

SALIENT TERMS OF THE LEASE AGREEMENTS

(1) Agreement to Lease

The Trustee (as the Lessor) grants to the Lessees and the Lessees accept the lease of the Klang Properties for the Lease Term commencing upon the Completion Date ("**Commencement Date**"), subject to the terms and conditions of the Lease Agreements ("**Leases**").

(2) Basis of Lease

The Lessees acknowledge and agree that –

- (i) the Klang Properties are leased on an 'as is where is' basis;
- (ii) the Leases shall be a triple net lease and the Lessor shall not be responsible during the Lease Term for any outgoings (including all rates, taxes, quit rent or assessment), costs, expenses or charges of any nature whatsoever, including any increase thereof, arising from or related to the Klang Properties; and
- (iii) the Leases shall not be cancelled or terminated save and except as expressly provided in the Lease Agreements.

(3) Deposits and Rental

- (i) On the Commencement Date, the Lessees shall pay to the Lessor the security deposit in an amount equivalent to 6 months of the prevailing monthly rental and the utilities deposit in an amount equivalent to 1 month of the prevailing monthly rental which shall be maintained throughout the Lease Term.
- (ii) In consideration of the Lessor leasing the Klang Properties to the Lessees, the Lessees shall pay to the Lessor the monthly rental for the Klang Properties as set out in Section 2.2 of this Circular on or before the 7th day of each calendar month without any deduction, counterclaim or set-off.
- (iii) If the Lessees shall default in the payment of the monthly rental or additional deposits on the date such payment becomes due, the Lessees shall pay to the Lessor interest on the outstanding sum at the rate of 10% per annum on a daily basis calculated from the date such payment becomes due up to the date of full payment of amount due to the Lessor.

(4) State Consents to Lease

- (i) The Lessor shall, within 14 business days from the Commencement Date, at the cost and expense of the Lessees, file an application to the State Authority of Selangor to obtain the approvals for the lease of the Klang Properties ("**State Consents to Lease**").
- (ii) In the event the State Consents to Lease are not obtained or the Leases are unable to be registered at the relevant land office/registry, the Lease Agreements shall be deemed to have been entered into between the parties as a tenancy agreement and such tenancy shall be automatically renewed every 3 years commencing from the Commencement Date for 5 consecutive terms to reflect the aggregate tenure of the Lease Term.

(5) Events of Default

(i) Lessor's right to terminate on default of Lessees

The Lessor shall be entitled to terminate the Lease Agreements and forfeit the Deposits if the Lessees commit any of the following events of default, and where such default is capable of remedy, is not remedied within 21 days after a notice in writing to rectify is issued by the Lessor –

- (a) the Lessee(s) defaults in the payment of rental or any part thereof or any other moneys due to the Trustee under the Lease Agreement(s); or
- (b) the Lessee(s) commits, permits or suffers to occur any breach or default in the due and punctual observance and performance of any of the covenants, obligations and provisions of the Lease Agreement(s) and fails to remedy the same after the Lessor has given 30 days prior notice in writing to the Lessee(s) to rectify such breach or default and notwithstanding any remedy by the Lessee(s), the Lessee(s) continues to commit, permit or suffer on a continuous basis such similar default,

whereupon the Lessor shall be entitled to –

- (a) demand for all possessions (including the equipment, furniture, and goods on the Klang Properties but excluding the assets) ("**Possessions**") belonging to the Lessee(s) to be removed at the costs and expenses of the Lessee(s);
- (b) demand from the Lessee(s) the rental for the remaining unexpired term of the Proposed Lease(s), less the Deposits, as agreed liquidated damages; and
- (c) demand from the Lessee(s) for all associated damages, cost and expenses incurred by the Lessor due to the Lessee(s)' default.

(ii) Lessees' right on default of Lessor

The Lessee(s) shall be entitled to demand from the Lessor for all actual damages, costs and expenses incurred by the Lessee(s) if the Lessor –

- (a) commits, permits or suffers to occur any breach or default in the due and punctual observance and performance expressed in the Lease Agreements;
- (b) fails to remedy the same after the Lessee(s) has given 30 days prior notice in writing to the Lessor to rectify such breach or default; and
- (c) notwithstanding any remedy by the Lessee, the Lessor continues to commit, permit or suffer on a continuous basis such similar default,

whereupon such claim by the Lessee(s) shall –

- (A) be subject to the burden of proof of causation and foreseeability;
- (B) exclude loss of profit, loss of goodwill or possible business and any punitive, special, indirect or consequential loss; and
- (C) be accompanied by supporting invoices and payment receipts, if any.

For the avoidance of doubt, if any such claim is based upon a liability which is contingent only, the Lessor shall not be liable unless and until such contingent liability gives rise to an obligation to make a payment.

SALIENT TERMS OF THE CORPORATE GUARANTEE**(1) Guarantee**

Hextar Holdings ("**Guarantor**") irrevocably and unconditionally undertakes the following obligations and liabilities in favour of the Lessor for the Lease Term until 6 months after the expiry of the Lease Term or the early termination of the Lease Agreement 2 or Lease Agreement 3 –

- (i) to guarantee the due performance by TLSB of all its covenants, obligations and undertakings under the Lease Agreement 2 and Lease Agreement 3, respectively; and
- (ii) to pay to the Lessor immediately on the Lessor's first written demand of all such moneys owing by and liabilities of TLSB to the Lessor under or in relation to the Lease Agreement 2 and Lease Agreement 3, respectively, up to an aggregate amount not exceeding the aggregate rental payable by TLSB under the Lease Agreement 2 and Lease Agreement 3 during the Lease Term ("**Guaranteed Amount**"), as follows:

Lease Agreement	Guaranteed Amount (RM)
Lease Agreement 2	28,991,904.24
Lease Agreement 3	34,245,447.12

(2) Enforcement

- (i) Upon the occurrence of an event of default on the part of TLSB under the Lease Agreement 2 and Lease Agreement 3, then, in addition and without prejudice to the rights and remedies of the Lessor under the Lease Agreement 2 and Lease Agreement 3, the Corporate Guarantee will become immediately enforceable on demand and the powers conferred by the Corporate Guarantee, or under general law as varied or extended by the Corporate Guarantee will become immediately exercisable.
- (ii) After the Corporate Guarantee has become enforceable, the Lessor will have the right to exercise all or any of the remedies available under the Lease Agreement 2 and Lease Agreement 3, or by statute or otherwise, and will be entitled to exercise such remedies concurrently, including pursuing all rights of set off, and to give good and valid discharge therefore and to institute legal proceedings by way of civil suit or otherwise against the Guarantor to recover the amount secured under the Corporate Guarantee and the Lessor will not be bound or required to exercise its rights and remedies or actions available to it by virtue of law or the Lease Agreement 2 or Lease Agreement 3 first before availing itself of any rights and remedies under the Corporate Guarantee.

(3) Primary obligation

The obligations and liabilities to be undertaken by the Guarantor under the Corporate Guarantee are those of primary obligor and not merely as a surety.

(4) No deductions or set-off

All sums payable by the Guarantor under the Corporate Guarantee will be paid to the Lessor in full without any set-off, counterclaim or condition whatsoever and without any deduction for tax, stamp duties or any other reason unless the deduction is required by law or regulation.

VALUATION CERTIFICATE IN RESPECT OF THE KLANG PROPERTIES



Your Ref: -
 Our Ref : HB/SEL/8821/12/0724/Kel-007
 HB/SEL/8821/12/0725/Kel-008
 HB/SEL/8821/12/0726/Kel-009

July 12, 2022

The Board of Directors
M/S PACIFIC TRUSTEES BERHAD
Trustee of KIP Real Estate Investment Trust
 A-11-08, 11th Floor, Megan Avenue 1
 No. 189, Jalan Tun Razak
 Off Persiaran Hampshire
 50400 Kuala Lumpur

Dear Sirs

CERTIFICATE OF VALUATION OF

1. AN INDUSTRIAL PREMISES KNOWN AS LOT 5, JALAN PERIGI NENAS 7/3, PHASE 1A, PULAU INDAH INDUSTRIAL PARK, 42920 PORT KLANG, SELANGOR DARUL EHSAN, MALAYSIA (“PROPERTY 1”);
2. AN INDUSTRIAL PREMISES KNOWN AS LOT 3A, JALAN PERIGI NENAS 7/2, PHASE 1A, PULAU INDAH INDUSTRIAL PARK, 42920 PORT KLANG, SELANGOR DARUL EHSAN, MALAYSIA (“PROPERTY 2”); AND
3. AN INDUSTRIAL PREMISES KNOWN AS PT 154141, JALAN PERIGI NENAS 7/3, PHASE 1A, PULAU INDAH INDUSTRIAL PARK, 42920 PORT KLANG, SELANGOR DARUL EHSAN, MALAYSIA (“PROPERTY 3”).

We were instructed by M/s Pacific Trustees Berhad (“Pacific Trustees”) to conduct a valuation on the abovementioned properties. The full details of the valuation are included in our Valuation Reports dated July 12, 2022 bearing reference nos. HB/SEL /8821/12/0724/Kel-007, HB/SEL/8821/12/0725/Kel-008 and HB/SEL/8821/12/0726/Kel-009.

This certificate has been prepared for the purpose of submission to Bursa Malaysia Securities Berhad (“Bursa Securities”) and inclusion into the Circular to unitholders of KIP Real Estate Investment Trust in relation to the proposed acquisition and proposed lease of the properties (“Proposed Acquisition and Proposed Lease”).

The properties were inspected and referenced on June 20, 2022. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. June 20, 2022.

The valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers and with the necessary professional responsibility and due diligence.

The basis of valuation is the Market Value (“MV”) which is defined by the Malaysian Valuation Standards to be “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

HENRY BUTCHER MALAYSIA (SEL) Sdn Bhd 199901020603 (495503-K)

Firm's Registration No.: VEPM (1) 0079/4

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V0481, E1457, PM0481
 V0441, E1341, PM0441

Valuation Approaches

We have adopted the Investment Method and Cost Approach in formulating our opinion of the current MV of the abovementioned properties.

In the Investment Method, the capital value of the property is derived from an estimate of the Market Rental which the property can reasonably be let for. Rental evidence may be obtained from current passing or contractual rents for the term interest and the market rent based on similar properties for the reversionary interest. Outgoings, such as property taxes, repairs and maintenance, insurance and management are then deducted from the annual rental income. The net annual rental income is then capitalized at an appropriate current market yield to arrive at its indicative capital value.

The Cost Approach method of valuation is based on an estimate of the current MV of land on its existing use, plus the current gross replacement cost of improvements less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

PROPERTY 1

Terms of Reference

We noted during our inspection that the following extensions have been constructed and do not form part of the approved building plan (“Extensions Without Approval – Property 1”): -

- i. Toilets have been partitioned at the north-western portion of the warehouse; and
- ii. Awnings were constructed at the south-eastern and eastern portions of the exterior part of the warehouse.

Our verbal enquiry at Majlis Perbandaran Klang (“MPK”) revealed that the above Extensions Without Approval – Property 1 were in line with the Selangor State Planning Guidelines and Standard Manual issued by the Selangor Town and Country Planning Department and will likely to be approved by MPK upon application, subject to terms and conditions stated therein.

For the purpose of this valuation, we have excluded the above Extensions Without Approval – Property 1 in arriving at the MV of Property 1.

In conjunction with the Proposed Acquisition of Property 1, a draft Lease Agreement of Property 1 will be entered between Pacific Trustee as Trustee on behalf of KIP Real Estate Investment Trust (the Lessor) and Hextar Chemicals Sdn Bhd (the Lessee 1) for a non-cancellable 15 years lease term on a contractual triple net rental basis, which shall commence upon completion of the Proposed Acquisition of Property 1.

The terms as stated in the draft Lease Agreement are as follows:-

Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM per square foot ("psf"))
Term 1	Year 1 to Year 3	146,260.42	1.30
Term 2	Year 4 to Year 6	165,274.25	1.47
Term 3	Year 7 to Year 10	186,759.92	1.66
Term 4	Year 11 to Year 15	211,038.67	1.88

For the purpose of this valuation, we have adopted the above terms in arriving at the MV of Property 1. The agreed rental rate and rental increment are in line with the market rental.

The brief description of the Property 1 and our opinion of the current MV are as follows: -

Property Description

Property Type/
Interests Valued : A double storey office building cum a single storey warehouse annexed and ancillary building (a guardhouse).

Address of Property 1 : Lot 5, Jalan Perigi Nenas 7/3, Phase 1A, Pulau Indah Industrial Park, 42920 Port Klang, Selangor Darul Ehsan, Malaysia.

Location : Property 1 is located at Jalan Perigi Nenas 7/3, Pulau Indah Industrial Park, Pulau Indah which is approximately 25 kilometres due south-west of Klang Town Centre. It is easily accessible from Kuala Lumpur City Centre via Kuala Lumpur-Shah Alam Expressway (KESAS Highway) heading towards Pulau Indah, Port Klang, thence onto Lebuhraya Pulau Indah, Jalan Perigi Nenas 8/7, Jalan Perigi Nenas 7/2 and finally onto Jalan Perigi Nenas 7/3 leading to the Property 1.

Site : Property 1 consists of two (2) adjoining parcels of industrial land which when amalgamated forms a rectangular shaped of land encompassing a total surveyed land area of 5.2643 acres. The physical terrain of the land is generally flat and lies about the level of the frontage road, Jalan Perigi Nenas 7/3.

Building Description : The double storey office building is constructed of reinforced concrete framework with partly plastered infill brickwalls supporting a reinforced concrete flat roof with water proofing membrane. The gross floor area of the building is estimated at 8,741 square feet.

The single storey warehouse is constructed of steel portal frameworks with partly dwarf brickwalls and partly metal deck incorporating with transparent acrylic sheets supporting a pitched roof covered with metal deck roofing sheets insulated with one layer sisalation and rockwool insulation on chicken wire mesh.

The height to eaves of the warehouse is approximately 30 feet. This building has a span of 250 feet. The gross floor area of this warehouse excluding the Extensions Without Approval – Property 1 is estimated at 103,767 square feet.

The ancillary building is a guardhouse. It is constructed of reinforced concrete frameworks with plastered brickwalls supporting a pitched metal deck roof on timber trusses and rafters. The ancillary building has a gross floor area of 90 square feet.

The age of the buildings is about 20 years old and its condition is in a fair state of repair.

Existing Use and Occupancy of Property 1 : Property 1 is owner occupied and used for office space as well as manufacturing, storage and warehousing of goods and raw materials.

Title Particulars

Title Nos. : PN 12168 & PN 12170, Lot 88089 & Lot 88105 respectively, both are within Mukim of Klang, District of Klang, State of Selangor.

Tenure : Leasehold 99 years expiring February 24, 2097.
The remaining unexpired term is about 75 years.

Category of land use : “Perusahaan”

Total Surveyed Land Area : 5.2643 acres

Registered Owner : Hextar Chemicals Sdn Bhd

Planning Approvals

- Planning Approval : Property 1 is situated within an area designated for industrial purposes.
- Certificate of Fitness for Occupation (“CFO”) : Property 1 has been issued with a CFO by MPK vide Reference No. 2000 – 0460 on January 19, 2004 based on the approved building plan bearing reference no. (30), (49)d/m MPK(P)270/97.

Investment Method

In this instance, we have relied on information extracted from the draft Lease Agreement made between the Lessor and the Lessee 1 as provided by the client and this information is assumed to be correct for the purpose of this valuation exercise.

Item	Remarks																									
Gross Rental	<p>According to the draft Lease Agreement, the agreed term is 15 years non-cancellable lease term (“Lease Term”) and the concluded rentals receivable by the Lessor on a contractual triple net basis are as follows:</p> <table border="1" data-bbox="467 877 1349 1108"> <thead> <tr> <th data-bbox="475 888 581 972">Lease Term</th> <th data-bbox="589 888 816 972">Year</th> <th data-bbox="824 888 979 972">Monthly Rental (RM)</th> <th data-bbox="987 888 1190 972">Equivalent Monthly Rental (RM psf)</th> <th data-bbox="1198 888 1344 972">Rental Increment per term</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 982 581 1010">Term 1</td> <td data-bbox="589 982 816 1010">Year 1 to Year 3</td> <td data-bbox="824 982 979 1010">146,260.42</td> <td data-bbox="987 982 1190 1010">1.30</td> <td data-bbox="1198 982 1344 1010">-</td> </tr> <tr> <td data-bbox="475 1020 581 1047">Term 2</td> <td data-bbox="589 1020 816 1047">Year 4 to Year 6</td> <td data-bbox="824 1020 979 1047">165,274.25</td> <td data-bbox="987 1020 1190 1047">1.47</td> <td data-bbox="1198 1020 1344 1047">13%</td> </tr> <tr> <td data-bbox="475 1058 581 1085">Term 3</td> <td data-bbox="589 1058 816 1085">Year 7 to Year 10</td> <td data-bbox="824 1058 979 1085">186,759.92</td> <td data-bbox="987 1058 1190 1085">1.66</td> <td data-bbox="1198 1058 1344 1085">13%</td> </tr> <tr> <td data-bbox="475 1096 581 1123">Term 4</td> <td data-bbox="589 1096 816 1123">Year 11 to Year 15</td> <td data-bbox="824 1096 979 1123">211,038.67</td> <td data-bbox="987 1096 1190 1123">1.88</td> <td data-bbox="1198 1096 1344 1123">13%</td> </tr> </tbody> </table> <p>The reversionary term is the remaining unexpired term of the property after the expiry of the Lease Term. The reversionary rental is based on concluded rental and current asking rental rates of other comparative industrial properties located within the vicinity of Property 1. Our checks with local agents revealed that the current asking rental rates for similar industrial premises within the vicinity of Property 1 range from RM1.23 psf to RM1.60 psf.</p> <p>In our assessment, we have adopted a fair rental of RM1.40 psf as the reversionary gross monthly rental rate to reflect the market rental after having considered the current asking rental rates of other comparative industrial properties located within the vicinity of Property 1.</p>	Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM psf)	Rental Increment per term	Term 1	Year 1 to Year 3	146,260.42	1.30	-	Term 2	Year 4 to Year 6	165,274.25	1.47	13%	Term 3	Year 7 to Year 10	186,759.92	1.66	13%	Term 4	Year 11 to Year 15	211,038.67	1.88	13%
Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM psf)	Rental Increment per term																						
Term 1	Year 1 to Year 3	146,260.42	1.30	-																						
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Term 3	Year 7 to Year 10	186,759.92	1.66	13%																						
Term 4	Year 11 to Year 15	211,038.67	1.88	13%																						
Lettable Area	The lettable area of Property 1 is approximately 112,508 square feet.																									

Item	Remarks
Outgoing	<p data-bbox="459 247 1359 436"><u>Outgoing (Lease Term)</u> We have not adopted any provision for outgoings during the Lease Term as the rental payable to the Lessor is based on a triple net basis under the draft Lease Agreement wherein the Lessee will be responsible for all costs and expenses related to the maintenance, quit rent, assessment, utility and insurance of Property 1.</p> <p data-bbox="459 468 1359 657"><u>Outgoing (Reversionary Term)</u> The actual monthly outgoing of Property 1 for the past three (3) financial years is approximately RM0.09 psf each. Our in-house research revealed that the monthly outgoing for warehouses located within Port Klang is in the range of RM0.08 psf to RM0.15 psf. We had therefore adopted a reasonable outgoing of RM0.10 psf.</p>
Void	We have adopted a rate of 10% of the gross annual rental as the void factor for the Reversionary Term. This is to allow for vacancy periods between rent reviews which include the rent free and fitting out periods.
Yield	The analysed yields of factories/warehouses within Klang and Shah Alam range from 6.04% to 7.37%. Based on the above, we have adopted a capitalization rate of 6.75% for the Lease Term which we consider to be fair and reasonable for Property 1 after taking into consideration the location and building specifications and conditions. For the Reversionary Term, we have adopted a capitalization rate of 7.25% to reflect the risk for uncertainty.

Cost Approach

In arriving at our opinion of value, we have taken into consideration amongst others, the following transactions which were extracted from the Valuation and Property Services Department (“JPPH”): -

	Comparable 1	Comparable 2	Comparable 3
Property	HSD 67562, PT 64284, Mukim of Klang, District of Klang	HSD 67654, PT 64382, Mukim of Klang, District of Klang	HSD 119778, PT 121658, Mukim of Klang, District of Klang
Address	No. 17, Jalan Perigi Nenas 8/7, Pulau Indah Industrial Park, 42920 Port Klang	No. 56, Jalan Perigi Nenas 8/7, Pulau Indah Industrial Park, 42920 Port Klang	Lot 35, Jalan Sungai Pinang 4/2, Pulau Indah Industrial Park, 42920 Port Klang
Land Area	2.0000 acres	1.8308 acres	2.3999 acres
Type	Vacant Industrial Land	Vacant Industrial Land	Vacant Industrial Land
Gross Built-up Area	-	-	-
Tenure	Leasehold 99 years expiring March 30, 2097. The remaining unexpired term of the lease is about 76 years.	Leasehold 99 years expiring March 30, 2097. The remaining unexpired term of the lease is about 76 years.	Leasehold 99 years expiring February 24, 2097. The remaining unexpired term of the lease is about 76 years.
Date of Transaction	May 04, 2021	March 19, 2021	January 12, 2021
Consideration	RM6,280,000.00	RM5,981,250.00	RM7,840,500.00
Land Value	RM72.08 psf	RM75.00 psf	RM75.00 psf
Adjusted Land Value	RM72.08 psf	RM75.00 psf	RM71.25 psf
Remarks on Adjusted Value	Adjustments made on size and corner lot premium factors	Adjustments made on size and corner lot premium factors	Adjustments made on size factor

Notes:

1. Based on the JUBM & Arcadis Construction Cost Handbook Malaysia 2021, the construction cost for an industrial premises ranges from RM121.70 psf to RM202.52 psf. However, our checks with contractors revealed that the current construction cost of a similar building was within the range of RM140.00 psf and RM170.00 psf. Adjustments were made by incorporating buildings specifications such as floor levels, floor finishes, ceiling, roofs and etc. Pursuant to the adjustments, we have adopted RM150.00 psf for the construction cost before depreciation of the buildings.
2. Depreciation rate is calculated based on the age of the building with the assumption that the building has a life span of 50 years.

$$\text{Depreciation Rate} = \frac{\text{Age of the Building (20 years)}}{\text{Building Life Span (50 years)}} \times 100\%$$

Based on the calculation above, the adopted depreciation rate is 40%.

3. We have adopted RM73.50 psf (derived from the average adjusted land value of Comparables 1 and 2) for the valuation of the land calculation based on the following facts: -
- We are of the opinion that Comparables 1 & 2 are the best evidences as Comparables 1 & 2 are located within the same scheme as Property 1.
 - Comparables 1 & 2 are nearer to Property 1 which are about 1.3 kilometres and 2.5 kilometres respectively away from Property 1.
 - Comparable 3 is less suitable as it is located within another development scheme.

PROPERTY 2

Terms of Reference

We noted during our inspection that the following extension has been constructed and do not form part of the approved building plan (“Extension Without Approval – Property 2”):-

- i. An awning was constructed at the south-eastern portion of the warehouse.

Our verbal enquiry at MPK revealed that the above Extension Without Approval – Property 2 was in line with the Selangor State Planning Guidelines and Standard Manual issued by the Selangor Town and Country Planning Department and will likely to be approved by MPK upon application, subject to terms and conditions stated therein.

For the purpose of this valuation, we have excluded the above Extension Without Approval – Property 2 in arriving at the MV of Property 2.

In conjunction with the Proposed Acquisition, a draft Lease Agreement of Property 2 will be entered between Pacific Trustee as Trustee on behalf of KIP Real Estate Investment Trust (the Lessor) and Teju Logistics Sdn Bhd (the Lessee 2) for a non-cancellable 15 years lease term on a contractual triple net rental basis, which shall commence upon completion of the Proposed Acquisition of Property 2.

The terms as stated in the draft Lease Agreement are as follows:-

Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM psf)
Term 1	Year 1 to Year 3	129,114.00	1.00
Term 2	Year 4 to Year 6	145,898.83	1.13
Term 3	Year 7 to Year 10	164,865.67	1.28
Term 4	Year 11 to Year 15	186,298.17	1.44

For the purpose of this valuation, we have adopted the above terms in arriving at the MV of Property 2. The agreed rental rate and rental increment are in line with the market rental.

The brief description of Property 2 and our opinion of the current MV are as follows: -

Property Description

Property Type/
Interests Valued : A single storey detached warehouse and ancillary buildings (a pump house and a guardhouse).

Address of Property 2 : Lot 3A, Jalan Perigi Nenas 7/2, Phase 1A, Pulau Indah Industrial Park, 42920 Port Klang, Selangor Darul Ehsan, Malaysia.

Location : Property 2 is located at Jalan Perigi Nenas 7/2, Pulau Indah Industrial Park, Pulau Indah which is approximately 25 kilometres due south-west of Klang Town Centre. It is easily accessible from Kuala Lumpur City Centre via Kuala Lumpur-Shah Alam Expressway (KESAS Highway) heading towards Pulau Indah, Port Klang, thence onto Lebuhraya Pulau Indah, Jalan Perigi Nenas 8/7 and finally onto Jalan Perigi Nenas 7/2 leading to Property 2.

Site : The subject land is near trapezoidal in shape encompassing a surveyed land area of 5.2385 acres. The physical terrain of the land is generally flat and lies about the level of the frontage road.

Building Description : The single storey warehouse is constructed of steel portal frameworks with partly dwarf plastered brickwalls and partly metal deck sheets incorporating with transparent acrylic sheets supporting a pitched roof covered with metal deck roofing incorporating with transparent acrylic sheets.

The height to eaves of the warehouse is approximately 25 feet. This building has a span of 186 feet. The gross floor area excluding the Extension Without Approval – Property 2 of the warehouse is estimated at 129,114 square feet.

The ancillary buildings which include a pump house and a guardhouse are constructed of reinforced concrete framework with plastered brickwalls supporting a pitched metal deck roof on timber trusses and rafters. The ancillary buildings have a total gross floor area of about 248 square feet.

The age of the buildings is about 25 years old and its condition is in a fair state of repair.

Existing Use and
Occupancy of
Property 2 : Property 2 is owner occupied and used for warehousing and repackaging.

Title Particulars

Title No. : HSD 158288, PT 150309, Mukim of Klang, District of Klang, State of Selangor.

Tenure : Leasehold 99 years expiring February 24, 2097.
The remaining unexpired term is about 75 years.

Category of land use : “Perusahaan”

Surveyed Land Area : 5.2385 acres

Registered Owner : Hextar Industrial Chemicals Sdn Bhd

Planning Approvals

Planning Approval : Property 2 is situated within an area designated for industrial purposes.

CFO : Property 2 has been issued with a CFO by MPK vide Reference No. 2000 – 1992 on October 31, 2017 based on the approved building plan bearing reference no. BGN 38/2012 via the Selangor State’s Amnesty Program for Illegal Factory (“Program Pemutihan Kilang Tanpa Kebenaran Negeri Selangor”).

Investment Method

In this instance, we have relied on information extracted from the draft Lease Agreement made between the Lessor and the Lessee 2 as provided by the client and this information is assumed to be correct for the purpose of this valuation exercise.

Item	Remarks																									
Gross Rental	<p>According to the draft Lease Agreement, the agreed term is 15 years non-cancellable lease term (“Lease Term”) and the concluded rentals receivable by the Lessor on a contractual triple net basis are as follows:</p> <table border="1"> <thead> <tr> <th>Lease Term</th> <th>Year</th> <th>Monthly Rental (RM)</th> <th>Equivalent Monthly Rental (RM psf)</th> <th>Rental Increment per term</th> </tr> </thead> <tbody> <tr> <td>Term 1</td> <td>Year 1 to Year 3</td> <td>129,114.00</td> <td>1.00</td> <td>-</td> </tr> <tr> <td>Term 2</td> <td>Year 4 to Year 6</td> <td>145,898.83</td> <td>1.13</td> <td>13%</td> </tr> <tr> <td>Term 3</td> <td>Year 7 to Year 10</td> <td>164,865.67</td> <td>1.28</td> <td>13%</td> </tr> <tr> <td>Term 4</td> <td>Year 11 to Year 15</td> <td>186,298.17</td> <td>1.44</td> <td>13%</td> </tr> </tbody> </table> <p>The reversionary term is the remaining unexpired term of the property after the expiry of the Lease Term. The reversionary rental is based on concluded rental and current asking rental rates of other comparative industrial properties located within the vicinity of Property 2. Our checks with local agents revealed that the current asking rental rates for similar industrial premises within the vicinity of Property 2 range from RM1.23 psf to RM1.60 psf.</p> <p>In our assessment, we have adopted a fair rental of RM1.10 psf as the reversionary gross monthly rental rate to reflect the market rental after having considered the current asking rental rates of other comparative industrial properties located within the vicinity of Property 2.</p>	Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM psf)	Rental Increment per term	Term 1	Year 1 to Year 3	129,114.00	1.00	-	Term 2	Year 4 to Year 6	145,898.83	1.13	13%	Term 3	Year 7 to Year 10	164,865.67	1.28	13%	Term 4	Year 11 to Year 15	186,298.17	1.44	13%
Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM psf)	Rental Increment per term																						
Term 1	Year 1 to Year 3	129,114.00	1.00	-																						
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Term 3	Year 7 to Year 10	164,865.67	1.28	13%																						
Term 4	Year 11 to Year 15	186,298.17	1.44	13%																						
Lettable Area	The lettable area of Property 2 is approximately 129,114 square feet.																									
Outgoing	<p><u>Outgoing (Lease Term)</u> We have not adopted any provision for outgoings during the Lease Term as the rental payable to the Lessor is based on a triple net basis under the draft Lease Agreement wherein the Lessee will be responsible for all costs and expenses related to the maintenance, quit rent, assessment, utility and insurance of Property 2.</p> <p><u>Outgoing (Reversionary Term)</u> The actual monthly outgoing of Property 2 for the past three (3) financial years is approximately RM0.07 psf each. Our in-house research revealed that the monthly outgoing for warehouses located within Port Klang is in the range of RM0.08 psf to RM0.15 psf. We had therefore adopted a reasonable outgoing of RM0.10 psf.</p>																									

Item	Remarks
Void	We have adopted a rate of 10% of the gross annual rental as the void factor for the Reversionary Term. This is to allow for vacancy periods between rent reviews which include the rent free and fitting out periods.
Yield	The analysed yields of factories/warehouses within Klang and Shah Alam range from 6.04% to 7.37%. Based on the above, we have adopted a capitalization rate of 6.75% for the Lease Term which we consider to be fair and reasonable for Property 2 after taking into consideration the location and building specifications and conditions. For the Reversionary Term, we have adopted a capitalization rate of 7.25% to reflect the risk for uncertainty.

Cost Approach

In arriving at our opinion of value, we have taken into consideration amongst others, the following transactions which were extracted from JPPH: -

	Comparable 1	Comparable 2	Comparable 3
Property	HSD 67562, PT 64284, Mukim of Klang, District of Klang	HSD 67654, PT 64382, Mukim of Klang, District of Klang	HSD 119778, PT 121658, Mukim of Klang, District of Klang
Address	No. 17, Jalan Perigi Nenas 8/7, Pulau Indah Industrial Park, 42920 Port Klang	No. 56, Jalan Perigi Nenas 8/7, Pulau Indah Industrial Park, 42920 Port Klang	Lot 35, Jalan Sungai Pinang 4/2, Pulau Indah Industrial Park, 42920 Port Klang
Land Area	2.0000 acres	1.8308 acres	2.3999 acres
Type	Vacant Industrial Land	Vacant Industrial Land	Vacant Industrial Land
Gross Built-up Area	-	-	-
Tenure	Leasehold 99 years expiring March 30, 2097. The remaining unexpired term of the lease is about 76 years.	Leasehold 99 years expiring March 30, 2097. The remaining unexpired term of the lease is about 76 years.	Leasehold 99 years expiring February 24, 2097. The remaining unexpired term of the lease is about 76 years.
Date of Transaction	May 04, 2021	March 19, 2021	January 12, 2021
Consideration	RM6,280,000.00	RM5,981,250.00	RM7,840,500.00
Land Value	RM72.08 psf	RM75.00 psf	RM75.00 psf
Adjusted Land Value	RM68.48 psf	RM71.25 psf	RM67.50 psf
Remarks on Adjusted Value	Adjustments made on size factor	Adjustments made on size factor	Adjustments made on size and corner lot premium factors

Notes:

1. Based on the JUBM & Arcadis Construction Cost Handbook Malaysia 2021, the construction cost for an industrial premises ranges from RM121.70 psf to RM202.52 psf. However, our checks with contractors revealed that the current construction cost of a similar building was within the range of RM110.00 psf and RM150.00 psf. Adjustments were made by incorporating buildings specifications such as floor levels, floor finishes, ceiling, roofs and etc. Pursuant to the adjustments, we have adopted RM120.00 psf for the construction cost before depreciation of the buildings.
2. We were verbally informed by the client that the buildings above were constructed and completed in year 1997 by the previous owner. The current owner, Hextar Industrial Chemicals Sdn Bhd, had on October 31, 2017 obtained the CFO for Property 2 via the Selangor Amnesty Program for Illegal Factory (“Program Pemutihan Kilang Tanpa Kebenaran (PPKTK) Negeri Selangor”).

We adopted 25 years for the age of the building (being the age from the year the buildings were constructed and completed in year 1997) in calculating the depreciation rate for Property 2 with the assumption that the building has a life span of 50 years.

$$\text{Depreciation Rate} = \frac{\text{Age of the Building (25 years)}}{\text{Building Life Span (50 years)}} \times 100\%$$

Based on the calculation above, the adopted depreciation rate is 50%.

3. We have adopted RM70.00 psf (derived from the average adjusted land values of Comparables 1 and 2) for the valuation of the land calculation based on the following facts: -
 - We are of the opinion that Comparables 1 & 2 are the best evidences as Comparables 1 & 2 are located within the same scheme as Property 2.
 - Comparables 1 & 2 are nearer to Property 2 which are about 1.3 kilometres and 2.5 kilometres respectively away from Property 2.
 - Comparable 3 is less suitable as it is located within another development scheme.

PROPERTY 3

Terms of Reference

We noted during our inspection that the following extension has been constructed and do not form part of the approved building plan (“Extension Without Approval – Property 3”): -

- i. 10 units of awnings were constructed at each entrance of the factory/warehouse.

Our verbal enquiry at MPK revealed that the above Extension Without Approval – Property 3 were in line with the Selangor State Planning Guidelines and Standard Manual issued by the Selangor Town and Country Planning Department and will likely to be approved by MPK upon application, subject to terms and conditions stated therein.

For the purpose of this valuation, we have excluded the above Extension Without Approval – Property 3 in arriving at the MV of Property 3.

In conjunction with the Proposed Acquisition, a draft Lease Agreement of Property 3 will be entered between Pacific Trustee as Trustee on behalf of KIP Real Estate Investment Trust (the Lessor) and Teju Logistics Sdn Bhd (the Lessee 2) for a non-cancellable 15 years lease term on a contractual triple net rental basis, which shall commence upon completion of the Proposed Acquisition of Property 3.

The terms as stated in the draft Lease Agreement are as follows:-

Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM psf)
Term 1	Year 1 to Year 3	152,510.42	1.40
Term 2	Year 4 to Year 6	172,336.75	1.58
Term 3	Year 7 to Year 10	194,740.50	1.79
Term 4	Year 11 to Year 15	220,056.75	2.02

For the purpose of this valuation, we have adopted the above terms in arriving at the MV of Property 3. The agreed rental rate and rental increment are in line with the market rental.

The brief description of Property 3 and our opinion of the current MV are as follows: -

Property Description

- Property Type/
Interests Valued : A single storey detached factory/warehouse and ancillary buildings (a guardhouse, a pump house and a refuse chamber).
- Address of Property 3 : PT 154141, Jalan Perigi Nenas 7/3, Phase 1A, Pulau Indah Industrial Park, 42920 Port Klang, Selangor Darul Ehsan, Malaysia.
- Location : Property 3 is located at Jalan Perigi Nenas 7/3, Pulau Indah Industrial Park, Pulau Indah which is approximately 25 kilometres due south-west of Klang Town Centre. It is easily accessible from Kuala Lumpur City Centre via Kuala Lumpur-Shah Alam Expressway (KESAS Highway) heading towards Pulau Indah, Port Klang, thence onto Lebuhraya Pulau Indah, Jalan Perigi Nenas 8/7, Jalan Perigi Nenas 7/2 and finally onto Jalan Perigi Nenas 7/3 leading to Property 3.

- Site : The subject land is near rectangular in shape encompassing a surveyed land area of 4.6111 acres. The physical terrain of the land is generally flat and lies about the level of the frontage road.
- Building Description : The single storey factory/warehouse is constructed of steel portal frameworks with partly dwarf plastered brickwalls and partly metal deck sheets incorporating with transparent acrylic sheets supporting a pitched roof with metal deck roofing sheets insulated with double sided aluminium foil and fiberglass wool insulation on steel purlins.
- The height to eaves of the factory/warehouse is approximately 39 feet. This building has a span of 330 feet. The total gross floor area excluding the Extension Without Approval – Property 3 of the factory/warehouse is estimated at 108,936 square feet.
- The ancillary buildings which include a guardhouse, a pump house and a refuse chamber are constructed of reinforced concrete framework with plastered brickwalls supporting a pitched metal deck roof on steel trusses. The ancillary buildings have a total gross floor area of 309 square feet.
- The age of the buildings is about 2 years old and its condition is in a good state of repair.
- Existing Use and Occupancy of Property 3 : Property 3 has been tenanted to GLD Alloys (Malaysia) Sdn Bhd vide tenancy agreement dated May 23, 2022.

Title Particulars

- Title No. : HSD 163577, PT 154141, Mukim of Klang, District of Klang, State of Selangor.
- Tenure : Leasehold 99 years expiring February 24, 2097.
The remaining unexpired term is about 75 years.
- Category of land use : “Perusahaan”
- Surveyed Land Area : 4.6111 acres
- Registered Owner : Teju Logistics Sdn Bhd

Planning Approvals

- Planning Approval : Property 3 is situated within an area designated for industrial purposes.
- Certificate of Completion and Compliance (“CCC”) : Property 3 has been issued with a CCC by Ir. Walter Sim Kian Joo (LJM Registration No: C 19741) vide series No. LJM/S/3966 on February 19, 2020 based on the approved building plan bearing reference no. MPK/BGN-600-4/1/0120 (2018).

Investment Method

In this instance, we have relied on information extracted from the draft Lease Agreement made between the Lessor the Lessee 2 as provided by the client and this information is assumed to be correct for the purpose of this valuation exercise.

Item	Remarks																									
Gross Rental	<p>According to the draft Lease Agreement, the agreed term is 15 years non-cancellable lease term (“Lease Term”) and the concluded rentals receivable by the Lessor on a contractual triple net basis are as follows:</p> <table border="1"> <thead> <tr> <th>Lease Term</th> <th>Year</th> <th>Monthly Rental (RM)</th> <th>Equivalent Monthly Rental (RM psf)</th> <th>Rental Increment</th> </tr> </thead> <tbody> <tr> <td>Term 1</td> <td>Year 1 to Year 3</td> <td>152,510.42</td> <td>1.40</td> <td>-</td> </tr> <tr> <td>Term 2</td> <td>Year 4 to Year 6</td> <td>172,336.75</td> <td>1.58</td> <td>13%</td> </tr> <tr> <td>Term 3</td> <td>Year 7 to Year 10</td> <td>194,740.50</td> <td>1.79</td> <td>13%</td> </tr> <tr> <td>Term 4</td> <td>Year 11 to Year 15</td> <td>220,056.75</td> <td>2.02</td> <td>13%</td> </tr> </tbody> </table> <p>The reversionary term is the remaining unexpired term of the property after the expiry of the Lease Term. The reversionary rental is based on concluded rental and current asking rental rates of other comparative industrial properties located within the vicinity of Property 3. Our checks with local agents revealed that the current asking rental rates for similar industrial premises within the vicinity of Property 3 range from RM1.23 psf to RM1.60 psf.</p> <p>In our assessment, we have adopted a fair rental of RM1.50 psf as the reversionary gross monthly rental rate to reflect the market rental after having considered the current asking rental rates of other comparative industrial properties located within the vicinity of Property 3.</p>	Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM psf)	Rental Increment	Term 1	Year 1 to Year 3	152,510.42	1.40	-	Term 2	Year 4 to Year 6	172,336.75	1.58	13%	Term 3	Year 7 to Year 10	194,740.50	1.79	13%	Term 4	Year 11 to Year 15	220,056.75	2.02	13%
Lease Term	Year	Monthly Rental (RM)	Equivalent Monthly Rental (RM psf)	Rental Increment																						
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Term 4	Year 11 to Year 15	220,056.75	2.02	13%																						
Lettable Area	The lettable area of Property 3 is approximately 108,936 square feet.																									
Outgoing	<p><u>Outgoing (Lease Term)</u> We have not adopted any provision for outgoings during the Lease Term as the rental payable to the Lessor is based on a triple net basis under the draft Lease Agreement wherein the Lessee will be responsible for all costs and expenses related to the maintenance, quit rent, assessment, utility and insurance of Property 3.</p> <p><u>Outgoing (Reversionary Term)</u> The actual monthly outgoings of Property 3 for in year 2019, 2020 and 2021 are RM0.04 psf, RM0.04 psf and RM0.06 psf respectively. Our in-house research revealed that the monthly outgoing for warehouses located within Port Klang is in the range of RM0.08 psf to RM0.15 psf. We had therefore adopted a reasonable outgoing of RM0.10 psf.</p>																									

Item	Remarks
Void	We have adopted a rate of 10% of the gross annual rental as the void factor for the Reversionary Term. This is to allow for vacancy periods between rent reviews which include the rent free and fitting out periods.
Yield	The analysed yields of factories/warehouses within Klang and Shah Alam range from 6.04% to 7.37%. Based on the above, we have adopted a capitalization rate of 6.75% for the Lease Term which we consider to be fair and reasonable for Property 3 after taking into consideration the location and building specifications and conditions. For the Reversionary Term, we have adopted a capitalization rate of 7.25% to reflect the risk for uncertainty.

Cost Approach

In arriving at our opinion of value, we have taken into consideration amongst others, the following transactions which were extracted from JPPH: -

	Comparable 1	Comparable 2	Comparable 3
Property	HSD 67562, PT 64284, Mukim of Klang, District of Klang	HSD 67654, PT 64382, Mukim of Klang, District of Klang	HSD 119778, PT 121658, Mukim of Klang, District of Klang
Address	No. 17, Jalan Perigi Nenas 8/7, Pulau Indah Industrial Park, 42920 Port Klang	No. 56, Jalan Perigi Nenas 8/7, Pulau Indah Industrial Park, 42920 Port Klang	Lot 35, Jalan Sungai Pinang 4/2, Pulau Indah Industrial Park, 42920 Port Klang
Land Area	2.0000 acres	1.8308 acres	2.3999 acres
Type	Vacant Industrial Land	Vacant Industrial Land	Vacant Industrial Land
Gross Built-up Area	-	-	-
Tenure	Leasehold 99 years expiring March 30, 2097. The remaining unexpired term of the lease is about 76 years.	Leasehold 99 years expiring March 30, 2097. The remaining unexpired term of the lease is about 76 years.	Leasehold 99 years expiring February 24, 2097. The remaining unexpired term of the lease is about 76 years.
Date of Transaction	May 04, 2021	March 19, 2021	January 12, 2021
Consideration	RM6,280,000.00	RM5,981,250.00	RM7,840,500.00
Land Value	RM72.08 psf	RM75.00 psf	RM75.00 psf
Adjusted Land Value	RM72.08 psf	RM75.00 psf	RM71.25 psf
Remarks on Adjusted Value	Adjustments made on size and corner lot premium factors	Adjustments made on size and corner lot premium factors	Adjustments made on size factor

Notes:

1. Based on the JUBM & Arcadis Construction Cost Handbook Malaysia 2021, the construction cost for an industrial premises ranges from RM121.70 psf to RM202.52 psf. However, our checks with contractors revealed that the current construction cost of a similar building was within the range of RM140.00 psf and RM170.00 psf. Adjustments were made by incorporating buildings specifications such as floor levels, floor finishes, ceiling, roofs and etc. Pursuant to the adjustments, we have adopted RM150.00 psf for the construction cost before depreciation of the buildings.

2. Depreciation rate is calculated based on the age of the building with the assumption that the building has a life span of 50 years.

$$\text{Depreciation Rate} = \frac{\text{Age of the Building (2 years)}}{\text{Building Life Span (50 years)}} \times 100\%$$

Based on the calculation above, the adopted depreciation rate is 4%.

3. We have adopted RM73.50 psf (derived from the average adjusted land value of Comparables 1 and 2) for the valuation of the land calculation based on the following facts: -
- We are of the opinion that Comparables 1 & 2 are the best evidences as Comparables 1 & 2 are located within the same scheme as Property 3.
 - Comparables 1 & 2 are nearer to Property 3 which are about 1.3 kilometres and 2.5 kilometres respectively away from Property 3.
 - Comparable 3 is less suitable as it is located within another development scheme.

Reconciliation of Value

The MV from both methods of valuation and the reconciliation rationale are as follows:-

Property	MV (RM)	
	Investment Method	Cost Approach
Property 1	27,000,000.00	27,000,000.00
Property 2	23,800,000.00	23,700,000.00
Property 3	28,100,000.00	30,500,000.00

Conclusion

In this valuation, we have adopted the figure derived from the Investment Method and used the Cost Approach as a cross check method.

In arriving at our opinion of MV, we have selected the Investment Method of valuation as the primary method as it is derived based on contractual rental rates, analysed outgoings, void factor and capitalization rate. Given that the Properties 1, 2 & 3 are income generating property, the Investment Method is deemed to more appropriate and reliable by using the analysed data.

By contrast, the Cost Approach is good to serve as a counter-check method. Qualitative and quantitative adjustments are more difficult to compute to reflect the differences between the comparables and the Properties 1, 2 & 3 as the selected comparables together with their adjustment factors may be subjective.

We are of the opinion that the current MV of the leasehold unencumbered interest of the properties 1, 2 & 3 in their existing physical condition are:-

	<u>Market Value</u>
Property 1	: RM27,000,000.00 (Ringgit Malaysia: Twenty Seven Million Only)
Property 2	: RM23,800,000.00 (Ringgit Malaysia: Twenty Three Million and Eight Hundred Thousand Only)
Property 3	: RM28,100,000.00 (Ringgit Malaysia: Twenty Eight Million and One Hundred Thousand Only)

Yours faithfully,
HENRY BUTCHER MALAYSIA (SEL) Sdn Bhd

DATUK SRI TEW KOK HUAT
B.Surv., MRISM, APEPS
Registered Valuer (V-481)



FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Board collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement herein false or misleading.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

Consents

M&A Securities, the Principal Adviser for the Proposed Acquisitions and the Proposed Leases, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references in the form and context in which they appear in this Circular.

AmInvestment Bank Berhad, the Independent Adviser for the Proposed Acquisitions and the Proposed Leases, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its IAL and all references in the form and context in which they appear in this Circular.

Henry Butcher, the Valuer for the Proposed Acquisitions and the Proposed Leases, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, its valuation certificate and all references in the form and context in which they appear in this Circular.

Declaration of conflict of interests

M&A Securities and Henry Butcher have given their written confirmation that they are not aware of any situation that exists or is likely to exist which would give rise to a conflict of interest in relation to their respective roles as the Principal Adviser and Valuer for the Proposed Acquisitions and the Proposed Leases.

AmInvestment Bank Berhad, is a wholly-owned subsidiary of AMMB Holdings Berhad ("**AMMB**"). AMMB, AmInvestment Bank Berhad, its subsidiaries and its related and associated companies (collectively, the "**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to, amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and fund management and credit transaction service businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of the AmBank Group may at any time extend services to any company as well as hold long or short positions, trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of KIP REIT.

As at the LPD, the AmBank Group has not extended any credit facilities to KIP REIT. As at the LPD, AmBank Group has extended RM297.52 million loans to Hextar Holdings and its subsidiaries (“**Hextar Group**”) which represent 1.78% of the net assets of the AmBank Group for the FYE 31 March 2022. AmInvestment Bank Berhad is of the view that the abovementioned loans to the Hextar Group are deemed not material.

AmInvestment Bank Berhad is of the view that its role as the Independent Adviser for the Proposed Acquisitions and the Proposed Leases is not likely to result in a conflict of interest or potential conflict of interest situation for the following reasons:

- (i) their role in the Proposed Acquisitions and the Proposed Leases is undertaken in the ordinary course of business; and
- (ii) they undertake their roles on an arm’s length basis and their conduct is regulated by Bank Negara Malaysia and the Securities Commission Malaysia and governed under, inter-alia, the Financial Services Act 2013, the Capital Markets and Services Act 2007, and AmBank Group’s Chinese Wall policy and internal controls and checks.

Premised on the above, AmInvestment Bank Berhad is not aware of any conflict of interest which exists or is likely to exist by virtue of its role as the Independent Adviser for the Proposed Acquisitions and the Proposed Leases.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Vendors have given their written confirmation that there is no material litigation, claims or arbitration involving the Klang Properties, and that the Vendors are not aware and do not have any knowledge of any proceedings pending or threatened involving the Klang Properties, or of any facts likely to give rise to any proceedings involving the Klang Properties.

4. MATERIAL COMMITMENTS

Save for the borrowings to be secured to part finance the Proposed Acquisitions, as at the LPD, the Board, after making all reasonable enquiries, is not aware of any material commitments incurred or known to be incurred by KIP REIT, that is likely to have an impact on the Fund’s net property income or NAV upon becoming enforceable.

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the net property income or NAV of KIP REIT.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Manager at Unit 27.2, Menara 1MK, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming Meeting:

- (i) The Deed.
- (ii) The SPAs, draft Lease Agreements and Corporate Guarantee.
- (iii) The Valuation Reports by the Valuer together with the consolidated Valuation Certificate as set out in Appendix IV of this Circular.
- (iv) Audited consolidated financial statements of KIP REIT for the FYEs 30 June 2021 and 30 June 2022.
- (v) The letters of consent and declaration of conflict of interests referred to in Section 2 of this Appendix V.

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KIP REAL ESTATE INVESTMENT TRUST

(established in Malaysia under the Trust Deed dated 2 November 2016, an amended and restated deed dated 12 December 2019 and a supplementary deed dated 29 September 2020 between KIP REIT Management Sdn Bhd and Pacific Trustees Berhad)

NOTICE OF UNITHOLDERS' MEETING

NOTICE IS HEREBY GIVEN THAT the meeting of unitholders ("**Meeting**") of KIP Real Estate Investment Trust ("**KIP REIT**") which will be convened on a virtual basis via live streaming and online voting through Remote Participation Electronic Voting ("**RPEV**") facilities for the purpose of considering and, if thought fit, to pass with or without modification, the following resolutions:

- Online Meeting Platform : <https://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC – D6A357657)
Provided by Boardroom Share Registrars Sdn Bhd
- Day and date : Thursday, 13 October 2022
- Time : 12:30 p.m. or immediately after the conclusion of the Sixth Annual General Meeting of the unitholders to be held on the same day at 10:30 a.m. whichever is later, or at any adjournment thereof
- Broadcast Venue : 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY PACIFIC TRUSTEES BERHAD ("TRUSTEE"), ON BEHALF OF KIP REIT, OF 2 ADJOINING PARCELS OF LEASEHOLD INDUSTRIAL LAND KNOWN AS LOT 88089 AND LOT 88105, BOTH UNDER MUKIM OF KLANG, DISTRICT OF KLANG, STATE OF SELANGOR, HELD UNDER PAJAKAN NEGERI 12168 AND PAJAKAN NEGERI 12170 RESPECTIVELY, TOGETHER WITH A DOUBLE STOREY OFFICE BUILDING WITH AN ANNEXED SINGLE STOREY WAREHOUSE AND GUARD HOUSE ("KLANG PROPERTY 1") FROM HEXTAR CHEMICALS SDN BHD ("HCSB") FOR A CASH CONSIDERATION OF RM27.0 MILLION ("PROPOSED ACQUISITION 1")

"THAT subject to the passing of Ordinary Resolution 2, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Trustee, on behalf of KIP REIT, to acquire Klang Property 1 upon the terms and conditions contained in the conditional sale and purchase agreement dated 12 July 2022 entered into between the Trustee, on behalf of KIP REIT and HCSB ("**SPA 1**");

AND THAT the Board of Directors ("**Board**") of KIP REIT Management Sdn Bhd ("**Manager**") and the Trustee, on behalf of the KIP REIT, be and are authorised to –

- (a) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of KIP REIT, all such agreements, instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Acquisition 1;

- (b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Acquisition 1 (including but not limited to SPA 1) and/or any provision, term and condition thereof as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (c) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Acquisition 1.”

ORDINARY RESOLUTION 2

PROPOSED LEASE BY THE TRUSTEE, ON BEHALF OF KIP REIT, OF KLANG PROPERTY 1 TO HCSB UPON THE COMPLETION OF PROPOSED ACQUISITION 1 (PROPOSED LEASE 1”)

“**THAT** subject to the passing of Ordinary Resolution 1, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Trustee, on behalf of KIP REIT, to enter into a lease agreement with HCSB in relation to and for the lease of Klang Property 1 for a period of 15 years from the completion of Proposed Acquisition 1 (“**Lease Agreement 1**”);

AND THAT the Board of the Manager and the Trustee, on behalf of the KIP REIT, be and are authorised to –

- (a) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of KIP REIT, all such agreements, instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Lease 1;
- (b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Lease 1 (including but not limited to the Lease Agreement 1) and/or any provision, term and condition thereof as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (c) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Lease 1.”

ORDINARY RESOLUTION 3

PROPOSED ACQUISITION BY THE TRUSTEE, ON BEHALF OF KIP REIT, OF A PARCEL OF LEASEHOLD INDUSTRIAL LAND KNOWN AS PT 150309, MUKIM OF KLANG, DISTRICT OF KLANG, STATE OF SELANGOR, HELD UNDER H.S.(D) 158288, TOGETHER WITH A SINGLE STOREY WAREHOUSE, PUMP HOUSE AND GUARD HOUSE (“KLANG PROPERTY 2”) FROM HEXSTAR INDUSTRIAL CHEMICALS SDN BHD (“HICSB”) FOR A CASH CONSIDERATION OF RM23.7 MILLION (“PROPOSED ACQUISITION 2”)

“**THAT** subject to the passing of Ordinary Resolution 4, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Trustee, on behalf of KIP REIT, to acquire Klang Property 2 upon the terms and conditions contained in the conditional sale and purchase agreement dated 12 July 2022 entered into between the Trustee, on behalf of KIP REIT and HICSB (“**SPA 2**”);

AND THAT the Board of the Manager and the Trustee, on behalf of the KIP REIT, be and are authorised to –

- (a) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of KIP REIT, all such agreements, instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Acquisition 2;
- (b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Acquisition 2 (including but not limited to SPA 2) and/or any provision, term and condition thereof as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (c) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Acquisition 2.”

ORDINARY RESOLUTION 4

PROPOSED LEASE BY THE TRUSTEE, ON BEHALF OF KIP REIT, OF KLANG PROPERTY 2 TO TEJU LOGISTICS SDN BHD (“TLSB”) UPON THE COMPLETION OF PROPOSED ACQUISITION 2 (“PROPOSED LEASE 2”)

“**THAT** subject to the passing of Ordinary Resolution 3, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Trustee, on behalf of KIP REIT, to enter into a lease agreement with TLSB in relation to and for the lease of Klang Property 2 for a period of 15 years from the completion of Proposed Acquisition 2 (“**Lease Agreement 2**”);

AND THAT the Board of the Manager and the Trustee, on behalf of the KIP REIT, be and are authorised to –

- (a) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of KIP REIT, all such agreements, instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Lease 2;
- (b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Lease 2 (including but not limited to the Lease Agreement 2) and/or any provision, term and condition thereof as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (c) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Lease 2.”

ORDINARY RESOLUTION 5

PROPOSED ACQUISITION BY THE TRUSTEE, ON BEHALF OF KIP REIT, OF A PARCEL OF LEASEHOLD INDUSTRIAL LAND KNOWN AS PT 154141, MUKIM OF KLANG, DISTRICT OF KLANG, STATE OF SELANGOR, HELD UNDER H.S.(D) 163577, TOGETHER WITH A SINGLE STOREY FACTORY/WAREHOUSE, GUARD HOUSE, PUMP HOUSE AND REFUSE CHAMBER ("KLANG PROPERTY 3") FROM TLSB FOR A CASH CONSIDERATION OF RM28.0 MILLION ("PROPOSED ACQUISITION 3")

"THAT subject to the passing of Ordinary Resolution 6, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Trustee, on behalf of KIP REIT, to acquire Klang Property 3 upon the terms and conditions contained in the conditional sale and purchase agreement dated 12 July 2022 entered into between the Trustee, on behalf of KIP REIT and TLSB ("**SPA 3**");

AND THAT the Board of the Manager and the Trustee, on behalf of the KIP REIT, be and are authorised to –

- (a) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of KIP REIT, all such agreements, instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Acquisition 3;
- (b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Acquisition 3 (including but not limited to SPA 3) and/or any provision, term and condition thereof as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (c) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Acquisition 3."

ORDINARY RESOLUTION 6

PROPOSED LEASE BY THE TRUSTEE, ON BEHALF OF KIP REIT, OF KLANG PROPERTY 3 TO TLSB UPON THE COMPLETION OF PROPOSED ACQUISITION 3 ("PROPOSED LEASE 3")

"THAT subject to the passing of Ordinary Resolution 5, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Trustee, on behalf of KIP REIT, to enter into a lease agreement with TLSB in relation to and for the lease of Klang Property 3 for a period of 15 years from the completion of Proposed Acquisition 3 ("**Lease Agreement 3**");

AND THAT the Board of the Manager and the Trustee, on behalf of the KIP REIT, be and are authorised to –

- (a) enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of KIP REIT, all such agreements, instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Lease 3;

- (b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Lease 3 (including but not limited to the Lease Agreement 3) and/or any provision, term and condition thereof as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (c) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Lease 3.”

**BY ORDER OF THE BOARD OF
KIP REIT MANAGEMENT SDN BHD**

Registration No. 201501044317 (1169638-M)
(the Manager for KIP REIT)

FOO SIEW LOON (MAICSA7006874)
(SSM Practising Certificate No. 202008002104)
Company Secretary

Kuala Lumpur
23 September 2022

Notes:

1. *The Meeting will be conducted on a virtual basis through online meeting platform using the RPEV facilities. Please follow the procedures provided in the Administrative Guide for the Meeting in order to register, participate and vote remotely via RPEV facilities.*
2. *A unitholder who is entitled to participate in the Meeting is entitled to appoint not more than 2 proxies to participate instead of him/her. A proxy need not be a unitholder. Where a unitholder appoints more than 1 proxy, the appointments shall be invalid unless he/she specifies the proportions of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.*
3. *Where a unitholder is a corporation, its duly authorised representative shall be entitled to participate in the meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to participate and vote.*
4. *Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with units standing to the credit of the said securities account. Where a unitholder appoints more than 1 proxy, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney so authorised.*

6. *The form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or authority shall be deposited with the Share Registrar, Boardroom Share Registrars Sdn Bhd, located at the Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, no later than Wednesday, 12 October 2022 at 12:30 p.m. being 24 hours before the time appointed for holding the Meeting or any adjournment thereof. Alternatively, you may choose to submit the proxy appointment via electronic means through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> before the form of proxy submission cut-off time as mentioned above.*
7. *Only unitholders registered in the Record of Depositors of KIP REIT as at 6 October 2022 shall be entitled to participate, vote and speak at the Meeting or appoint proxy(ies) to participate and vote on his/her behalf.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the ordinary resolutions set out in the Notice of the Meeting will be put to vote by way of a poll.*
9. *The Circular is available on KIP REIT's website at www.kipreit.com.my which unitholders can view or download at their convenience.*



KIP REAL ESTATE INVESTMENT TRUST

(established in Malaysia under the Trust Deed dated 2 November 2016, an amended and restated deed dated 12 December 2019 and a supplementary deed dated 29 September 2020 between KIP REIT Management Sdn Bhd and Pacific Trustees Berhad)

FORM OF PROXY

No. of Units held	
CDS Account No.	

I/We.....(name of unitholder as per NRIC, in capital letters) NRIC No./Passport No./Company No.....
 Tel/Mobile No.....of.....
(full address) being a unitholder(s)
 of KIP REAL ESTATE INVESTMENT TRUST ("KIP REIT") and entitled to vote hereby appoint:

FIRST PROXY 'A'

Full name	NRIC No./Passport No./ Company No.	Proportion of unitholdings represented	
Email address		No. of units	%

and/or failing *him/her

SECOND PROXY 'B'

Full name	NRIC No./Passport No./ Company No.	Proportion of unitholdings represented	
Email address		No. of units	%

100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Meeting of KIP REIT to be conducted on a virtual basis via RPEV facilities on the following Meeting Platform, set out below and at any adjournment thereof:

- Online Meeting platform : <https://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC - D6A357657)
Provided by Boardroom Share Registrars Sdn Bhd
- Day and date : Thursday, 13 October 2022
- Time : 12:30 p.m. or immediately after the conclusion of the Sixth Annual General Meeting of the Unitholders to be held on the same day at 10:30 a.m. whichever is later, or at any adjournment thereof
- Broadcast Venue : 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor

* Strike out whichever not applicable

Ordinary Resolution		For	Against
1.	Proposed Acquisition 1		
2.	Proposed Lease 1		
3.	Proposed Acquisition 2		
4.	Proposed Lease 2		
5.	Proposed Acquisition 3		
6.	Proposed Lease 3		

(Please indicate with an "X" in the space provided above on how you wish to direct your proxy to cast his/her/their vote. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her/their discretion.)

Dated this.....day of2022

Signature/Common Seal of unitholder

FOLD THIS FLAP FOR SEALING

THEN FOLD HERE

Affix
stamp

BOARDROOM SHARE REGISTRARS SDN BHD
(The Share Registrar for KIP Real Estate Investment Trust)
GROUND FLOOR OR 11TH FLOOR, MENARA SYMPHONY
NO. 5, JALAN PROF. KHOO KAY KIM
SEKSYEN 13, 46200 PETALING JAYA
SELANGOR DARUL EHSAN, MALAYSIA

1ST FOLD HERE
