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» KIP REIT aims more asset buys by FY19

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By FARA AISYAH / Pic By ISMAIL CHE RUS

KIP Real Estate Investment Trust (REIT) is expected to acquire an asset in Kota Warisan, Sepang, from Kepong Industrial Park Sdn Bhd (KIP) by the financial year ending June 30, 2019 (FY19).

KIP REIT Management Sdn Bhd MD Datuk Chew Lak Seong (*picture*) said the company is also looking at more acquisitions to raise its asset under management from RM680 million currently to RM2 billion in the future.

He said the parent's company has a few ongoing projects in the pipeline, which might also be in line with KIP REIT's green initiatives.

“The asset in Kota Warisan has been completed, while the projects in Kuantan and Sungai Buloh are still under construction. We might also consider putting the completed one into the REIT company in FY19,” Chew told reporters at the signing ceremony between KIP REIT and Pekat Teknologi Sdn Bhd in Kuala Lumpur yesterday.

However, he said the acquisition is still subject to the valuation and board’s decision.

At the moment, the KIP REIT is managing the tenancy of the asset in Kota Warisan, which has an occupancy rate of around 70%.

Chew said acquisition of more assets in the area will push the occupancy rate to reach 85%.

“The property is still in its first year. We need to give it more time to achieve around 85%. By the end of the year, we should be able to achieve it,” he added.

The agreement with Pekat Solar Sdn Bhd entails the installation of a total of 2,730 kilowatt peak photovoltaic (PV) system at RM9.56 million, for the five KIP Marts in Tampoi, Kota Tinggi, Masai, Senawang and Melaka, as well as the KIP Mall in Bangi.

The 25-year green initiative will be owned by KIP REIT and Pekat Solar on an 80:20 basis, whereby the total investment by KIP REIT will be RM7.64 million. The investment will be funded via bank borrowings.

With the deal, KIP REIT is expected to generate about a total of 78.1 megawatt hours of electricity from the PV system, over the next 25 years.

During the same period, the company also expects to save a total of RM26.4 million worth of electricity cost which will directly translate into an increase in annual net property income.

KIP REIT posted a 60.04% increase in profit for the third quarter ended Mar 31, 2018 (3Q18), to RM8.85 million from RM5.53 million achieved a year ago.

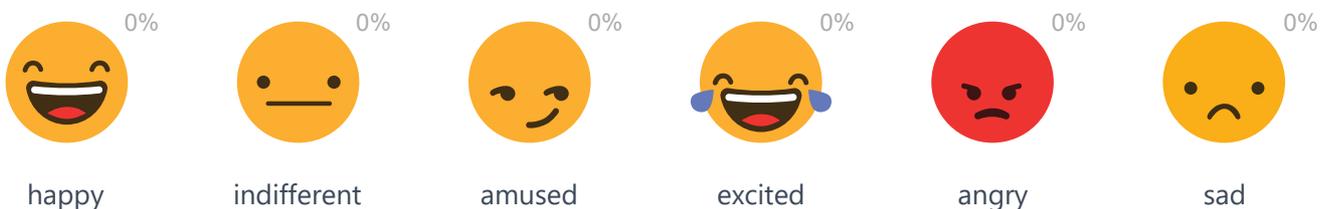
The company’s revenue also grew 51.99% to RM15.67 million in the quarter against RM10.31 million gained in 3Q17.

However, the financial performance of KIP REIT is not comparable for the period due to the preceding year corresponding quarter recognising two months of its financial performance as the REIT was only listed on Bursa Malaysia on Feb 6, 2017.

As at Mar 31, 2018, the total asset value of KIP REIT amounted to RM610.4 million.

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