

Financial Report for the 1st quarter FY2024 ended 30 September 2024

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KIP REAL ESTATE INVESTMENT TRUST
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter			Period-To-Date		
	30 Sep 2024	30 Sep 2023	Changes	30 Sep 2024	30 Sep 2023	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Gross revenue	26,705	22,367	19.4%	26,705	22,367	19.4%
Utilities expenses	(3,019)	(2,889)	(4.5%)	(3,019)	(2,889)	(4.5%)
Maintenance and housekeeping expenses	(1,029)	(657)	(56.6%)	(1,029)	(657)	(56.6%)
Marketing expenses	(150)	(60)	(148.8%)	(150)	(60)	(148.8%)
Quit rent and assessment	(541)	(496)	(9.2%)	(541)	(496)	(9.2%)
Reimbursement costs	(1,513)	(993)	(52.3%)	(1,513)	(993)	(52.3%)
Property manager fee	(45)	(41)	(10.3%)	(45)	(41)	(10.3%)
Other operating expenses	(736)	(715)	(3.1%)	(736)	(715)	(3.1%)
Property operating expenses	(7,033)	(5,851)	(20.2%)	(7,033)	(5,851)	(20.2%)
Net property income	19,672	16,516	19.1%	19,672	16,516	19.1%
Changes in fair value on investment properties	(456)	-	0.0%	(456)	-	0.0%
Interest income	321	279	15.1%	321	279	15.1%
Net investment income	19,537	16,795	16.3%	19,537	16,795	16.3%
Manager's management fee	(3,319)	(1,805)	(83.8%)	(3,319)	(1,805)	(83.8%)
Trustees' fee	(93)	(60)	(53.9%)	(93)	(60)	(53.9%)
Auditors' remuneration	(76)	(50)	(52.2%)	(76)	(50)	(52.2%)
Valuers' fee	(75)	(75)	0.0%	(75)	(75)	0.0%
Other trust expenses	(737)	(577)	(27.8%)	(737)	(577)	(27.8%)
Borrowing costs	(5,156)	(3,839)	(34.3%)	(5,156)	(3,839)	(34.3%)
	(9,456)	(6,406)	(47.6%)	(9,456)	(6,406)	(47.6%)
Profit before taxation ^{N1}	10,081	10,389	(3.0%)	10,081	10,389	(3.0%)
Taxation	-	-		-	-	
Profit after taxation	10,081	10,389	(3.0%)	10,081	10,389	(3.0%)
Total comprehensive income attributable to unitholders	10,081	10,389	(3.0%)	10,081	10,389	(3.0%)
Profit after taxation is made up as follows:						
- Realised	10,081	10,389	(3.0%)	10,081	10,389	(3.0%)
- Incidental cost attributable to the acquisition	-	-	0.0%	-	-	0.0%
- Unrealised	-	-	0.0%	-	-	0.0%
	10,081	10,389	(3.0%)	10,081	10,389	(3.0%)
Weighted average number of units ('000)	618,630	606,360		618,630	606,360	
Earnings per unit ("EPU") (sen)						
- Realised	1.6296	1.7133		1.6296	1.7133	
- Unrealised	-	-		-	-	
	1.6296	1.7133		1.6296	1.7133	
Total comprehensive income	10,081	10,389		10,081	10,389	
Distribution adjustments	378	303		378	303	
Total current period / year distributable income	10,459	10,692		10,459	10,692	
Distribution per unit (sen)	1.5220	1.5500		1.5220	1.5500	
^{N1} Included in profit before taxation are following items:						
Interest income	321	279		321	279	
Deferred lease incentives	456	-		456	-	
Amortisation of rental rebate	-	(69)		-	(69)	
Amortisation of transactions costs	96	62		96	62	
Changes in fair value on investment properties	(456)	-		(456)	-	
Depreciation of equipment	(140)	(136)		(140)	(136)	
Depreciation for right of use assets	(67)	-		(67)	-	
Lease Interest Expense	(14)	-		(14)	-	
Allowance for impairment on receivable	(61)	16		(61)	16	
Bad debts written off	-	(52)		-	(52)	

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 2024 ("AFS FY2024") 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 Sep 2024	30 Sep 2023	Changes	30 Sep 2024	30 Sep 2023	Changes
	RM '000	RM '000	%	RM '000	RM '000	%
Net property income	19,672	16,516	19.1%	19,672	16,516	19.1%
Changes in fair value on investment properties	(456)	-	0.0%	(456)	-	0.0%
Interest income	321	279	15.1%	321	279	15.1%
	19,537	16,795	16.3%	19,537	16,795	16.3%
Less : Expenses	(9,456)	(6,406)	(47.6%)	(9,456)	(6,406)	(47.6%)
Total comprehensive income	10,081	10,389	(3.0%)	10,081	10,389	(3.0%)
Distribution adjustment						
- Amortisation of transactions costs	96	62		96	62	
- Depreciation of equipment	140	136		140	136	
- Depreciation for right of use assets	67	-		67	-	
- Lease interest expense	14	-		14	-	
- Deferred lease incentives	(456)	-		(456)	-	
- Changes in fair value on investment properties	456	-		456	-	
- Allowance for impairment on receivable	61	(16)		61	(16)	
- Bad debts written off	-	52		-	52	
- Net amortisation of rental rebate for MCO	-	69		-	69	
	378	303		378	303	
Total current period / year distributable income	10,459	10,692	(2.2%)	10,460	10,692	(2.2%)
Undistributed distributable income brought forward	13,999	9,466	47.9%	13,999	9,466	47.9%
Distributable income	24,458	20,158	21.3%	24,459	20,158	21.3%
Less: Proposed / declared income distribution	(9,416)	(9,399)	0.2%	(9,416)	(9,399)	0.2%
Undistributed distributable income	15,042	10,759	39.8%	15,043	10,759	39.8%
Distribution per unit (sen)	1.5220	1.5500	(1.8%)	1.5220	1.5500	(1.8%)

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 2024 ("AFS FY2024") 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 2024	30 Jun 24	30 Sep 2024	30 Jun 24
	RM '000	RM '000	RM '000	RM '000
ASSETS				
<u>Non-Current Assets</u>				
Equipment	1,335	1,406	1,335	1,406
Investment properties	1,056,075	1,054,523	1,056,075	1,054,523
Right of use assets	1,211	1,278	1,211	1,278
Trade and other receivables	7,533	7,077	7,533	7,077
<i>Interest expense on lease liabilities</i>	<u>1,066,154</u>	<u>1,064,284</u>	<u>1,066,154</u>	<u>1,064,284</u>
<u>Current Assets</u>				
Trade and other receivables	42,765	36,772	42,765	36,772
Cash and bank balances	51,840	34,892	41,011	24,153
Total Current Assets	<u>94,605</u>	<u>71,664</u>	<u>83,776</u>	<u>60,925</u>
TOTAL ASSETS	<u>1,160,759</u>	<u>1,135,948</u>	<u>1,149,930</u>	<u>1,125,209</u>
FINANCED BY:				
Unitholders' fund				
Unitholders' capital	583,626	583,626	583,626	583,626
Retained earnings	91,928	94,003	91,928	94,003
Total Unitholders' Fund	<u>675,554</u>	<u>677,629</u>	<u>675,554</u>	<u>677,629</u>
<u>Non-Current Liabilities</u>				
Borrowings	448,411	109,457	-	-
Amount due to a subsidiary	-	-	439,450	108,404
Other payables and accruals	10,480	12,185	10,480	12,185
Lease liabilities	1,011	1,071	1,011	1,071
Total Non-Current Liabilities	<u>459,902</u>	<u>122,713</u>	<u>450,941</u>	<u>121,660</u>
<u>Current Liabilities</u>				
Borrowings	1,865	313,869	-	-
Amount due to a subsidiary	-	-	-	304,234
Trade payables	354	398	354	398
Other payables and accruals	22,849	21,106	22,846	21,055
Lease liabilities	235	233	235	233
Total Current Liabilities	<u>25,303</u>	<u>335,606</u>	<u>23,435</u>	<u>325,920</u>
TOTAL LIABILITIES	<u>485,205</u>	<u>458,319</u>	<u>474,376</u>	<u>447,580</u>
TOTAL UNITHOLDERS' FUND AND LIABILITIES	<u>1,160,759</u>	<u>1,135,948</u>	<u>1,149,930</u>	<u>1,125,209</u>
Net Asset Value (NAV)				
- before income distribution	687,710	717,126	687,710	717,126
- after income distribution	<u>675,554</u>	<u>677,629</u>	<u>675,554</u>	<u>677,629</u>
Number of units in circulation (Units)	618,630	618,630	618,630	618,630
Net Asset Value per unit (RM)				
- before income distribution	1.1117	1.1592	1.1117	1.1592
- after income distribution	<u>1.0920</u>	<u>1.0954</u>	<u>1.0920</u>	<u>1.0954</u>

The unaudited Condensed Consolidated Statement of the Financial Position should be read in conjunction with the AFS FY 2024 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 2024	583,626	94,003	677,629
Profit for the year	-	10,081	10,081
Total comprehensive income for the period attributable to unitholders	-	10,081	10,081
Unitholders' transactions			
Distribution to unitholders	-	(12,156)	(12,156)
Decrease in net asset resulting from unitholders' transactions	-	(12,156)	(12,156)
As at 30 September 2024	<u>583,626</u>	<u>91,928</u>	<u>675,554</u>
<u>Group and Fund</u>			
As at 1 July 2023	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
Unitholders' transactions			
Distribution to unitholders	-	(10,611)	(10,611)
Decrease in net asset resulting from unitholders' transactions	-	(10,611)	(10,611)
As at 30 September 2023	<u>573,785</u>	<u>85,964</u>	<u>659,749</u>

The unaudited condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the AFS FY 2024 and the accompanying notes attached to this Interim Financial Report.

	Group		Fund	
	Cumulative Year-To-Date		Cumulative Year-To-Date	
	30 Sep 2024	30 Sep 2023	30 Sep 2024	30 Sep 2023
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	10,081	10,389	10,081	10,389
Adjustment for:				
Deferred lease incentives	(456)	-	(456)	-
Changes in fair value on investment properties	456	-	456	-
Interest expenses on borrowings	5,059	4,592	-	1,052
Interest expenses on advance from a subsidiary	-	-	5,059	2,723
Interest income	(321)	(279)	(321)	(279)
Interest expense on lease liabilities	14	-	14	-
Depreciation for right of use assets	67	-	67	-
Depreciation of equipment	140	136	140	136
Amortisation of transaction costs	96	62	96	62
Bad debts written off	-	52	-	52
Allowance/(Reversal) for impairment on receivable	61	(16)	61	(16)
Operating income before changes in working capital	15,197	14,936	15,197	14,119
Net change in trade and other receivables	(5,967)	1,412	(5,967)	1,467
Net change in payables and accruals	(6)	(2,364)	42	(2,363)
Cash generated from operations	9,224	13,984	9,272	13,223
Taxes paid	-	-	-	-
Net cash generated from operating activities	9,224	13,984	9,272	13,223
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	234	298	234	242
Purchase of equipment	(69)	(168)	(69)	(168)
Asset enhancement on investment properties	(2,008)	(2,680)	(2,008)	(2,680)
Net cash used in investing activities	(1,843)	(2,550)	(1,843)	(2,606)
CASH FLOWS FROM FINANCING ACTIVITIES				
Income distribution paid to unitholders	(12,156)	(10,611)	(12,156)	(10,611)
Repayment to a subsidiary company	-	-	(1,086)	(71)
Interest paid in advance from a subsidiary	-	-	(7,257)	(5,048)
Placement for deposit maturity more than 3 months	(15)	-	(15)	-
Payment for transaction costs	(948)	-	-	-
Interest paid on borrowings	(7,257)	(5,994)	-	(129)
Interest paid on lease	(14)	-	(14)	-
Lease payment (principal portion)	(58)	-	(58)	-
Proceeds from borrowings	30,000	-	30,000	-
Net cash generated from/(used in) financing activities	9,552	(16,605)	9,414	(15,859)
Net increase/(decrease) in cash and cash equivalents	16,933	(5,171)	16,843	(5,242)
Cash and cash equivalents at beginning of period	34,320	48,761	23,581	40,929
Cash and cash equivalents at end of period	51,253	43,590	40,424	35,687

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

Cash in hand	-	*	-	*	-	-
Bank balances	7,096		12,588		7,089	12,572
Short term deposits placed with licensed bank	44,744		31,002		33,922	23,115
	51,840		43,590		41,011	35,687
Less:						
Deposit with maturity period of more than 3 months	(587)		-		(587)	-
Cash and cash equivalents	51,253		43,590		40,424	35,687
Pledged deposits	13,127		12,252		2,306	2,309

* Denotes RM2

The unaudited condensed Consolidated Statement of Cash Flow should be read in conjunction with the AFS FY 2024 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 2024 ("AFS FY2024") 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 FY2024.

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 2024 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.

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 2025, on a quarterly basis.

For the quarter ended 30 September 2024, the Manager proposed a first income distribution of RM9.4 million or 1.522 sen per unit, which includes a non-taxable portion of approximately 0.259 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 6 November 2024 and 26 November 2024 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 (CONT'D)

A9. SEGMENT REPORTING

Segmental result for the first quarter ended 30 September 2024 and 30 September 2023 are as follows:-

	<u>1st quarter Ended 30 September 2024</u>			<u>1st quarter Ended 30 September 2023</u>		
	Retail RM'000	Industrial RM'000	Total RM'000	Retail RM'000	Industrial RM'000	Total RM'000
Gross revenue	25,104	1,601	26,705	21,083	1,284	22,367
Property operating expenses	(7,023)	(10)	(7,033)	(5,842)	(9)	(5,851)
Net Property Income	18,081	1,591	19,672	15,241	1,275	16,516
Net changes in fair value on investment properties	(138)	(318)	(456)	-	-	-
Interest income	298	23	321	279	-	279
Borrowing costs	(4,769)	(387)	(5,156)	(3,604)	(235)	(3,839)
Trust and other expenses	(4,006)	(294)	(4,300)	(2,363)	(204)	(2,567)
Profit before taxation	9,466	615	10,081	9,553	836	10,389
Taxation	-	-	-	-	-	-
Profit after taxation	9,466	615	10,081	9,553	836	10,389

Segmental result for year ended 30 September 2024 and 30 September 2023 are as follows:-

	<u>YTD Ended 30 September 2024</u>			<u>YTD Ended 30 September 2023</u>		
	Retail RM'000	Industrial RM'000	Total RM'000	Retail RM'000	Industrial RM'000	Total RM'000
Gross revenue	25,104	1,601	26,705	21,083	1,284	22,367
Property operating expenses	(7,023)	(10)	(7,033)	(5,842)	(9)	(5,851)
Net Property Income	18,081	1,591	19,672	15,241	1,275	16,516
Net changes in fair value on investment properties	(138)	(318)	(456)	-	-	-
Interest income	298	23	321	279	-	279
Borrowing costs	(4,769)	(387)	(5,156)	(3,604)	(235)	(3,839)
Trust and other expenses	(4,006)	(294)	(4,300)	(2,363)	(204)	(2,567)
Profit before taxation	9,466	615	10,081	9,553	836	10,389
Taxation	-	-	-	-	-	-
Profit after taxation	9,466	615	10,081	9,553	836	10,389

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

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 2 October 2024, the Manager announced that unitholders of KIP REIT had at the Unitholders' Meeting convened and held on 2 October 2024, approved the Proposed Acquisition of DPulze Shopping Centre and Proposed Private Placement of up to 180,000,000 new units as announced on 27 May 2024 and 30 May 2024.

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 2024.

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 30.09.2024 RM'000	As at 30.06.2024 RM'000
Approved and contracted for		
KIPMall Bangi Facelift	1,217	1,217
KIPMall Senawang	514	1,087
DPulze Shopping Centre	288,000	288,000
TF Value, Gerik, Perak	13,320	-
Four (4) Industrial Properties (Port Klang, Cheras, Bintulu, Johor)	<u>93,385</u>	<u>-</u>

B1. REVIEW OF PERFORMANCE

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

	Quarter			Year To Date		
	30.09.2024	30.09.2023	Changes	30.09.2024	30.09.2023	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Gross revenue						
Southern Region	10,660	10,428	2.2%	10,660	10,428	2.2%
Central Region	9,823	6,171	59.2%	9,823	6,171	59.2%
Northern Region	4,621	4,484	3.1%	4,621	4,484	3.1%
Retail segment	25,104	21,083	19.1%	25,104	21,083	19.1%
Industrial segment	1,601	1,284	24.7%	1,601	1,284	24.7%
	<u>26,705</u>	<u>22,367</u>	19.4%	<u>26,705</u>	<u>22,367</u>	19.4%
Net property income						
Southern Region	7,898	7,852	0.6%	7,898	7,852	0.6%
Central Region	5,725	3,062	86.9%	5,725	3,062	86.9%
Northern Region	4,458	4,327	3.0%	4,458	4,327	3.0%
Retail segment	18,081	15,241	18.6%	18,081	15,241	18.6%
Industrial segment	1,591	1,275	24.9%	1,591	1,275	24.9%
	<u>19,672</u>	<u>16,516</u>	19.1%	<u>19,672</u>	<u>16,516</u>	19.1%
Profit before taxation						
Realised	10,081	10,389	(3.0%)	10,081	10,389	(3.0%)
	<u>10,081</u>	<u>10,389</u>	(3.0%)	<u>10,081</u>	<u>10,389</u>	(3.0%)
Income available for distribution	10,459	10,692	(2.2%)	10,459	10,692	(2.2%)

Quarterly and Year to date Results

KIP REIT recorded gross revenue of RM26.7 million in Q1FY25, as compared to RM22.4 million in Q1FY24, a growth of 19.4%. The increase in gross revenue split into 2 segment which is 19.1% from the Retail and 24.7% from Industrial.

The investment properties from retail and industrial segment contributed 94.0% and 6.0% of the KIP REIT total revenue respectively, whilst Southern, Central and Northern region contributed 42.5%, 39.1% and 18.4% of the KIP REIT total revenue from retail segment respectively.

The net property income ("NPI") margin for the current quarter stands at 73.7%, is consistent with the 73.8% recorded in Q1FY24.

KIP REIT's realised profit before tax for Q1FY25 saw a slight decrease of 3% compared to the corresponding quarter of the preceding year. This slight decrease is primarily attributed to an increase in manager's management fee and borrowing cost.

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

	Immediate		Changes
	Current Quarter	Preceding Quarter	
	30.09.2024	30.06.2024	
	RM'000	RM'000	(%)
Gross revenue	<u>26,705</u>	<u>32,639</u>	(18.2%)
Net property income	<u>19,672</u>	<u>26,429</u>	(25.6%)
Profit before taxation			
Realised	10,081	13,198	(23.6%)
Unrealised	-	2,847	0.0%
	<u>10,081</u>	<u>16,045</u>	(37.2%)
Income available for distribution	<u>10,459</u>	<u>13,485</u>	(22.4%)

KIP REIT's revenue for the current quarter was 18.2% lower than the immediate preceding quarter ended 30 June 2024 mainly due to recognition of full year lease income in the immediate preceding quarter.

NPI decreased by 25.6% compared to the immediate preceding quarter mainly due to the reason explained above.

The realised profit before taxation is 23.6% lower than the immediate preceding quarter ended 30 June 2024 due to higher management fee.

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

Consequential, current quarter income available for distribution is 22.4% lower than the immediate preceding quarter ended 30 June 2024.

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 2025.

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 eleven (11) assets. There are three (3) industrial properties and eight (8) retail malls. The eight (8) retail malls, of which three (3) are in the Southern region, four (4) are in the Central region and one (1) in the Northern region.

B5. 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 2025, 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)	Instituional investors	Withholding tax at 10%
c)	Individuals	Withholding tax at 10%

B6. 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.

B7. STRATEGIES AND POLICIES

There were no change in the strategies and policies employed since the issuance of the 2024 integrated annual report of KIP REIT.

B8. STATUS OF CORPORATE PROPOSAL

(a) Proposed acquisition of DPulze Shopping Centre and Private Placement

On 27 May 2024 and 30 May 2024, the Manager announced that the Trustee to KIP REIT has entered into a conditional sale and purchase agreement with DPulze Ventures Sdn Bhd for the proposed acquisition of DPulze Shopping Centre for a cash purchase consideration of RM320.0 million ("Proposed Acquisition"). In conjunction with the Proposed Acquisition, the Board proposes to undertake the private placement of up to 180,000,000 new units in KIP REIT, at an issue price to be determined later to raise approximately RM172.3million.

On 2 October 2024, the Manager announced that unitholders of KIP REIT had at the Unitholders' Meeting convened and held on 2 October 2024, approved the Proposed Acquisition and Proposed Private Placement of up to 180,000,000 new units as announced on 27 May 2024 and 30 May 2024.

B8. STATUS OF CORPORATE PROPOSAL (CONT'D)

(b) Refinance MTN1.0 to MTN4.0

On 31 July 2024, KIP REIT Capital Sdn. Bhd. raised RM340.0 million MTN Issue 4.0 (“MTN4.0”) in nominal value pursuant to the MTN Programme. The MTN4.0 of RM340.0 million was issued to refinance KIP REIT’s MTN1.0 amounting to RM310.0 million. Out of the total RM340.0 million issuance of MTN4.0, RM240.0 million has been assigned a longterm final rating of AAA/Stable from RAM Rating Services Berhad. The MTN4.0 expected maturity date is 5 years from the issuance date and the legal maturity date is 7 years from the issuance date. The transaction costs relating to the MTN4 issuance of RM340.0 million are amortised and charged to profit or loss over the expected tenure of the MTN4.0.

(c) Proposed acquisition of TF Value, Gerik, Perak

On 23 August 2024, the Manager announced that the Trustee to KIP REIT has entered into a conditional sale and purchase agreement with Bluebros Hypermarket Sdn Bhd for the proposed acquisition of TF Value for a cash purchase consideration of RM14.8 million (“Proposed Acquisition”).

(d) Proposed acquisition of 4 Industrial Properties (Port Klang, Cheras, Bintulu, Johor)

On 29 August 2024, the Manager announced that the Trustee to KIP REIT has entered into four (4) Proposed Acquisitions.

For proposed acquisition 1, KIP REIT entered into a conditional sale and purchase agreement with Sin Chee Heng Sdn Bhd for the proposed acquisition of Industrial Property located in Cheras for a cash purchase consideration of RM22.6 million.

For proposed acquisition 2, KIP REIT entered into a conditional sale and purchase agreement with Teju Logistics Sdn Bhd for the proposed acquisition of Industrial Property located in Bintulu for a cash purchase consideration of RM23.7 million.

For proposed acquisition 3, KIP REIT entered into a conditional sale and purchase agreement with Channel Legion Sdn Bhd for the proposed acquisition of Industrial Property located in Port Klang for a cash purchase consideration of RM23.7 million.

For proposed acquisition 4, KIP REIT entered into a conditional sale and purchase agreement with PK Fertilizers Sdn Bhd for the proposed acquisition of Industrial Property located in Johor for a cash purchase consideration of RM23.3 million.

B9. BORROWINGS

	<u>Current Quarter</u>	<u>Immediate Preceding Quarter</u>
	<u>30.09.2024</u>	<u>30.06.2024</u>
	<u>RM'000</u>	<u>RM'000</u>
Current (secured):		
Medium term notes	1,961	314,159
Unamortised transaction cost	(96)	(290)
	<u>1,865</u>	<u>313,869</u>
Non-current (secured):		
Medium term notes	450,000	110,000
Unamortised transaction cost	(1,589)	(543)
	<u>448,411</u>	<u>109,457</u>
Total borrowings	<u>450,276</u>	<u>423,326</u>
Total assets	<u>1,160,759</u>	<u>1,135,948</u>
Gearing ratio (%)	38.79%	37.27%

The weighted average interest rate of borrowings as at 30 September 2024 was 4.48% per annum (30 June 2024: 4.69% per annum) and the percentage proportion of debt that is based on fixed and floating interest rate of 47 : 53.

B10. MATERIAL LITIGATION

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

B11. SOFT COMMISSION RECEIVED

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

B12. SUMMARY OF DPU, EPU, NAV AND MARKET PRICE

	Current Quarter ended 30 September 2024	Immediate Preceding Quarter ended 30 June 2024
Number of units in issue (units'000)	618,630	618,630
Net realised income (RM'000)	10,081	11,992
Realised earnings per unit (EPU) (sen)		
- before Manager's fee	1.6296	2.1333
- after Manager's fee	-	0.4602
Net Income distribution to unitholders (RM'000)	9,416	12,156
Distribution per unit (DPU) (sen)	1.522	1.965
Net Asset Value (NAV) (RM'000)	675,554	677,629
NAV per unit (RM)	1.0920	1.0954
Market value per unit (RM)	0.9150	0.8900

B13. 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 2024 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 21 October 2024.