REIT has entered into conditional sale and purchase agreements ("SPAs") with Cahaya Serijaya Sdn Bhd ("Vendor"), for proposed acquisition of KIPMall Kota Warisan ("Properties") for a cash consideration of RM80.0 million ("Proposed Acquisitions"). The Proposed Acquisition is a related party transaction under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In conjunction with the Proposed Acquisition, the Trustee on recommendation of the Manager, proposes to undertake a private placement to raise gross proceeds of approximately RM10.0 million

On 4 October 2023, the Manager announced that unitholders of KIP REIT had at the Unitholders' Meeting convened and held on 4 October 2023, approved the Proposed Acquisition and Proposed Private Placement of up to 12,269,900 new units as announced on 16 June 2023, 27 July 2023, 21 August 2023 and 5 September 2023.



**B10. BORROWINGS**

	<u>Current Quarter</u> 30.09.2023 RM'000	<u>Immediate Preceding Quarter</u> 30.06.2023 RM'000
Current (secured):		
Short term revolving credit	20,000	20,000
Medium term notes	1,561	3,887
Unamortised transaction cost	(256)	(256)
	21,305	23,631
Non-current (secured):		
Medium term notes	310,000	310,000
Unamortised transaction cost	(350)	(414)
	309,650	309,586
Total borrowings	330,955	333,217
Total assets	1,019,466	1,023,391
Gearing ratio (%)	32.46%	32.56%

The weighted average interest rate of borrowings as at 30 September 2023 was 4.64% per annum (30 June 2023: 4.43% 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.

**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 September 2023	Immediate Preceding Quarter ended 30 June 2023
Number of units in issue (units'000)	606,360	606,360
Net realised income (RM'000)	10,389	10,247
Realised earnings per unit (EPU) (sen)		
- before Manager's fee	2.01	1.97
- after Manager's fee	1.71	1.69
Net Income distribution to unitholders (RM'000)	9,399	10,611
Distribution per unit (DPU) (sen)	1.55	1.75
Net Asset Value (NAV) (RM'000)	659,749	659,971
NAV per unit (RM)	1.0880	1.0884
Market value per unit (RM)	0.8900	0.9000

**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 September 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 20 October 2023.