

KIP REIT says yield highest among REITs, declares 1.75 sen DPU

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KUALA LUMPUR (Jan 25): KIP Real Estate Investment Trust (KIP REIT) posted a net property income (NPI) of RM10.82 million in the second financial quarter ended Dec 31, 2017 (2QFY18) amid higher occupancy rate, festive season and lower expenses.

Net profit for 2QFY18 stood at RM8.75 million, while revenue was at RM15.68 million. Earnings per share was 1.73 sen.

KIP REIT also declared a second interim distribution per unit of 1.75 sen amounting to RM8.75 million, for the financial year ending June 30, 2018 (FY18), payable on Feb 28.

In a statement today, the trust attributed the improved quarterly performance to higher occupancy rate, which grew to 85% in 2QFY18 from 82.3% in 1QFY18, and the current quarter under review experiencing the "Back to School" season.

The trust also recognised lower upkeep of building and marketing and advertisement expenses in 2QFY18, resulting in a higher bottom line.

For the cumulative six months (1HFY18), KIP REIT posted a NPI of RM20.44 million, while net profit came in at RM16.36 million. Revenue stood at RM30.98 million.

Since being listed on Bursa Malaysia on Feb 6, 2017, KIP REIT Management Sdn Bhd co-founder and executive director Datuk Eric Ong Kook Liong said the trust has declared a total distribution of RM31.16 million or 6.17 sen per unit for the 11-month period, which translated to an annualised distribution yield of 8%.

"Our yield is the highest among REITs, with a sustainable distribution yield of 8% based on the current price," he added.

Ong also noted that KIP REIT's assets cater to the mass market, which ensures its earnings stability and is not in the same category as shopping malls in the Klang Valley.

"Barring any unforeseen circumstances, we expect the performance of the trust to continue improving as we constantly undertake asset enhancement initiatives to ensure that the properties will become more appealing to our tenants," said KIP REIT Management co-founder and managing director Datuk Chew Lak Seong.

He added that the manager will continue to assess offers to acquire third party properties into KIP REIT at the right price to grow the trust.

KIP REIT's portfolio comprises five KIP Mart properties located in Tampoi (<http://www.theedgeproperty.com/my/johor/tampoi>), Kota Tinggi, Masai, Senawang and Melaka (<http://www.theedgeproperty.com/my/melaka>) and a KIP Mall in Bangi (<http://www.theedgeproperty.com/my/selangor/bangi>), with a total net lettable area of over 936,000 sq ft. As at Dec 31, 2017, total asset value of the trust was RM611.2 million.

KIP REIT units closed half a sen or 0.59% lower at 84 sen today, for a market capitalisation of RM426.98 million. — [theedgemarkets.com](http://www.theedgemarkets.com) (<http://www.theedgemarkets.com/source/theedgemarkets.com>)

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