

KIP REIT's 6.17sen payout yields 8pc return on investment



KIP REIT Management Sdn Bhd co-founder and executive director Datuk Eric Ong Kook Liong (left) said the trust's 8 per cent yield is the highest based on the current price while KIP REIT Management co-founder and managing director Datuk Chew Lak Seong said the trust will add strategic assets when the time is right.

By OOI TEE CHING (/authors/ooi-tee-ching) - January 25, 2018 @ 8:51pm

KUALA LUMPUR: KIP Real Estate Investment Trust (KIP REIT) will distribute RM31.16 million or 6.17 sen per unit for the 11-month period, which translated to an annualised distribution yield of 8 per cent.

"Our yield is the highest among REITs, with a sustainable distribution yield of eight per cent based on the current price," said KIP REIT Management Sdn Bhd co-founder and executive director Datuk Eric Ong Kook Liong.



In its filing to the stock exchange today, KIP REIT said its second quarter net property income (NPI) ended December 2017 amounted to RM10.82 million, amid higher occupancy rate, festive season and lower expenses.

Its net profit for the quarter stood at RM8.75 million, while revenue was at RM15.68 million. Earnings per share was 1.73 sen.

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

The trust attributed the improved quarterly performance to higher occupancy rate, which expanded to 85 per cent in the second quarter from 82 per cent in the first quarter.

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

For the cumulative six months, KIP REIT posted RM20.44 million in net property income, while net profit came in at RM16.36 million. Revenue stood at RM30.98 million.

Ong 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.

"We will continue to assess offers to acquire third party properties into KIP REIT at the right price to grow the trust," said KIP REIT Management co-founder and managing director Datuk Chew Lak Seong.

Currently, KIP REIT's portfolio comprises five KIP Mart properties located in Tampoi, Kota Tinggi, Masai, Senawang and Melaka and a KIP Mall in Bangi, with a total net lettable area of over 936,000 sq ft. As at December 2017, total asset value of the trust was RM611.2 million.

At the close of Bursa Malaysia today, KIP REIT units ended half a sen higher at 84 sen.

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