

KIP REIT exceeded forecast, on higher rent and lower expenses



KIP Mart Kota Tinggi is a single-storey retail centre with a mezzanine floor which has commenced operations since 2008.

By **OOI TEE CHING** - July 26, 2018 @ 8:37pm

KUALA LUMPUR: KIP Real Estate Investment Trust's (REIT) performance for the year ended June 2018 exceeded its Initial Public Offering (IPO) forecast, posting RM828,000 in net property income and RM4.58 million in net profits.

In a statement issued today, KIP REIT Management Sdn Bhd managing director Datuk Chew Lak Seong said the good performance was mainly contributed by the improved operational efficiency with lower operating expenses.

"We've delivered beyond our promise made during the IPO, despite the current challenging retail market conditions," he said.

KIP REIT declared 6.83 sen per unit or RM34.51 million in distribution, which translated to a distribution yield of 8.3 per cent. This is based on the closing price of RM0.82 per KIP REIT unit as at the closing of 26 July 2018.

"With our full year distribution of 6.83 sen per unit, KIP REIT is one of the highest yields among the REIT players, with an exceptional distribution yield of 8.3 per cent," he said.

"We will continue to pursue good tenant mix and undertake asset enhancement initiatives to ensure that our properties continue to generate strong performance," Chew added.

KIP REIT's fourth quarter net profits improved by RM3.3 million or 35.8 per cent higher than a year ago, due to RM3.3 million fair value gain on the investment properties and improved operational efficiency.

The RM16.13 million revenue for the quarter was marginally higher from a year ago. Net property income saw RM252,000 improvement from a year ago, thanks to higher rental from promotional events and lower operating expenses.

For the quarter under review, KIP REIT declared an interim distribution of 1.80 sen per unit, amounting to RM9.095 million. It will be paid to unitholders on 23 August 2018.