

6. THE MANAGER

6.1 CORPORATE INFORMATION

The Manager, KIP REIT Management Sdn Bhd was incorporated in Malaysia on 18 December 2015. As at the date of this prospectus, it has an authorised share capital of RM1,000,000.00 comprising 1,000,000 ordinary shares of par value RM1.00 each of which 1,000,000 shares have been issued and fully paid up.

The principal activity of the Manager is to manage and administer KIP REIT. The Manager is a wholly-owned subsidiary of Kip Homes Sdn Bhd, which in turn is jointly-owned by the Promoters.

6.2 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE MANAGER

The Manager shall, subject to the provisions of the Deed and the Relevant Laws and Requirements, carry out all activities as it may deem necessary for the management of KIP REIT and its business. The Manager's main responsibility is to manage activities in relation to KIP REIT.

The Manager shall, in managing KIP REIT, undertake primary management activities in relation to KIP REIT, including but not limited to overall strategy, risk management strategy, new acquisition and disposal analysis, marketing and communications, individual asset performance and business planning, market performance analysis and other activities as provided under the Deed.

In addition, the Manager covenants with the Trustee and each of the Unitholders, among others, the following:

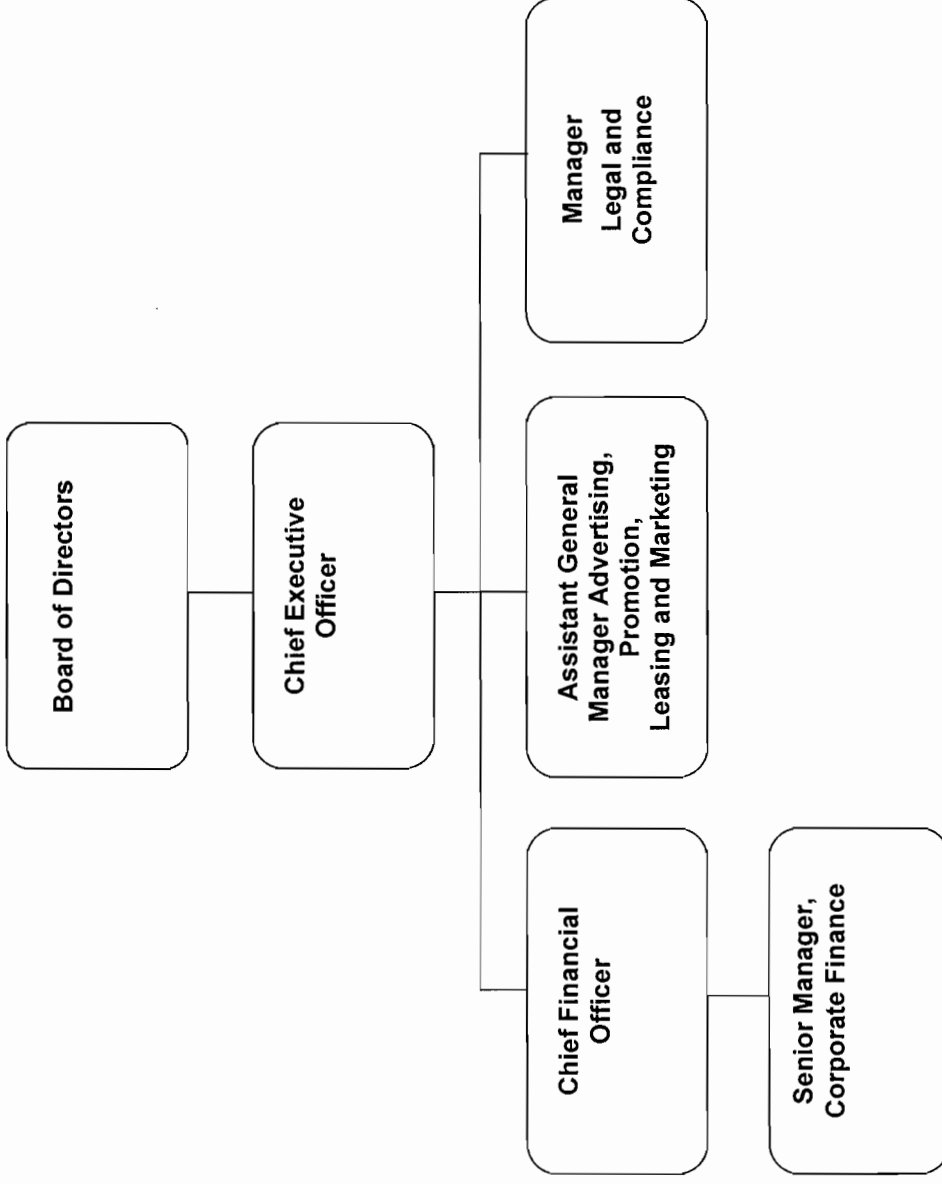
- (i) to carry on and conduct its business in a proper, diligent and efficient manner and ensure that KIP REIT is managed and administered in a proper, diligent and efficient manner and in accordance with the Deed and the Relevant Laws and Requirements and in accordance with acceptable and efficacious business practices in the real estate investment industry;
- (ii) to act with due care, skill and diligence in managing KIP REIT and effectively employ the resources and procedures necessary for the proper performance of KIP REIT;
- (iii) to observe high standards of integrity and fair dealing in managing KIP REIT to the best and exclusive interest of the Unitholders;
- (iv) not to take on, lease or otherwise acquire, any immovable property or any interest therein, except for the purposes of operating KIP REIT and those entered into in the ordinary course of business;
- (v) not to make improper use of its position in, or information acquired through, managing KIP REIT to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interest of Unitholders and to ensure that its officers and delegates comply with the same;
- (vi) to make available, or ensure that there is made available, to the Trustee such information as the Trustee requires with respect to all matters relating to KIP REIT to which the Deed relates;

- (vii) to the same extent as if the Trustee was a director of the Manager:
 - (a) to make available to the Trustee or an authorised officer or employee of the Trustee or the Auditor appointed by the Trustee, for inspection, the whole of the books and records of the Manager in relation to KIP REIT wherever kept;
 - (b) to make available to the Trustee or an authorised officer or employee of the Trustee or the Auditor appointed by the Trustee, for inspection, all financial and other records of KIP REIT wherever kept; and
 - (c) to give to the Trustee or an authorised officer or employee of the Trustee or the Auditor appointed by the Trustee such oral or written information, explanation or other assistance that they may require with respect to all matters relating to KIP REIT or any Deposited Property (whether acquired before or after the date of the Deed) or otherwise relating to the affairs of KIP REIT;
- (viii) to ensure that KIP REIT has, at all times, an appointed Trustee and a person responsible for ensuring compliance with the Deed and the Relevant Laws and Requirements;
- (ix) to appoint a property management company which has been approved by the Trustee to manage the Real Estate held by KIP REIT and which possesses adequate human resources with the necessary qualifications, expertise and experience in real estate management;
- (x) to ensure that all Real Estate held by KIP REIT is kept in good repair, that all valid notices from and requirements of proper authorities in relation thereto are observed and complied with and that they are let and otherwise dealt with to the best advantage;
- (xi) to furnish the Trustee with a copy of all announcements that the Manager makes to Bursa Securities as soon as practicable after the announcement is made to Bursa Securities;
- (xii) to ensure that its officers and delegates comply with all of its duties and obligations prescribed under the Relevant Laws and Requirements;
- (xiii) to take all necessary steps to ensure that the Deposited Property is adequately protected and properly segregated from other property, whether belonging to the Trustee, Manager or to other third party;
- (xiv) to insure and keep covered or insured in the name of the Trustee for their full replacement value or such amounts as may be recommended by a qualified valuer against fire, explosion, storm, tempest, flood, lightning and other usual risks including loss of rent where applicable on all Real Estate comprised in the Deposited Property and on request by the Trustee produce for the inspection of the Trustee all insurance policies effected;
- (xv) to account to the Trustee for any loss suffered by the fund as a result of the Manager's failure to exercise the degree of care and diligence required in operating and managing KIP REIT;
- (xvi) to ensure that the Deposited Property is held separately, legally, from the assets of the Manager and any other fund managed by the Manager;
- (xvii) to take all reasonable steps and exercise due diligence to ensure that the Deposited Property and the Units are correctly valued in accordance with provisions of the Deed and the Relevant Laws and Requirements;
- (xviii) to establish and maintain risk management systems and controls to enable it to identify, assess, mitigate, control and monitor risks in relation to KIP REIT;

- (xix) to have adequate human resource with the necessary qualification, expertise and experience to carry on business as a manager;
- (xx) to have adequate and appropriate systems, procedures and processes to undertake the business in a proper and efficient manner; and
- (xxi) to pay the Trustee within 10 Business Days after its receipt, any moneys payable by it to the Trustee under the Deed.

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6.3 CORPORATE STRUCTURE OF THE MANAGER



6.4 DIRECTORS OF THE MANAGER

The Board is entrusted with the responsibility for the overall management of the Manager. The Board consists of five directors. The following table sets forth certain information regarding the directors of the Manager:

No.	Name	Nationality	Position
1.	Dato' Syed Hussain bin Syed Husman	Malaysian	Chairman and Senior Independent Non-Executive Director
2.	Dato' Chew Lak Seong	Malaysian	Managing Director and Non-Independent Executive Director
3.	Dato' Ong Kook Liong	Malaysian	Non-Independent Executive Director
4.	Datuk Mohamed Arsad bin Sehan	Malaysian	Independent Non-Executive Director
5.	Foo Lee Khean	Malaysian	Independent Non-Executive Director

6.4.1 Experience and Expertise of the Board of Directors

Information on the business and working experience of the directors of the Manager is set out below:

- (i) **Dato' Syed Hussain bin Syed Husman** was appointed to the Board as a Director on 20 April 2016.

He is currently an Executive Director and the Chief Executive Officer of SVTT Resources Sdn Bhd (*formerly known as SVT Resources Sdn Bhd*), a position he has held since 2011. He is also currently an Independent and Non-Executive Director and Chairman of Remuneration Committee of Kian Joo Can Factory Berhad since 2015.

He also sits on the board of Universiti Putra Malaysia and is the Chairman of Putra Business School.

He began his career in 1987 with Imperial Chemical International /Chemical Company Malaysia Berhad as a Human Resources Officer and was promoted to HR Manager of the group in 1990. He was with Procter & Gamble, Malaysia/Singapore as Human Resources and External Affairs Director (1992 to 1997) and Rothmans of Pall Mall (Malaysia) Berhad (1997 to 2000). He was appointed to the board of directors of Rothmans in 1998 and served British American Tobacco (Malaysia) Berhad (2000 to 2004) as Director, Human Resources – Public Relations and Security Affairs. He joined Ramunia Holdings Bhd in 2006 and left as Group Director, Human Resources, Communications and Information Technology in 2008.

He was the Group Director of Human Resource & Corporate Affairs at Petrofield (M) Sdn Bhd between 2008 and 2010.

He was awarded "HR Manager of the Year Award 1999" by the Malaysian Institute of Human Resource Management and Ministry of Human Resource Malaysia and "Justice of Peace" by His Highness Sultan of Negeri Sembilan in July 2000. appointed a Fellow of the Malaysian Institute of Human Resources Management in 2000, a Justice of Peace in July 2000, an Associate member of the Commonwealth Magistrates and Judges Association, CMJA. He is also a Council Member of the Malaysian Employers Federation, member of the National Skills Council and National Labour Advisor Council. He was also granted the title, "Accredited Public Relation Practitioner" (APR) by the Institute of Public Relations Malaysia in August 2005.

He holds a Bachelor in Business Studies degree and a Masters in Business Administration from Western Illinois University, Illinois, USA. He also attended the Senior Management Development Program at Harvard Business School, USA in 2002.

- (ii) **Dato' Chew Lak Seong** was appointed to the Board as Managing Director on 18 December 2015.

He is the co-founder of the KIP group of companies and has been the Managing Director of KIP group of companies since 1997.

He has over 35 years of experience in property development and investment, hospitality, retail design and development, project management and corporate management. He was instrumental in the completion of Kipark Puchong, Kipark Selayang, Harmoni Park, Taman Tampoi Indah in Johor and Taman Perindustrian KIP in Kuala Lumpur, a mixed development comprising of high-rise medium-cost apartments, shop houses and factories.

Under the Promoters' leadership, KIP group of companies has successfully revived an abandoned mixed development project located in Sri Utara, Kuala Lumpur, namely Kipark Sri Utara, consisting of residences (Taman Seri Utara), offices (Menara KIP) and hotel (KIP Hotel), with a combined gross development value of more than RM500.0 million.

He began his career in 1980 as a project manager in MBf Property Services Sdn Bhd, where he was involved in projects in Penang, namely, 1 Persiaran Gurney condominium, Midland Park condominium, and Boundary Court apartments. In 1988, he joined Rawang Industrials & Property Sdn Bhd as general manager of property development where he was involved in Rawang Jaya mixed development, Kepong Sentral shop apartments and Desa Jaya mixed development in Johor Bahru.

He subsequently joined Tanco Properties Sdn Bhd as general manager of property development from 1990 to 1993. At Tanco Properties Sdn Bhd, he was involved in a development known as Rawang Country Homes, a 200-acre mixed development of retail and residential properties and the Duta Vista apartments in Kuala Lumpur.

From 1993 to 1997, he was Managing Director of property development in Meda group of companies. He contributed towards the success in the completion of the Summit Square, Summit Parade, Summit City and Plaza Bukit Mertajam.

He holds a B.Sc (Hons) Degree majoring in Housing, Building and Planning from University Sains Malaysia.

- (iii) **Dato' Ong Kook Liong** was appointed to the Board as a Director on 18 December 2015.

He is the co-founder of the KIP group of companies and is an Executive Director of KIP group of companies. He is responsible for spearheading leasing, retail development conceptualisation and tenant mix strategy for all projects including the KipMart portfolio.

He has over 27 years of experience in sales and marketing of property, property investment and hospitality. He was instrumental in the planning, design, marketing and completion of Kipark Puchong, Kipark Selayang, Harmoni Park, Taman Tampoi Indah in Johor and Taman Perindustrian KIP in Kuala Lumpur, a mixed development comprising of high-rise apartments, shop houses, factories and landed properties.

Under the Promoters' leadership, KIP group of companies has successfully revived an abandoned mixed development project located in Sri Utara, Kuala Lumpur, namely Kipark Sri Utara, consisting of residences (Taman Seri Utara), offices (Menara KIP) and hotel (KIP Hotel), with a combined gross development value of more than RM500.0 million.

He began his career in 1989 as a sales executive in MBf Property Services Sdn Bhd where he was involved in the Kepong Sentral project and Rawang Industrial Park development. He joined Tanco Properties Sdn Bhd in 1991 as a sales manager, where he was involved in the sales and marketing of a development known as Rawang Country Homes, a 200-acre mixed development of retail and residential properties.

From 1993 to 1997, he was Executive Director of property development in Meda group of companies. He contributed towards the success in the completion of the Summit Square, Summit Parade, Summit City and Plaza Bukit Mertajam.

- (iv) **Datuk Mohamed Arsad bin Sehan** was appointed to the Board as a Director on 20 April 2016.

Currently, he is the Executive Director of PureCircle Sdn Bhd, a member of the PureCircle Limited Group, which is a producer and supplier of high purity intensity natural sweeteners and flavours made from the stevia plant. He holds various directorships in other companies namely as Independent Non-Executive Director of SYF Resources Berhad since 2011 where he sits in the Audit Committee and Nomination Committee. He is also a Senior Independent Non-Executive Director of Bertam Alliance Berhad since 2014 and serves as the Chairman of the Nomination Committee.

He has more than 30 years of working experience in banking and finance institutions. Datuk Mohamed Arsad bin Sehan began his career with Bank Kerjasama Rakyat Malaysia Berhad in 1978 as a bank officer. In Bank Kerjasama Rakyat Malaysia Berhad, he held senior management positions, including General Financing and Division Head of Planning and Corporate Services.

He spent seven years as Managing Director and Chief Executive Officer in a private limited company dealing in the manufacture and supply of standby power systems, whilst on secondment from Bank Kerjasama Rakyat Malaysia Berhad.

He holds a Bachelor of Economics (Statistics) degree from the University of Malaya.

- (v) **Foo Lee Khean** was appointed to the Board as a Director on 18 May 2016

He is a SC licensed Investment Representative and a Director of Strategic Capital Advisory Sdn Bhd., a company specialising in corporate finance.

He holds various directorships in other companies namely as Non-Independent Non-Executive Chairman of Systech Berhad since 2011, Independent Non-Executive Director of Kumpulan Jetson Berhad since 2010 and Senior Independent Non-Executive Director of Kumpulan Jetson Berhad since 2013. He also serves as an Independent Non-Executive Director where he is a member of the Audit Committee, Nomination Committee, Remuneration Committee and the Employees Share Option Scheme Committee in SYF Resources Berhad.

He is Independent Non-Executive Director of SMIS Corporation Berhad since 2007 and serves as the Chairman of the Audit and Risk Committee and Nomination Committee. He is also a member of the Remuneration Committee.

He has 29 years of working experience in the accounting and finance sector, starting with Coopers & Lybrand Malaysia in 1987 under the restructuring and recovery department, before leaving as Senior Associate in 1989 to join PriceWaterhouseCoopers ("PwC"), Singapore, also in the restructuring and recovery department. He left PwC in 1990 to join Arthur Andersen, Singapore before being transferred to Arthur Andersen, Malaysia in 1991 in the corporate recovery and corporate finance division.

Whilst in Arthur Andersen, Malaysia, his responsibilities include handling forensic audit, general receivership, mergers and acquisitions as well as corporate finance activities such as initial public offerings, fund-raising exercises and debt restructuring. Upon Arthur Andersen's merger with Ernst & Young in 2002, he was appointed as the Director of Corporate Finance before leaving in 2005 to join Strategic Capital Advisory Sdn. Bhd.

Foo Lee Khean is a fellow member of the Malaysia Institute of Accountants as well as the Chartered Institute of Management Accountants, United Kingdom.

6.4.2 Directorships of Directors of the Manager in other Management Companies

As at the Latest Practicable Date, none of the directors of the Manager hold directorships in any other management companies, whereby for these purposes, management company refers to a company by which or on whose behalf a unit of a unit trust scheme or prescribed investment scheme-

- (i) has been or is proposed to be issued or offered for subscription or purchase; or
- (ii) in respect of which an invitation to subscribe or purchase has been made,

and includes any person for the time being exercising the functions of the management company.

6.4.3 Role of the Board of Directors

The key roles of the Board are to:

- (i) guide the corporate strategy and directions of the Manager (including acquisition and divestment of the Deposited Property);
- (ii) oversee the proper conduct of the Manager (including budgeting approval and all other financial matters);
- (iii) set the guidelines for internal controls;
- (iv) ensure compliance with the Relevant Laws and Requirements;
- (v) determine and approve the distribution amounts to Unitholders and payment of Management Fees; and
- (vi) evaluate and approve the acquisition and divestment of properties.

The Board comprises of five members. Each director of the Manager has been appointed on the basis of his professional experience and ability to contribute to the proper guidance of KIP REIT.

The Board will have in place a set of internal controls which set out certain approval limits to facilitate operational efficiency as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Changes to regulations and accounting standards are monitored closely by the Audit and Risk Management Committee. To keep pace with regulatory changes, where these changes have an important bearing on the Manager's or its directors' disclosure obligations, the directors of the Manager will be briefed either during Board meetings or at specially convened sessions involving relevant professionals.

The Management also provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

At least one-third of the directors of the Manager are non-executive and independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board to facilitate the making of informed and critical decisions. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with clear identifiable roles of the Chairman and the Chief Executive Officer, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective oversight and clear segregation of duties. The Chairman of the Board is Dato' Syed Hussain bin Syed Husman, while the Chief Executive Officer is Lim Han Gie.

There are clear and identifiable roles and responsibilities for the Chairman, the Managing Director and the Chief Executive Officer of the Manager. This is to ensure an appropriate balance of power and authority to facilitate effective oversight and clear segregation of duties. The Chairman assumes responsibility for the management of the Board and ensures that members of the Board and the management work together in a constructive and respectful manner, and that the Board communicates effectively with the management by engaging in constructive debate on strategies, business operations, enterprise risk and other plans. The Managing Director as a representative of the Board, together with the Chief Executive Officer is accountable to the Board to recommend ideas and set strategic policies for KIP REIT. The Chief Executive Officer is responsible for the implementation of Board policies and decisions and has full executive responsibility over the business direction and the strategy implementation of KIP REIT, including the day-to-day operational management of KIP REIT, execution of the agreed business policies and direction set by the Board and of all operational decisions in managing KIP REIT.

The Board has direct access to the advice and services of senior management and the company secretary in furtherance of their duties. The Board may seek independent professional advice on any matter connected with the discharge of its responsibilities as it may deem necessary and appropriate.

Audit and Risk Management Committee

The Audit and Risk Management Committee was established to assist the Board in assessing the risks and control environment, overseeing financial reporting, evaluation the internal and external audit process as well as reviewing situations caused by conflicts of interest and related party transactions of KIP REIT.

The Audit and Risk Management Committee comprises Dato' Syed Hussain bin Syed Husman, Datuk Mohamed Arsad bin Sehan and Foo Lee Khean. Foo Lee Khean will assume the position of Chairman of the Audit and Risk Committee.

The key duties and responsibilities of the Audit and Risk Management Committee are:

(i) **Risk Management and Internal Control**

- (a) review the adequacy and effectiveness of the risk management, internal control system and management information system of KIP REIT;
- (b) review the extent of compliance with established internal policies, standard plan, procedures, law and regulations and observance of a proper code of conduct; and
- (c) advise the Board on risk policy matters including but not limited to oversight of compliance with KIP REIT's risk management policy, review and/or recommend changes to risk policies for Board approval.

(ii) **Financial Reporting Review**

Review the quarterly and annual financial statements prior to the approval by the Board, focusing particularly on:

- (a) any changes in or implementation of new accounting policies and practices;
- (b) significant adjustments arising from the audits;
- (c) compliance with the applicable approved accounting standards, other statutory and legal requirements; and
- (d) the going concern assumption.

(iii) **External Audit**

- (a) assess the performance and effectiveness of the external auditors and to consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of KIP REIT's external auditors;
- (b) review with the external auditors the nature and scope of the audit plan and audit reports;
- (c) review and monitor the external auditors' independence, objectivity and the effectiveness of the audit process and their services, including non-audit services; and
- (d) review external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Manager in order to be satisfied that appropriate action is being taken.

(iv) **Internal Audit**

- (a) review the adequacy of the scope, functions, independence, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (b) evaluate the adequacy, efficiency and effectiveness of the internal controls and the appropriateness of the accounting policies adopted by KIP REIT; and
- (c) review internal audit programmes and findings arising from audits and the performance of the internal audit function and report to the Board when necessary.

(v) **Conflicts of Interest Situations and Related Party Transactions**

- (a) review any related party transaction and conflict of interests situation that may arise within the Manager and/or KIP REIT including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (b) ensure that the Manager has clear lines drawn with respect to the use of the assets of the Manager and KIP REIT and related party transactions.

Nomination Committee

The Nomination Committee was established to assist the Board in assessing and recommending to the Board suitable candidates to act as directors of the Manager.

The Nomination Committee comprises Dato' Syed Hussain bin Syed Husman, Datuk Mohamed Arsad bin Sehan and Foo Lee Khean. Datuk Mohamed Arsad bin Sehan will assume the position as Chairman of the Nomination Committee.

The key duties and responsibilities of the Nomination Committee are as follows:

- (i) to carry out annual performance assessment on the Board as a whole including the performance and contribution of each director and to ensure that the Board has the optimal mix of qualification, skills, experience and other qualities;
- (ii) to review the succession plans for directors and other key executive officers to ensure that an appropriate balance of skills and experience for KIP REITs business to be maintained;
- (iii) to assess and recommend to the Board, the independent directors' potentiality in the event of retaining an independent director after serving in that capacity for a cumulative term of nine (9) years; and
- (iv) to review and recommend suitable training programmes for the Board members including board induction and training for new directors.

Remuneration Committee

The Remuneration Committee was established to assist the Board in establishing a formal and transparent remuneration policy or framework for directors, senior and key management personnel.

The Remuneration Committee comprises Dato' Syed Hussain bin Syed Husman, Dato' Chew Lak Seong and Datuk Mohamed Arsad bin Sehan. Dato' Syed Hussain bin Syed Husman will assume the position as Chairman of the Remuneration Committee.

The key duties and responsibilities of the Remuneration Committee are as follows:

- (i) to recommend the remuneration framework for directors as well as the remuneration packages of the Chief Executive Officer, Executive Directors and senior and key management positions such as Chief Financial Officer, Chief Operating Officer and Assistant General Manager;
- (ii) to review the performance of and recommend to the Board for approving the annual total remuneration packages of individual executive directors and key management;
- (iii) to review and recommend the remuneration of non-executive directors to the Board;

- (iv) to formulate and review the said remuneration packages with the aim of attracting, retaining and motivating individuals of the highest calibre which are required to manage the business of KIP REIT and uphold Unitholders' interest; and
- (v) to review and make recommendations on any other matters related to remuneration referred by the Board from time to time.

6.5 MANAGEMENT TEAM OF THE MANAGER

The executive officers of the Manager are entrusted with the responsibility for the daily operations of the Manager. The following table sets forth information regarding the executive officers of the Manager:

Name	Nationality	Position
Lim Han Gie	Malaysian	Chief Executive Officer
Chan Heng Wah	Malaysian	Chief Financial Officer
Mohd Nizam Bin Hj Abd Hamid	Malaysian	Assistant General Manager, Advertising, Promotion, Leasing and Marketing
Yee Sieow Teng	Malaysian	Senior Manager, Corporate Finance
Lee Yit Siong	Malaysian	Manager, Legal and Compliance

6.5.1 Expertise and Experience of Executive Officers

Information on the working experience of the executive officers of the Manager is set out below:

(i) **Lim Han Gie**, Chief Executive Officer

He has 30 years of working experience in the field of architecture, project management, property development, and retail leasing management.

He began his career as an assistant architect in 1985 in an architecture firm based in Penang and Singapore. He joined MBf Property Services Sdn Bhd, as Project Manager in 1989, before leaving as Executive Vice President in 1999. He oversaw feasibility studies and project management of mixed housing, shopping centre, hotels, apartments and office building in various locations in Johor , Penang and Kuala Lumpur.

Prior to joining the KIP group of companies, he joined Macquarie (HK) Property Services Ltd from 1999 to 2000 as General Manager, overseeing housing developments in Shanghai.

In 2001, he joined the KIP group of companies as the general manager overseeing the property development projects and the operations of KIP Marts in Malaysia's southern region. He is also actively involved in project management and development, with an emphasis on community-centric and neighbourhood shopping centres. He was involved in the implementation of the KiP Mart business model and has led the introduction of three KiP Marts which are located in Tampoi, Kota Tinggi and Masai, all located in Johor. He was also involved in the formation of KIP REIT.

He holds a Bachelors Degree in Architecture and a Master of Business Administration degree, both from the National University of Singapore.

(ii) **Chan Heng Wah**, Chief Financial Officer

He has more than 30 years of financial exposure in corporate planning, taxation, treasury, finance, accounting, stand-alone credit card operations, timesharing, resort management, business operations management and property development.

He started his career with BATA (Malaysia) Bhd in 1975 as an Accounts Executive and moved to Tan & Tan Development Sdn. Bhd. in 1980 as an Accounts Executive. He joined MBf Card Services Sdn. Bhd. in 1987 as an Assistant Accountant and was subsequently promoted to Senior Manager. He was seconded to Hong Kong in 1995 as a Senior Manager- Finance and was eventually promoted to Assistant Vice President for overseas operation finance. His responsibilities include overseeing the financial management of credit card operations and property investment.

He returned to Malaysia in 2003 to join Leisure Holidays Bhd, a subsidiary of MBf Corporation Bhd as the Chief Operating Officer and was transferred to MBf Corporation Bhd later as the Group Financial Controller from 2004 until 2007.

He was the Group Financial Controller of the KIP group of companies since 2007, overseeing the group's treasury and financial management, IT, human resources and administration divisions. He was involved in the finance, operations and property investment functions for the KIP group of companies. He was also involved in the formation of KIP REIT.

He holds a Master of Business Administration (MBA) in Finance and Accountancy from Newport University specialising in Total Quality Management, and is an associate member of the Canadian Chartered Institute of Finance & Accountancy.

(iii) **Mohd Nizam Bin Hj. Abd. Hamid**, Assistant General Manager, Advertising, Promotion, Leasing and Marketing

He started his career as an Advertising Executive with Cerah Ilham Advertising Sdn Bhd from 2000 to 2001. He then moved to GIANT Cash & Carry hypermarket from 2001 until 2003 as an Advertising and Promotions Assistant. He joined the KIP group of companies in 2003 as a Marketing and Advertising Executive, and was promoted to Senior Marketing Executive in 2005.

He was the Assistant General Manager of advertising, promotion, leasing and marketing of the KIP group of companies, where he was responsible for, amongst others, sourcing for prospective tenants for the KIP Marts, introducing policies and procedures to increase, improve, and maximise tenant occupancy of the KIP Marts and overseeing all advertising and promotion planning, budgeting, leasing and marketing activities of the KIP Marts.

He holds a Diploma in Architecture from Petaling Jaya Community College.

(iv) **Yee Sieow Teng**, Senior Manager, Corporate Finance

She is a Chartered Accountant and has 12 years of experience in accounts, finance and audit in various industries, including property development, trading, manufacturing, construction, hotel, and travel and tour services.

She started her career with an audit and accounting firm, Messrs. Yuen Tang & Co in 2003 as Audit Assistant and promoted to Senior Audit Supervisor. She moved to Messrs. SJ Grant Thornton as Audit Senior in 2008 and Leslie Yap & Co as Audit Manager in 2009.

She joined the KIP group of companies in 2012 as Manager-Corporate Finance and Audit Compliance where she is responsible for setting up audit plans and

identifying audit objectives for the KIP group of companies, performing internal audit reviews and producing audit reports on KIP Marts, and financial review and analysis, budgeting and planning for KIP Marts. She was also involved in the formation of KIP REIT.

She holds a professional qualification from the Association of Chartered Certified Accountants and is a member of the Malaysian Institute of Accountants.

(v) **Lee Yit Siong, Manager, Legal and Compliance**

He was called to the Bar as an Advocate and Solicitor of Malaya in 2001 when he began his career as a Legal Assistant in the Litigation/Conveyancing department of Messrs. J.C. Leong & Saw. In 2004, he joined Messrs. Thomas Philip and practised in the areas of banking litigation, industrial relations and labour office matters.

In 2005, he joined Messrs. Jeff Leong, Poon & Wong as a Legal Assistant and was involved in corporate and legal advisory work. Subsequently, between 2008 and 2009, he joined Messrs. Adnan Sundra & Low as a Senior Legal Assistant. His work scope included representing various banking and financial institutions in legal suits, as well as advising private debt securities holders and bondholders in respect of debt recovery and litigation matters. He subsequently joined The Store as the Head of Legal in 2010 and was responsible for their legal affairs.

He joined the KIP group of companies in 2015 as Legal Manager, where his role included advising on all legal matters, managing the legal department, providing legal advisory services and ensuring effective management of legal and contractual risks.

He holds a law degree from the University of London and a Certificate in Legal Practice (CLP) from the Legal Profession Qualifying Board, Malaysia and is a former member of the Bar Council of Malaysia.

6.5.2 Roles of the Executive Officers of the Manager

The **Chief Executive Officer** performs the following roles:

- (i) oversee the day-to-day operational management of KIP REIT;
- (ii) be responsible for proposing and working with the Board to determine the overall business, investment and operational strategies or policies for KIP REIT;
- (iii) be responsible for reporting to the Board in respect of the results, financial information, potential investment opportunities, status of the implementation of policies, strategies and decisions;
- (iv) be responsible for working with the other members of the management team as well as the Property Manager to ensure that the business, investment and operational strategies of KIP REIT are implemented in accordance with the Manager's stated investment strategy and also in accordance with the Deed, SC Act and Guidelines on REITs including all other applicable laws, requirements and guidelines;
- (v) be responsible for planning the future strategic development of KIP REIT in accordance with the stated operational and investment objectives of KIP REIT;
- (vi) be responsible for the adoption and effective implementation of policies and/or procedures for the effective communication with, and appropriate disclosure to unitholders, other stakeholders and the access to relevant information about the REIT as a publicly listed entity; and
- (vii) be responsible for formulating business and/or operational plans and strategies for properties with short, medium and long-term objectives, and with a view to

maximising the rental income of KIP REIT via proactive asset management that includes asset enhancement initiatives and refinement of tenancy mix.

The **Chief Financial Officer** performs the following roles:

- (i) work with the Chief Executive Officer and the other team members of the Manager's team to formulate strategic plans for KIP REIT in accordance with the Manager's stated investment strategy;
- (ii) be responsible for applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of KIP REIT's short and medium-term business plans and cash and funding management activities;
- (iii) be responsible for the preparation of all relevant financial reporting (including interim reporting) required under relevant regulatory requirements, including but not limited to the Relevant Laws and Requirements;
- (iv) be responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhance and optimise the value of KIP REIT's portfolio, or divestments where a property is no longer strategic, fails to enhance the value of KIP REIT's portfolio or fails to be yield accretive;
- (v) ensuring that investments are in line with KIP REIT's investment policy, objective and strategies;
- (vi) ensuring completion of acquisitions and financing arrangements;
- (vii) overseeing the acquisition/divestment process of any such investments by the REIT, including being responsible for the due diligence process of such investments/divestments, and the recommendation of the appointment of any external parties or professionals required;
- (viii) develop financial models including undertaking detailed analysis to test the financial impact of different courses of action and to report performance of the REIT's existing and new investments; and
- (ix) maintaining continuous disclosure and communication to the unitholders, the public and potential investors.

The **Advertising, Promotion, Leasing and Marketing Assistant General Manager** performs the following roles:

- (i) lead a team covering leasing, operations and marketing for KIP REIT to oversee and review the performance of the Property Manager;
- (ii) work closely with the Property Manager to implement KIP REIT's strategies to maximise the income generation potential and minimise the expense base of the properties without compromising its marketability, and to improve the overall management, operations and attractiveness of the Subject Properties; and
- (iii) work closely with the Property Manager to implement KIP REIT's leasing strategies for the properties and to actively engage existing tenants in order to improve rentals.

The **Legal and Compliance Manager** performs the following roles:

- (i) be responsible for advising and monitoring the internal corporate governance policies and operations of KIP REIT to ensure that there are no breaches of the covenants of the Deed and any other contracts/agreements entered into by KIP REIT with third parties;

- (ii) be responsible for advising and monitoring compliance with the Relevant Laws and Requirements governing the REIT, the property portfolio and the REIT's listing on the Main Market.
- (iii) report directly to the Board of Directors of the Manager on specific compliance matters; and
- (iv) oversee the preparation of legal documents in relation to property acquisition, disposal, tenancy, leasing and borrowings, including any other relevant legal documentation required by the REIT and/or its property portfolio.

6.6 MANAGEMENT FEES

6.6.1 Details of the Management Fees

The Manager may elect to receive the Management Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). The Manager is entitled under the Deed to the following Management Fees (exclusive of GST, if any):

(i) Base Fee

Up to 1.0% per annum of the Total Asset Value of KIP REIT (excluding cash and bank balances) in the relevant financial year.

The Manager intends to charge a Base Fee of 0.4% and 0.5% per annum of the Total Asset Value of KIP REIT (excluding cash and bank balances) for the Forecast Period 2017 and Forecast Year 2018.

(ii) Performance Fee

Up to 5.0% per annum of the Net Property Income of KIP REIT in the relevant financial year.

The Manager intends to charge a Performance Fee of 1.0% per annum of the Net Property Income of KIP REIT for the Forecast Period 2017 and Forecast Year 2018.

(iii) Acquisition Fee

1.0% of each of the following as is applicable (subject to there being no double-counting):

- (a) in relation to an acquisition (whether directly or indirectly through the Trustee or one or more SPV of KIP REIT) of any Real Estate or Real Estate-Related Assets, the transaction value (being the total purchase price) of any Real Estate or any Real Estate-Related Assets purchased by KIP REIT or its SPV (pro-rated, if applicable, to the proportion of KIP REIT's interest); or
- (b) in relation to an acquisition (whether directly or indirectly through one or more SPV of KIP REIT) of any SPV or holding entities which holds Real Estate, the underlying value of any Real Estate (pro-rated, if applicable, to the proportion of KIP REIT's interest).

Any payment to third party agents or brokers in connection with the acquisition of any Real Estate and Real Estate-Related Assets for KIP REIT shall not be paid by the Manager out of the acquisition fee received or to be received by the Manager (but shall be borne by KIP REIT).

The Acquisition Fee is payable with respect to all transactions (which includes related party and non-related party transactions), including acquisitions from the Promoters.

For the avoidance of doubt, no Acquisition Fee is payable with respect to the acquisition of the Subject Properties in connection with the Listing.

(iv) Divestment Fee

0.5% of each of the following as is applicable (subject to there being no double-counting):

- (a) in relation to a disposal (whether directly or indirectly through the Trustee or one or more SPV of KIP REIT) of any Real Estate or Real Estate-Related Assets, the transaction value (being the total sale price) of any Real Estate or Real Estate-Related Assets disposed of by KIP REIT or its SPV (pro-rated, if applicable, to the proportion of KIP REIT's interest); or
- (b) in relation to a disposal (whether directly or indirectly through one or more SPV of KIP REIT) of any SPV or holding entities which holds Real Estate, the underlying value of any Real Estate (pro-rated, if applicable, to the proportion of KIP REIT's interest).

Any payment to third party agents or brokers in connection with the sale or divestment of any Real Estate and Real Estate-Related Assets for KIP REIT shall not be paid by the Manager out of the divestment fee received or to be received by the Manager (but shall be borne by KIP REIT).

The Divestment Fee is payable with respect to all transactions (which includes related party and non-related party transactions), including divestments to the Promoters, as well as for compulsory acquisitions.

The Management Fee should not be higher than that disclosed above in this Section 6.6 "Management Fees" unless:

- (a) the Manager has notified the Trustee in writing of the new higher rate and the Trustee consents to the same;
- (b) the Manager has announced to Bursa Securities of the higher fee rate and its effective date; and
- (c) 90 days has elapsed from the date of this Prospectus.

The Management Fee as disclosed in this section may only be varied upwards (from that stated in this Section 6.6 "Management Fees") with the prior approval of the Unitholders obtained by way of a majority resolution (or such other majority as may be required under the REIT Guidelines from time to time) and shall be effected by way of a supplemental deed in accordance with the requirements of the CMSA.

Based on the Profit Forecast, the Management Fee estimated for the Forecast Period 2017 and Forecast Year 2018 amounts to approximately RM1.8 million and RM3.3 million, respectively which was computed based on a base fee of 0.4% and 0.5% per annum of the Total Asset Value of KIP REIT (excluding cash and bank balances) and a performance fee of 1.0% per annum of the NPI for the Forecast Period 2017 and Forecast Year 2018.

The Management Fee is payable to the Manager in cash, new Units or a combination thereof as the Manager may elect. Any payment of the Management Fee in cash must be paid within seven days of (i) in respect of the Base Fee and Performance Fee, the announcement of the relevant quarterly financial reports; or (ii) in respect of the Acquisition Fee and Divestment Fee, the completion of the relevant acquisition or divestment (collectively, “**Trigger Events**”). Any payment of the Management Fee in new Units must be paid as soon as practicable after obtaining Bursa Securities’ approval for the listing of and quotation for the said Units. Where such approval cannot be obtained, the payment of the Management Fee will be paid in cash.

The Manager will ensure that the payment of the Management Fee in the form of new Units does not result in a conflict of interest by taking the following steps:

- (a) The payment of the Management Fee in the form of new Units will be in accordance with the following formula:

$$\text{New Units to be issued as payment of the Management Fee} = \frac{\text{Management Fee payable in Units}}{\text{Market Price}}$$

where the Market Price is the volume weighted average market price of the Units for the last five Market Days preceding each Trigger Event. With reference to any Books Closing Date, where the Trigger Event is before but the issuance of the new Units relating to such Trigger Event is after the said Books Closing Date, the Market Price will be further adjusted for the entitlement relating to such Books Closing Date; and

- (b) The Manager will make immediate announcements to Bursa Securities disclosing the number of new Units issued and the issue price of the new Units when new Units are issued as payment for the Management Fee. Payment of the Management Fees in Units shall be subject to KIP REIT complying with the public spread requirements under the Listing Requirements and there being no adverse implications under the Take-Over Code incorporated.

6.6.2 Illustration of the Management Fee Payable

To illustrate the Management Fee payable in any particular financial year (other than for financial period ending 30 June 2017 and FY2018, the following scenarios for KIP REIT’s financial position and performance as well as acquisition and divestment activities are assumed:

Total Asset Value as at the end of the current FY : RM580.0 million

NPI for the current FY : RM45.0 million

Acquisition activities during the FY : **Acquisition 1:** Acquisition of a Real Estate for a purchase consideration of RM100.0 million.

Acquisition 2: Acquisition of an SPV, which holds a Real Estate valued at RM100.0 million (by an independent valuer) and has borrowings of RM60.0 million, for a purchase consideration of RM40.0 million.

Divestment activities during the FY : **Divestment 1:** Divestment of a Real Estate for a sale consideration of RM100.0 million.

Divestment 2: Divestment of an SPV, which holds a Real Estate valued at RM100.0 million (by an independent valuer) and has borrowings of RM60.0 million, for a sale consideration of RM40.0 million.

Based on the above, the Management Fees payable by KIP REIT are illustrated on the two following scenarios as set out in the table below:

Base Case : Assuming Management Fee is charged at the rate in line with the assumptions for the Profit Forecasts (see Section 4.5.3.3 “Management Fee” of this Prospectus for further details)

Maximum Case : Assuming Management Fee is charged at the maximum rate provided for under the Deed

	<u>Base Case</u>	<u>Maximum Case</u>
Base Fee	0.4% of Total Asset Value = 0.4% of RM580.0 million = RM2.3 million	1.0% of Total Asset Value = 1.0% of RM580.0 million = RM5.8 million
Performance Fee	1.0% of NPI = 1.0% of RM45.0 million = RM0.5 million	5.0% of NPI = 5.0% of RM45.0 million = RM2.3 million
Acquisition Fee	Acquisition 1: 1.0% of transaction value (being the total purchase price) = 1.0% of RM100.0 million = RM1.0 million Acquisition 2: 1.0% of underlying value = 1.0% of RM100.0 million = RM1.0 million	
Divestment Fee	Divestment 1: 0.5% of transaction value (being the total sale price) = 0.5% of RM100.0 million = RM0.5 million Divestment 2: 0.5% of underlying value = 0.5% of RM100.0 million = RM0.5 million	

Apart from the event driven fees (being the Acquisition Fee and the Divestment Fee), the aggregate annual Management Fee (being the Base Fee and Performance Fee) and its proportion as a percentage of NPI based on the illustrations above are RM2.8 million (6.2% of NPI) and RM8.1 million (18.0% of NPI) for the Base Case and Maximum Case, respectively.

6.7 OUTSOURCING OF THE REGISTRAR FUNCTION

The SC has been notified of the outsourcing of the registrar function by the Manager to Symphony Share Registrars Sdn Bhd.

The Manager has entered into a service agreement with Symphony Share Registrars Sdn Bhd to delegate the function of registrar to Symphony Share Registrars Sdn Bhd.

Symphony Share Registrars Sdn Bhd was incorporated in Malaysia under the Act on 7 March 1996 and assumed its present name from Scans Registration Services Sdn Bhd on 26 June 2004. As at the Latest Practicable Date, the authorised share capital of Symphony Share Registrars Sdn Bhd is RM10,000,000.00 comprising 10,000,000 ordinary shares of RM1.00 each, of which 2,550,000 are issued and fully paid-up.

The principal services to be provided by the Registrar shall comprise, among others, the following:

- (i) maintenance and update of the Principal Register of Unitholders and providing the public access to the same in compliance with the CMSA, SICDA and/or any other relevant laws and in accordance with the provisions in the Deed;

- (ii) attending to relevant correspondences and enquiries from the Unitholders and any other interested parties pertaining to the Principal Register which include changes of names and addresses, distribution statements, unclaimed moneys, registration of powers of attorneys, letters of administration, grant of probate, indemnities, court orders and any other matters ancillary thereto;
- (iii) processing and issuing of Global Certificate to the Bursa Depository pursuant to bonus issue, rights issue and other corporate exercise subject to the satisfaction of the requirements of Bursa Securities (if applicable);
- (iv) preparing, sealing, signing, auditing and despatching duly registered Global Certificates to Bursa Depository;
- (v) preparing, signing and despatching of distribution to unitholders and reconciling the distribution accounts unless surrendered to the Registrar of Unclaimed Moneys in accordance with the Unclaimed Moneys Act 1965 (if applicable);
- (vi) auditing of all transfers, cancelled certificates, duly issued certificates (if applicable) and distribution payment warrants;
- (vii) providing list of names and printing of address labels for the purposes of mailing the notices, circulars, documents and annual reports to Unitholders;
- (viii) liaising with the Bursa Depository to facilitate depositing of Units, access to the Record of Depositors, statistics for Unitholders' information and for the purposes of the Unitholders' meeting or any other corporate actions, in compliance with SICDA;
- (ix) providing information to the Bursa Depository of the relevant dates for books closure and payment;
- (x) obtaining from Bursa Depository the list of Unitholders entitled to distribution;
- (xi) providing statistic reports or detailed Unitholders' information for annual report disclosure and as may be required by the Manager or the relevant authorities on a regular basis or upon receipt of a written request, which shall include the following:
 - (a) analysis of Unitholders by size and type;
 - (b) list of thirty largest Unitholders;
- (xii) preparing distribution master list, bonus master list, rights issue master list, list of major Unitholders, analysis of Unitholders and distribution in terms of size of unitholdings and percentage, unit capital ownership analysis and any other lists which are not specifically mentioned herein which is/are required by the Manager;
- (xiii) providing services for other corporate exercises, (bonus issue/rights issues and distribution payment), which shall include the provision of information on the following:
 - (a) entitlement list;
 - (b) excess applicants list; and
 - (c) successful allotment list.
- (xiv) maintenance of records, books and documents for the time period in accordance with the provisions as stipulated in the Relevant Laws and Requirements;
- (xv) acting as advisor to the Manager on all matters in relation to Bursa Depository or SICDA and be the official link between Bursa Depository and the Manager;
- (xvi) performing registration formalities on consolidation and splitting of Global Certificates received from Bursa Depository;

- (xvii) processing issue of new Units including computation and allotment, verification of data for crediting into the respective CDS accounts and the subsequent dispatching of new Global Certificates to Bursa Depository, notices of allotment and relevant confirmation letter(s) to the Unitholders; and
- (xviii) preparing for and handling the registration for Unitholders' meeting which includes the following:
 - (a) handling registration of Unitholders for meeting purposes; and
 - (b) handling lodgment and processing of proxy forms received up to providing the analysis of voting instruction based on proxy forms received.

Notwithstanding the above, the services of the Registrar are not intended, in anyway, to diminish the responsibilities of the Manager. The Registrar function is the responsibility of the Manager.

6.8 OUTSOURCING OF THE INTERNAL AUDIT FUNCTION

The SC has been notified the outsourcing of the internal audit function by the Manager to Audex .

Audex was incorporated in Malaysia under the Act on 17 September 1998 and assumed its present name from HMP Consultants Sdn Bhd on 27 August 2002. As at the Latest Practicable Date, the authorised share capital of Audex is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 100,000 are issued and fully paid-up. Audex is principally involved in the provision of internal audit services, corporate governance advisory, risk management consulting services and general consulting.

The Manager has entered into a service agreement with Audex to delegate the function of internal auditor to Audex.

The principal services to be provided by Audex shall comprise, amongst others, the following:

- (i) developing an internal audit plan;
- (ii) conducting an annual internal control review covering key business processes, including but not limited to, procurement and payment of property operating expenses and property enhancement services, tenancy management, collection of rentals, acquisition and divestment of investment properties and fund management activities;
- (iii) presenting the findings on internal control reviews to the board as and when required; and
- (iv) conducting a follow-up review to report on the status of implementation of management action plans arising from the internal control review conducted, as necessary.

Notwithstanding the above, the primary obligation, accountability and responsibility with regards to the scope of internal audit services shall remain with the Board and the Manager at all times.

The Manager shall ensure that the internal audit function implemented is an audit approach for KIP REIT which is guided by the International Professional Practice Framework of the Institute of Internal Auditors Malaysia.

6.9 OUTSOURCING OF COMPANY SECRETARIAL FUNCTION

The Manager has entered into a service agreement with CECS to delegate the function of company secretarial services to CECS.

CECS was incorporated in Malaysia under the Act on 22 April 2008. As at the Latest Practicable Date, the authorised share capital of CECS is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 100 are issued and fully paid-up.

The principal services to be provided by CECS shall comprise, amongst others, the following:

- (i) preparation and submission of return forms under the Act to the Companies Commission of Malaysia
- (ii) proper maintenance of statutory books;
- (iii) transmissions/submission of corporate announcements/replies to Bursa Securities electronically vide "BURSA LINK", if so required;
- (iv) drafting of all necessary notices, directors' resolutions, minutes of directors' meetings and shareholders' meetings and relevant documents under the direction and instruction of the Board;
- (v) attending meetings of directors/extraordinary general meetings and any other meetings of the Manager, if so required;
- (vi) preparation of Board papers for directors' meetings or any other meetings, if so required.
- (vii) providing certification of documents or statutory returns; and
- (viii) providing advisory services on matters relating to the statutory requirements as prescribed under the various statutes, the latest updates on legislative changes and such other matters relating to good corporate and secretarial practices and grant, licence and economic status applications.

Notwithstanding the above, the services of CECS are not intended, in anyway, to diminish the responsibilities of the Manager. The company secretarial function is the responsibility of the Manager.

6.10 UNITHOLDINGS OF THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL OF THE MANAGER IN KIP REIT

KIP REIT was established on 4 November 2016. Prior to the Acquisitions and Offering, the substantial shareholders, directors and key management personnel of the Manager will not hold any Units, direct and/or indirect, in KIP REIT. The expected Unitholding of the said parties after the Acquisitions and Offering are set out in the table below:

	Direct		Indirect	
	No. of Units	%	No. of Units	%
Promoters/Substantial Shareholders⁽¹⁾				
Dato' Chew Lak Seong	727,000	0.1	271,300,000 ⁽²⁾	53.7
Dato' Ong Kook Liong	727,000	0.1	271,300,000 ⁽²⁾	53.7
Directors⁽¹⁾				
Dato' Syed Hussain bin Syed Husman	60,000	*	-	-
Dato' Chew Lak Seong	727,000	0.1	271,300,000 ⁽²⁾	53.7
Dato' Ong Kook Liong	727,000	0.1	271,300,000 ⁽²⁾	53.7
Datuk Mohamed Arsad bin Sehan	60,000	*	-	-
Foo Lee Khean	60,000	*	-	-
Key Management Personnel⁽¹⁾				
Lim Han Gie	200,000	*	-	-
Chan Heng Wah	125,000	*	-	-
Mohd Nizam B. Hj. A. Hamid	40,000	*	-	-
Yee Sieow Teng	15,000	*	-	-
Lee Yit Siong	5,000	*	-	-

Notes:

⁽¹⁾ Assuming full subscription of their respective entitlements to the Units pursuant to the preferential allocation under the Retail Offering.

⁽²⁾ Applying a similar concept to "deemed interest" pursuant to Section 6A(4) of the Act by virtue of (i) his interest in the Vendors, to which Consideration Units are to be issued pursuant to the Acquisitions and (ii) his spouse and child's interests (assuming full subscription of their respective entitlements to the Units pursuant to the preferential allocation under the Retail Offering).

* Negligible

Save as disclosed in the table above, the substantial shareholders, directors and key management personnel of the Manager will not have any indirect unitholdings in KIP REIT upon Listing.

6.11 RETIREMENT, REMOVAL AND REPLACEMENT OF THE MANAGER

6.11.1 Retirement

The Manager may retire upon giving six months' written notice to the Trustee (or such shorter period as may be agreed upon with the Trustee) and then the Trustee shall then appoint in writing any other corporation as the management company in its stead subject to the approval of the SC.

6.11.2 Removal and Replacement

The Trustee may take all reasonable steps to remove the Manager from its appointment under the following circumstances where the Manager:

- (i) ceases to exist;
- (ii) was not validly appointed;
- (iii) ceases to be eligible to act as a management company pursuant to the CMSA or its appointment to act as the management company of KIP REIT is revoked by the SC;
- (iv) fails or refuses to act as Manager in accordance with the material provisions or covenants of the Deed or the provisions of the CMSA;
- (v) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Manager has not ceased to act under the appointment, or a petition is presented for the winding up of the Manager (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Manager becomes or is declared to be insolvent);
- (vi) is under investigation for conduct amounting to fraud or of similar serious nature being a contravention of the Act or any securities law and is found guilty by the Courts in Malaysia of such offence as charged;
- (vii) is required to be removed by the SC or is required to be removed pursuant to the provisions of the REIT Guidelines; or
- (viii) is required to be removed by the Unitholders by way of a Special Resolution (or otherwise in accordance with the requirements of the REIT Guidelines) passed at a meeting of Unitholders convened for that purpose on the grounds that the Manager is in breach of its obligations under the Deed and the Manager has failed to remedy the breach despite the request from the Trustee.

The Trustee may then appoint a replacement management company which is eligible to act as a management company under the CMSA and which has been approved by the SC. Without prejudice to the Trustee's right to appoint a replacement management company, the Manager shall have the right to nominate a new management company (which is eligible to be appointed to act as management company under the CMSA) which shall not be a related corporation or an associated person of the Manager, within 14 days of its removal for consideration by the Trustee.

6.12 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

The Deed states that the Manager, the Trustee and any delegates of either of them shall avoid conflicts of interest arising or, if conflicts arise, shall ensure that KIP REIT is not disadvantaged by the transaction concerned. The Manager must not make improper use of its position in managing KIP REIT to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interest of Unitholders.

The directors of the Manager are under a fiduciary duty towards KIP REIT to act in the best interest of KIP REIT. In addition, the Executive and Non-Executive Directors (including Chief Executive Officer) and the executive officers of the Manager are expected to act with honesty and integrity at all times.

Under the Deed, the Related Parties of the Manager (as defined in the Deed) may hold Units. Unless otherwise permitted by the SC, Related Parties of the Manager shall not have voting rights in respect of the Units held and shall not be counted in a quorum at any Unitholders' meeting, if they have interest in the outcome of the transaction tabled for approval at the meeting which is different from the interest of other Unitholders.

Please refer to Section 11 “Corporate Governance, Related Party Transactions and Conflicts of Interest” of this Prospectus for further details on conflicts of interest and related party transactions.

6.13 CORPORATE GOVERNANCE

Please refer to Section 11 “Corporate Governance, Related Party Transactions and Conflicts of Interest” of this Prospectus.

6.14 MATERIAL LITIGATION AND ARBITRATION

As at the Latest Practicable Date, the Manager is not engaged in any material litigation and arbitration, either as plaintiff or defendant which has a material effect on its financial position and its directors do not know of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

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7. BACKGROUND INFORMATION ON THE PROMOTERS

7.1 THE PROMOTERS

Please refer to Section 6.4 “Directors of the Manager” of this Prospectus for information on the Promoters of KIP REIT.

7.2 UNITHOLDINGS OF THE PROMOTERS IN KIP REIT

Please refer to Section 6.10 “Unitholdings of the Promoters, Substantial Shareholders, Directors and Key Management Personnel of the Manager in KIP REIT” of this Prospectus for information on the unitholdings of the Promoters in KIP REIT before and after the Listing.

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8. THE TRUSTEE

The following information in this section (save where it relates to the Deed) has been prepared and provided by the Trustee. None of the Manager, the Principal Adviser and any other person has independently verified this information and, therefore, none of the Manager and the Principal Adviser make any representation as to the correctness, accuracy or completeness of such information. Accordingly, prospective investors should not place undue reliance on such information.

8.1 CORPORATE INFORMATION

Pacific Trustees Berhad was incorporated on 21 September 1994 under the Act and is registered as a trust company under Section 4 of the Trust Companies Act 1949 on 29 September 1995 with its registered address at Unit A-9-8, 9th Floor, Megan Avenue 1, No. 189, Jalan Tun Razak, Off Persiaran Hampshire, 50400 Kuala Lumpur. It is a duly registered bond trustee with the SC and is also registered to act as trustee for unit trust funds and REITs. As at the Latest Practicable Date, the authorised share capital of the Trustee was RM5,000,000.00 comprising 500,000 ordinary shares of RM10.00 each, paid up to RM5.00 each in accordance with Section 3(c) of the Trust Companies Act 1949.

The principal activity of the Trustee is to offer a full range of trust services to both individuals and corporations. The Trustee has been in the trustee business for more than 22 years. As at the Latest Practicable Date, the Trustee's staff strength comprises 19 executive staff and four non-executive staff.

The Trustee undertakes all types of trustee business allowed under the Trust Companies Act 1949, specialising in corporate trustee services which include acting as trustee for private debt securities, unit trust funds, provident and retirement funds, golf clubs and timeshares, stakeholders and REITs. As at the Latest Practicable Date, the Trustee is trustee for more than 120 private debt securities (bonds), asset backed securitisation and special purpose vehicles, with a total bond issuance of approximately RM60.0 billion, 4 wholesale funds with approximate aggregate fund size of RM168.0 million and is also the appointed trustee for an industrial asset focused REIT with an asset size of approximately RM306.3 million as per the REIT's 2014 annual report.

8.2 BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER OF THE TRUSTEE

8.2.1 Board of Directors

The following table sets out information regarding the Board of Directors of the Trustee:

<u>Name</u>	<u>Directorship</u>
Tan Sri Datuk Amar Steve Shim Lip Kiong	Chairman (Independent/Non-Executive Director)
Wee Choo San	Non-Independent/Non-Executive Director
Razak Bin Ahmad	Independent/Non-Executive Director
Ong Kim Eng	Non-Independent/Non Executive Director
Cheah Boon Hoe	Managing Director (Non-Independent/Executive Director)

8.2.2 Chief Executive Officer

Mr Chow Kah Wai (Richard Chow) joined Pacific Trustees Berhad as an Assistant General Manager in February 2012 and he was promoted to the position of General Manager on 1 March 2016. He is also currently the Officer in Charge assuming the role and responsibilities of the Chief Executive Officer of the company. He graduated with a Bachelor of Law (Honours) from University of Wales in 1986. He was admitted as a Barrister to the Honourable Society of Lincoln's Inn, London in 1988 and was admitted as an Advocate & Solicitor of the High Court of Malaya in 1989. He has substantial experience in trust and probate, banking, commercial and industrial labour disputes litigation and as well as in commercial arbitration.

Mr Richard Chow is also a legal advisor on both corporate and commercial matters and has substantial experience in the preparation of trust, corporate and commercial documentation. He has a strong analytical background, especially in financial analysis. He had completed his post-graduate Masters in Business Administration (MBA) majoring in Finance with the University of Hull, England in 1997.

He is conversant in the following areas of corporate trustee role/services/products as follows:

- (i) Private Debt Securities
- (ii) Asset Backed Securitisation
- (iii) Interest Schemes
- (iv) Unit Trust/REITS

8.3 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

The Trustee's functions, duties and responsibilities are set out in the Deed. The general function, duties and responsibility of the Trustee include, but are not limited to the following:

- (i) at all times, through proper and adequate supervision, to safeguard the interests of the Unitholders and actively monitor the administration of KIP REIT by the Manager to ensure that the interests of Unitholders are upheld at all times;
- (ii) to act continuously as Trustee under the trust created by the Deed until KIP REIT is terminated as provided in the Deed or until the Trustee has retired from KIP REIT in the manner provided in the Deed;
- (iii) to ensure that KIP REIT has, at all times, an appointed Manager;
- (iv) to ensure that the Manager does not make improper use of its position in managing KIP REIT to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interest of the Unitholders of KIP REIT;
- (v) to exercise all due care, skill, diligence and vigilance in carrying out its functions and duties and in safeguarding the rights and interests of the Unitholders in accordance with the Deed and the Relevant Laws and Requirements;
- (vi) at all times, through proper and adequate supervision, to ensure that KIP REIT is managed and administered by the Manager in accordance with KIP REIT's objectives, the Deed and the Relevant Laws and Requirements, and acceptable and efficacious business practices within the real estate investment trust industry. In ensuring compliance with the requirements and safeguarding the interests of the Unitholders, the Trustee covenants to conduct independent reviews and not only depend on the submission of information by the Manager. It also covenants to exercise reasonable diligence in monitoring the function of the Manager in accordance with the provisions of the Deed and to do everything in its power to ensure that the Manager remedies any breach known to the Trustee of the provisions or covenants of the Deed, unless the Trustee is satisfied that the breach will not materially prejudice the Unitholders' interests;
- (vii) to immediately notify SC of any irregularity, breach of the Deed, the Relevant Laws and Requirements or any other matter properly regarded by the Trustee as not being in the interests of Unitholders; and
- (viii) to take all reasonable steps and exercise due diligence to ensure that the Deposited Property are correctly valued and valued by the qualified valuer in accordance with the provisions of the Deed and the Relevant Laws and Requirements.

8.4 FINANCIAL INFORMATION OF THE TRUSTEE

The following is a summary of the Trustee's past audited financial performance for the past three financial years ended 31 December.

	Year Ended 31 December (Audited)		
	2013	2014	2015
	(RM)	(RM)	(RM)
Paid-up share capital	1,200,000	1,500,000	1,800,000
Shareholders' funds	2,894,221	3,223,258	3,610,757
Revenue	3,782,156	3,955,061	4,671,217
Profit before tax	590,519	464,849	569,852
Profit after tax	448,143	379,037	437,499

8.5 TRUSTEE'S FEE

In accordance with the Deed, KIP REIT will pay the Trustee an annual trustee's fee of RM100,000.00 per annum payable upon the execution of the Deed for the first three (3) years and thereafter at such rate to be mutually agreed between the Manager and the Trustee. Any additional trustee's fee for acquisition of new properties after the commencement of KIP REIT are to be mutually agreed between the Manager and the Trustee. In any case, the annual trustee's fee in aggregate shall be up to the maximum rate of 0.05% per annum of the NAV of KIP REIT. For the avoidance of doubt, the annual trustee's fee in aggregate for the first (3) years upon the execution of the Deed shall be not less than RM100,000.00 per annum. Other than this, there will be no payment due from KIP REIT to the Trustee by way of remuneration for its services upon the subscription for or sale of a Unit and upon any distributions of income and capital or otherwise under the Deed. The annual trustee's fee may only be varied upwards with the prior approval of the Unitholders obtained by way of a majority resolution (or such other majority as may be required under the REIT Guidelines from time to time), and shall be effected by way of a supplementary deed in accordance with the Deed and the CMSA.

8.6 RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE

8.6.1 Retirement

The Trustee may retire upon giving six months' written notice to the Manager (or such shorter period as may be agreed upon with the Manager) whereupon the Manager shall within one month after becoming aware of the intention of the Trustee to retire, appoint by way of a deed, a replacement trustee who is eligible to be appointed to act as trustee under the CMSA and who has been approved by the SC.

8.6.2 Removal and Replacement

The Manager may take all reasonable steps to remove the Trustee from its appointment under the following circumstances where the Trustee:

- (i) ceases to exist;
- (ii) was not validly appointed;
- (iii) ceases to be eligible to act as trustee pursuant to the CMSA or its appointment as trustee for KIP REIT is revoked by the SC;
- (iv) fails or refuses to act as trustee in accordance with the provisions or covenants of the Deed or the provisions of the CMSA;

- (v) has a receiver appointed over the whole or a substantial part of its assets or undertaking and the Trustee has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (vi) is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Act or any securities law and an adverse finding is found.

The Manager may then appoint a replacement trustee whom is eligible to act as trustee under the CMSA and which has been approved by the SC.

The Trustee may be removed on grounds that the Trustee is in breach of its obligations under the Deed and the Trustee has failed to remedy the breach despite the request from the Manager to remedy the breach and another trustee (which is eligible to be appointed to act as trustee under the CMSA and duly approved by the SC) shall be appointed if the Unitholders decide on such removal and replacement by a Special Resolution (or otherwise in accordance with the requirements of the REIT guidelines), passed at a duly convened meeting requisitioned by the Unitholders in the manner provided in the Deed.

Nothing in the Deed limits the right of the SC under section 292(2) of the CMSA to remove the Trustee and appoint a replacement on the SC's own accord, or on application of the Manager or of a Unitholder, on any of the grounds stated in subparagraphs (i) to (vi) above.

8.7 TRUSTEE'S RESPONSIBILITY STATEMENT

The Trustee has given its willingness to assume the position as trustee of KIP REIT and all the obligations in accordance with the Deed and all the Relevant Laws and Requirements.

8.8 MATERIAL LITIGATION AND ARBITRATION

As at the Latest Practicable Date, neither the Trustee nor its delegates are engaged in any material litigation and arbitration as plaintiff or defendant, and the Trustee and its delegate are not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect their financial position or business.

8.9 DELEGATION OF THE TRUSTEE'S FUNCTION

As at the Latest Practicable Date, none of the Trustee's function in relation to KIP REIT has been delegated.

9. THE PROPERTY MANAGER

The following information in this section (save where it relates to the Property Management Agreement) has been prepared and provided by the Property Manager. None of the Manager, the Principal Adviser and any other person has independently verified this information and, therefore, none of the Manager and the Principal Adviser make any representation as to the correctness, accuracy or completeness of such information. Accordingly, prospective investors should not place undue reliance on such information.

9.1 CORPORATE INFORMATION

The Property Manager, Azmi & Co (Shah Alam) Sdn Bhd, is an affiliate of the Azmi Group of Companies established in Malaysia in 1979. In May 1979, an association was formed between Azmi & Company and Smiths Gore International Limited as a partnership practising under the name of Azmi Smiths Gore. In December 1981, Azmi Smiths Gore was incorporated as a limited company and practised under the name of Azmi & Co Sdn Bhd. The Property Manager is principally involved in property management, property valuation, real estate agency and consultancy services in the property field in Malaysia. The Property Manager is duly registered with the Board of Valuers, Appraisers and Estate Agents Malaysia.

9.2 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE PROPERTY MANAGER

The Trustee, the Manager and the Property Manager entered into the Property Management Agreement on 29 November 2016 for the appointment of the Property Manager to provide property management services to manage, operate, maintain and market the Subject Properties upon the terms and conditions therein.

The services provided by the Property Manager for each property under its management include the following:

- (i) retail consultancy services, including carrying out regular reviews, analysis and surveys relating to trends in consumer buying behaviour, expenditure trends and patterns in the industry, trends in tenant mix and tenant requirements and expectations, and design, layout and building trends for retail centres;
- (ii) property management services, including operation and maintenance of the property, advising on centre improvement and upgrading, and ensuring compliance with building and safety regulations;
- (iii) financial management services by assisting the Manager and/or the Trustee in respect of the financial, cost and budgetary coordination, administration and measurement including preparation of budgets for management operation, procedures for monitoring budgetary performance and compliance, and annual reports and analysis of operation performance.
- (iv) letting and tenancy management services, including coordinating handover of premises and tenants' fitting-out requirements, administration of rental collection, management of rental arrears and rental collection policies and practices, formulating letting policies, tenancy terms and conditions and drawing up legal tenancy documentation and implementing marketing activities to attract and secure tenants;
- (v) property promotion services including implementing marketing activities to attract and secure tenants as well as to further strengthen the image of the Subject Properties; and
- (vi) professional service management to seek advice and consult with other expertise within the Property Manager on capital value, assessment value and other professional advice and with other professionals in legal, technical, financial and accounting matters.

In accordance with the terms of the Property Management Agreement, the Property Manager shall, during the duration of the Property Management Agreement, employ, by itself or through third party service providers, personnel required to properly operate, maintain, manage and market all the Subject Properties on such terms and conditions as are commercially reasonable or appropriate having regard to the qualification, skill and experience of the persons employed for the relevant positions, responsibilities and duties. Please refer to Section 9.6 "Salient Terms of the Property Management Agreement" of this Prospectus for further details of the Property Management Agreement.

9.3 EXPERIENCE IN PROPERTY MANAGEMENT AND PROPERTIES MANAGED

The Property Manager has over 20 years of experience in property management, carrying out numerous assignments relating to shopping centre consultancy, leasing and management. The Azmi Group of Companies is currently managing more than 10 property sites of which 3 are retail-centric and has a nationwide network of 13 offices with a total of approximately 100 employees.

The Azmi Group of Companies has provided property management and related consultancy services for other properties, including the following commercial properties:

- (i) Lot 10 in Bukit Bintang, Kuala Lumpur ;
- (ii) Starhill in Bukit Bintang, Kuala Lumpur;
- (iii) Subang Square Corporate Tower in Subang Jaya;
- (iv) Subang Square Business Park & Shopping Gallery;
- (v) Wisma SunwayMas in Shah Alam; and
- (vi) Plaza Pantai in Kuala Lumpur.

9.4 INFORMATION ON KEY PERSONNEL AND STAFF STRENGTH

The profiles of the key personnel of the Property Manager who are involved in the management of the Subject Properties are as follows:

- (i) Nagalingam Thandavan, Director, is a member of the Royal Institution of Surveyors, Malaysia, a member of the Association of Valuers and Property Consultants in Private Practice Malaysia and a registered valuer and estate agent. He has 29 years of professional experience in matters relating to the real estate industry, including valuation, estate agency and property management. His experience includes undertaking valuation cases for mortgage and foreclosure purposes as well as land acquisition for landed properties, plant and machinery and security commission. He was the Property Manager for Asset Back Securitization (ABS) Land and Properties Disposal Programme for several reputable companies. He is a graduate of Heriott Watt University, Scotland;
- (ii) Chan Choo Sheong holds a Bachelor of Laws from the University of London. He has 23 years of experience in matters relating to the valuation such as timber, oil palm, plant, and machinery. His experience also includes market research and development. He is currently the Head of Corporate Department of Azmi & Co (Shah Alam) Sdn Bhd;
- (iii) Francis Muthukrishnan has 30 years of experience in property valuation. His experience includes conducting valuations on residential, commercial and industrial properties for financing, accounting and security commission purposes. In addition, he is also actively involved in the valuation of plant and machinery as well as estate and land acquisition matters. He currently holds the position of Head of Retail Division of Azmi & Co (Shah Alam) Sdn Bhd, a position which he has held since July 2008;

- (iv) Yuleyana Binti Mohd Amir holds a Bachelor in Estate Management (Hons) from University Technology MARA. She has 14 years of experience in valuation, estate agency and property management. Her experience covers areas such as conducting valuation, land acquisition, market research and project assessment. Her responsibilities further include managing, marketing, and selling and letting property. She currently holds the position of Administration Manager and Senior Valuation Executive at Azmi & Co (Shah Alam) Sdn Bhd; and
- (v) Alhana Binti Ahmad holds a Diploma in Estate Management from University Technology MARA. She has 12 years of experience in property management, valuation and estate agency. Her experience includes managing various types of properties, such as office towers, shopping complexes, retail centres, condominiums and warehouses. She is also involved in the Asset Back Securitization (ABS) Land & Properties Disposal Programme for several reputable companies. She currently holds the position of Assistant Manager of Property Management at Azmi & Co (Shah Alam) Sdn Bhd.

9.5 PROPERTY MANAGEMENT FEE

The Property Manager is entitled to receive RM12,000.00 (excluding GST) per month for the management and operation of the Subject Properties.

In addition, the Property Manager is also entitled to full reimbursement of costs and expenses properly incurred in the operation, maintenance, management and marketing of the Subject Properties, including fees and reimbursements for similar permissible expenses payable to its services provider(s).

The property management fee is payable to the Property Manager in the form of cash.

9.6 SALIENT TERMS OF THE PROPERTY MANAGEMENT AGREEMENT

- (i) Subject to the right of termination under the Property Management Agreement, the appointment of the Property Manager shall commence from the date of completion of the acquisition of the Subject Properties by the Trustee pursuant to the sale and purchase agreements (“**Effective Date**”) and shall unless terminated in accordance with the Property Management Agreement, continue for a period of two years from the Effective Date (“**Expiry Date**”) and may be extended for a further term with the agreement of the parties on such terms and conditions as may be mutually agreed between the parties.
- (ii) The functions, duties and responsibilities of the Property Manager under the Property Management Agreement is summarised in Section 9.2 “Functions, Duties and Responsibilities of the Property Manager” of this Prospectus.
- (iii) The Property Management Agreement may be terminated in accordance to the terms and conditions therein under any one of the following circumstances:
 - (a) upon the expiry of the duration of the agreement;
 - (b) any representation, warranty or covenant which is made (or acknowledged to have been made) in relation to this Property Management Agreement by the Property Manager proves to be incorrect in any material respect;
 - (c) the Property Manager is in breach of the terms or conditions of the Property Management Agreement and such breach continues after its receipt from Manager and/or the Trustee a notice specifying such breach and requesting that the same be remedied;
 - (d) any of the material provisions in the Property Management Agreement becomes ineffective, invalid or unenforceable;
 - (e) upon occurrence of any force majeure event;

- (f) upon the sale of the Subject Properties by the Trustee;
- (g) there is a revocation, withholding or modification of licence, authorisation or approval that impairs or prejudices the Property Manager's ability to comply with the material terms and conditions of the Property Management Agreement;
- (h) upon the occurrence of any one or more of the following events:
 - (aa) an order is made or a resolution is passed for the winding up of the Property Manager or any resolution is passed or any steps are taken to pass a resolution for the voluntary winding up, dissolution or liquidation of the Property Manager (other than for the purpose of amalgamation or reconstitution with the consent of the Manager and the Trustee which consent shall not be unreasonably withheld);
 - (bb) the Property Manager becomes insolvent or a receiver has been appointed over the whole or a substantial part of the assets of the Property Manager; and
 - (cc) the Property Manager changes or threatens to change the nature or scope of its business, suspends or threatens to suspend a substantial part of the present business operations;

For the purposes of the Section 9.6, "**force majeure event**" means all events which are beyond the reasonable control of the parties to the Property Management Agreement and shall include but is not limited to (i) any acts of God, (ii) fires, (iii) strikes, lockouts or labour disputes, (iv) wars and riots, (v) earthquakes, storms, typhoons or floods and (vi) new laws affecting the Subject Properties.

9.7 UNITHOLDING OF THE PROPERTY MANAGER IN KIP REIT

The Property Manager will not hold any Units upon listing.

9.8 SERVICE PROVIDERS TO PROVIDE PERSONNEL TO THE PROPERTY MANAGER

Pursuant to the Property Management Agreement, the Property Manager may appoint any third party service provider to, among others, provide personnel in order for the Property Manager to carry out its services under the Property Management Agreement to the best of its abilities provided that the appointment of such third party service providers has been approved by the Manager. The amount of such third party service providers' fees will be determined under the approved annual business plan and budget for the Subject Properties. The service providers' fees and costs and expenses properly incurred by the service providers for the provision of the services will form part of the property expenses to be paid by the Trustee under the Property Management Agreement.

The Property Manager will enter into a service provider agreement with KIP Property Services, wherein KIP Property Services will provide the Property Manager with, among others, a team of personnel with the necessary qualifications, expertise, experience and internal working and operation knowledge of the Subject Properties, respectively, in accordance with the terms and conditions of the service provider agreement.

10. SALIENT TERMS OF THE DEED

The Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Deed. Certain salient terms of the Deed are summarised in other sections of this Prospectus. Recipients of this Prospectus and all prospective investors in the Units should refer to the Deed itself to confirm specific information or for a detailed understanding of KIP REIT. The Deed is available for inspection at the registered office of the Manager.

10.1 THE DEED

KIP REIT is a REIT constituted by the Deed, as entered into between the Trustee and the Manager on 2 November 2016. The Deed came into effect on 4 November 2016 when it was registered with the SC.

Each Unitholder and all persons claiming through it shall be entitled to the benefit of and shall be bound by the terms and conditions of the Deed and any supplementary deed as if it had been a party thereto and as if the Deed contained covenants on the part of each Unitholder to observe and be bound by all the provisions thereto and an authorisation by each Unitholder to do all such acts and things as the Deed may require the Trustee or the Manager (as the case may be) to do. The Deed does not establish either the Trustee or the Manager as the agent of the Unitholders and does not create any other relationship other than that which is established by the provisions of the Deed.

Pursuant to the Deed, the Trustee shall hold the Deposited Property upon trust for the Unitholders and the Deposited Property so held shall be segregated from the general assets of the Trustee. The rights of the Unitholders under the Deed are divided into Units.

The Manager and the Trustee shall in the performance of their respective duties under the Deed at all times comply with applicable provisions of the Relevant Laws and Requirements, subject to compliance with any applicable waiver or exemption given by any relevant regulatory authority (including the SC or Bursa Securities, as the case may be) in respect of the Relevant Laws and Requirements. Please refer to Information Summary-"Fees and Charges" for a summary of fees payable to the Manager and the Trustee; Section 6.6 "Management Fees" of this Prospectus for further details of the Management Fee payable to the Manager; and Section 8.5 "Trustee's Fee" of this Prospectus for further details of the Trustee's fee payable to the Trustee, pursuant to the terms of the Deed.

The Deed is governed by, and shall be construed in accordance with, the laws of Malaysia.

10.2 NATURE OF UNITS

- (i) Each Unit is of equal value and represents an undivided interest in KIP REIT.
- (ii) There is only one class of Units in KIP REIT, and all issued Units rank *pari passu* provided the issue price is fully paid.
- (iii) A Unit shall not confer any interest in any particular Deposited Property held by the Trustee on the trust of the Deed but only such interest in KIP REIT as a whole as is conferred on a Unit under the provisions of the Deed.

10.3 RIGHTS OF UNITHOLDERS

The Units shall confer on the Unitholders the rights (amongst others) to receive any distribution entitlement and such other rights, benefits, entitlements and privileges as are conferred on the Units or attached to the Units by the provisions of the Deed.

10.4 LIMITATION OF LIABILITY AND RIGHTS OF UNITHOLDERS

The liability of each Unitholder in its capacity as such is limited to the Unitholder's investment in KIP REIT. A Unitholder is not required to indemnify the Trustee or the Manager or a creditor of either or both of them against any liability of the Trustee or the Manager in respect of KIP REIT.

However, the rights of Unitholders are limited as follows:

- (i) a Unitholder has no equitable or proprietary interest in the Deposited Property and is not entitled to the transfer to it of any Deposited Property or any part of the Deposited Property or of any estate or interest in the Deposited Property or in any part of the Deposited Property;
- (ii) the right of a Unitholder in the Deposited Property and under the Deed is limited to the right to require the due administration of KIP REIT in accordance with the Deed including, without limitation, by suit against the Trustee or the Manager; and
- (iii) without limiting the generality of the foregoing, each Unitholder acknowledges and agrees that:
 - (a) he will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the Deposited Property or any part of the Deposited Property and hereby waives any rights it may otherwise have to such relief;
 - (b) if the Trustee or the Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Deed, that Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction; and
 - (c) damages or compensation is an adequate remedy for such breach or threatened breach.
- (iv) A Unitholder may not (whether at a meeting of Unitholders or otherwise):
 - (a) interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee or restrict the exercise of any discretion expressly conferred on the Manager or Trustee under the Deed or the determination of any matter which, under the Deed, requires the agreement of either or both of the Manager and the Trustee;
 - (b) exercise any right in respect of the Deposited Property or any part of the Deposited Property or lodge any caveat or other notice affecting the Deposited Property or any part of the Deposited Property;
 - (c) require that any Deposited Property or any part of the Deposited Property be transferred to the Unitholder; or
 - (d) give any directions to the Manager or Trustee which would require the Manager or Trustee to do or omit doing anything which may result in KIP REIT ceasing to comply with the Relevant Laws and Requirements or which may result in the Manager or the Trustee being required to do anything which is inconsistent with their duties at law or under the Deed.

- (v) No Unitholder shall have any right solely by reason of his being a Unitholder to attend any meetings of shareholders, stockholders or debenture holders of the Manager, the Trustee or a company whose shares form part of the Deposited Property, or to vote or take part in or consent to any such company or shareholders', stockholders' or debenture holders' action.

10.5 CREATION OF UNITS

The Manager is to ensure that any method of offering of Units for the Listing includes an offering of Units to the general public. Where the method of offering includes an offer for sale of existing Units, the Manager is to ensure that all expenses of such offer for sale is borne by the offerors and not KIP REIT. Where the method of offering is an issue of new Units, the Manager is to ensure that all expenses of such issuance are borne by KIP REIT.

Applications for new Units to be issued for the Offering shall be made in accordance with the prospectus, unless the issue is of a nature that does not require a prospectus under the Relevant Laws and Requirements. The Manager shall have the absolute discretion as to whether to allot and issue any Units pursuant to an application without assigning any reasons for its decision.

Subject to the Relevant Laws and Requirements, the Manager shall determine the issue price, on market-based principles, taking into account the best interests of KIP REIT and the Unitholders. A Unit shall be deemed to have been issued to the person entitled to such Unit when the name of such person has been entered onto the Record of Depositors. No certificates for the Units shall be issued to any subscribers or purchasers of Units pursuant to this Prospectus.

The Manager may from time to time recommend to the Trustee any subsequent offering and issuance of Units by any method permitted under the REIT Guidelines.

10.6 SUSPENSION OF, DEALING IN AND ISSUE OF UNITS

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Requirements, suspend the issue of Units during exceptional circumstances, which in the opinion of the Trustee and the Manager, provides good and sufficient reason to do so, having taken into consideration the interests of the Unitholders. Such suspension will take effect forthwith upon the written approval by the Manager or the Trustee pursuant to any declaration in writing of the same by the other and shall terminate upon the written approval by the Manager or the Trustee pursuant to any declaration in writing of the same by the other which will be made after the condition or any other conditions giving rise to the suspension ceases to exist, subject always to the Relevant Laws and Requirements.

Suspension of Dealing in Units

- (a) The Trustee shall, in consultation with the Manager and where it deems appropriate and subject to the REIT Guidelines, suspend dealing in the Units due to exceptional circumstances, where there is a good and sufficient reason to do so, considering the interests of the Unitholders or potential investors.
- (b) The suspension under Clause 4.11 of the Deed must cease as soon as practicable after the exceptional circumstances have ceased, and in any event within 21 days of the commencement of the suspension.
- (c) The Trustee should immediately notify the SC in writing of:
 - (i) such suspension, stating the reason for suspension; and
 - (ii) the proposed resumption of dealings in Unit and the date of the proposed resumption.

- (d) Any request to Bursa Securities for such suspension of the trading of the Units on Bursa Securities must be made in accordance with the provisions of the Listing Requirements. Bursa Securities may also suspend the trading of the Units pursuant to the Listing Requirements.

10.7 VENDOR UNITS

Subject to the Relevant Laws and Requirements, the Manager may offer Units to vendors as consideration (in whole or in part) for Authorised Investments proposed to be acquired by KIP REIT at a price determined by the Manager and approved by the Trustee if the following conditions are met so long as KIP REIT is listed:

- (i) the terms and conditions of the acquisition are approved by the Unitholders pursuant to the REIT Guidelines;
- (ii) neither the Manager nor the person to whom the Units are to be issued nor any associated person of that person votes in relation to the above approval of the Unitholders pursuant to the REIT Guidelines; and
- (iii) if and to the extent required, the acquisition is approved by the SC and any other relevant regulatory authority (where required).

10.8 DISTRIBUTABLE INCOME

The Distributable Income for each Distribution Period shall be the realised income for such Distribution Period being the net income for the Distributable Period adjusted (in whole or in part) as deemed necessary by the Manager in the interest of KIP REIT and the Unitholders for the following effects which may or may not have been recorded in the profit or loss for the relevant Distribution Period:

- (i) the portion of the Management Fees paid or payable in Units;
- (ii) amortisation and other non-cash expenses or gains;
- (iii) valuation gain/loss on investment properties and financial instruments;
- (iv) depreciation or impairment of assets;
- (v) any other entries, provisions, write-offs or adjustments required by the approved accounting standards;
- (vi) expenses/loss which is charged to the profit or loss relating to issuance of new Units or expenses that is capital in nature; and
- (vii) unamortised costs which had been paid and incurred but had not been expensed off to the profit or loss other than those incurred for issuance of Units or raising of funds.

The Distributable Income which the Manager may distribute for any Distribution Period shall, among others, take into consideration the following:

- (i) total returns for the period;
- (ii) income for the period;
- (iii) cash flow for distribution;
- (iv) stability and sustainability of distribution of income and/or capital; and
- (v) the investment objective and distribution policy of KIP REIT;

subject to meeting the requirement to distribute at least 90.0% of KIP REIT's total income (as defined under the Income Tax Act) to achieve tax transparency under Section 61A of the Income Tax Act.

All (or such lower percentage as determined by the Manager in its absolute discretion) of the Distributable Income will be distributed among the persons who on the relevant Books Closing Date for a Distribution Period are Unitholders, in proportion to their Units. Each Unitholder's entitlement to the percentage of Distributable Income before deductions is to be determined in accordance with the following formula:

**Distribution Entitlement = % of DI x UH / UI
of each Unitholder (%)**

where:

% of DI = percentage of Distributable Income to be distributed, as determined by the Manager in its absolute discretion.

UH = the number of Units held by the Unitholder at the close of business on the Books Closing Date for the relevant Distribution Period adjusted to the extent it is entitled to participate in the Distributable Income.

UI = the total number of Units in issue in KIP REIT at the close of business on the Book Closing Date for the relevant Distribution Period adjusted to the extent it is entitled to participate in the Distributable Income.

10.9 INVESTMENT POLICIES OF KIP REIT

10.9.1 Authorised Investments

- (i) Subject to observance of the investment limits as may be established or prescribed by the SC from time to time for a listed REIT and the REIT Guidelines, KIP REIT may invest in any Authorised Investments.
- (ii) The Trustee must act as custodian and take into its custody, or under its control (in the event of delegation of custody), the Deposited Property and hold the Deposited Property in trust for the Unitholders in accordance with the Deed and the Relevant Laws and Requirements. The Deposited Property shall be registered in the name of the Trustee for and on behalf of the Unitholders, or assigned to the Trustee for and on behalf of the Unitholders, or to the order of KIP REIT.

For the avoidance of doubt, the Manager may use financial derivatives including but not limited to entering into futures, forwards, options and swaps contracts for the purpose of achieving the investment objective of KIP REIT if in compliance with the Relevant Laws and Requirements.

10.9.2 Investment Limits

In exercising its powers to make investment on behalf of KIP REIT, and subject to limits as may be prescribed by the SC or the REIT Guidelines from time to time, the Manager must ensure that:

- (i) at least 50.0% of the Total Asset Value of KIP REIT must be invested in Real Estate Assets at all times; and
- (ii) not more than 25.0% of the Total Asset Value of KIP REIT is invested in Non-Real Estate-Related Assets, cash, deposits and money market instruments; or
- (iii) such other investment or limits as may be permitted by the SC or the REIT Guidelines,

provided that arising from the disposal of Deposited Property or pending acquisition of any Authorised Investments or following capital raising of KIP REIT, the actual investment ratio of KIP REIT may be at a variance from the provisions stipulated above and the REIT Guidelines. However, the Manager may, in consultation with the Trustee, vary the investments forming part of the Deposited Property in the best interests of the Unitholders provided that such variance is in compliance with the REIT Guidelines. Any breach must be rectified within 12 months from the date of the breach (or any other period as may be permitted by the SC).

10.9.3 Restriction on Investment/Activities

KIP REIT shall not at any time be involved in the following activities:

- (i) the extension of financing or other credit facilities;
- (ii) property development, except in circumstances permitted by the REIT Guidelines;
- (iii) acquisition of vacant land; and
- (iv) any other activity which does not comply with the REIT Guidelines and where no waiver from the SC is obtained to exempt compliance with the relevant guidelines.

10.9.4 Investment Policy

- (i) The principal investment policy of KIP REIT is to invest, directly and indirectly, in a portfolio of income producing Real Estate used predominantly for retail purposes. KIP REIT may also invest in other investments as permissible in the REIT Guidelines or as otherwise permitted by the SC, including in Real Estate-Related Assets.
- (ii) The Manager may, in consultation with the Trustee and subject to the Relevant Laws and Requirements, from time to time change the investment policy of KIP REIT.
- (iii) The Trustee shall ensure that it is fully informed at all times by the Manager of the investment policy and of any changes made by the Manager to the investment policy of KIP REIT. Unless otherwise provided by the Relevant Laws and Requirements, any modification to this Trust Deed involving any material change to the investment policy set out for KIP REIT, must be approved by the Unitholders by way of a resolution of not less than two-thirds of all Unitholders present and voting at a Unitholders' meeting duly convened and held in accordance with the Deed.

10.10 CONCERNING THE TRUSTEE

The Trustee is responsible for the safe custody of the Deposited Property. Any Authorised Investment forming part of the Deposited Property, whether in bearer or registered form, is to be paid, assigned or transferred to or to the order of the Trustee forthwith on receipt by the Manager and is to be dealt with as the Trustee may think proper for the purpose of providing for the safe custody and control of the same.

The Trustee may act as custodian of the Deposited Property itself or, where permitted under the law, the Trustee may delegate this role to another person as custodian or joint custodians (with the Trustee if acting as custodian or with any other custodian appointed by the Trustee) of the whole or any part of the Deposited Property and (where the Trustee is custodian) may appoint or (where the Trustee appoints a custodian) may empower such custodian or joint custodian (as the case may be) to appoint with the prior consent in writing of the Trustee, sub-custodians. Any such delegation can only be carried out by the Trustee in compliance with the REIT Guidelines and the Trustee shall remain responsible for the actions and omissions of any delegate as though they were its own actions and omissions. Where this role is delegated, the Trustee should ensure that:

- (i) it retains control of KIP REIT's property at all times; and
- (ii) there are adequate arrangements to prevent the delegate from releasing the custody or control of KIP REIT's property without its prior consent.

The Trustee shall not be under any obligation to institute, acknowledge service of, appear in, prosecute or defend any action, suit, proceedings or claim in respect of the provisions of the Deed or in respect of the Deposited Property or any part thereof or any corporate or Unitholders' action which in its opinion would or might involve it in expense or liability, unless the Manager shall so request in writing, and shall so often as required by the Trustee furnished it with an indemnity satisfactory to it against any such expense and liability.

Except if and so far as otherwise expressly provided in the Deed, the Trustee as regards all the trusts, powers, authorities and discretions vested in it has absolute and uncontrolled discretion as to the exercise of the same, whether in relation to the manner or as to the mode of and time for such exercise, and in the absence of fraud, negligence, wilful act of default or omission, or breach of the Deed or breach of trust, the Trustee shall not be in any way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise of the same.

Please refer to Section 8.3 "Functions, Duties and Responsibilities of the Trustee" of this Prospectus for other salient terms of the duties, responsibilities and covenants of the Trustee as provided in the Deed.

10.11 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

Please refer to Section 8.3 "Functions, Duties and Responsibilities of the Trustee" of this Prospectus for details of the functions, duties and responsibilities of the Trustee.

10.12 RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE

Please refer to Section 8.6 "Retirement, Removal and Replacement of the Trustee" of this Prospectus for details of the retirement, removal and replacement of the Trustee.

10.13 LIMITATION OF LIABILITY AND INDEMNITY OF THE TRUSTEE

It is expressly agreed that the Trustee enters into the Deed and any documents in relation thereto only in its capacity as trustee of KIP REIT. A liability arising under the Deed and any such document shall be limited to and can be enforced against the Trustee only to the extent to which the Trustee can satisfy such liability out of the Deposited Property. Subject to the provisions of the Deed and the Relevant Laws and Requirements and without prejudice to any right of indemnity at law given to the Trustee, the Trustee shall be entitled for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Trustee to have recourse to the Deposited Property or any part thereof:

- (i) if the same are not caused by any fraud, negligence, recklessness, wilful act of default or omission, breach of trust or breach of contractual duty on the part of the Trustee or by its failure to show the degree of care, due diligence and vigilance required of a trustee in the execution or performance of its obligations under the Deed and/or any other documents in relation thereto; or
- (ii) where a majority of not less than $\frac{3}{4}$ of all Unitholders for the time being, voting at a meeting summoned for the purposes of releasing the Trustee with respect to specific acts or omission, but this shall be without prejudice to the obligation of the Manager to indemnify and/or reimburse the Trustee on account of the Deposited Property.

10.14 CONCERNING THE MANAGER

The Manager shall, subject to the provisions of the Deed and Relevant Laws and Requirements, carry out all activities as it may deem necessary for the management of KIP REIT and its business, including but not limited to the following activities:

- (i) to develop a business plan for the Deposited Property in the short, medium and long term with a view to maximising income of KIP REIT;
- (ii) to recommend to the Trustee in writing to purchase, transfer, acquire, hire, let, lease, license, exchange, dispose of, convey, surrender or otherwise deal with any Authorised Investment in furtherance of the investment policy and prevailing investment strategy of KIP REIT; and
- (iii) supervise and oversee the management of Deposited Property (including but not limited to lease audit, systems control, data management and business plan implementation) in accordance with the provisions of the Deed.

Unless otherwise expressly provided in the Deed, the Manager shall as regards all the powers, authorities and discretions vested in it have absolute and uncontrolled discretion as to the exercise thereof whether in relation to the manner or as to the mode of and time for the exercise thereof and in the absence of fraud, negligence, recklessness, wilful act of default or omission, breach of the Deed, the Manager shall not be in any way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof. Notwithstanding the above, the Manager shall be responsible at all times for the exercise or non-exercise of its powers, authorities and discretions in respect of the management of KIP REIT and the investment of the Deposited Property.

10.15 FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE MANAGER

Please refer to Section 6.2 "Functions, Duties and Responsibilities of the Manager" of this Prospectus for other salient terms of the functions, duties and responsibilities of the Manager as provided in the Deed.

10.16 RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER

Please refer to Section 6.11 "Retirement, Removal or Replacement of the Manager" of this Prospectus for details of the retirement, removal and replacement of the Manager.

10.17 LIMITATION OF LIABILITY AND INDEMNITY OF THE MANAGER

The Manager shall not be under any liability except such liability as may be assumed by it under the Deed nor shall the Manager (save as therein otherwise appears) be liable for any act or omission of the Trustee.

Subject as expressly provided and without prejudice to any right of indemnity at law given to the Manager by the Deed, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property, save where such action, cost, claim, damage, expense or demand is occasioned by fraud, negligence, recklessness, wilful act of default or omission or breach of the Deed by the Manager.

10.18 MANAGER'S FEES AND TRUSTEE'S FEE

The provisions on the Manager's fees and the Trustee's fee are as set out in the Deed. Please refer to Section 6.6 "Management Fees" and Section 8.5 "Trustee's Fee" of this Prospectus for details of the Manager's fees and the Trustee's fee respectively.

10.19 PERMITTED CHARGES OF KIP REIT

The Trustee and/or the Manager shall in addition to their remuneration and rights to indemnification or reimbursement conferred under any other provision of the Deed or by law, respectively be indemnified and shall be reimbursed out of either the income of KIP REIT or the capital of KIP REIT (as determined from time to time by the Manager after consultation with the Auditor) for all fees, costs, charges, expenses and outgoings reasonably and properly incurred by or on behalf of the Trustee or the Manager as the case may be, that are directly related and necessary to the business of KIP REIT.

10.20 MODIFICATION OF THE DEED

All modifications to the Trust Deed must be made through a deed supplementary to the Deed and will take effect only upon registration of the supplementary deed with the SC. The Manager must submit any such supplementary deed to the SC for such registration pursuant to the CMSA. In addition to the foregoing, any material change to the investment objectives of KIP REIT must be approved by resolution passed by not less than two-thirds of the Unitholders present and if a poll is demanded, then by majority consisting of not less than two-thirds of the votes given on such poll ("**Majority Resolution**") (or such other majority as may be required under the REIT Guidelines from time to time) given at a meeting of Unitholders duly convened and held.

The Trustee may join with the Manager in making by way of supplementary deed any modification, addition to or deletion from the Deed without the sanction of any resolution of a meeting of Unitholders duly convened and held if such alteration, modification, addition or deletion is in the opinion of the Trustee:

- (i) necessary or expedient to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law) including the Relevant Laws and Requirements or any changes to any of the foregoing from time to time;
- (ii) made to correct a manifest error of a formal, technical or administrative nature only;
- (iii) necessary or expedient for the purpose of complying with any ruling issued by the Malaysian taxation authorities relating to taxation of KIP REIT and/or the Unitholders (including modifications to provisions on distributions under the Deed in order to comply with any ruling on taxation relating to KIP REIT or the Unitholders); or
- (iv) in any other circumstances not materially adverse to the interest of the Unitholders and not likely to become so,

in which case the Trustee and the Manager must certify in a written statement from the Trustee and the Manager certifying that in their opinion such alteration, modification, addition or deletion does not materially prejudice the interests of the Unitholders and does not operate to release the Trustee or the Manager from any responsibility to the Unitholders.

10.21 TERMINATION AND WINDING-UP OF KIP REIT

The Trustee shall terminate KIP REIT:

- (i) if at a duly convened meeting of Unitholders a Special Resolution (or otherwise in accordance with the requirements of the REIT Guidelines), is passed that KIP REIT be terminated; or
- (ii) if the Manager is in liquidation or where the Trustee is of the opinion that the Manager has ceased to carry on business or has, to the prejudice of the Unitholders, failed to comply with any provision or covenant of the Deed or contravened any provisions of the Relevant Laws and Requirements, and at a meeting duly summoned in accordance with section 301 of the CMSA, a Special Resolution is passed that KIP REIT be terminated; or
- (iii) if at any time during the life of KIP REIT, the Manager, after consultation with the Trustee, is of the opinion that changes in the economic climate or taxation law have caused or are likely to cause Unitholders to be detrimentally affected, the Manager may request the Trustee to summon a meeting of Unitholders and table a Special Resolution (or otherwise in accordance with the requirements of the REIT Guidelines), at such a meeting, setting out the action they recommend the meeting to endorse to meet such changes, and the meeting decides to terminate KIP REIT; or
- (iv) if the Listing does not take place within three months from the date of the Prospectus for the Listing and a Special Resolution (or otherwise in accordance with the requirements of the REIT Guidelines), is passed at a duly convened meeting of Unitholders (if any) to terminate KIP REIT; or
- (v) if at any time after the date of Listing, the Units are unconditionally suspended from trading and such suspension is not lifted within a continuous period of 60 Market Days (notwithstanding any rights, powers or duties of the Manager or the Trustee and directions given by or resolutions of the Unitholders), and where the suspension is for reasons capable of remedy, such remedy is not effected within a period of an additional 60 Market Days or such other reasonable period of time as agreed between the Manager and the Trustee. In this case, winding up of KIP REIT in accordance with the Deed will immediately commence upon the end of such 60 Market Days or, where capable of remedy, upon the end of the 120 Market Days ; or

- (vi) if the SC's approval is revoked under section 214A(2) of the CMSA or if any law is passed which renders it illegal to continue KIP REIT; or
- (vii) if an approved transfer scheme has been effected and resulted in KIP REIT being left with no assets or properties; or
- (viii) if an approved transfer scheme has been effected and resulted in KIP REIT being left with no assets or properties which are no longer practical or feasible to achieve the objectives of KIP REIT; or
- (ix) upon KIP REIT reaching its maturity date as specified in the Deed.

If a termination event in paragraph (ii) above occurs, the Trustee must apply to the Court for an order confirming the Unitholders' resolution. The Court may confirm the resolution if the Court is satisfied that it is in the interests of the Unitholders to do so and may make orders for the winding-up of KIP REIT (including but not limited to procedures for a voluntary winding-up of KIP REIT), which orders must be carried out by the Trustee.

Upon termination of KIP REIT (other than due to the events in paragraph (ii) above) the following provisions shall have effect:

- (i) The Trustee shall as soon as practicable sell, call in and convert into money the Deposited Property, and divide the proceeds of such sale, calling in and conversion less all proper costs and disbursement, commissions, brokerage fees, legal fees, fees payable to the Manager and the Trustee on termination of KIP REIT and other outgoings including costs of final distribution of capital and income and all proper provisions for liabilities of KIP REIT, among the Unitholders in proportion to the number of Units which they hold respectively at the date of termination of KIP REIT provided that the Trustee may at its discretion, and from time to time, make a partial distribution of capital and the Trustee and Manager shall on termination of KIP REIT both be deemed as preferential creditors as provided in the Act.
- (ii) the Trustee shall pay any unclaimed net proceed or other cash held by the Trustee that remains unclaimed after 12 months from the date on which it became payable to the Registrar of Unclaimed Monies to the Registrar of Unclaimed Monies, in accordance with the provisions of the Unclaimed Monies Act 1965.
- (iii) The Trustee shall as soon as practicable after the date of the notice in Clause 26.3 of the Deed, give to each Unitholder notice of impending distribution.
- (iv) The Trustee may postpone the sale, calling in and conversion of any part of the investment and property comprised in KIP REIT for such time as it thinks it desirable so to do in the interest of the Unitholders and shall not be responsible for any loss attributable to such postponement except to the extent that such loss may be attributable to the Trustee's own neglect or default.
- (v) The Trustee may retain in its hands or under its control for as long as it thinks fit such part of KIP REIT as in its opinion may be required to meet any outgoings of KIP REIT or any of the investments thereof provided that any investments or monies so retained to the extent that they are ultimately found not to be so required shall remain subject to KIP REIT for conversion and distribution in accordance with the Deed.
- (vi) The Trustee and the Manager are entitled to:
 - (a) be paid from the proceeds of realisation of KIP REIT before any payment is made to the Unitholders, all costs incurred:
 - (aa) firstly, by the Trustee and the Manager in connection with the winding-up of KIP REIT and the realisation of the Deposited Property;

- (bb) secondly, or on behalf of any agent, solicitor, banker, accountant or other person employed by the Trustee or the Manager in connection with the winding-up of KIP REIT;
 - (cc) thirdly, by the Trustee and the Manager before the winding-up of KIP REIT which has not been recouped; and
 - (dd) fourthly, by or on behalf of any creditor of the Trustee or the Manager in relation to KIP REIT;
- and
- (b) following the termination of KIP REIT and until the winding-up is completed, their remuneration provided for in the Deed.

For avoidance of doubt, the provisions of this Trust Deed shall continue to apply (where applicable) pending the completion of the winding-up process unless provided otherwise in the Deed.

KIP REIT shall nevertheless terminate at the expiration of a period of 999 years after the date of the registration of the Deed with the SC.

10.22 MEETINGS OF UNITHOLDERS

Either the Trustee or the Manager may convene a meeting of Unitholders by giving notice to the Unitholders in accordance with the Deed, which the notice shall specify the general nature of the business to be transacted.

The Unitholders may also convene a meeting. The Manager shall within 21 days after a requisition has been delivered to its registered office, being a requisition by not fewer than 50, or 1/10 in number, whichever is less, of all Unitholders, convene a meeting of Unitholders in for the purpose of giving to the Trustee such directions as the meeting thinks proper or to consider any other matter in relation to the Deed.

The requisition must state the objects of the meeting and the terms of any resolution proposed to be submitted to the meeting. The requisition must be signed by the requisitionists and deposited at the registered office of the Manager and may consist of several documents in like form each signed by one or more of the requisitionists. The Trustee shall immediately upon receipt of any such requisition advise the Manager thereof and shall make available all information in its possession in connection with the same. The Trustee may make and take copies of any such requisition.

If the Manager does not within 21 days from the date of the requisition being so deposited duly proceed to convene a meeting, the requisitionists or a majority of them in value may themselves convene the meeting but any meeting so convened shall not be held after the three months from the date of such deposit. Any meeting convened under this paragraph by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Manager or Trustee.

The Manager is entitled to receive notice of and to attend and speak at any meeting of the Unitholders but the Manager shall not be entitled to exercise its voting rights in respect of Units which it or its nominee hold or is deemed to hold for such meeting, unless otherwise permitted by the SC or the Relevant Laws and Requirements.

11. CORPORATE GOVERNANCE, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

11.1 CORPORATE GOVERNANCE

The Manager intends to adopt a corporate governance framework that meets best practices of good governance on structures and internal processes by adopting the requirements and guidelines set out in the REIT Guidelines, the Listing Requirements, the Malaysian Code on Corporate Governance 2012 issued by the SC and the Corporate Governance Guide issued by Bursa Securities in the performance of its obligations and duties as described in the Deed.

11.2 EXISTING AND ON-GOING RELATED PARTY TRANSACTIONS

Pursuant to the REIT guidelines, a related party transaction means any transaction between the REIT and its related parties. "Related party" includes:

- (i) the management company, the trustee or a major unitholder of the REIT;
- (ii) a director, chief executive officer or major shareholder of the management company; or
- (iii) a person connected with any director, chief executive officer, or major shareholder of the management company, or a person connected with the management company, the trustee or major unitholder of the REIT.

In relation to a director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund, "a person connected" is defined as such person who falls under any of the following categories:

- (i) a family member of the director, chief executive officer, major shareholder of the management company, or major unit holder of the fund;
- (ii) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund, or a family member of the director, chief executive officer or major shareholder of the management company or major unit holder, is the sole beneficiary;
- (iii) a partner of the director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund; or a partner of a person connected with that director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund;
- (iv) a person who is accustomed or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund;
- (v) a person in accordance with whose directions, instruction or wishes the director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund, is accustomed or is under obligation, whether formal or informal, to act;
- (vi) a body corporate or its directors which/who is/are accustomed or under obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund;

- (vii) a body corporate or its directors whose directions, instructions or wishes the director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund, is accustomed or under obligation, whether formal or informal, to act;
- (viii) a body corporate in which the director, chief executive officer or major shareholder of the management company, the management company, trustee or major unit holder of the fund; and/or persons connected to him are entitled to exercise of, not less than 15% of the votes attached to the voting shares in the body corporate; or
- (ix) a body corporate which is a related corporation.

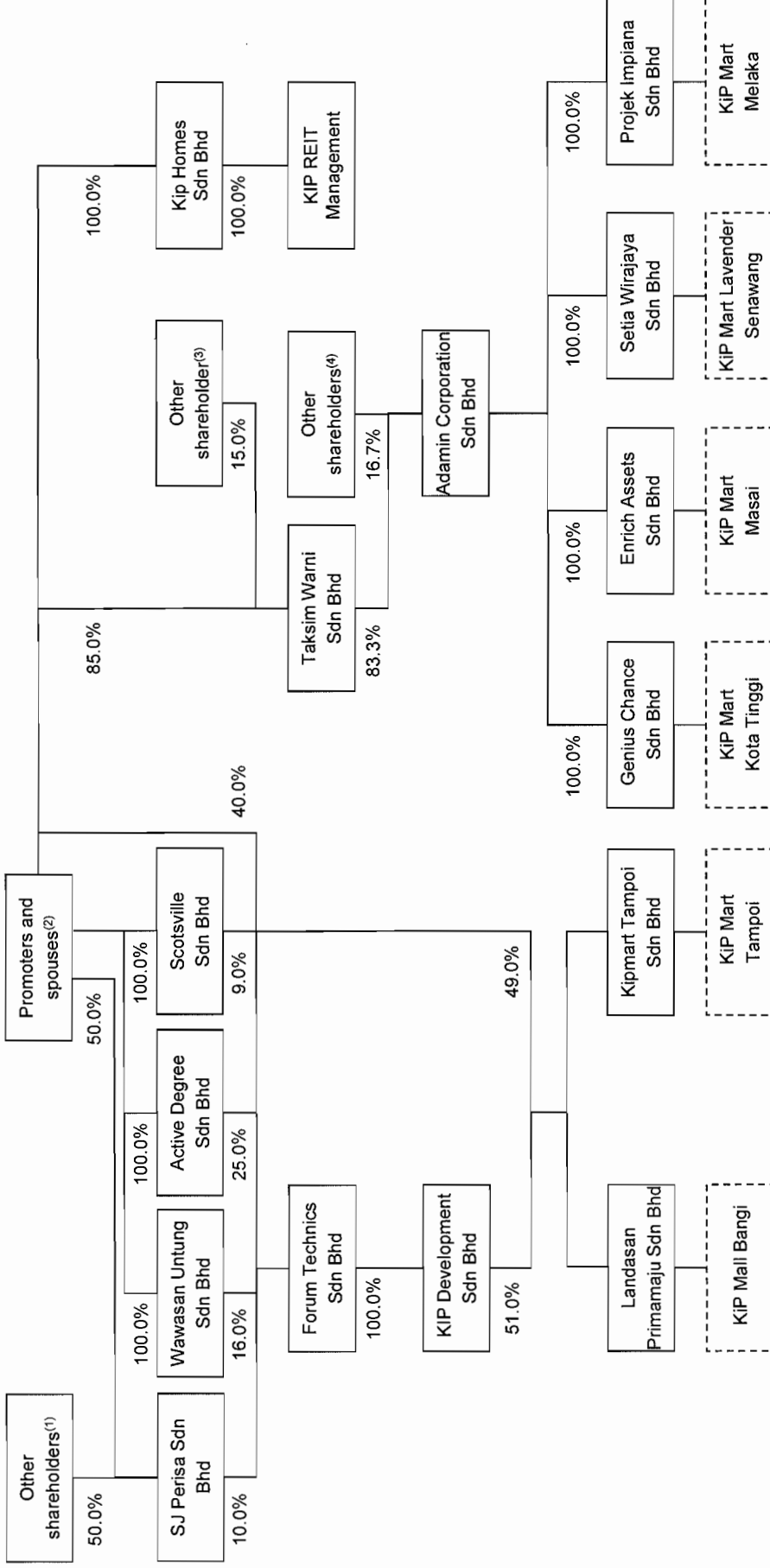
11.2.1 Acquisition of Subject Properties

The Acquisition is deemed a related party transaction pursuant to Chapter 9 of the REIT Guidelines in view of the following:

- (i) the Promoters are major shareholders of KIP Development Sdn Bhd, Scotsville Sdn Bhd and Adamin Corporation Sdn Bhd, which in turn collectively hold the entire share capital of the Vendors;
- (ii) the Manager is indirectly wholly-owned by the Promoters through Kip Homes Sdn Bhd; and
- (iii) the Promoters will be major unitholders of KIP REIT upon completion of the Proposed Listing.

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The organisational chart illustrating the relationship between the Vendors, the Manager and the Promoters are as follows:



Notes:

⁽¹⁾ Includes Dato' Charon Wardini Mokhzani, Charmian Azura Mokhzani and Firhat Yuri Mokhzani, holding 20.0%, 15.0% and 15.0% equity interest respectively in SJ Perisa Sdn Bhd.

⁽²⁾ The equity interests of the Promoters and their respective spouse in the relevant entities are as follows:

Name	Percentage of equity interest							
	SJ Perisa Sdn Bhd	Wawasan Untung Sdn Bhd	Active Degree Sdn Bhd	Forum Technics Sdn Bhd	Scotsville Sdn Bhd	Taksim Warni Sdn Bhd	Kip Homes Sdn Bhd	
Dato' Chew Lak Seong	25.0%	50.0%	-	20.0%	35.0%	29.8%	50.0%	
Datin Teoh Siew Chin	-	-	50.0%	-	15.0%	12.7%	-	
Dato' Ong Kook Liong	25.0%	50.0%	-	20.0%	35.0%	29.8%	50.0%	
Datin Siew Kui Taw	-	-	50.0%	-	15.0%	12.7%	-	
Total	50.0%	100.0%	100.0%	40.0%	100.0%	85.0%	100.0%	

⁽³⁾ Kok Pick Tong holds 15.0% equity interest in Taksim Warni Sdn Bhd.

⁽⁴⁾ Include Gan Cheng Swee and Lim Ken Chai, holding 13.4% and 3.3% equity interest respectively in Adamin Corporation Sdn Bhd.

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11.2.2 Assignment of Trademarks Agreements and Licence Agreements for the use of the “KiP Mart” and “KiP Mall” trademarks and logos

- (i) Pursuant to an assignment of trade marks agreement dated 7 December 2016 entered into between the Trustee on behalf of KIP REIT and KIPMart Management Sdn Bhd, the “KiP Mart”, “tomato”, and “Kippy” trade marks will be assigned by KIPMart Management Sdn Bhd to the Trustee on behalf of KIP REIT with effect from the Completion Date of the SPA;
- (ii) pursuant to an assignment of trade marks agreement dated 7 December 2016 entered into between the Trustee on behalf of KIP REIT and KIP Mall Management Sdn Bhd, the “KiP Mall” trademarks will be assigned by KIP Mall Management Sdn Bhd to the Trustee on behalf of KIP REIT with effect from the Completion Date of the SPA;
- (iii) pursuant to a trade marks licence agreement dated 7 December 2016 between the Trustee on behalf of KIP REIT and KIPMart Management Sdn Bhd, KIPMart Management Sdn Bhd was granted the non-exclusive licence to use the “KiP Mart”, “tomato”, and “Kippy” trade marks, in respect of retail properties, including those within mixed developments owned, operated or managed by companies or corporations within the KIP group of companies and at any corporate office occupied by any entity within the KIP group of companies which manages such retail properties, with effect from the date on which the assignment in sub-paragraph (i) above takes effect; and
- (iv) pursuant to a trade marks licence agreement dated 7 December 2016 between the Trustee on behalf of KIP REIT and KIP Mall Management Sdn Bhd, KIP Mall Management Sdn Bhd was granted the non-exclusive licence to use the “KiP Mall” trade marks in respect of retail properties, including those within mixed developments owned, operated or managed by companies or corporations within the KIP group of companies and at any corporate office occupied by any entity within the KIP group of companies which manages such retail properties, with effect from the date on which the assignment in sub-paragraph (ii) above takes effect.

The above agreements are related party transactions in view of the following:

- (i) the Promoters are major shareholders of Kipmart Management Sdn Bhd; and
- (ii) KIP Mall Management Sdn Bhd is wholly-owned by the Promoters.

Please refer to Section 1.9 of this Prospectus for details on the registered trademarks owned by KIP REIT

11.2.3 Other related party transactions

Save as disclosed above, there is no existing and on-going transaction between the Vendors and the Promoters and/or persons connected with the Promoters and/or the Manager relating to the Subject Properties.

11.3 POTENTIAL RELATED PARTY TRANSACTIONS

11.3.1 Acquisition pursuant to exercise of ROFR

In the event of any acquisition pursuant to the exercise of the ROFR, the sale and purchase agreement for such proposed acquisition will be a potential related party transaction. Potential conflict of interest may arise between KIP REIT and the vendors of such assets during the negotiation on the terms of such sale and purchase agreement.

11.4 POTENTIAL CONFLICTS OF INTEREST

11.4.1 The Promoters

The Promoters are engaged in and/or may engage in among others, investment in, and the development, management and operation of retail properties which may compete with the Subject Properties. Further, the Promoters may also sponsor, manage or invest in other REITs of other vehicles which may compete directly with KIP REIT.

As a result, the strategies and activities of KIP REIT may be influenced by the overall interests of the Promoters. There can be no assurance that conflicts of interest may not arise among KIP REIT, the Manager and the Promoters in the future.

In addition, pursuant to the Service Provider Agreement entered into between KIP Property Services, being a wholly-owned company of the Promoters, and the Property Manager, KIP Property Services will provide the Property Manager with, amongst others, a team of personnel with the necessary qualifications, expertise, experience and internal working and operation knowledge of the Subject Properties. The appointment of KIP Property Services as a service provider (including the terms of its remuneration) is subject to the approval of the Manager.

In order to mitigate the potential conflicts of interest, such appointments have been approved and the renewal of such appointments will be approved by the independent directors of the Manager. The Promoters have undertaken to both the Manager and the Trustee, to grant KIP REIT the ROFR in respect of the acquisition and disposal of relevant assets upon the terms and subject to the terms and conditions of the letters for the ROFR. See Section 14.4 "General ROFR granted to KIP REIT by the Promoters" of this Prospectus for further details.

11.4.2 Manager's policy on related party transactions and dealing with conflict of interest situations

Upon Listing, KIP REIT will be subjected to the REIT Guidelines and/or the Listing Requirements (where applicable) on related party transactions. Compliance of KIP REIT with the Listing Requirements and the REIT Guidelines will ensure that related party transactions will not prejudice the interests of the Unitholders as a whole.

(i) Real estate transactions

The REIT Guidelines provide, among others, that the trustee's consent is required for all related party transactions which involves real estate, and where the transaction value is equal or greater than 5.0% of the Total Asset Value of KIP REIT (after acquisition), the prior approval of Unitholders by way of an ordinary resolution is required. Related parties of the Manager should not vote or be counted as quorum at a meeting if they have interest in the outcome of a transaction tabled for approval which is different from the interests of other Unitholders. Where the transaction value of an acquisition or a disposal by KIP REIT of Real Estate Assets that is a related party transaction is less than 5.0% of the Total Asset Value of KIP REIT after completion of the transaction, the Trustee must provide a written confirmation that the transaction is based on normal commercial terms, at arm's length, and not prejudicial to the Unitholders' interests.

The Manager has to ensure that the acquisition or disposal of real estate that is a related party transaction is consistent with the investment objective and strategy of KIP REIT.

Further, the Manager shall also obtain a valuation by a qualified valuer of no more than six months prior to the intended date of acquisition or disposal for the real estate. Such valuation report has to be provided to the Trustee. In the event that any real estate is transacted at a price other than a price that is equivalent to the value assessed in a valuation report, the confirmation of the Trustee will have to be sought that the transaction is based on normal commercial terms, at arm's length, and not prejudicial to the Unitholders' interest. The Manager shall ensure that the acquisition price is not more than 110.0% of the value assessed in the valuation report and the disposal price is not less than 90.0% of the value assessed in the valuation report.

The Manager shall notify the Unitholders through an announcement to Bursa Securities of the related party transactions involving real estate whereby:

- (i) the real estate is transacted at a price other than a price that is equivalent to the value assessed in a valuation report; or
- (ii) the acquisition or disposal of the real estate is a related party transaction which is valued at less than 5.0% of the Total Asset Value of KIP REIT after completion of the transaction.

(ii) Tenancies

In respect of tenancies entered into with related parties, the REIT Guidelines require the Trustee to ensure that the terms and conditions of the tenancy agreements are reasonable under the prevailing market conditions. In determining the rental rates for related tenants, the Trustee should be guided by the recommendation of at least one independent valuer appointed by the Trustee.

In order to mitigate any potential conflict of interest, the Manager has also instituted the following procedures:

- (i) in respect of matters or transactions which a Director or a person connected to him or her has an interest (directly or indirectly), such Director shall not participate in any proceedings of the Board and shall abstain from voting in respect of such matter or transaction;
- (ii) the Board shall maintain a minimum ratio of at least one-third independent directors at all times, and in the event the Chairman is a non-independent director, the Board shall maintain a majority of independent directors at all times;
- (iii) the directors of the Manager owe fiduciary duties to the Manager and KIP REIT, including the duty to act in good faith and in the best interest of KIP REIT;
- (iv) the Manager shall not exercise any voting rights in any Unitholder's meeting with respect to any units they may hold; and
- (v) any transactions in which a conflict of interest will arise should be executed on terms which are the best available for KIP REIT and which are no less favourable to KIP REIT than arm's-length transactions between independent parties and be adequately disclosed in the Prospectus and fund reports of KIP REIT.

All related party transactions are subject to regular periodic review by the Audit and Risk Committee prior to recommendation to the Board. If a member of the Audit and Risk Committee has an interest in a transaction, he is to abstain from participating in the review and recommendation process in relation to that transaction.

The Manager is obliged to cancel a transaction or make a corresponding acquisition or disposal to secure restoration of a previous position where the Trustee conveys its opinion to the Manager that a particular acquisition or disposal by the Manager exceeds the Manager's powers or is contrary to the interest of the Unitholders.

11.5 INTERESTS OF DIRECTORS AND OTHER SUBSTANTIAL SHAREHOLDERS OF THE MANAGER IN OTHER CORPORATIONS CARRYING ON SIMILAR BUSINESSES

As at the Latest Practicable Date, none of the Directors and substantial shareholders of the Manager hold any interests in other corporations carrying on similar businesses.

For the purpose of this Section 11.5, "**similar business**" means the management of a REIT with an investment policy of investing in Real Estate used primarily for retail purposes in Malaysia.

11.6 OTHER PERTINENT INFORMATION

The Manager will comply with all requirements as laid out in the REIT Guidelines on related party transactions including provisions contained in the Deed.

The Manager will establish procedures that will ensure that such transactions are undertaken in full compliance to the REIT Guidelines and are carried out at arm's length, based on normal commercial terms and in the best interests of the Unitholders.

The Manager would have to demonstrate to the Audit and Risk Management Committee that transactions (whether purchase of services or properties) would be taken on normal commercial terms, which may include in the case of the purchase of services, the obtaining of quotations from parties unrelated to the Manager, or in the case of purchase of properties, the obtaining of valuation from an independent valuer.

The Trustee shall ensure that related party transactions are at arm's length, based on normal commercial terms and not prejudicial to the interest of the Unitholders. Furthermore, the Trustee has the ultimate discretion under the Deed to decide whether or not to enter into a transaction involving a related party of the Manager. If the Trustee is to sign any contract with a related party of the Manager, the Trustee will review the contract documentation to ensure it complies with the requirements and provisions relating to related party transactions contained in the REIT Guidelines and the Deed.

11.7 DECLARATIONS BY ADVISERS

11.7.1 CIMB

CIMB, its subsidiaries and associated companies, as well as its holding company and the subsidiaries and associated companies of its holding company (the “**CIMB Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for the Promoters, KIP REIT, the Manager and/or their respective affiliates, in addition to the roles set out above. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the Promoters, KIP REIT, the Manager and/or their respective affiliates, hold long or short positions, and may trade or otherwise effect transactions on its own account or for the account of its customers in debt or equity securities or senior loans of the Promoters, KIP REIT, the Manager and/or their respective affiliates. This is a result of the businesses of the CIMB Group generally acting independently of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of the Promoters, KIP REIT, the Manager and/or their respective affiliates.

As at the Latest Practicable Date, CIMB Bank Berhad and CIMB Islamic Bank Berhad have in the ordinary course of its banking business, extended credit facilities to the Promoters and their respective affiliates. CIMB is of the view that the abovementioned does not result in a conflict of interest situation in respect of its capacity as the Principal Adviser, Underwriter and Bookrunner for the Offering due to the following:

- (i) CIMB Bank Berhad and CIMB Islamic Bank Berhad are licensed commercial banks and the extension of credit facilities arose in the ordinary course of business of CIMB Bank Berhad and CIMB Islamic Bank Berhad; and
- (ii) the total credit facilities extended by CIMB Bank Berhad and CIMB Islamic Bank Berhad are not material when compared to the audited net assets of the CIMB Group as at 31 December 2015 of approximately RM41.3 billion.

11.7.2 Albar & Partners

Albar & Partners confirms that there is no existing or potential conflict of interest in its capacity as the Legal Adviser to the Manager as to Malaysian law and in relation to the Offering and the Listing.

11.7.3 Zaid Ibrahim & Co

Zaid Ibrahim & Co confirms that there is no existing or potential conflict of interest in its capacity as the Legal Advisers to the Underwriter and Bookrunner as to Malaysian law and in relation to the Offering and the Listing.

11.7.4 PricewaterhouseCoopers

PricewaterhouseCoopers confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants of KIP REIT as to Malaysian law and in relation to the Offering and the Listing.

11.7.5 Deloitte Touche Tohmatsu Tax Services Sdn Bhd

Deloitte Touche Tohmatsu Tax Services Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the Tax Consultant of KIP REIT as to Malaysian law and in relation to the Offering and the Listing.

11.7.6 Savills (Malaysia) Sdn Bhd

Savills (Malaysia) Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the Independent Property Market Consultant as to Malaysian law and in relation to the Offering and the Listing.

In its capacity as the Independent Property Market Consultant, Savills (Malaysia) Sdn Bhd was responsible for preparing the Independent Property Market Report found in Appendix B "Independent Property Market Report" of this Prospectus.

11.7.7 C H Williams Talhar & Wong Sdn Bhd

C H Williams Talhar & Wong Sdn Bhd confirms that there is no existing or potential conflict of interest in its capacity as the Independent Property Valuer as to Malaysian law and in relation to the Offering and the Listing.

In its capacity as the Independent Property Valuer, C H Williams Talhar & Wong Sdn Bhd was responsible for preparing the Valuation Certificates found in Appendix A "Valuation Certificates" of this Prospectus.

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12. APPROVALS, CONDITIONS, WAIVERS AND VARIATIONS

12.1 APPROVALS AND CONDITIONS

- (i) The SC has, through its letter dated 31 October 2016, approved the listing of KIP REIT and the appointment of the Manager as the management company of KIP REIT. The conditions imposed by the SC and the status of compliance are as follows:

<u>Details of conditions imposed</u>	<u>Status of compliance</u>
(i) CIMB and the Manager are required to provide evidence of compliance with Paragraphs 3.04(d) and 3.28 of the Guidelines on Real Estate Investment Trusts prior to the submission of the prospectus of KIP REIT for registration;	Complied prior to submission of the Prospectus to the SC for registration via letter to SC on 7 December 2016
(ii) The Manager or its advisers are required to submit an operational audit report of KIP REIT's operations to the SC within 6 months after KIP REIT is launched and listed. The appointment of the external auditors and scope of work shall be subject to the SC's clearance;	Noted and to be complied upon listing.
(iii) CIMB and the Manager are required to inform the SC the listing date of KIP REIT prior to the listing of KIP REIT; and	Noted and to be complied
(iv) The listing of KIP REIT must be completed within 6 months from the date of the decision letter. SC's approval is deemed to lapse if the Manager fails to complete the listing within the stipulated timeframe	Noted and to be complied

- (ii) The SC has, through its letter dated 27 October 2016, approved in principle the Manager's application for a Capital Markets Services Licence ("CMSL") for the regulated activity of fund management in relation to asset management restricted to real estate investment trusts ("REITs"), Dato' Chew Lak Seong, Dato' Ong Kook Liong and Lim Han Gie's applications for Capital Markets Services Representative's Licence ("CMSRL") for the regulated activity of fund management in relation to asset management restricted to REITs, and the appointments of the following board members, key personnel and company secretary of the Manager:

<u>Name</u>	<u>Designation</u>
Dato' Chew Lak Seong	Executive Director/Licensed Director
Dato' Ong Kook Liong	Executive Director/Licensed Director
Dato' Syed Hussain bin Syed Husman	Non-Executive Director
Datuk Mohamed Arsad bin Sehan	Non-Executive Director
Foo Lee Khean	Non-Executive Director
Lim Han Gie	Chief Executive
Lee Yit Siong	Responsible Person for Compliance
Foo Siew Loon	Company Secretary

This approval in principle is subject to no adverse records found against the Manager, its shareholders, directors, key personnel and company secretary and the following condition:

Details of conditions imposed

Status of Compliance

The shareholders' funds of the Manager be increased to a minimum of RM1 million, which must be maintained at all times, within six months from the date of the decision letter.

Complied.

- (iii) The MITI has through its letter dated 28 July 2016, approved the Manager's application for the issue of units to fulfil the Bumiputera equity requirement. The conditions imposed by MITI as the status of compliance are as follows:

Details of conditions imposed

Status of Compliance

(i) 58,100,000 units representing 11.5% of total units are reserved units that are subjected to the approval of MITI and the distribution shall be made upon the approval from the SC; and

Complied. The approval of the SC for the Offering was obtained on 31 October 2016.

(ii) 63,200,000 units representing 12.5% of total units are Bumiputera Units. Therefore, KIP REIT is in compliance with the 12.5% Bumiputera equity requirement.

Complied

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12.2 WAIVERS AND VARIATIONS

Waivers and variations from the REIT Guidelines, Asset Valuation Guidelines and CIS Prospectus Guidelines issued by the SC

- (i) The SC has, through its letter dated 14 June 2016, granted the following waivers and variations in respect of compliance with the REIT Guidelines, Asset Valuation Guideline and the CIS Prospectus Guidelines (collectively, "**Guidelines**"):

<u>Relevant section of the Guidelines</u>	<u>Details of the waiver or variation granted</u>	<u>Details of conditions imposed</u>	<u>Status of compliance</u>
Paragraph 4.12(e) of the Asset Valuation Guidelines	Waiver to allow the Independent Property Valuer to issue the valuation reports for the Subject Properties without detailing the names and the corresponding lot numbers of the respective tenants.	Nil	N/A
Paragraph 13.13(c) of the REIT Guidelines	Waiver to allow the eligible directors and employees of the Vendors and Eligible Companies to subscribe for the Units under the Retail Offering.	Nil	N/A
Paragraph 20.07(a)(ii), Part II of the CIS Prospectus Guidelines (<i>the same paragraph has been renumbered as paragraph 19.07(a)(ii), Part III of the CIS Prospectus Guidelines revised on 19 July 2016</i>)	Variation from disclosing the Subject Properties' major tenants and their corresponding percentage contribution to total gross rental income to allow disclosure of the major tenants' percentage contribution to total gross rental income on an aggregate basis.	Nil	N/A
Paragraph 3.10(j), Part IV of the CIS Prospectus Guidelines	Waiver to allow a copy of the unstamped Financing Agreement to be submitted to the SC as part of the registration documents three market days prior to obtaining the SC's approval for the registration of the Prospectus.	Nil	N/A

13. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA

13.1 OVERVIEW OF REGULATION OF REITS IN MALAYSIA

In Malaysia, REITs are governed and regulated by the SC and in addition, a listed REIT would also be subject to the purview of Bursa Securities. The SC is empowered to ensure compliance with the CMSA, the REIT Guidelines and the Take-over Code while Bursa Securities is empowered to ensure the compliance of the listed REIT with the relevant sections of the Listing Requirements. The appointments of the management company and the trustee are subject to the approval of the SC. The CMSA, the REIT Guidelines and the Listing Requirements serve to govern the operation and administration of REITs and together with the Take-over Code serve to protect the interest of unitholders and to facilitate an orderly development of REITs. The trustee and the management company, including their officers and directors, must comply with the CMSA, the REIT Guidelines, the Listing Requirements, the Take-over Code and all other Relevant Laws and Requirements.

13.1.1 Under the CMSA and/or the REIT Guidelines:

- (i) **The management company** – A management company must, among others, be an entity incorporated in Malaysia; have a minimum of 30% local equity; have a minimum shareholders fund of RM1 million at all times and approved by the SC. The REIT Guidelines contain provisions on reconstruction, amalgamation and change in shareholding of the management company (which will require the prior approval of the SC), composition of the board of directors (including independent members), appointment of the key personnel which consist of a chief executive officer, designated person responsible for the REIT, compliance person and property manager. The roles and responsibilities of a management company include, among other things, that it should establish and maintain risk management systems and controls to enable it to identify, assess, mitigate, control and monitor risks in relation to the REIT it operates and manages; and shall have adequate human resource with the necessary qualification, expertise and experience to carry on business as a management company and have adequate and appropriate system, procedures and processes, to undertake the business in a proper and efficient manner.
- (ii) **The trustee** – The appointment of a trustee must be approved by the SC. The minimum requirements of a trustee include, among others, that it must be a trust company registered under the Trust Companies Act 1949 or incorporated under the Public Trust Corporation Act 1995; be registered with the SC; have a minimum issued and paid-up capital of not less than RM500,000.00; have the adequate human resources, necessary qualification, expertise, and experience and have adequate and appropriate systems, procedures and processes, to carry out its duties and responsibilities in a proper and efficient manner. A trustee is also obliged by the CMSA to notify the SC as soon as practicable of any irregularity, any breach of the provisions or covenants of the Deed, any contravention of securities laws and any inconsistency between the disclosures in this prospectus and the provisions or covenants of the Deed.
- (iii) **Delegation and outsourcing** – A management company or a trustee may delegate and outsource its functions to third parties. Nonetheless, this does not relieve a management company or a trustee from its responsibilities. When delegation takes place, it is the duty of the management company and the trustee to ensure that adequate procedures are in place and that the trust deed, prospectus, REIT guidelines and securities laws are complied with. Note also that the delegation of a management company's function requires the SC's prior approval.

- (iv) **Investment of the REIT** – The REIT Guidelines set out the investment perimeters of REITs in Malaysia including among other things, the spread limits, concentration limits, Real Estate-Related Assets, Non-Real-Estate-Related Assets, investments in deposits, investments in foreign real estate/markets and the level of borrowings (which shall not exceed 50.0% of the Total Asset Value of the REIT at the time the borrowings are incurred), acquisition of real estate (that is, at a price not more than 110.0% of the value assessed in a valuation report (unless varied by the SC), and likewise a REIT should not dispose of a Real Estate Asset at a price lower than 90.0% of the value assessed in a valuation report; and where the value of real estate to be disposed exceeds 50.0% of the REIT's Total Asset Value, the disposal must be sanctioned by the unitholders by way of an ordinary resolution (except where the disposal is for the purpose of terminating or winding up the REIT).
- (v) **Valuation** – Valuations of real estate are required to be undertaken at least once every three years. The REIT Guidelines govern the appointment of the valuer, preparation of the valuation report, regulatory parameters on valuation of real estate and also govern the valuation of Real Estate-Related Assets and Non-Real Estate-Related Assets and announcement/publication of NAV per unit of REIT.
- (vi) **Fees** – The REIT Guidelines contain provisions for the remuneration of the management company, remuneration of the trustee and other expenses of the REIT. The management company and the trustee may only be remunerated by way of an annual fee charged to REIT, which must be permitted by the trust deed and clearly disclosed in the prospectus and only expenses directly related and necessary in operating and administering the REIT may be paid out of the REIT including, among other things, the maintenance of real estate belonging to the REIT, taxes and other duties charged on the REIT by the government and other authorities, fees for the valuation of any investment of the REIT and listing expenses for listing on the stock exchange.
- (vii) **Issue of securities by a REIT** – Any issuance of new units by a REIT is subject to approval by the unitholders and, where relevant, the prior approval of the SC.
- (viii) **Operational matters** – The REIT Guidelines covers, among others, the size of the REIT, the registration of unitholders, the branch register of unitholders outside Malaysia, conflict of interest, termination/winding up, distribution of income, rebates and commission, transfer scheme (which is an arrangement to transfer REIT property from a REIT to another REIT), unitholders' meetings, notice, voting rights, chairperson of meetings, quorum, corporate governance principles and best corporate governance standards for all activities conducted in relation to the REIT.

13.1.2 Under the Listing Requirements:

In addition to prescribing the admission procedures and requirements for the admission and listing of a REIT on the Main Market, the Listing Requirements also prescribe the following:

- (i) **Board of directors of the management company** – The board of directors of the management company must have at least two independent directors while maintaining a minimum ratio of at least 1/3 independent directors at all times;
- (ii) **General meetings** – The deed of a listed REIT is required to be in compliance with the Listing Requirements in relation to notice, proxies and voting rights of the Unitholders;

- (iii) **Continuing listing obligation** – The chapter on continuing listing obligation covers the unitholding spread requirement of a listed REIT of at least 25.0% of the total number of listed units are in the hands of public unit holders; and
- (iv) **Continuing disclosure** – The chapter on continuing disclosure requirements sets out, among others, the disclosure policy of Bursa Securities which a listed REIT is required to adhere to, immediate disclosure of any material information, preparation of announcements, immediate disclosure requirements and periodic disclosures.

13.1.3 Under the Take-over Code:

The Take-over Code applies to REITs that are listed on Bursa Securities. Under the Take-over Code, any person acquiring an interest, either individually or with parties acting in concert, in more than 33.0% of the Units (being voting units in KIP REIT) is required to extend a mandatory offer for the remaining Units in accordance with the Take-over Code, unless otherwise exempted. A mandatory offer is also required to be made if a person holding more than 33.0% but not more than 50.0% of the Units, either individually or with parties acting in concert, acquires more than 2.0% of the Units in any six-month period under the Take-over Code, unless otherwise exempted.

As a result, acquisitions of Units which may result in a change in control of KIP REIT will be subject to the provisions of the Take-over Code, such as a requirement to make a mandatory offer for Units.

13.2 OVERVIEW OF LAND LAW

13.2.1 The Land System

In Malaysia, land law is based on the Torrens system of South Australia which operates on the principle of "title by registration". Notwithstanding the adoption of Torrens system in Malaysia, some lands in the state of Penang and Malacca are still governed by the deed system. The National Land (Penang and Malacca Titles) Act 1963 ("**NLCPM**") was thus enacted to govern such lands and to convert the deed system in Penang and Malacca to the Torrens system used under the National Land Code 1965 ("**NLC**").

Pursuant to the Federal Constitution of Malaysia ("**Constitution**"), land matters generally lie within the jurisdiction of the state governments. However, the Constitution specifically provides for federal legislation in such matters for the purposes of ensuring uniformity of law and policy in various aspects of land matters which are not exercisable with regard to the States of Sabah and Sarawak.

The following are the primary pieces of legislation governing land law in Malaysia the operation of which is supplemented by various subsidiary legislations such as the various state land enactments and ordinances which are in force in the respective states in Malaysia:

- (i) the NLC;
- (ii) the NLCPM;
- (iii) Strata Titles Act 1985 ("**STA**");
- (iv) Sarawak Land Code (Cap 81) ("**Sarawak Land Code**"); and
- (v) Sabah Land Ordinance (Cap 68) ("**Sabah Land Ordinance**").

The NLC is an act which amends and consolidates the laws relating to land and land tenure, the registration of title to land and of dealings therewith and the collection of revenue therefrom within the States of Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Selangor and Terengganu, the Federal Territory of Kuala Lumpur, the Federal Territory of Putrajaya and the Federal Territory of Labuan, and for purposes connected therewith while in the States of Sabah and Sarawak, the respective Sabah Land Ordinance and Sarawak Land Code apply.

The rest of this Section 13.2 of this Prospectus will cover land law applicable to the states in Peninsular Malaysia and the Federal Territories.

The NLCPM was enacted to provide for the conversion of the system of registration of deeds practiced prior to 1966 to the Torrens system.

STA is an act to facilitate the subdivision of buildings or lands into parcels and the issuance of separate strata titles in relation to the same, and the STA is only applicable to West Malaysia and the Federal Territory of Labuan.

The NLC expressly provides that it shall not (unless expressly provided to the contrary) affect the provisions of:

- (i) any law relating to customary tenure;
- (ii) any law relating to Malay reservations or Malay holdings;
- (iii) any law relating to mining;
- (iv) any law relating to sultanate lands;
- (v) any law relating to wakaf (relating to the endowment of property for religious and/or public purposes in accordance with Islamic teachings) or bait-ul-mal (an Islamic non-profit financial organisation providing benefits to community members and organisations);
- (vi) the Terengganu Settlement Enactment 1356;
- (vii) the Padi Cultivators (Control of Rent and Security of Tenure) Ordinance 1955;
- (viii) the Kelantan Land Settlement Act 1955;
- (ix) the Land (Group Settlement Areas) Act 1960;
- (x) the Perlis Land Settlement Enactment 1966; and
- (xi) any law for the time being in force relating to exemptions from the payment of land revenue.

13.2.2 Indefeasibility of Title

Pursuant to the NLC, a person will obtain an indefeasible title to or interest in the land after his/her proprietorship to or interest in land is being registered on the document of title. However, the indefeasibility of title can be defeated under those circumstances as provided in Section 340(2) of the NLC, which include fraud or forgery, or where the registration of title or interest is obtained by the use of an insufficient or void instrument or where the title or interest is unlawfully acquired.

13.2.3 Powers of the State Authority

The State Authority is vested with the entire property in all state lands under the NLC. "State Authority" refers to the Ruler or Governor of the state, as the case may be, and "state land" refers to all land in the state other than land that has already been alienated or reserved (whether as forest or otherwise) or mining land.

Under the NLC, the State Authority has power to alienate land for either:

- (i) a term not exceeding 99 years (commonly referred to as leasehold); or
- (ii) in perpetuity (commonly referred to as freehold).

The power to alienate land by the State Authority is the most common method of disposal of land. The alienation of land by the State Authority is subject to certain conditions such as:

- (i) payment of annual rent;
- (ii) payment of premium (which is subject to exemption by the State Authority);
- (iii) category of land use; and
- (iv) such conditions and restrictions in interest which may be imposed by the State Authority.

Unless an application is made to the State Authority for the extension of the term and such application is approved by the State Authority usually upon the payment of a premium, land alienated for a term not exceeding 99 years shall upon the expiry of such term revert to the State Authority.

In addition to the power to alienate land, the State Authority also has the power to:

- (i) reserve land and grant leases of reserve land for a specific purpose not exceeding 21 years;
- (ii) permit temporary occupation of land;
- (iii) permit the extraction and removal of rock material from land;
- (iv) permit the use of air space on or above land; and
- (v) dispose of underground land.

13.2.4 Categories of Land Use

Land in Malaysia is divided into three general categories of land use, namely, agricultural, industrial and building. The category of land use is endorsed on the documents of title issued in respect of those lands alienated by the State Authority pursuant to the NLC. However, on approving the alienation of land, the State Authority may, if it is satisfied that the imposition of express conditions could better control the use of the land, direct that no category of land use be endorsed on the document of title.

An application may be made to the State Authority by the proprietor of any alienated land for the alteration of any category of land use to which the land is for the time being subject, or where it is not so subject, for the imposition of any category.

Each category of land use is subject to implied conditions as more particularly set out in the NLC. Additionally, specific uses may be specified in the documents of title to land. Failure to comply with express or implied conditions of land use may result in the forfeiture of land by the State Authority.

13.2.5 Dealings in Land

The NLC governs dealings in land and interest in land (which in the context of the NLC includes a registered lease, charge or easement as well as a statutory lien or a tenancy exempt from registration created in respect thereof). Dealings under the NLC may be divided into:

- (i) dealings capable of registration which are transfers, charges, leases and easements; and
- (ii) dealings not capable of registration which are tenancies exempt from registration and statutory liens which are protected by way of an endorsement and the entry of a lien-holder's caveat.

In Malaysia, no instrument effecting any dealing with respect to alienated lands and/or interests therein shall be effective until such instrument has been duly registered.

13.2.6 Restrictions in Interest

Restrictions in interest are restrictions expressly endorsed on the document of title to the land which limits the powers of the registered proprietor to deal with the land. An example of such a restriction is the restriction to transfer, charge or lease the land unless the prior consent of the State Authority has been obtained. It is common to find such restrictions in interest endorsed on the documents of title to lands alienated by the State Authority for terms not exceeding 99 years as opposed to lands alienated by the State Authority in perpetuity.

As restrictions in interest imposed on the document of title to the land binds the land, the restrictions therefore bind the owner(s) (whether present or future) of the land.

In the case of a property held or to be held under a strata title, where there is a restriction in interest endorsed on the document of title to the master land, such restriction will also apply to such property, whether or not the separate strata title to such property has been issued.

13.2.7 Restraints on Dealings

Restraints on dealings include the following:

(i) **Private caveats**

Private caveat is one of the restraints on dealings under the NLC. A person claiming title to or any registrable interest in any alienated land or any right to such title or interest may lodge a private caveat to protect his title or interest in such alienated land. Under the NLC, a non-citizen or foreign company is required to obtain the prior approval of the State Authority before lodging a private caveat.

Once a private caveat is lodged, the registered proprietor may not register or endorse any dealing on the document of title to his land without first removing such private caveat or first obtaining the consent in writing of the person who lodged such private caveat. However, the private caveat will not prevent any dealing made by the registered proprietor, the application for the registration or endorsement of which is made by the registered proprietor before the lodgement of such private caveat.

An application may be made to the Registrar of Titles/Land Administrator or the court by a registered proprietor (or any aggrieved person or body) for the removal of the private caveat. A private caveat will expire six years from the time of the lodgement of the same, unless earlier withdrawn or removed by the Registrar of Titles/Land Administrator or the court.

(ii) Trust caveats

Trust caveat is one of the restraints on dealings under the NLC. The Registrar of Titles/Land Administrator may enter a trust caveat on the application of (a) the trustees for the time being of any land or interest; or (b) the person or body by whom any land or interest is first transferred to trustees; or (c) the person or body by whom any interest is created in favour of trustees, provided that no application made by virtue of (b) or (c) shall be entertained unless it is presented to the Registrar of Titles/Land Administrator with the instrument transferring or creating the land or interest in question.

A trust caveat will prohibit, among others, the registration of any instrument of dealings directly affecting the trust property. However, the trust caveat will not prohibit any registration of dealings which is presented prior to the time from which the trust caveat takes effect.

A trust caveat shall continue in force until cancelled by the Registrar of Titles/Land Administrator on an application in that behalf by the trustees for the time being and all persons and bodies beneficially entitled under the trust.

(iii) Prohibitory Orders

Pursuant to the NLC, "prohibitory order" means where land or an interest in land held by a judgment-debtor is to be sold in execution proceedings, an order made pursuant to rules of court by a court of competent jurisdiction prohibiting the judgment-debtor from effecting any dealing therewith or from effecting such dealing therewith as may be specified in the order.

A prohibitory order will take effect once it has been entered by the land registrar and endorsed on the document of title. The order will prohibit the following endorsement or entry:

- (a) any instrument of dealing executed by or on behalf of the proprietor save and except for any certificate of sale relating thereto;
- (b) any claim to the benefit of any tenancy exempt from registration granted by the proprietor; and
- (c) any lien-holder's caveat.

However, a prohibitory order will not prohibit the registration, endorsement or entry of any instrument, claim or lien-holder's caveat where the instrument was presented, or the application for endorsement or entry received, prior to the time from which the order takes effect.

13.2.8 Malay reserve land and customary land

The Malay Reservation Enactments of the respective states were enacted to secure and protect the Malays' interest in lands reserved for Malays by prohibiting the disposition of such lands by the State and the dealings by the registered proprietors in favour of non-Malays. Any disposal, dealing or attempt to dispose of or deal in Malay reserve land in contravention of the respective Malay Reservation Enactments will be rendered null and void and no action for breach of contract shall be maintained in respect of such disposal or dealing.

The present Malay Reservation Enactments have adopted the policy of providing for exceptions to the prohibition by permitting disposals by the State Authority and dealings by the registered proprietors in favour of certain specified persons and bodies with the approval of the ruler of the state in council of the respective states.

In the same manner, customary land such as those in the state of Malacca, shall only be transferred, charged, leased or transmitted to a Malay pursuant to NLCPM.

13.2.9 Charges

It is common for a financier to require a borrower to create a charge over the land or a lease of land of the borrower in favour of the financier as a security for the financing provided.

A registered proprietor's power to charge is subject to any prohibition or limitation imposed by the NLC or any other written law for the time being in force, any restrictions in interest to which the land in question is for the time being subject and in relation to leases, the provision thereof, express or implied.

Every charge created under the NLC shall take effect upon registration so as to render the land or lease in question liable as security in accordance with the provisions thereof, express or implied.

A chargee is required to comply with the NLC when enforcing the charge to obtain a sale of the land or lease to which the charge relates in the event of a breach by the borrower. The chargee is required, among other things, to serve a default notice in the form as prescribed by the NLC and apply to the court or the land office administrator or the collector of land revenue, as the case may be, for an order for sale. Upon the registration of any certificate of sale given to a purchaser in respect of a charged land or lease, the title or interest of the registered proprietor/chargor shall pass to and vest in the purchaser, free and discharged from all liabilities under the charge in question and any charge subsequent thereto.

13.2.10 Leases and Tenancies

Under the NLC, tenancies may be granted for terms not exceeding three years. There is no registration requirement for tenancies under the NLC but the interest of a tenant under a tenancy exempt from registration can be protected by way of an endorsement on the document of title to the land.

The proprietor of any alienated land may grant leases of the whole or any part thereof. A lease granted under the NLC must be more than three years and maximum term for which any lease may be so granted shall be:

- (i) 99 years if it relates to the whole of the land; or
- (ii) 30 years if it relates to a part only thereof.

The lease granted is required to be registered with the relevant land registry or land office in order to vest in the lessee the interest in respect of the said lease.

13.2.11 Sale and Purchase of Real Property

The sale and purchase of real property in Malaysia may be completed by way of transfer or legal assignment. Any transfer of a property with a separate document of title is effected by registration of an instrument of transfer in a format prescribed under the NLC at the relevant land registry or land office. For a property without a separate document of title having been issued, transfer of beneficial ownership of the property is made by way of a legal assignment in favour of a new purchaser of all the rights, interests and title in respect of the property under the principal sale and purchase agreement (made between the original proprietor of the land and/or the developer (as the seller) and the first purchaser).

13.2.12 Properties held under Strata Titles

Under the Strata Title Act (“**STA**”), the owner of a building who has sold or agreed to sell any parcel comprised in the building to any person, is required to apply for an individual strata title to the parcel within the period stipulated in the STA.

The establishment and functions of the Joint Management Body (“**JMB**”) and the management corporation (“**MC**”) for the purpose of managing and maintaining the common areas of those buildings constructed on the land situate within West Malaysia and the Federal Territory of Labuan have been provided for in the respective acts named below:

(i) **Building and Common Property (Maintenance and Management) Act 2007 (“BCPA”)**

Pursuant to the BCPA, where a building or land intended for subdivision into parcels has been completed:

- (a) before the commencement of BCPA and vacant possession of the parcels has been delivered by the developer to the purchaser but the MC has not come into existence, the JMB shall be established consisting of the developer and parcel owners upon the convening of the first meeting no later than 12 months from the commencement of the BCPA;
- (b) on or after the commencement of the BCPA, the JMB shall be established consisting of the developer and the parcel owners upon the convening of the first meeting not later than 12 months from the date of delivery of vacant possession of the parcels to the parcel owners.

The JMB is required to elect a joint management committee, consisting of one representative of the developer and not less than five but not more than twelve parcel owners, at a general meeting to perform the duties of the JMB, conduct the business of JMB on its behalf and for that purpose, to exercise the powers of the JMB under the BCPA. There are three types of meetings namely, the first general meeting, the annual general meetings and the extraordinary general meetings to be held by the JMB. At the first general meeting, each parcel owner who has paid his maintenance charges in respect of his parcel to the building management account of the developer is entitled to vote by show of hands. Joint purchasers will only be entitled to vote by appointing a proxy. The BCPA does not provide for voting on poll and therefore, each parcel owner is only entitled to one vote regardless of the share units allotted to his parcel. Although the BCPA made provisions for rules to regulate the first general meeting of the JMB, there are no provisions on how the subsequent annual general meetings or extraordinary general meetings are to be conducted and it is also not clear whether the rules on quorum and voting rights for the first general meeting of the JMB will apply to subsequent annual general meetings or extraordinary general meetings. The parcel owners and the developer will therefore have to agree on their voting rights in the said meetings.

The JMB will be deemed to be dissolved three months from the date of the first meeting of the MC.

(ii) STA

Upon the opening of a book of the strata register in respect of a subdivided building or land, there shall come into existence the MC consisting of all the parcel owners including in the case of phased development, the proprietor of the provisional block or blocks. The MC shall, on coming into existence, become the proprietor of the common property and be the custodian of the issue document of title of the lot. Upon its establishment, the MC is responsible for the maintenance and management of common property (which means so much of the lot as is not comprised in any parcel (including any accessory parcel), or any provisional block as shown in an approved strata plan).

The by-laws set out in the Third Schedule of the STA shall, as and from the opening of a book of the strata register, be in force for all purposes in relation to every subdivided building or land and shall not be amended by the MC. The purposes of by-laws are for regulating the control, management, administration, use and enjoyment of the strata development. The MC may, by special resolution make additional by-laws, or make amendments to such additional by-laws, not inconsistent with the by-laws set out in the Third Schedule of the STA.

The STA provides for meetings to be held periodically. Under the STA, three types of meeting are provided to be held by the MC, namely, the first annual general meeting, the annual general meetings and the extraordinary general meetings.

It shall be the duty of the original proprietor to convene the first annual general meeting of the MC. The agenda for the first annual general meeting includes, among other things, to confirm or vary the insurances effected by the MC and the amounts of contributions to the management fund, to determine the members of the council and to elect the council and to decide whether to amend the additional by-laws in force immediately before the holding of the meeting.

Annual general meetings are required to be held by the MC annually for the consideration of accounts, election of council members and such other matters as may be required. Extraordinary general meetings are held by the council of the MC upon request by the parcel owners or commissioner of buildings or when the council deems appropriate or necessary.

Each parcel owner shall, at general meetings, have one vote on a show of hands and on poll will have such number of votes that corresponds with the number of share units attached to his parcel. A co-proprietor may vote by means of a jointly appointed proxy. Only parcel owners whose separate strata titles to their respective parcels are registered in their names are allowed to vote.

Pursuant to the STA, every parcel shall have a share value approved by the relevant authority and expressed in whole numbers to be known as share units. Share units allotted to the parcels can be based on a few factors, namely, the areas of the parcels and the purchase consideration of the parcels.

The share units allocated to each parcel owner is important as it determines, among other things, the following:

- (i) the voting rights of each parcel owner on a poll;
- (ii) the quantum of the undivided share of each parcel owner in the common property;
- (iii) the proportion of the contribution payable by each parcel owner to the management fund;

- (iv) the proportion of each parcel owner's entitlement to the profits arising from transactions pertaining to the common property;
- (v) the proportion of each parcel owner's liability for the debts of the MC; and
- (vi) the proportion of each parcel owner's entitlement to the proceeds of a sale of the lot and his share in the surplus of the funds of the MC, if any, on the termination of the strata scheme.

13.2.13 Guideline on the Acquisition of Properties

Pursuant to the Guideline on the Acquisition of Properties issued by the Economic Planning Unit of the Prime Minister's Department ("EPU"), with effect from 1 March 2014, except for residential units, the following transactions shall require the approval of EPU:

- (i) direct acquisition of property valued at RM20.0 million and above, resulting in the dilution in the ownership of property held by Bumiputera interest and/or government agency; and
- (ii) indirect acquisition of property by other than Bumiputera interest through acquisition of shares, resulting in a change of control of the company owned by Bumiputera interest and/or government agency, having property more than 50.0% of its total assets, and the said property is valued more than RM20.0 million.

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14. ADDITIONAL INFORMATION

14.1 GENERAL

- (i) No Units will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) The Units will rank pari passu in all respects and will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.
- (iii) In accordance with the Deed and REIT Guidelines, the Manager is required, on a quarterly basis, to carry out a valuation of KIP REIT's investments in Real Estate-Related Assets and Non-Real Estate-Related Assets and announce the NAV of KIP REIT to Bursa Securities. Unitholders are able to keep track of the market price per Unit and the NAV per Unit as announced by the Manager through Bursa Securities' website www.bursamalaysia.com.
- (iv) KIP REIT will also be providing Unitholders with an annual report on its performance which will also include information on the NAV per Unit. The Manager must also give the SC the annual report no later than two months after the end of the financial period to which the report relates.

Unitholders can obtain information on the current developments and annual reports of KIP REIT from the Bursa Securities' website www.bursamalaysia.com after the Listing.

- (v) If you require further information on KIP REIT, the Manager may be contacted at:

Unit B-6, Blok B, Tingkat 6
Menara KIP, No.1, Jalan Seri Utara 1
Sri Utara Off Jalan Ipoh
68100 Kuala Lumpur

Telephone Number: +603 6252 0888
E-mail: kipreit@kip.com.my
Website: www.kipreit.com.my

- (vi) Save as disclosed in this Prospectus, as at the Latest Practicable Date, the Directors confirm that KIP REIT's financial conditions and operations are not affected by any of the following factors:
 - (a) known trends, demands, commitments, events or uncertainties that have had or that the Manager reasonably expect to have, a material favourable or unfavourable impact on KIP REIT's financial performance, liquidity, position and operations;
 - (b) material commitments for capital expenditure; and
 - (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected KIP REIT's financial conditions, and operations.
- (vii) The Manager has not established any policies or procedures to counter the risk involving money-laundering activities. It is not pertinent for the Manager to adopt such policies and procedures as, unlike other unit trust funds, KIP REIT is a REIT to be listed on the Main Market and will neither be sourcing for investment funds on a regular basis nor does KIP REIT allow for redemption of its Units. Further, KIP REIT does not receive monies from investors on cash terms.

14.2 MATERIAL CONTRACTS

The dates of, parties to, and general nature of every material contract which KIP REIT (via the Trustee) has entered into since its establishment up to the date of this Prospectus (not being contracts entered into in the ordinary course of the business of KIP REIT) are as follows:

- (i) the Deed dated 2 November 2016 constituting KIP REIT and registered with the SC on 4 November 2016 entered into between the Manager and the Trustee on behalf of KIP REIT, for the benefit of the Unitholders;
- (ii) the KiP Mall Bangi SPA dated 4 November 2016 entered between the Trustee on behalf of KIP REIT and Landasan Primamaju Sdn Bhd for the purchase of KiP Mall Bangi at a purchase consideration of RM130,000,000.00, to be satisfied in cash and via the issuance of Consideration Units;
- (iii) the KiP Mart Kota Tinggi SPA dated 4 November 2016 entered between the Trustee on behalf of KIP REIT and Genius Chance Sdn Bhd for the purchase of KiP Mart Kota Tinggi at a purchase consideration of RM55,002,000.00, to be satisfied in cash and via the issuance of Consideration Units;
- (iv) the KiP Mart Masai SPA dated 4 November 2016 entered between the Trustee on behalf of KIP REIT and Enrich Assets Sdn Bhd for the purchase of KiP Mart Masai at a purchase consideration of RM157,007,000.00, to be satisfied in cash and via the issuance of Consideration Units;
- (v) the KiP Mart Melaka SPA dated 4 November 2016 entered between the Trustee on behalf of KIP REIT and Projek Impiana Sdn Bhd for the purchase of KiP Mart Melaka at a purchase consideration of RM50,168,000.00, to be satisfied in cash and via the issuance of Consideration Units;
- (vi) the KiP Mart Lavender Senawang SPA dated 4 November 2016 entered between the Trustee on behalf of KIP REIT and Setia Wirajaya Sdn Bhd for the purchase of KiP Mart Lavender Senawang at a purchase consideration of RM38,071,000.00, to be satisfied in cash and via the issuance of Consideration Units;
- (vii) the KiP Mart Tampoi SPA dated 4 November 2016 entered between the Trustee on behalf of KIP REIT and Kipmart Tampoi Sdn Bhd for the purchase of KiP Mart Tampoi at a purchase consideration of RM150,043,000.00, to be satisfied in cash and via the issuance of Consideration Units;
- (viii) the Retail Underwriting Agreement dated 15 December 2016 between the Manager, the Promoters, the Trustee (as Trustee for KIP REIT) and the Underwriter in respect of the underwriting of 13,500,000 Offer Units under the Retail Offering;
- (ix) the facilities agreement for the Financing Facilities dated 23 December 2016 between OCBC Bank Malaysia Berhad and the Trustee, in respect of the Financing Facilities;
- (x) the Property Management Agreement dated 5 December 2016 between the Manager, the Trustee on behalf of KIP REIT and the Property Manager pursuant to which the Property Manager will provide certain property management services for the Subject Properties in consideration of a property management fee of RM12,000.00 per month;
- (xi) the letter of undertaking for the General ROFR dated 5 December 2016 between the Promoters and the Trustee on behalf of KIP REIT pursuant to which the Promoters will grant the Trustee on behalf of KIP REIT a right of first refusal to purchase the retail properties, including purpose built community-centric retail centres of similar concept to the marts and those within mixed development or where such real estate is held through a single purpose company, vehicle or entity established solely to own such real estate including the shares or equity interest, as the case may be, for and on behalf of KIP REIT;

- (xii) the letter of undertaking for the Specific ROFR dated 6 December 2016 between the Trustee on behalf of KIP REIT and Cahaya Serijaya Sdn Bhd pursuant to which Cahaya Serijaya Sdn Bhd will grant the Trustee on behalf of KIP REIT a right of first refusal to purchase KiP Mall Kota Warisan;
- (xiii) the letter of undertaking for the Specific ROFR dated 6 December 2016 between the Trustee on behalf of KIP REIT and Genuine Icon Sdn Bhd pursuant to which Genuine Icon Sdn Bhd will grant the Trustee on behalf of KIP REIT a right of first refusal to purchase KiP Mart Kuantan;
- (xiv) the letter of undertaking for the Specific ROFR dated 6 December 2016 between the Trustee on behalf of KIP REIT and Bintang Sinarmas Sdn Bhd pursuant to which Bintang Sinarmas Sdn Bhd will grant the Trustee on behalf of KIP REIT a right of first refusal to purchase KiP Mart Sri Sendayan;
- (xv) the letter of undertaking for the Specific ROFR dated 6 December 2016 between the Trustee on behalf of KIP REIT and Senz Yang Realty Sdn Bhd pursuant to which Senz Yang Realty Sdn Bhd will grant the Trustee on behalf of KIP REIT a right of first refusal to purchase KiP Mart Sungai Buloh;
- (xvi) the letter of undertaking for the Specific ROFR dated 6 December 2016 between the Trustee on behalf of KIP REIT and Setia Serijaya Sdn Bhd pursuant to which Setia Serijaya Sdn Bhd will grant the Trustee on behalf of KIP REIT a right of first refusal to purchase KiP Mart Sungai Petani;
- (xvii) Assignment of Trade Marks Agreement dated 7 December 2016 between KIPMart Management Sdn Bhd and the Trustee on behalf of KIP REIT for the assignment of the "KiP Mart" trade mark, and Kippy and Tomato logos;
- (xviii) Assignment of Trade Marks Agreement dated 7 December 2016 between KIP Mall Management Sdn Bhd and the Trustee on behalf of KIP REIT for the assignment of the "KiP Mall" trade marks;
- (xix) Trade Marks Licence Agreement dated 7 December 2016 between the Trustee on behalf of KIP REIT and KIPMart Management Sdn Bhd for the licence granted by the Trustee on behalf of KIP REIT to KIPMart Management Sdn Bhd for the use of the "KiP Mart" trade mark, and Kippy and Tomato logos; and
- (xx) Trade Marks Licence Agreement dated 7 December 2016 between the Trustee on behalf of KIP REIT and KIP Mall Management Sdn Bhd for the licence granted by the Trustee on behalf of KIP REIT to KIP Mall Management Sdn Bhd for the use of the "KiP Mall" trade marks.

14.3 SALIENT TERMS OF THE SPAs

14.3.1 Overview of the SPAs

Pursuant to the SPAs, the Trustee will acquire the Subject Properties from the Vendors together with the Related Assets free from encumbrances but subject to, inter alia:

- (i) all conditions of title and all restrictions-in-interest whether express or implied in the master titles to the lands where the Subject Properties have been construed upon; and
- (ii) all the leases, tenancies and licences in respect of any part or parts of the Subject Properties together with all the rights, benefits and obligations thereunder.

The SPAs are interdependent and the Trustee is not obliged to complete the purchase of either Subject Property unless the purchases of the Subject Properties are completed concurrently under the SPAs.

14.3.2 Purchase Consideration

The total purchase consideration for the Subject Properties and the Related Assets amounting to approximately RM580.3 million shall be satisfied by the Trustee in the following manner:

- (i) the issuance and allotment of 271,150,000 million Units at the issue price of RM1.00 which shall be deemed fully paid and to be credited into the CDS Account on the Completion Date of the SPAs or such other date as the parties thereto may agree in writing; and
- (ii) the balance of the purchase consideration of approximately RM309.1 million for the acquisition of the Subject Properties and the Related Assets by way of cash which shall, on the Completion Date of the SPAs, be paid firstly towards settlement of the redemption sum required to redeem the Subject Properties from the Vendors' lenders and the balance (if any) shall be paid to the Vendors in their respective proportions.

14.3.3 Conditions Precedent

The sale, purchase and transfer of the Subject Properties are conditional upon, among others:

- (i) the receipt by the purchaser's solicitors of the written confirmation from the Manager confirming that:
 - (a) the Manager and the Vendor have satisfied the relevant conditions, variations or revisions imposed by SC and Bursa Securities in respect of the acquisition of the Property and the Other Properties which are capable of being satisfied up to the date of such written confirmation; and
 - (b) the Vendor's satisfaction with the results of the bookbuilding exercise;

("Manager's Confirmation")
- (ii) the receipt by the purchaser of a statement from the Vendor's lenders that the amount payable to the Vendor's lender for the release and discharge of the securities created by the Vendor's lender ("**Redemption Sum**") does not exceed the Cash Consideration;

- (iii) the consent of the relevant State Authority for the transfer and charge of the land having been obtained by the parties;
- (iv) the approval of the Bursa Securities for the Listing having been obtained by the Manager;
- (v) the Prospectus for the Offering having been issued; and
- (vi) the receipt by the Purchaser's Solicitors of the Purchaser's certificate that the Other Sale Agreements are, in essence and to the extent practicable, ready for completion in accordance with its respective terms and conditions.

14.3.4 State Authority's Consents to Transfer the Subject Properties

Pursuant to the KiP Mart Melaka and KiP Mall Bangi SPA, KiP Mart Melaka and KiP Mall Bangi has undertaken and covenanted to apply and to obtain the approval or no objection of the State Authority in respect of the restriction-in-interest for the transfer of KiP Mart Melaka and KiP Mall Bangi in favour of the Trustee on behalf of KIP REIT.

14.3.5 Completion

Subject to the fulfilment of the conditions precedent set out in Section 14.3.3 "Conditions Precedents" of this Prospectus ("**Completion Date**"):

- (i) all the rights, benefits and interests in all the tenancies and licences in respect of the Subject Properties which are subsisting on the Completion Date of the SPAs will be assigned by the Vendors to the Trustee;
- (ii) all outgoing in respect of the Subject Properties shall be apportioned on the Completion Date of the SPAs and the Vendors shall bear and settle the outgoing due and payable up to the date immediately preceding the Completion Date of the SPAs and the Trustee shall bear and settle the outgoing due and payable on and from the Completion Date of the SPAs;
- (iii) all income in respect of the Subject Properties shall be apportioned on the Completion Date of the SPAs and the Vendors shall be entitled to all income received by the Vendors and/or the Trustee for the period immediately preceding the Completion Date of the SPAs and the Trustee shall be entitled to all income received by the Trustee and/or the Vendors for the period on and from the Completion Date of the SPAs; and
- (iv) all security deposits, rental and other payments paid by the tenants to the Vendors, on and after the Completion Date of the SPAs will be held on trust for the Trustee and the Vendors will pay the same to the Trustee in accordance with the terms of the SPAs.

14.3.6 Representations and Warranties

The Vendors have given specific representations and warranties relating to, among others, the Subject Properties and the tenancies; and have agreed to indemnify the Trustee against all losses, damages, costs, expenses and outgoing for a breach of such representations and warranties.

14.4 SALIENT TERMS OF THE ROFRs

14.4.1 General ROFR

By a letter of undertaking dated 5 December 2016, the Promoters have undertaken to the Trustee that with effect from the Listing Date and for so long as any one of the following applies:

- (i) the Promoters either:
 - (a) remain as the holders, whether directly or indirectly of 50.0% or more of the nominal value of all voting shares of the Manager ("**Controlling Shareholders**"), whether directly or indirectly or such other manager of KIP REIT as may be appointed from time to time; or
 - (b) remain as the holders who are entitled to exercise or control the exercise of more than 33% of the voting units in KIP REIT ("**Controlling Unitholders**") (as defined hereinafter) of KIP REIT, whether directly or indirectly;

and

- (ii) KIP REIT remains listed on Bursa Securities.

The Promoters shall not, and the Promoters shall use their best endeavours to ensure that their Associates will not:

- (i) dispose of any Relevant Asset without giving the right of first refusal to the Trustee to purchase such Relevant Asset for and on behalf of KIP REIT; and
- (ii) purchase any Relevant Asset which may in future be identified and targeted for acquisition by the Promoters or any Associate,

without giving the right of first refusal to the Trustee to purchase such Relevant Asset for and on behalf of KIP REIT.

Where the Trustee exercises this right and enters into a binding commitment to purchase the Relevant Asset, such purchase shall be at the indicative price, or such other price as the Trustee and the Promoter may agree in writing.

In the event that the Promoters or an Associate should sponsor a Malaysian retail property fund for the development of a Relevant Asset, then the Promoters shall use their best endeavours to procure such fund to grant a right of first refusal to the Trustee to purchase any Relevant Asset which the said fund wishes to dispose of, for and on behalf of KIP REIT.

14.4.2 Specific ROFR

By letters of undertaking dated 6 December 2016 the Registered Proprietors have undertaken to the Trustee that with effect from the Listing Date and for so long as any one of the following applies:

- (i) the Promoters either:
 - (a) remain as the Controlling Shareholders of the Manager, the management company of KIP REIT or such other manager of KIP REIT as may be appointed at any time or from time to time; or
 - (b) remain as the Controlling Unitholders of KIP REIT, whether directly or indirectly;

and

- (ii) KIP REIT remains listed on Bursa Securities,

the Registered Proprietors shall not dispose of KiP Mall Kota Warisan, KiP Mart Sendayan, KiP Mart Sungai Buloh, KiP Mart Kuantan and KiP Mart Sungai Petani without giving the right of first refusal to the Trustee to purchase the abovementioned properties for and on behalf of KIP REIT.

Where the Trustee exercises this right and enters into a binding commitment to purchase KiP Mall Kota Warisan, KiP Mart Sendayan, KiP Mart Sungai Buloh, KiP Mart Kuantan and KiP Mart Sungai Petani, such purchase shall be at the indicative price, or such other price as the Trustee and the registered proprietor may agree in writing.

For the purposes of this Section 14.4:

"Associate" means a person who falls under any one of the following categories:

- (i) a family member of a Promoter;
- (ii) a trustee of a trust under which a Promoter or a family member of the Promoter is the sole beneficiary;
- (iii) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a Promoter;
- (iv) a person in accordance with whose directions, instructions or wishes a Promoter is accustomed or is under an obligation, whether formal or informal to act;
- (v) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a Promoter;
- (vi) a body corporate or its directors whose directions, instructions or wishes of which, a Promoter is accustomed or under an obligation, whether formal or informal to act; or
- (vii) a body corporate in which the Promoter is entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate.

"Registered Proprietors" means the registered proprietor of the respective KiP Marts under the ROFR; and

"Relevant Assets" means retail properties, including purpose-built community-centric retail centres of similar concept to KiP Mart and those within mixed developments. Where such real estate is held through a single purpose company, vehicle or entity (a "**SPV**") established solely to own such real estate, the term "**Relevant Asset**" shall refer to the shares or equity interests, as the case may be, in that SPV.

14.5 CONSENTS

- (i) The written consents of the Trustee, the Principal Adviser, the Bookrunner, the Underwriter, the principal bankers, the Issuing House, the legal advisers, the Property Manager, the company secretary of the Manager, the Registrar and the Internal Auditor to the inclusion in this Prospectus of their names in the manner and form in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors/Reporting Accountants to the inclusion in this Prospectus of their letter on the Profit Forecasts as well as the letter relating to the Pro Forma Statement of Financial Position and their names in the manner, form and context in which they appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consent of the Tax Consultants to the inclusion in this Prospectus of their letter on taxation of KIP REIT and Unitholders and their names in the manner, form and context in which they appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (iv) The written consent of the Independent Property Valuer to the inclusion in this Prospectus of their Valuation Certificates and their names in the manner, form and context in which it appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (v) The written consent of the Independent Property Market Consultant to the inclusion in this Prospectus of their Independent Property Market Report and their names in the manner, form and context in which they appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

14.6 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Manager, for a period of 12 months from the date of this Prospectus:

- (i) the Deed;
- (ii) the material contracts referred to in Section 14.2 "Material Contracts" of this Prospectus;
- (iii) the Valuation Certificates as set out in Appendix A of this Prospectus as well as the full valuation reports dated 3 May 2016 for the Subject Properties;
- (iv) the Independent Property Market Report as set out in Appendix B of this Prospectus;
- (v) the Tax Consultant's Letter on Taxation of KIP REIT and Unitholders as set out in Appendix C of this Prospectus;
- (vi) the Reporting Accountants' Letter on the Pro Forma Statement of Financial Position as at its date of establishment as set out in Appendix D of this Prospectus;
- (vii) the Reporting Accountants' Letter on the Profit Forecasts as set out in Appendix E of this Prospectus; and
- (viii) the letters of consent referred to in Section 14.5 "Consents" of this Prospectus.

14.7 RESPONSIBILITY STATEMENTS

- (i) This Prospectus has been reviewed and approved by the Directors and the Promoters, and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement in this Prospectus false or misleading. Each of the Directors and the Promoters accepts full responsibility for the Profit Forecasts included in this Prospectus and confirm that the Profit Forecasts have been prepared based on the assumptions made.
- (ii) The information pertaining to the Trustee and the Property Manager were provided by the management and/or directors of the Trustee and the Property Manager, respectively. The responsibility of the Directors is therefore restricted to the accurate reproduction of such relevant information as included in this Prospectus.

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VALUATION CERTIFICATES



Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Date: 8 December 2016

PRIVATE & CONFIDENTIAL**KIP REIT MANAGEMENT SDN BHD**

Level 33A, Menara 1MK
 Kompleks 1 Mont Kiara
 No. 1 Jalan Kiara, Mont Kiara
 50480 Kuala Lumpur, Malaysia

Dear Sirs

CERTIFICATE OF VALUATION OF SIX (6) PROPERTIES FOR THE PURPOSES OF SUBMISSION TO THE SECURITIES COMMISSION MALAYSIA IN RELATION TO THE PROPOSED ESTABLISHMENT AND LISTING OF KIP REAL ESTATE INVESTMENT TRUST ("KIP REIT") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("IPO")

In accordance with the instructions of KIP REIT Management Sdn Bhd, we, C H Williams Talhar & Wong Sdn Bhd, have carried out a valuation on the above mentioned properties as at 1 March 2016 **ON THE BASIS AS STATED IN DETAIL UNDER TERMS OF REFERENCE HEREIN** for the purposes of submission to the Securities Commission Malaysia in relation to the proposed establishment and listing of KIP Real Estate Investment Trust ("KIP REIT") on the Main Market of Bursa Malaysia Securities Berhad ("IPO") and for inclusion in the prospectus prepared for the IPO.

We have prepared and provided this Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions.

This valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

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

This Certificate of Valuation should be read in conjunction with the full Report and Valuation.

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 2

METHOD OF VALUATION

We have adopted the Investment Method as the primary method for this valuation exercise and Comparison Method as a check method.

The Investment Method entails determining the net current annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

The Comparison Method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, size, age and condition of building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.

PROPERTY PORTFOLIOS

KiP Mall Bangi, which formerly known as Bangi Utama Shopping Complex, is a traditional shopping complex comprises departmental store, various types of retailers, entertainment zone and kiosks to serve the local community. The complex has been operating since 1998.

KiP Marts, by concept, are not hypermarkets, superstores or departmental stores. It derives from the idea of "a market for the community", traditionally seen in small towns or townships, where a wet market surrounded by many stalls and shops operated by local small and medium traders, offering products for daily family needs, for instance fresh produce, kitchen utensils, clothing, electrical and electronic products, etc serving the surrounding communities and housing estates.

KiP Mart by itself, is not a trader. They are land owner and developer, which build, lease and manage the building while providing value added services such as marketing, advertising and promotion and other supports, to enable their tenants to trade their products in an environment that offers better services and convenience, which are becoming the basic expectation of today's customers.

Today, the 'KiP Mart' name is an established name in Johor as a leading chain of Kompleks Pasar Rakyat, a one-stop shopping centre catering to low-medium and medium income group especially for fresh produce at low and affordable prices. This concept has been expanded to Senawang with the commencement of business of KiP Mart Lavender Senawang in 2012.

The general business concept of KiP Mart is to help small- and medium-sized retail businesses, often pushed out of competition by high rentals or brands with higher purchasing power, to grow and provide employment to the locals. In addition, KiP Mart supports growing businesses by offering flexible retail models, from a conventional shoptlot to a stall or a kiosk to the tenants / retailers.

For more than 10 years, KiP Mart has expanded its portfolio to 7 properties from the first of its kind retail concept store in Tampoi with the support from its loyal tenants. Likewise, the tenants have benefited mutually leveraging on KiP Mart's network for expansion and business growth.

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Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 3

SUMMARY OF VALUE

No.	Property Details	Market Value
1.	KiP Mall Bangi, held under Title No. HSD 36945, Lot PT 29330, Mukim of Kajang, District of Ulu Langat, Selangor A five (5) storey shopping centre with one (1) level of mezzanine floor and two (2) levels of basement car park (Our Ref : WTW/01/V/001197A/15/LAI)	RM130,000,000/-
2.	KiP Mart Lavender Senawang, held under Title No. GRN 262080 (formerly HSD 220819), Lot 61344 (formerly known as PT 6373), Pekan Senawang, District of Seremban, Negeri Sembilan A single storey retail centre with a mezzanine floor (Our Ref : WTW/13/V/002728(B)/15/LH)	RM 38,000,000/-
3.	KiP Mart Tampoi, held under Title No. HSD 452673, Lot PTD 152711, Mukim of Pulai, District of Johor Bahru, Johor A single storey retail centre with a mezzanine floor (Our Ref : WTW/04/V/004705/15/ZA)	RM150,000,000/-
4.	KiP Mart Masai, held under Title No. HSD 478086, Lot PTD 204780, Mukim of Plentong, District of Johor Bahru, Johor A single storey retail centre with a mezzanine floor (Our Ref : WTW/04/V/004706/15/ZA)	RM157,000,000/-
5.	KiP Mart Kota Tinggi, held under Title No. GRN 353762, Lot 28861, Mukim of Kota Tinggi, District of Kota Tinggi, Johor A single storey retail centre with a mezzanine floor (Our Ref : WTW/04/V/004707/15/WHP)	RM55,000,000/-
6.	KiP Mart Melaka, held under Title No. HSD 76142, Lot PT 6786, Mukim of Bachang, District of Melaka Tengah, Melaka A two (2) storey retail centre (Our Ref : WTW/06/V/001510/15/ARA)	RM50,000,000/-
Total Market Value		RM580,000,000/-

Yours faithfully
 for and on behalf of
C H Williams Talhar & Wong Sdn Bhd



Sr HENG KIANG HAI
 MBA (Real Estate), B.Surv (Hons) Prop.Mgt.
 MRICS, FRISM, MPEPS, MMIPPM
 Registered Valuer (V-486)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 4

CERTIFICATE OF VALUATION

1.0 KIP Mall Bangi
(Our Ref : WTW/01/V/001197A/15/LAI)

IDENTIFICATION OF PROPERTY

Interest valued : A five (5) storey shopping centre with one (1) level of mezzanine floor and two (2) levels of basement car park

Address : KIP Mall Bangi (formerly known as Bangi Utama Shopping Complex), No. 1, Jalan Medan Bangi, 43650 Bandar Baru Bangi, Selangor

Land Area : 8,623 square metres (92,817 square feet)

Gross Floor Area : 32,349 square metres (348,202.6 square feet)

Lettable Area^{*1} : 24,217.43 square metres (260,674 square feet)

Net Lettable Area : 23,606.68 square metres (254,100 square feet)

No. of Car Park Bays : 475 bays

Tenure : Leasehold 99 years expiring on 14 July 2093 (Unexpired term of approximately 77 years)

Category of Land Use : Building

Registered Owner : LANDASAN PRIMAMAJU SDN. BHD.

Note:*

1) Lettable area includes kiosks located at common areas such as corridor and walkway that generates rental income which are not included in the net lettable area as defined under the Uniform Method of Measurement of Buildings.

TERMS OF REFERENCE

As instructed, the valuation shall be conducted based on the following basis:-

- 1. THE INCOME AND OUTGOINGS OF THE SUBJECT PROPERTY ARE BASED ON THE TENANCY SCHEDULE AS AT FEBRUARY 2016 AND OUTGOINGS (HISTORICAL AND PROJECTION) PROVIDED TO US BY THE REGISTERED OWNER; AND**
- 2. THE SUBJECT PROPERTY HAS A LETTABLE AREA OF 24,217.43 SQUARE METRES (260,674 SQUARE FEET).**

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE INFORMATION AS PROVIDED TO US WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 5

1.0 KIP Mall Bangi
(Our Ref : WTW/01/V/001197A/15/LAI)

GENERAL DESCRIPTION

The subject property, which is known as KIP Mall Bangi (formerly known as Bangi Utama Shopping Complex), is located within Bandar Baru Bangi, Selangor. It is located approximately 30 kilometres by road to the south of Kuala Lumpur city centre.

Developments within the vicinity include Bangi industrial area, Bangi Golf Resort, Kawasan MIEL Bangi, Selaman industrial park, Universiti Kebangsaan Malaysia and Kajang.

Site

The subject property, a corner unit, is regular in shape, with a land area of 8,623 square metres (92,817 square feet). The subject site has a total frontage of approximately 56.383 metres onto Jalan Medan Bangi and another frontage of approximately 168.810 metres on to Persiaran Kemajuan. The land is generally flat and lies at the same level as the frontage metalled road.

Building

The building is constructed of reinforced concrete framework with reinforced concrete floors and reinforced concrete slab. The facade is generally of plastered cement and aluminium panel curtain.

The subject property has been issued with Certificate of Fitness for Occupation (CFO) by Majlis Perbandaran Kajang bearing No. 0006 dated 17 August 1998. The age of building is approximately 18 years old.

We noted that the cinema on the fourth floor has ceased operation due to the local government rejected the license for cinema in Bangi. We were made to understand by the registered owner that they will convert the usage of cinema to other use in the near future.

During our site inspection, we noted that there were some kiosks or promotional stalls situated at the entrance foyer. We also noted that there was an extension covered by awning and metal roller shutter used as stalls was situated on the east of the subject building. According to Majlis Perbandaran Kajang, the stalls along the driveway are not permissible and they have requested the owner to remove it. Therefore, we have not considered the revenue generated from this area in our valuation.

We were made to understand by the current owner that the structure was built by the previous owner. This structure has since been demolished.

OCCUPATION

Based on the tenancy schedule as at February 2016 provided to us by the registered owner, the subject property has an occupancy rate of approximately 89.42% or 233,086 square feet of the total lettable area of 260,674 square feet.

There is no tenant related to the owner.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

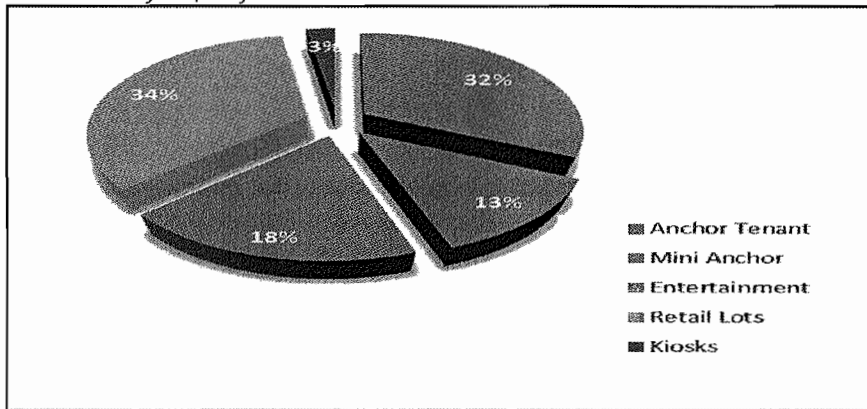
Page 6

1.0 KIP Mall Bangi
(Our Ref : WTW/01/V/001197A/15/LAI)

TENANCY PROFILE

As at the date of valuation, KiP Mall Bangi is tenanted to various retailers. The tenancy profile by lettable area is as follows:-

Chart 1 Tenancy Profile by Lettable Area

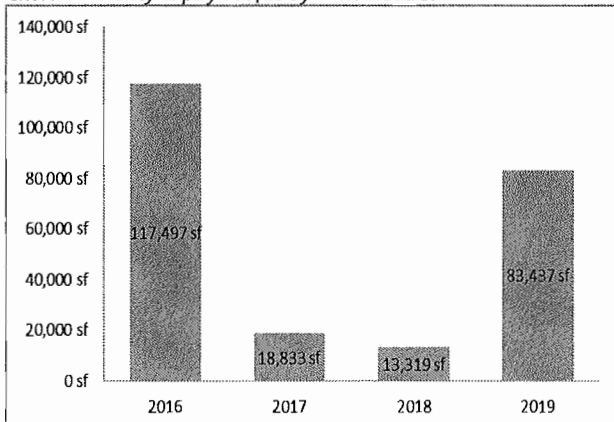


(Source : Tenancy Schedule as at February 2016)

Based on the tenancy schedule provide by the registered owner, most of the tenancies are short term tenancies of 3- to 6-month term, with an option to renew on similar terms subject to rent review. We understand from the registered owner that this practice was adopted by the previous owner. Subsequent to the acquisition of the property, the registered owner has been converting these tenancies to a longer period of 1- to 3- year upon renewal of these tenancies.

The tenancy expiry profile of KiP Mall Bangi is as follows:-

Chart 2 Tenancy Expiry Profile by Lettable Area



(Source: Tenancy Schedule as at February 2016)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

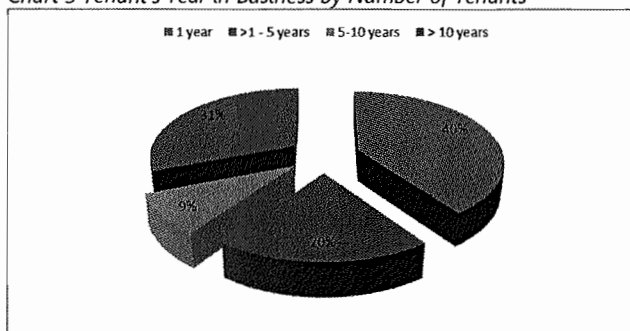
Page 7

1.0 KiP Mall Bangi
 (Our Ref : WTW/01/V/001197A/15/LAI)

TENANCY PROFILE (Cont'd)

KiP Mall Bangi has been established since year 1998, the tenant’s year in business by number of tenants is as follows:-

Chart 3 Tenant’s Year in Business by Number of Tenants



(Source: Tenancy Schedule as at February 2016)

OUTGOINGS

The average outgoings analysed from the Profit & Loss Account as provided to us are as follows:-

Year	Average Monthly Outgoings
Jul'12 - Jun'13	RM1.65 psf
Jul'13 - Jun'14	RM1.60 psf
Jul'14 - Jun'15	RM1.14 psf
Jul'15 - Jun'16 (Projection)	RM0.97 psf
Jul'16 - Jun'17 (Projection)	RM1.08 psf
Jul'17 - Jun'18 (Projection)	RM1.09 psf

We noted that the average monthly outgoings from Year Jul' 12 to Jun' 14 were higher than Year Jul' 14 to Jun' 15 as the renovation work such as installation of aluminium panels for the façade was carried out during these periods. We have adopted the average outgoings excluding the major capital expenditure but including additional provision at RM1.29 per square foot per month.

The outgoings adopted is about 20% higher than the projection by the registered owner which we think is fair.

PLANNING PROVISIONS

The subject property is designated for commercial building use as per the Express Condition in the document of title.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 8

1.0 KIP Mall Bangi
 (Our Ref : WTW/01/V/001197A/15/LAI)

ACQUISITION DETAILS

It is stated in the Sale and Purchase Agreement dated 2 December 2014 that the Vendor, **DUNIA RAYA ENTERPRISE SDN. BHD.** had agreed to sell and the Purchaser, **LANDASAN PRIMAMAJU SDN. BHD.** had agreed to purchase the subject property held under H.S.(D) 36945, Lot P.T. 29330, Mukim Kajang, District of Ulu Langat, Selangor measuring approximately 8,623 square metres in area together with a five (5) storey shopping complex with two (2) levels of basement car park erected thereon, known as Bangi Utama Shopping Complex with net lettable area of 254,000 square feet subject to the terms and conditions stipulated therein. The subject property was transacted at RM120,000,000/- as stated in the above-mentioned agreement.

We were made to understand by the registered owner that the transaction is not a related party transaction. We also noted after the change of management, there is no major renovation or refurbished cost incurred to the subject property.

VALUE CONSIDERATION

Investment Method

The parameters adopted in the investment method are as follows:-

Item	Current Term	Reversionary Term	Remarks
Average Monthly Rental	RM3.99 psf	RM4.10 psf	Considered the current rental and concluded rentals of similar retail centres in the localities.
Average Monthly Outgoings	RM1.29 psf	5.0% increment	Considered the current outgoings based on the analysis of past years record and projection.
Void	-	10.0%	We have adopted 10.0% void for rent free period and risk of vacancy and uncertainty.
Capitalisation Rate	6.5%	7.0%	Based on the recent transactions of selected retail centre in Klang Valley, the yields range from 6.49% to 6.73% Taking into consideration the tenure and location of the subject property, we have adopted the yield at 6.5% and 7.0% for current and reversion terms, respectively.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 9

1.0 KIP Mall Bangi
(Our Ref : WTW/01/V/001197A/15/LAI)

VALUE CONSIDERATION (Cont'd)

Investment Method (Cont'd)

In undertaking our assessment of the market rent upon reversion, we have considered various factors such as market conditions, location and accessibility, tenant mix, building condition, size, past and existing occupancies, quality of the tenant and carefully assessed the current tenancy profile.

We have considered the average of current passing rental as a base to arrive at our reversionary rental.

Based on analysis of the past and current contractual rentals of the subject property, the rental is on upward trend upon renewal of the tenancies.

We were given to understand that majority tenants which are on the short term tenancy (6 months) have renewed their tenancy for another term at the same rental rate. The management will execute a longer tenancy term with them upon expiry by end of Year 2016 with new tenancy terms.

In view of the above, we have adopted a fixed 5% increment upon reversionary as a fair representation, reasonable and is line with other similar retail centres in the localities.

The average gross rentals adopted for the term and reversionary are tabulated as follows:-

Component	Term Rental	Reversionary Rental
Average Gross Rental	RM3.99 psf/month	RM4.10 psf/month

Yields

Selected retail centres yield located within Klang Valley are in the region of approximately 6.49% to 6.73%.

Summary of Yield by Major Retail Centres in Klang Valley:-

Retail Centre	Location	Net Lettable Area (NLA) (sq. ft)	Net Yield (%)
The Mines Shopping Fair	Serdang	715,550	6.58%
da:men USJ Shopping Mall	USJ Subang Jaya	420,920	6.73%
KL Festival City Mall	Setapak	487,342	6.49%

Source: WTW Research

We have thus adopted a yield of 6.50% for current term and 7.00% under the reversionary period, to be fair after having taking into consideration of the location, age, building design and current tenancy profiles of the subject property.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 10

1.0 KIP Mall Bangi
(Our Ref : WTW/01/V/001197A/15/LAI)

VALUE CONSIDERATION (Cont'd)

Comparison Method

In arriving at the market value of the subject property based on Comparison Method, we have considered three transactions of retail / shopping malls within the immediate and surrounding localities.

The comparables are as follows:-

Details	Comparable 1	Comparable 2	Comparable 3
Source	JPPH	JPPH	JPPH
Building Name	Subang Avenue Shopping Complex	KL Festival City Mall	Citta Mall
Location	Subang Avenue Shopping Complex, Jalan Kemajuan Subang, Subang Jaya, Selangor	KL Festival City Mall, Jalan Taman Ibu Kota, Taman Danau Kota, Setapak, Kuala Lumpur	No. 1, Jalan PJU 1A/48, 47301 Petaling Jaya, Selangor, Malaysia
Type	Five (5) levels of retail units and three (3) levels of basement car park (680 bays)	3 Level Shopping Mall and a Basement Carpark	An Open-Air Shopping Mall covers three (3) floor, excluding the basement and rooftop covered with 800 car park bays
Tenure of Parent Title:	Freehold	Leasehold 99 years expiring on 20 November 2106 (UEP: 92 yrs)	Leasehold 99 years expiring on 4 September 2097 (UEP : 86 yrs)
Estimated Net Lettable Area (sq ft)	213,354	487,342	426,006
Date	27-Feb-15	19-Aug-14	22-Nov-11
Vendor	Sime Darby Brunsfield Properties Holding Sdn Bhd	Festival City Sdn Bhd	CITTA Sdn Bhd
Purchasers	Sime UEP Properties Berhad and Subang Mall Property Sdn Bhd	Festiva Mall Sdn Bhd and Asia Mall Sdn Bhd	Attic Holdings Sdn bhd
Consideration	RM139,500,000	RM349,000,000	RM242,940,896
Analysis (RM PSF NFA)	RM654 psf	RM716 psf	RM570 psf
Adjustments	Adjustment on time factor, location, accessibility, age and condition of building, design & quality of building, tenure, size, stand-alone / strata		
Adjusted Value	RM507 psf	RM555 psf	RM504 psf

It is noted that the analyzed values range from RM504 to RM555 per square foot. We have adopted Comparable 1 as the most appropriate comparable as it is the latest transaction for the similar type of properties. We have adopted RM510 per square foot over the net lettable area in our valuation and the market value for the subject property is at RM130,000,000/-.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 11

1.0 KIP Mall Bangi
(Our Ref : WTW/01/V/001197A/15/LAI)

Reconciliation of Value

The market value for the subject property derived from both Investment Method and Comparison Method are shown as follows:-

Investment Method - RM130,000,000/-
Comparison Method - RM130,000,000/-

We have adopted the market value derived from Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property.

VALUATION

In our opinion, the market value of the subject property as at 1 March 2016 **ON THE BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** free from all encumbrances is **RM130,000,000/- (Ringgit Malaysia : One Hundred And Thirty Million Only).**

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd



Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt.
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-486)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 12

2.0 KiP Mart Lavender Senawang
 (Our Ref : WTW/13/V/002728(B)/15/LH)

IDENTIFICATION OF PROPERTY

Interest Valued	:	A single storey retail centre with mezzanine floor known as KiP Mart Lavender Senawang
Address	:	No. 1, Jalan KLS 1, Lavender Heights, 70450 Seremban, Negeri Sembilan
Land Area	:	40,730 square metres (438,414 square feet or 10.0646 acres)
Gross Floor Area	:	16,266.90 square metres (175,095 square feet)
Lettable Area ^{*1}	:	10,743.32 square metres (115,640 square feet)
No. of Car Park Bays	:	584 bays
Tenure	:	Term in Perpetuity (Freehold)
Category of Land Use	:	Building
Registered Owner	:	SETIA WIRAJAYA SDN. BHD.

Note*:

1) Lettable area includes kiosks located at common areas such as corridor and walkway that generates rental income which are not included in the net lettable area as defined under the Uniform Method of Measurement of Buildings.

TERMS OF REFERENCE

As instructed, the valuation is carried out based on the following **BASIS:-**

1. **THE INCOME AND OUTGOINGS OF THE SUBJECT PROPERTY ARE BASED ON THE TENANCY SCHEDULE AS AT 29 FEBRUARY 2016 AND OUTGOINGS (HISTORICAL AND PROJECTION) PROVIDED TO US BY THE REGISTERED OWNER; AND**
2. **THE SUBJECT PROPERTY HAS A LETTABLE AREA OF 10,743.32 SQUARE METRES (115,640 SQUARE FEET).**

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE INFORMATION AS PROVIDED TO US WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASIS IS INVALID.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 13

2.0 KIP Mart Lavender Senawang
(Our Ref : WTW/13/V/002728(B)/15/LH)

GENERAL DESCRIPTION

The subject property is situated at Jalan KLS 1, Lavender Heights, Seremban, Negeri Sembilan.

It is located about 12 kilometres by road to the north-west of Seremban town centre.

The property is easily accessible from Seremban town centre by way of Seremban-Kuala Pilah main road, Persiaran Senawang 1, Persiaran Bunga Raya 1 and thereafter onto Jalan KLS 1 leading to the subject property.

Site

The site with a land area of 40,730 square metres (approximately 438,414 square feet or 10.0646 acres), is near trapezoidal in shape. It has a total frontage of approximately 174.609 metres onto Persiaran Bunga Raya 1 at its southern boundary.

The land is generally flat in terrain and lies slightly higher than the level of the existing frontage metalled service road along its southern boundary.

The site, where not built upon, is generally covered and improved with tarmac, driveway or landscaped. Proper pre-cast concrete drainage system and car parking bays are provided within the subject site.

Buildings

The subject building is constructed of reinforced concrete/steel framework, plastered brickwalls with metal cladding sheets, reinforced concrete floor slabs and a steel framed pitched roof covered with metal roofing sheets. It has a ground to eaves height of about 8.0 metres with jack roof of about 12.97 metres from the ground.

The subject property has been issued with Certificate of Completion and Compliance (CCC) by Ar Siow Chien Fu vide Reference No. LAM/NS/No. 1190 dated 18 December 2012. The age of building is approximately 3 years old.

OCCUPATION

Based on the tenancy schedule as at 29 February 2016 provided to us, the subject property has an occupancy rate of approximately 82.19% or 95,042 square feet of the total lettable area of 115,640 square feet.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

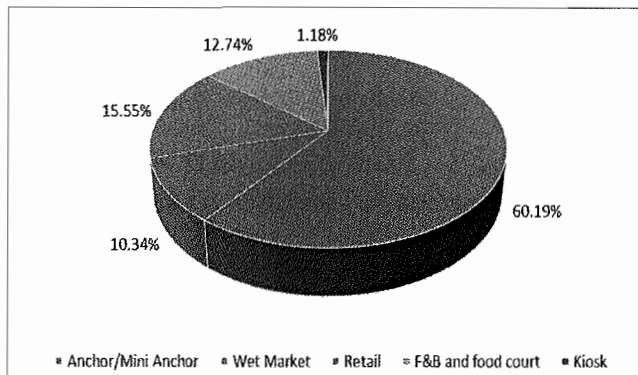
Page 14

2.0 KIP Mart Lavender Senawang
 (Our Ref : WTW/13/V/002728(B)/15/LH)

TENANCY PROFILE

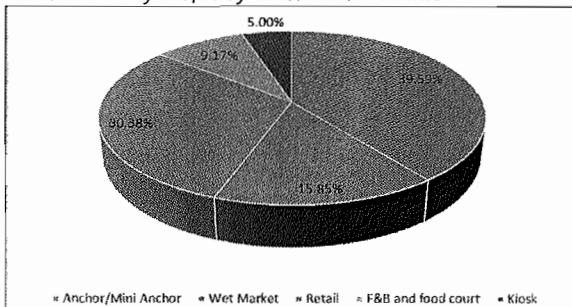
As at the date of valuation, KIP Mart Lavender Senawang is tenanted to various types of retailers. The category of tenant comprises anchor/mini anchor, wet market, retail, F&B and food court, kiosk and promotion space. In general, the tenancy trade profile by lettable area and gross rental income are represent as follows:-

Chart 1 Tenancy Profile by Lettable Area



(Source: Tenancy Schedule as at 29 February 2016)

Chart 2 Tenancy Profile by Gross Rental Income



(Source: Tenancy Schedule as at 29 February 2016)

Vide the tenancy list provided by the registered owner, most of the anchor/mini anchor tenants and retail tenants have been agreed for 2-year to 3-year term, with an option to renew for further similar terms subject to rent review. As stated in the sample Tenancy Agreements, the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

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 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
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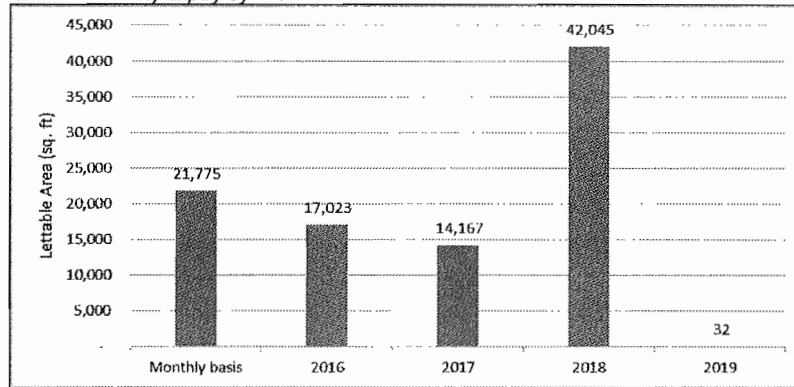
Page 15

2.0 KIP Mart Lavender Senawang
 (Our Ref : WTW/13/V/002728(B)/15/LH)

TENANCY PROFILE (Cont'd)

Tenancies for partial of the tenants (save for anchor/mini anchor tenants and retail tenants) have been agreed for 1-year term whilst the remaining tenants are considering for monthly basis tenancies. The tenancy expiry profile of KIP Mart Lavender Senawang is as follows:

Chart 3 Tenancy Expiry by Lettable Area



(Source: Tenancy Schedule as at 29 February 2016)

OUTGOINGS

The average outgoings analysed from the Profit & Loss Account as provided to us are as follows:-

Year	Average Monthly Outgoings
Jul'12 - Jun'13	RM1.29 psf
Jul'13 - Jun'14	RM2.11 psf
Jul'14 - Jun'15	RM1.85 psf
Jul'15 - Jun'16 (Projection)	RM1.69 psf
Jul'16 - Jun'17 (Projection)	RM1.83 psf
Jul'17 - Jun'18 (Projection)	RM1.81 psf

We have adopted the average outgoings at RM1.90 per square foot per month after considering the past outgoings as well as the projection by the registered owner as the mart is still new.

PLANNING PROVISIONS

The subject property is designated for commercial building use as per the Express Condition in the document of title.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 16

2.0 KiP Mart Lavender Senawang
(Our Ref : WTW/13/V/002728(B)/15/LH)

VALUE CONSIDERATION

Investment Method

The following table outlines the historical of KiP Group Average Occupancy as per the information provided to us by the registered owner.

For Year Ended	2005	2006	2007	2008	2009	2010
KiP Mart Tampoi	73.50%	75.60%	73.80%	79.70%	84.30%	86.90%
KiP Mart Kota Tinggi	-	-	-	-	89.30%	87.70%
KiP Mart Masai	-	-	-	-	-	-

For Year Ended	2011	2012	2013	2014	2015
KiP Mart Tampoi	93.80%	99.10%	98.90%	98.40%	96.20%
KiP Mart Kota Tinggi	92.20%	99.30%	96.70%	96.60%	96.50%
KiP Mart Masai	98.10%	98.50%	98.70%	99.00%	98.30%

Based on our survey, the occupancy rates of selected hypermarket in Senawang are in the range of 80% to 90%. Therefore, we have adopted a void allowance of 10% for the reversionary term for vacancy periods, marketing and rent free periods offer to the new tenants.

The parameters adopted in the investment method are as follows:-

Item	Current Term	Reversionary Term	Remarks
Average Monthly Rental	RM3.02 psf	RM3.82 psf	Considered the current rental and concluded rentals of similar retail centres in the localities.
Average Monthly Outgoings	RM1.90 psf	5.0% increment	Considered the current outgoings based on the analysis of past years record and outgoings of selected retail centres.
Void	-	10.0%	Adopted 10.0% void for rent free period and risk of vacancy and uncertainty.
Capitalisation Rate	6.25%	6.75%	Based on the recent transactions of selected retail centre and hypermarket in Johor Bahru, Penang and Negeri Sembilan, the yields range from 6.00% to 7.50%. Taking into consideration the tenure and location of the subject property, we have adopted the yield at 6.25% and 6.75% for current and reversion terms, respectively.

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Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 17

2.0 KiP Mart Lavender Senawang
 (Our Ref : WTW/13/V/002728(B)/15/LH)

VALUE CONSIDERATION (Cont'd)

Investment Method (Cont'd)

In undertaking our assessment of the market rent upon reversion, we have considered various factors such as market conditions, location and accessibility, tenant mix, building condition, size, past and existing occupancies, quality of the tenant and carefully assessed the current tenancy profile.

We have considered the average passing rental as a base to arrive at our reversionary rental. Based on analysis of the past and current contractual rentals of the subject property, the term rental rates for key tenants were remained unchanged or with slight increased about 3% to 10% during the rent review upon renewal of the tenancies.

Kip Mart Lavender Senawang has been operating for about three (3) years. The rental is still unstable and relatively low as compared to the mature mall.

Year	2012 / 2013	2013 / 2014	2014 / 2015
Average Rental	RM2.88 psf	RM 5.02 psf	RM 3.08 psf

Our assessment of the market rent of KiP Mart Lavender Senawang upon reversion is referring to the analysis of KiP Group performance in Tampoi, Masai and Kota Tinggi upwards past years rental trend which we noted upward rental growth of approximately 1% - 6% for every year.

We also noted that from the sample Tenancy Agreements, it states that the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

Based on our analysis of the current contractual rentals of the subject property, the term rental rates for key tenants have been increased for 3% to 10% during the rent review upon renewal of the tenancies. In view of the above, we have adopted a fixed 5% increment upon reversionary as a fair representation, reasonable and is in line with other similar retail centres in the localities.

Component	Term Rental	Reversionary Rental
Average Gross Rental over Occupied Area	RM3.02 psf / month	RM3.82 psf / month

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Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 18

2.0 KIP Mart Lavender Senawang
(Our Ref : WTW/13/V/002728(B)/15/LH)

VALUE CONSIDERATION (Cont'd)

Investment Method (Cont'd)

The yield analysis of selected retail centres and hypermarkets based on the past and recent transactions is tabulated as follows:-

Building	@ Mart Kempas	Mydin @ Seremban 2	Mydin @ Bukit Mertajam	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Baru, Bukit Mertajam, Pulau Pinang	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Date	02/04/2015	27/04/2015	15/04/2015	24/08/2010
Consideration	RM65,000,000/-	RM240,000,000/-	RM250,000,000/-	RM75,600,000/-
Estimated Average Gross Rental	RM5.39 psf (Actual income)	RM3.25 psf (Leaseback rental)	N/A	RM2.20 psf (Actual income)
Estimated Net Yield	6.00%	7.00% (Gross yield)	6.50% *	7.50%

Note: *As per the announcement made by AmFirst Real Estate Investment Trust

The yields of individual retail centre are dependent on many factors including location, tenure, tenant profile, catchment population, occupancy rate and the size of the building. The above yield analysis reveals that, the yield trend of retail centres in Johor Bahru have been declining from 2010 to 2015. Our research on the yield trend revealed that yields of retail space are under further compression due to the moderate Malaysia economy growth, slower capital market activity and impending supply of retail space to come on stream in the short term.

The analysed yields of retail centres and hypermarkets transacted over the past one year in Johor Bahru, Penang and Negeri Sembilan are in the region of about 6.00% to 7.50%.

The subject property is held under freehold tenure. As such we have adopted the current and reversionary yields for the subject property at 6.25% and 6.75%, respectively.

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**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 19

2.0 KiP Mart Lavender Senawang
(Our Ref : WTW/13/V/002728(B)/15/LH)

VALUE CONSIDERATION (Cont'd)

Comparison Method

In arriving at the market value of the subject property using the Comparison Method, we have considered the following transactions of retail centre as well as hypermarket in Johor Bahru, Penang and Negeri Sembilan. The comparables are as follows:-

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad
Building Name	@ Mart Kempas	Mydin @ Seremban 2	Mydin @ Bukit Mertajam	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Baru, Bukit Mertajam, Pulau Pinang	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Type	Hypermarket	Hypermall	Hypermall	Hypermarket
Tenure	Leasehold 99 years expiring on 23 January 2106	In perpetuity	In perpetuity	In perpetuity
Lettable Area	9,112.89 sq. m (98,083 sq. ft.)	40,003.55 sq. m (430,595 sq. ft.)	49,843.18 sq. m (536,507 sq. ft.)	21,700.20 sq. m (233,579 sq. ft.)
Date	02/04/2015	27/04/2015	15/04/2015	24/08/2010
Vendor	Damansara Assets Sdn Bhd	Mydin Mohamed Holdings Berhad	Mydin Wholesale Cash and Carry Sdn Bhd	Bukit Indah (Johor) Sdn Bhd
Purchaser	AmanahRaya Trustees Bhd (Trustee for Al-Salam REIT)	AmanahRaya Trustees Bhd (Trustee for Amanah Harta Tanah PNB)	Maybank Trustees Bhd (Trustee for AmFIRST REIT)	OSK Trustees Bhd (Trustee for Axis REIT)
Consideration	RM65,000,000/-	RM240,000,000/-	RM250,000,000/-	RM75,600,000/-
Analysis (RM per sq.m)	RM7,133/-	RM5,999/-	RM5,016/-	RM3,484/-
Analysis (RM per sq.ft)	RM663/-	RM557/-	RM466/-	RM324/-
Adjustments	Adjustment on Location, Tenure, Size, Tenant Mix and Market Conditions.			
Adjusted Value	RM364/- per sq.ft	RM613/- per sq.ft	RM419/- per sq.ft	RM453/- per sq.ft

We have analysed the above sales evidences and made diligent adjustments for the factors which affecting value such as location, tenure, size, tenant mix, market conditions and other relevant characteristics to arrive at the fair value.

From the analysis, the adjusted values range from RM364/- to RM613/- per square foot. Having regard to the foregoing, we have adopted RM360/- per square foot based on Comparable 1, being the most similar type of retail property.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 20

2.0 KiP Mart Lavender Senawang
(Our Ref : WTW/13/V/002728(B)/15/LH)

Reconciliation of Value

The market value for the subject property derived from both Investment Method and Comparison Method are shown as follows :-

Investment Method - RM38,000,000/-
Comparison Method - RM42,000,000/-

We have adopted the market value derived from Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property.

VALUATION

In our opinion, the market value of the subject property as at 1 March 2016 **ON THE BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** free from all encumbrances is **RM 38,000,000/- (Ringgit Malaysia : Thirty Eight Million Only)**.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd



Sr HENG KIANG HAI
MBA (Real Estate), B.Surv (Hons) Prop.Mgt.
MRICS, FRISM, MPEPS, MMIPPM
Registered Valuer (V-486)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 21

3.0 KIP Mart Tampoi
(Our Ref : WTW/04/V/004705/15/ZA)

IDENTIFICATION OF PROPERTY

Interest Valued : A single storey retail centre with a mezzanine floor known as KIP Mart Tampoi

Address : Lot PTD 152711, Jalan Titiwangsa 1, Taman Tampoi Indah, 81200 Johor Bahru, Johor

Land Area : 42,010 square metres (452,191 square feet)

Gross Floor Area : 21,768.99 square metres (234,321 square feet)

Lettable Area^{*1} : 15,200.20 square metres (163,615 square feet)

No. of Car Park Bays : 579 bays

Tenure : Leasehold 99 years expiring on 24th September 2092
(Unexpired term of approximately 76 years)

Category of Land Use : Building

Registered Owner : KIPMART TAMPOI SDN BHD

Note*:

1) Lettable area includes kiosks located at common areas such as corridor and walkway that generates rental income which are not included in the net lettable area as defined under the Uniform Method of Measurement of Buildings.

TERMS OF REFERENCE

As instructed, the valuation is carried out based on the following **BASIS:-**

- 1. THE INCOME AND OUTGOINGS OF THE SUBJECT PROPERTY ARE BASED ON THE TENANCY SCHEDULE AS AT FEBRUARY 2016 AND OUTGOINGS (HISTORICAL AND PROJECTION) PROVIDED TO US BY THE REGISTERED OWNER; AND**
- 2. THE SUBJECT PROPERTY HAS A LETTABLE AREA OF 15,200.20 SQUARE METRES (163,615 SQUARE FEET).**

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE INFORMATION AS PROVIDED TO US WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID.

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**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 22

3.0 KiP Mart Tampoi

(Our Ref: WTW/04/V/004705/15/ZA)

GENERAL DESCRIPTION

The subject property, which is known as KiP Mart Tampoi, is located along Jalan Skudai Lama within Taman Tampoi Indah, at about 12 kilometres due north-west of the Johor Bahru city centre.

The surrounding area of Taman Tampoi Indah is generally developed with mixed residential, commercial and industrial developments.

Adjoining to the immediate north-west is the KiPARK serviced apartments currently known as KiP Villa Apartment.

Paradigm Mall (previously known as Kemayan City) is located to the east across the Skudai Highway and is being redeveloped as a retail, service apartment and hotel development. An on-going serviced apartment development named The Platino is located next to Paradigm Mall. Other new landmarks within the locality are the Greenfield Regency serviced apartment and Danga Utama development featuring 3-storey shopoffices and 6-storey commercial towers.

Site

The subject site is near regular in shape with a provisional land area of about 42,010 square metres (10.381 acres).

It is bounded by Jalan Skudai Lama and two (2) petrol stations along its approximate north-eastern and eastern boundaries and Persiaran Titiwangsa Utama along its southern boundary.

The land is generally flat in terrain but lies slightly lower than Jalan Skudai Lama.

Building

The building is basically constructed of steel framework encased with plastered brickwalls, reinforced concrete floor and a jack roof with steel trusses covered over with metal roofing sheets interspersed with fibreglass translucent sheets. The upper portion of the wall is enclosed with cement boards. The lower portion is partly enclosed with plastered brickwalls and partly open-sided.

The building has been issued with Certificate of Fitness for Occupation ("CFO") by Majlis Bandaraya Johor Bahru bearing Certificate No. 368/2004 dated 23 December 2004 whilst the extension is issued with a Certificate of Completion and Compliance ("CCC") dated 20 November 2014. The age of building is approximately 12 years old.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 23

3.0 KiP Mart Tampoi
 (Our Ref : WTW/04/V/004705/15/ZA)

OCCUPATION

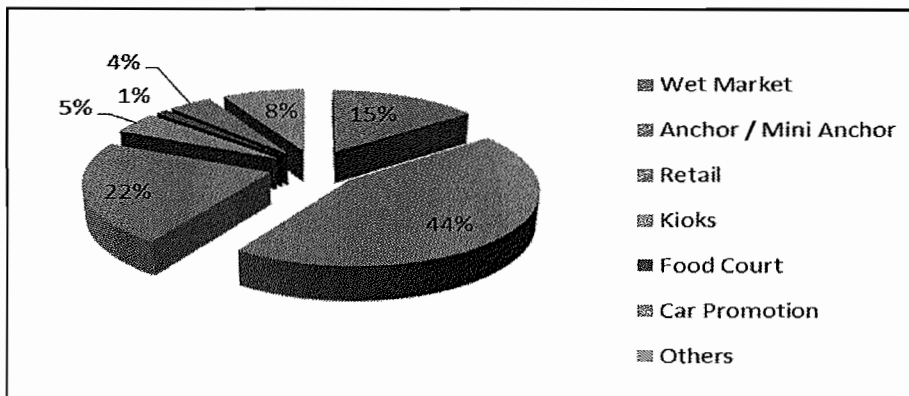
Based on the tenancy schedule as at February 2016 provided to us by the registered owner, the subject property has an occupancy rate of approximately 95.7% or 156,547 square feet of the total lettable area of 163,615 square feet.

We noted that there are one tenant is related to the owner with a total lettable area of 6,076 square feet (3.7%).

TENANCY PROFILE

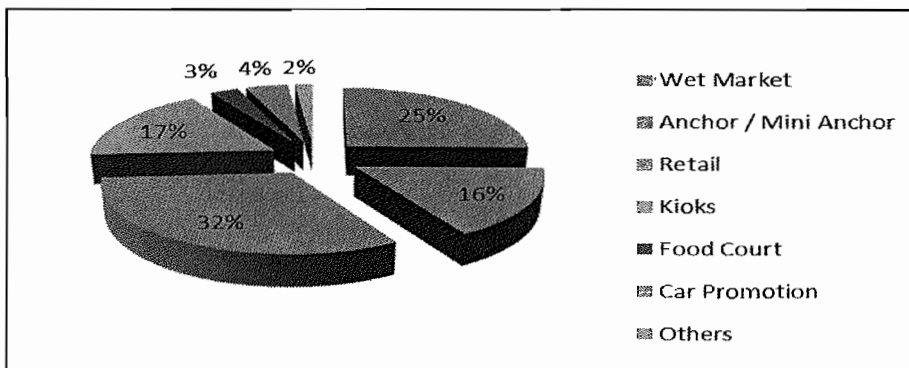
As at the date of valuation, KiP Mart Tampoi is almost fully tenanted to various types of retailers. The category of tenant comprises wet market, anchor/mini anchor, retail, kiosk, car promotion, food court and so on. In general, the tenancy trade profile by lettable area and rental income are represent as follows:-

Chart 1 Tenancy Profile by Lettable Area



(Source: Tenancy Schedule as at February 2016)

Chart 2 Tenancy Profile by Gross Rental Income



(Source: Tenancy Schedule as at February 2016)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 24

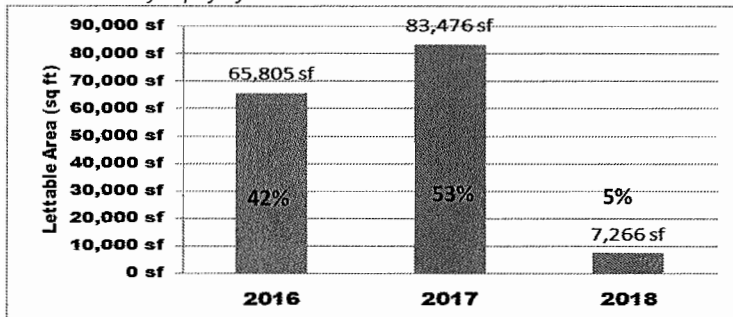
3.0 KiP Mart Tampoi
(Our Ref : WTW/04/V/004705/15/ZA)

TENANCY PROFILE (Cont'd)

Vide the tenancy schedule provided by the registered owner, most of the tenancies have been agreed for 2-year to 3-year term, with an option to renew for further similar terms subject to rent review. As stated in the sample Tenancy Agreements provided to us, the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

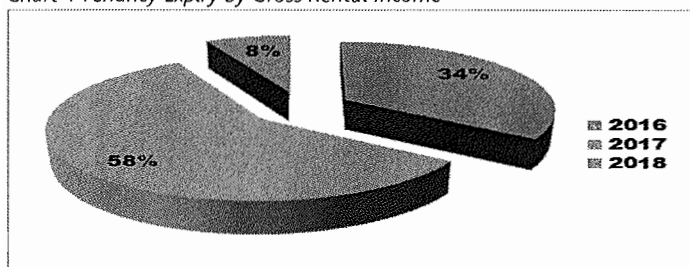
The tenancy expiry profile of the KiP Mart Tampoi is as follows:-

Chart 3 Tenancy Expiry by Lettable Area



(Source: Tenancy Schedule as at February 2016)

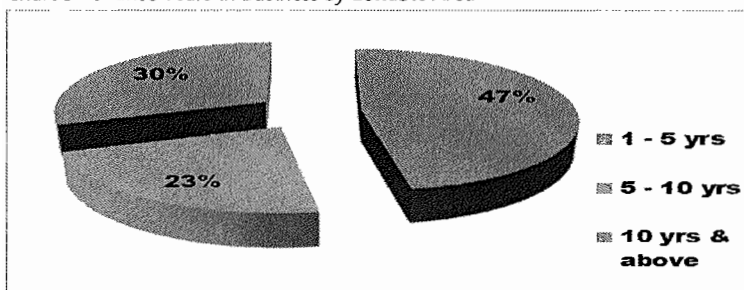
Chart 4 Tenancy Expiry by Gross Rental Income



(Source: Tenancy Schedule as at February 2016)

The tenant profile by number of years in business under the KiP Mart Tampoi is as follows:-

Chart 5 Tenant's Years in Business by Lettable Area



(Source: Tenancy Schedule as at February 2016)

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Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 25

3.0 KiP Mart Tampoi

(Our Ref : WTW/04/V/004705/15/ZA)

OUTGOINGS

The average outgoings analysed from the Profit & Loss Account as provided to us are as follows:-

Year	Average Monthly Outgoings
Jul'12 - Jun'13	RM2.62 psf *
Jul'13 - Jun'14	RM2.69 psf *
Jul'14 - Jun'15	RM1.82 psf **
Jul'15 - Jun'16 (Projection)	RM1.94 psf ***
Jul'16 - Jun'17 (Projection)	RM2.15 psf ***
Jul'17 - Jun'18 (Projection)	RM2.23 psf ***

(Source: The management of KiP Group)

Note : * Based on lettable area of 140,275 sf

** Based on lettable area of 164,776 sf (inclusive the extension of 24,501 sf lettable area)

*** Based on lettable area of 163,615 sf

We noted that the average monthly outgoings from Year Jul' 13 to Jun' 14 were higher as the extension work was carried out during these periods.

Investigation also made on annual outgoings of other similar retail centres and necessary adjustments were made before arriving at the fair outgoings for the subject property. We have compiled the following outgoings rate for other similar retail centres as comparables:-

Building	Average Monthly Outgoings
KiP Mart Masai, Johor Bahru	RM2.70 psf
KiP Mart Kota Tinggi, Kota Tinggi	RM2.80 psf
@ Mart Kempas, Johor Bahru	RM2.50 psf

(Source: WTW Research)

Based on the above analysis, we have adopted the monthly outgoings for the subject property at RM2.50 per square foot of which is in line with the industry standard.

PLANNING PROVISIONS

The subject property is designated for commercial building use as per the Express Condition in the document of title.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 26

3.0 KiP Mart Tampoi
 (Our Ref: WTW/04/V/004705/15/ZA)

VALUE CONSIDERATION

Investment Method

The parameters adopted in the investment method are as follows:-

Item	Current Term	Reversionary Term	Remarks
Average Monthly Rental	RM7.88 psf	RM8.25 psf	Considered the current rental and concluded rentals of similar retail centres in the localities.
Average Monthly Outgoings	RM2.50 psf	5.00% increment	Considered the current outgoings based on the analysis of past years record and outgoings of selected retail centres.
Void	-	5.00%	We have adopted 5.00% void for rent free period and risk of vacancy and uncertainty.
Capitalisation Rate	6.50%	7.00%	Based on the recent transactions of selected retail centre and hypermarket in Johor Bahru, Penang and Negeri Sembilan, the yields range from 6.00% to 7.50%. Taking into consideration the tenure and location of the subject property, we have adopted the yield at 6.50% and 7.00% for current and reversion terms, respectively.

In undertaking our assessment of the market rent upon reversion, we have considered various factors such as market conditions, location and accessibility, tenant mix, building condition, size, past and existing occupancies, quality of the tenant and carefully assessed the current tenancy profile.

We have considered the average term tenancy rental as a benchmark to arrive at our reversionary rental. However, there are some of the term rental which are lower as compared to the prevailing term rental rate due to their agreements were signed one (1) or two (2) years ago. Therefore, we have adjusted the reversionary rental upwards.

Our assessment of the market rent of KiP Mart Tampoi upon reversion is also based on the analysis of its upwards past years rental trend. The average rental for the past three (3) years as provided to us by the registered owner is as follows:-

Year	2012/2013	2013/2014	2014/2015
Average Rental	RM7.67 psf	RM8.15 psf	RM7.66 psf*

Note: * Lettable area included the extension portion (the extension completed in November 2014).

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 27

3.0 KIP Mart Tampoi

(Our Ref : WTW/04/V/004705/15/ZA)

VALUE CONSIDERATION (Cont'd)

Investment Method (Cont'd)

We also noted that from the sample Tenancy Agreements, it states that the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

Based on our analysis of the past and current contractual rentals of the subject property, the term rental rates for majority tenants have been increased for 3% to 10% during the rent review upon renewal of the tenancies.

In view of the above, we have adopted a fixed 5% increment upon reversionary as a fair representation, reasonable and is in line with other similar retail centres in the localities.

Component	Term Rental	Reversionary Rental
Average Gross Rental over Occupied Area	RM7.88 psf / month	RM8.25 psf / month

The yield analysis of selected retail centres and hypermarkets based on the past and recent transactions is tabulated as follows:-

Building	@ Mart Kempas	Mydin @ Bukit Mertajam	Mydin @ Seremban 2	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Jalan Baru, Bukit Mertajam, Pulau Pinang	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Date	02/04/2015	15/04/2015	27/04/2015	24/08/2010
Consideration	RM65,000,000/-	RM250,000,000/-	RM240,000,000/-	RM75,600,000/-
Estimated Average Gross Rental	RM5.39 psf (Actual income)	N/A	RM3.25 psf (Leaseback rental)	RM2.20 psf (Actual income)
Estimated Net Yield	6.00%	6.50% *	7.00% (Gross yield)	7.50%

Note: *As per the announcement made by AmFirst Real Estate Investment Trust

The yields of individual retail centre are dependent on many factors including location, tenure, tenant profile, catchment population, occupancy rate and the size of the building. The above yield analysis reveals that, the yield trend of retail centres in Johor Bahru have been declining from 2010 to 2015. Our research on the yield trend revealed that yields of retail space are under further compression due to the moderate Malaysia economy growth, slower capital market activity and impending supply of retail space to come on stream in the short term.

The analysed yields of retail centres and hypermarkets transacted over the past one year in Johor Bahru, Penang and Negeri Sembilan are in the region of about 6.00% to 7.50%.

The subject property is held under leasehold tenure with an unexpired term of about 76 years. As such we have adopted the current and reversionary yields for the subject property at 6.50% and 7.00%, respectively.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 28

3.0 KIP Mart Tampoi

(Our Ref : WTW/04/V/004705/15/ZA)

VALUE CONSIDERATION (Cont'd)

Comparison Method

In arriving at the market value of the subject property based on Comparison Method, we have considered the following transactions of retail centre as well as hypermarkets in Johor Bahru, Penang and Negeri Sembilan.

The comparables are as follows:-

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad
Building Name	@ Mart Kempas	Mydin @ Bukit Mertajam	Mydin @ Seremban 2	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Jalan Baru, Bukit Mertajam, Pulau Pinang	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Type	Hypermarket	Hypermall	Hypermall	Hypermarket
Tenure	Leasehold 99 years expiring on 23 January 2106	In perpetuity	In perpetuity	In perpetuity
Lettable Floor Area	9,112.89 sm (98,083 sf)	49,843.18 sm (536,507 sf)	40,003.55 sm (430,595 sf)	21,700.22 sm (233,579 sf)
Date	02/04/2015	15/04/2015	27/04/2015	24/08/2010
Vendor	Damansara Assets Sdn Bhd	Mydin Wholesale Cash and Carry Sdn Bhd	Mydin Mohamed Holdings Berhad	Bukit Indah (Johor) Sdn Bhd
Purchaser	AmanahRaya Trustees Bhd (Trustee for Al-Salam REIT)	Maybank Trustees Bhd (Trustee for AmFIRST REIT)	AmanahRaya Trustees Bhd (Trustee for Amanah Harta Tanah PNB)	OSK Trustees Bhd (Trustee for Axis REIT)
Consideration	RM65,000,000/-	RM250,000,000/-	RM240,000,000/-	RM75,600,000/-
Analysis (RM psm)	RM7,132/-	RM5,016/-	RM5,999/-	RM3,484/-
Analysis (RM psf)	RM662/-	RM466/-	RM557/-	RM324/-
Adjustments	Adjustment on Location, Tenure, Size, Tenant Profile and Market Conditions.			
Adjusted Value	RM928/- psf	RM606/- psf	RM725/- psf	RM736/- psf

It is noted that the analyzed values range from RM606 to RM928 per square foot. We have adopted RM930 per square foot based on Comparable 1 being the latest recorded sale transaction and located in Johor Bahru.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 29

3.0 KIP Mart Tampoi

(Our Ref : WTW/04/V/004705/15/ZA)

Reconciliation of Value

The market value for the subject property derived from both Investment Method and Comparison Method are shown as follows:-

Investment Method	-	RM150,000,000/-
Comparison Method	-	RM152,000,000/-

We have adopted the market value derived from the Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property.

VALUATION

In our opinion, the market value of the subject property as at 1 March 2016 **ON THE BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to sell, lease, transfer and free from all encumbrances is **RM150,000,000/- (Ringgit Malaysia : One Hundred And Fifty Million Only)**.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd



Sr TAN KA LEONG
B. Surv. (Hons) Prop. Mgt. FRISM, MPEPS
Registered Valuer (V-629)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 30

4.0 KiP Mart Masai
(Our Ref : WTW/04/V/004706/15/ZA)

IDENTIFICATION OF PROPERTY

Interest Valued	: A single storey retail centre with a mezzanine floor known as KiP Mart Masai
Address	: Lot PTD 204780, Jalan Persiaran Dahlia 2, Taman Bukit Dahlia, 81700 Pasir Gudang, Johor
Land Area	: 43,920.573 square metres (472,757 square feet)
Gross Floor Area	: 23,039.01 square metres (247,990 square feet)
Lettable Area ^{*1}	: 13,401.34 square metres (144,252 square feet)
No. of Car Park Bay	: 628 bays
Tenure	: Leasehold 99 years expiring on 28 th December 2108 (Unexpired term of approximately 92 years)
Category of Land Use	: Building
Registered Owner	: ENRICH ASSETS SDN BHD

Note*:

1) Lettable area includes kiosks located at common areas such as corridor and walkway that generates rental income which are not included in the net lettable area as defined under the Uniform Method of Measurement of Buildings.

TERMS OF REFERENCE

As instructed, the valuation is carried out based on the following **BASIS:-**

- 1. THE INCOME AND OUTGOINGS OF THE SUBJECT PROPERTY ARE BASED ON THE TENANCY SCHEDULE AS AT FEBRUARY 2016 AND OUTGOINGS (HISTORICAL AND PROJECTION) PROVIDED TO US BY THE REGISTERED OWNER; AND**
- 2. THE SUBJECT PROPERTY HAS A LETTABLE AREA OF 13,401.34 SQUARE METRES (144,252 SQUARE FEET).**

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE INFORMATION AS PROVIDED TO US WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 31

4.0 KIP Mart Masai

(Our Ref : WTW/04/V/004706/15/ZA)

GENERAL DESCRIPTION

The subject property, which is known as KIP Mart Masai is located at the junction of Jalan Persiaran Dahlia 2 and Jalan Serangkai 11 of Taman Bukit Dahlia, Pasir Gudang, Johor. It is sited approximately 26 kilometres due north-west of Johor Bahru city centre.

Pasir Gudang town, located to the east is the main administrative and commercial centre for the area. Prominent landmarks in the locality include KPJ Specialist Hospital Pasir Gudang, Hotel Selesa, Menara Aqabah and Kompleks Pusat Bandar. Other prominent hypermarkets within the vicinity include Today's Market, Tesco and Econsave.

Site

The subject site is irregularly shaped with a provisional land area of about 43,920.57 square metres (10.853 acres).

The subject property has a total frontage of about 157.1 metres along its eastern boundary onto Jalan Persiaran Dahlia 2, splay corner of 13.811 metres, a total of 243.225 metres along its northern boundary, splay corner of 6.466 metres, a total of 131.064 metres along its western boundary, a splay corner of 6.466 metres, a total of 342.133 metres along its southern boundary and a splay corner of 6.346 metres.

It is generally flat in terrain and lies slightly lower than the frontage metalled roads, Jalan Persiaran Dahlia 2 and Jalan Serangkai 11. However, it lies slightly above Jalan Serangkai 10 and an unnamed metalled service road.

Building

The building is basically constructed of reinforced concrete framework with reinforced concrete floor slabs, plastered brickwalls and a metal trusses roof covered over with metal deck roofing sheets.

The building has been issued with a Certificate of Completion and Compliance ("CCC") vide Reference No. LAM/J/No. 0160 dated 25 January 2011 whilst the extension is issued with a CCC vide Reference No. LAM/J/No. 6279 dated 24 November 2015. The age of building is approximately 5 years old.

OCCUPATION

Based on the tenancy schedule as at February 2016 provided to us by the registered owner, the subject property has an occupancy rate of approximately 88.2% or 127,274 square feet of the total lettable area of 144,252 square feet.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

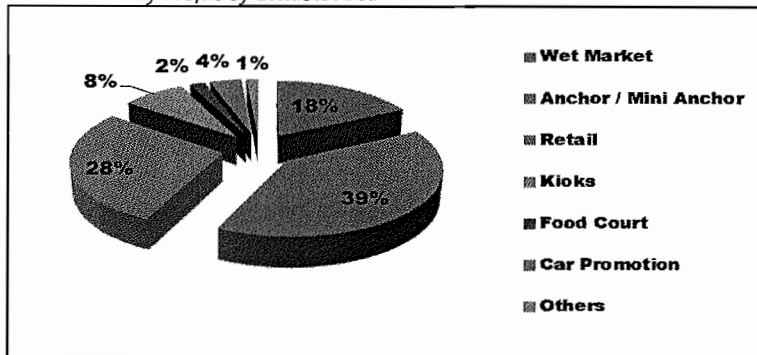
Page 32

4.0 KiP Mart Masai
(Our Ref : WTW/04/V/004706/15/ZA)

TENANCY PROFILE

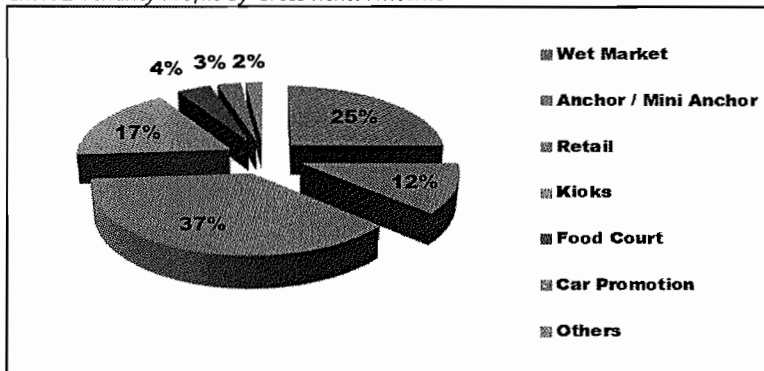
As at the date of valuation, KiP Mart Masai is almost fully tenanted to various types of retailers. The category of tenant comprises wet market, anchor/mini anchor, retail, kiosk, car promotion, food court and so on. In general, the tenancy trade profile by lettable area and rental income are represent as follows:-

Chart 1 Tenancy Profile by Lettable Area



(Source: Tenancy Schedule as at February 2016)

Chart 2 Tenancy Profile by Gross Rental Income



(Source: Tenancy Schedule as at February 2016)

Vide the tenancy schedule provided by the registered owner, most of the tenancies have been agreed for 2-year to 3-year term, with an option to renew for further similar terms subject to rent review. As stated in the sample Tenancy Agreements provided to us, the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

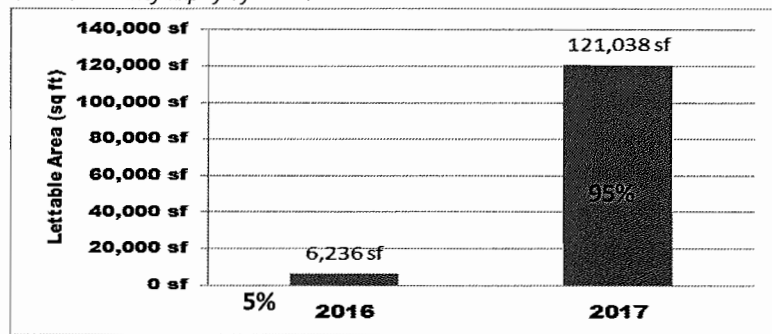
Page 33

4.0 KiP Mart Masai
 (Our Ref : WTW/04/V/004706/15/ZA)

TENANCY PROFILE (Cont'd)

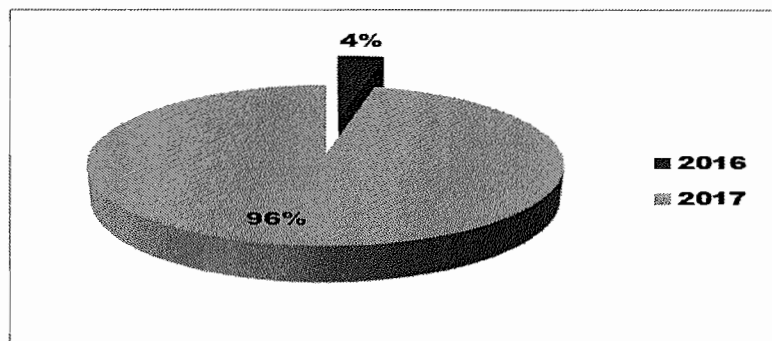
The tenancy expiry profile of the KiP Mart Masai is as follows:-

Chart 3 Tenancy Expiry by Lettable Area



(Source: Tenancy Schedule as at February 2016)

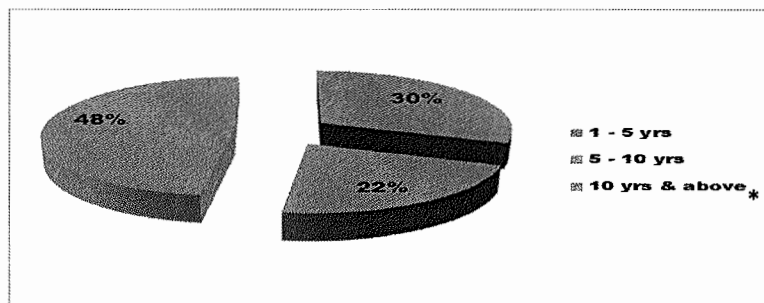
Chart 4 Tenancy Expiry by Gross Rental Income



(Source: Tenancy Schedule as at February 2016)

The tenant profile by number of years in business under the KiP Mart Masai is as follows:-

Chart 5 Tenant's Years in Business by Lettable Area



(Source: Tenancy Schedule as at February 2016)

* Note : Tenants from previous KiP Mart Masai currently known as KiPHome Mart Masai

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 34

4.0 KiP Mart Masai
 (Our Ref : WTW/04/V/004706/15/ZA)

OUTGOINGS

The average outgoings analysed from the Profit & Loss Account as provided to us are as follows:-

Year	Average Monthly Outgoings
Jul'12 - Jun'13	RM2.88 psf *
Jul'13 - Jun'14	RM2.79 psf *
Jul'14 - Jun'15	RM2.52 psf *
Jul'15 - Jun'16 (Projection)	RM2.32 psf **
Jul'16 - Jun'17 (Projection)	RM2.29 psf **
Jul'17 - Jun'18 (Projection)	RM2.32 psf **

(Source: The management of KiP Group)

Note: * Based on lettable area of 128,458 sf.

** Based on lettable area of 144,252 sf (inclusive the extension of 15,794 sf lettable area) and with the benefit of solar panel system installed for utilities cost saving

We noted that the average monthly outgoings from Year Jul' 13 to Jun' 15 were higher than the projection year due to new installation of the solar system in August 2015.

Investigation also made on annual outgoings of other similar retail centres and necessary adjustments were made before arriving at the fair outgoings for the subject property. We have compiled the following outgoings rate for other similar retail centres as comparables:-

Building	Average Monthly Outgoings
KiP Mart Tampoi, Johor Bahru	RM2.50 psf
KiP Mart Kota Tinggi, Kota Tinggi	RM2.80 psf
@ Mart Kempas, Johor Bahru	RM2.50 psf

(Source: WTW Research)

Based on the above analysis, we have adopted the monthly outgoings for the subject property at RM2.85 per square foot of which is in line with the industry standard.

PLANNING PROVISIONS

The subject property is designated for commercial building use as per the Express Condition in the document of title.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 35

4.0 KIP Mart Masai
(Our Ref : WTW/04/V/004706/15/ZA)

VALUE CONSIDERATION

Investment Method

The parameters adopted in the investment method are as follows:-

Item	Current Term	Reversionary Term	Remarks
Average Monthly Rental	RM9.44 psf	RM9.30 psf	Considered the current rental and concluded rentals of similar retail centres in the localities.
Monthly Outgoings	RM2.85 psf	5.00% increment	Considered the current outgoings based on the analysis of past years record and outgoings of selected retail centres.
Void	-	5.00%	We have adopted 5.00% void for rent free period and risk of vacancy and uncertainty.
Capitalisation Rate	6.50%	7.00%	Based on the recent transactions of selected retail centre and hypermarket in Johor Bahru, Penang and Negeri Sembilan, the yields range from 6.00% to 7.50%. Taking into consideration the tenure and location of the subject property, we have adopted the yield at 6.50% and 7.00% for current and reversion terms, respectively.

In undertaking our assessment of the market rent upon reversion, we have considered various factors such as market conditions, location and accessibility, tenant mix, building condition, size, past and existing occupancies, quality of the tenant and carefully assessed the current tenancy profile.

We have considered the average term tenancy rental as a benchmark to arrive at our reversionary rental. However, there are some of the term rental which are lower as compared to the prevailing term rental rate due to their agreements were signed one (1) or two (2) years ago. Therefore, we have adjusted the reversionary rental upwards.

Our assessment of the market rent of KIP Mart Masai upon reversion is also based on the analysis of its upwards past years rental trend. The average rental for the past three (3) years as provided to us by the registered owner is as follows:-

Year	2012/2013	2013/2014	2014/2015
Average Rental	RM8.10 psf	RM8.45 psf	RM8.63 psf

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 36

4.0 KIP Mart Masai
(Our Ref : WTW/04/V/004706/15/ZA)

VALUE CONSIDERATION (Cont'd)

Investment Method (Cont'd)

We also noted that from the sample Tenancy Agreements, it states that the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

Based on our analysis of the past and current contractual rentals of the subject property, the term rental rates for majority tenants have been increased for 3% to 10% during the rent review upon renewal of the tenancies.

In view of the above, we have adopted a fixed 5% increment upon reversionary as a fair representation, reasonable and is in line with other similar retail centres in the localities.

Component	Term Rental	Reversionary Rental
Average Gross Rental over Occupied Area	RM9.44 psf / month	RM9.30 psf / month

The yield analysis of selected retail centres and hypermarkets based on the past and recent transactions is tabulated as follows:-

Building	@ Mart Kempas	Mydin @ Bukit Mertajam	Mydin @ Seremban 2	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Jalan Baru, Bukit Mertajam, Pulau Pinang	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Date	02/04/2015	15/04/2015	27/04/2015	24/08/2010
Consideration	RM65,000,000/-	RM250,000,000/-	RM240,000,000/-	RM75,600,000/-
Estimated Average Gross Rental	RM5.39 psf (Actual income)	N/A	RM3.25 psf (Leaseback rental)	RM2.20 psf (Actual income)
Estimated Net Yield	6.00%	6.50% *	7.00% (Gross yield)	7.50%

Note: *As per the announcement made by AmFirst Real Estate Investment Trust

The yields of individual retail centre are dependent on many factors including location, tenure, tenant profile, catchment population, occupancy rate and the size of the building. The above yield analysis reveals that, the yield trend of retail centres in Johor Bahru have been declining from 2010 to 2015. Our research on the yield trend revealed that yields of retail space are under further compression due to the moderate Malaysia economy growth, slower capital market activity and impending supply of retail space to come on stream in the short term.

The analysed yields of retail centres and hypermarkets transacted over the past one year in Johor Bahru, Penang and Negeri Sembilan are in the region of about 6.00% to 7.50%.

The subject property is held under leasehold tenure with an unexpired term of about 92 years. As such we have adopted the current and reversionary yields for the subject property at 6.50% and 7.00%, respectively.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 37

4.0 KIP Mart Masai
(Our Ref : WTW/04/V/004706/15/ZA)

VALUE CONSIDERATION (Cont'd)

Comparison Method

In arriving at the market value of the subject property based on Comparison Method, we have considered the following transactions of retail centre as well as hypermarkets in Johor Bahru, Penang and Negeri Sembilan.

The comparables are as follows:-

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad
Building Name	@ Mart Kempas	Mydin @ Bukit Mertajam	Mydin @ Seremban 2	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Jalan Baru, Bukit Mertajam, Pulau Pinang	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Type	Hypermarket	Hypermall	Hypermall	Hypermarket
Tenure	Leasehold 99 years expiring on 23 January 2106	In perpetuity	In perpetuity	In perpetuity
Lettable Floor Area	9,112.89 sm (98,083 sf)	49,843.18 sm (536,507 sf)	40,003.55 sm (430,595 sf)	21,700.22 sm (233,579 sf)
Date	02/04/2015	15/04/2015	27/04/2015	24/08/2010
Vendor	Damansara Assets Sdn Bhd	Mydin Wholesale Cash and Carry Sdn Bhd	Mydin Mohamed Holdings Berhad	Bukit Indah (Johor) Sdn Bhd
Purchaser	AmanahRaya Trustees Bhd (Trustee for Al-Salam REIT)	Maybank Trustees Bhd (Trustee for AmFIRST REIT)	AmanahRaya Trustees Bhd (Trustee for Amanah Harta Tanah PNB)	OSK Trustees Bhd (Trustee for Axis REIT)
Consideration	RM65,000,000/-	RM250,000,000/-	RM240,000,000/-	RM75,600,000/-
Analysis (RM psm)	RM7,132/-	RM5,016/-	RM5,999/-	RM3,484/-
Analysis (RM psf)	RM662/-	RM466/-	RM557/-	RM324/-
Adjustments	Adjustment on Location, Tenure, Size, Tenant Profile and Market Conditions.			
Adjusted Value	RM1,060/- psf	RM699/- psf	RM836/- psf	RM850/- psf

It is noted that the analyzed values range from RM699 to RM1,060 per square foot. We have adopted RM1,060 per square foot based on Comparable 1 being the latest recorded sale transaction and located in Johor Bahru.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 38

4.0 KIP Mart Masai
(Our Ref : WTW/04/V/004706/15/ZA)

Reconciliation of Value

The market value for the subject property derived from both Investment Method and Comparison Method are shown as follows:-

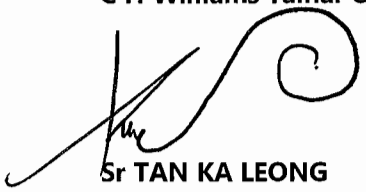
Investment Method	-	RM157,000,000/-
Comparison Method	-	RM153,000,000/-

We have adopted the market value derived from the Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property.

VALUATION

In our opinion, the market value of the subject property as at 1 March 2016 **ON THE BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** free from all encumbrances is **M157,000,000/- (Ringgit Malaysia : One Hundred And Fifty Seven Million Only).**

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd



Sr TAN KA LEONG
B. Surv. (Hons) Prop. Mgt. FRISM, MPEPS
Registered Valuer (V-629)

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 39

5.0 KIP Mart Kota Tinggi

(Our Ref : WTW/04/V/004707/15/WHP)

IDENTIFICATION OF PROPERTY

Interest Valued : A single storey retail centre with a mezzanine floor known as KIP Mart Kota Tinggi

Address : No. 1, Jalan Maju, 81900 Kota Tinggi, Johor

Land Area : 15,618 square metres (168,111 square feet)

Gross Floor Area : 10,587.05 square metres (113,958 square feet)

Lettable Area^{*1} : 7,056.55 square metres (75,956 square feet)

No. of Car Park Bays : 196 bays

Tenure : Freehold / Term in Perpetuity

Category of Land Use : Building

Registered Owner : GENIUS CHANCE SDN BHD

Note*:

1) Lettable area includes kiosks located at common areas such as corridor and walkway that generates rental income which are not included in the net lettable area as defined under the Uniform Method of Measurement of Buildings.

TERMS OF REFERENCE

As instructed, the valuation is carried out based on the following **BASIS:-**

- 1. THE INCOME AND OUTGOINGS OF THE SUBJECT PROPERTY ARE BASED ON THE TENANCY SCHEDULE AS AT FEBRUARY 2016 AND OUTGOINGS (HISTORICAL AND PROJECTION) PROVIDED TO US BY THE REGISTERED OWNER; AND**
- 2. THE SUBJECT PROPERTY HAS A LETTABLE AREA OF 7,056.55 SQUARE METRES (75,956 SQUARE FEET).**

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE INFORMATION AS PROVIDED TO US WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 40

5.0 KiP Mart Kota Tinggi

(Our Ref : WTW/04/V/004707/15/WHP)

GENERAL DESCRIPTION

The subject property, which is known as KiP Mart Kota Tinggi is located along Jalan Maju, 81900 Kota Tinggi. It is located approximately 500 metres from Kota Tinggi town and 41 kilometres from Johor Bahru city centre.

Kota Tinggi town centre is the main commercial and administration centre for the locality. Prominent landmarks within the town comprising of a 4-storey shopping complex known as Mayres Hotel, Plaza Kota Tinggi, Kota Tinggi Bus Terminal, Kota Tinggi Taxi Terminal and shophouses, Kota Point shopping cum hotel complex, Heritage Mall, Premises of Majlis Daerah Kota Tinggi, Kota Tinggi District Hospital, JKR Building and Bangunan Sultan Ismail cum Land Office, Muzium Kota Tinggi, Lembaga Tabung Haji Kota Tinggi and National Registration Department.

Other landmarks within the immediate locality include Sekolah Menengah Tun Habab, Sekolah Menengah Laksamana, Sekolah Kebangsaan Bandar, Sekolah Agama Bandar, Sekolah Jenis Kebangsaan Bandar (Tamil), Kolej Komuniti Kota Tinggi and Pejabat Pelajaran Daerah Kota Tinggi.

Site

The subject site is near trapezoidal in shape, with a surveyed land area of about 15,618 square metres (3.859 acres).

The subject site has a frontage of about 108.95 metres along its northern boundary onto an existing metalled serviced road which lies parallel to Jalan Tun Sri Lanang and another frontage of about 102.13 metres along its eastern boundary onto Jalan Maju. A river named Sungai Pemandi flows along the southern and south-eastern boundaries.

The land is generally flat and lies slightly higher than the frontage metalled roads, Jalan Maju and Jalan Tun Sri Lanang.

Building

The building is constructed of reinforced concrete framework with reinforced concrete floor slabs, plastered brickwalls and a metal trusses roof covered over with metal deck roofing sheets.

The subject property has been issued with Certificates of Completion and Compliance ("CCC") vide Reference Nos. 0101/2008 and 0295/2009 dated 7 November 2008 and 14 September 2009 respectively. The age of building is about 8 years old.

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 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 41

5.0 KiP Mart Kota Tinggi
 (Our Ref: WTW/04/V/004707/15/WHP)

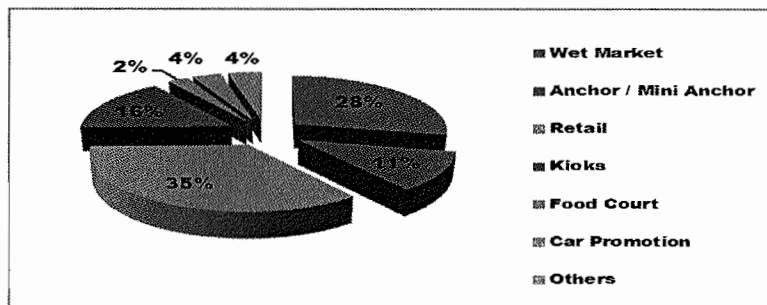
OCCUPATION

Based on the tenancy schedule as at February 2016 provided to us by the registered owner, the subject property has an occupancy rate of approximately 98.0% or 74,418 square feet of the total lettable area of 75,956 square feet. We noted that there are one tenant is related to the owner with a total lettable area of 7,634 square feet (10%).

TENANCY PROFILE

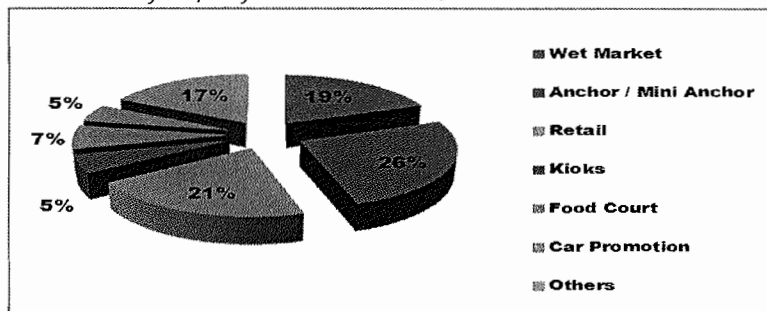
As at the date of valuation, KiP Mart Kota Tinggi is almost fully tenanted to various types of retailers. The category of tenant comprises wet market, anchor/mini anchor, retail, kiosk, car promotion, food court and so on. In general, the tenancy trade profile by lettable area and rental income are represent as follows:-

Chart 1 Tenancy Profile by Lettable Area



(Source: Tenancy Schedule as at February 2016)

Chart 2 Tenancy Profile by Gross Rental Income



(Source: Tenancy Schedule as at February 2016)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 42

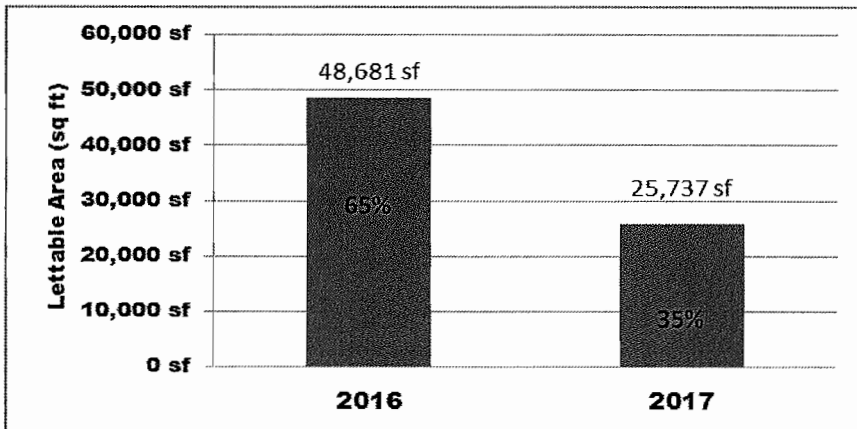
5.0 KiP Mart Kota Tinggi
 (Our Ref: WTW/04/V/004707/15/WHP)

TENANCY PROFILE (Cont'd)

Vide the tenancy schedule provided by the registered owner, most of the tenancies have been agreed for 2-year to 3-year term, with an option to renew for further similar terms subject to rent review. As stated in the sample Tenancy Agreements provided to us, the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

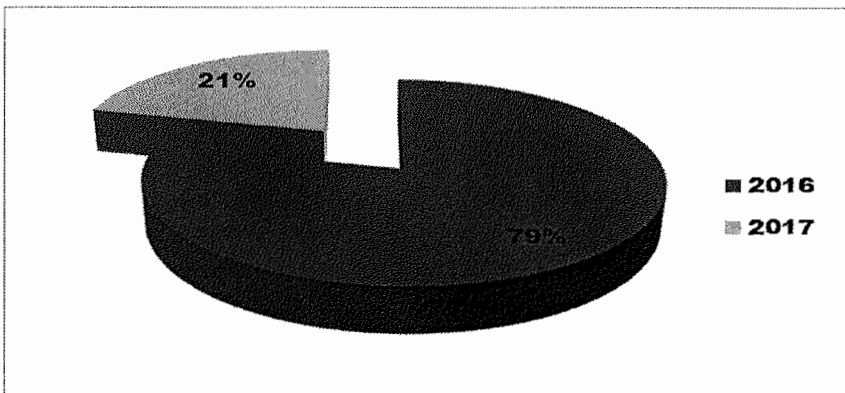
The tenancy expiry profile of the KiP Mart Kota Tinggi is as follows:-

Chart 3 Tenancy Expiry by Lettable Area



(Source: Tenancy Schedule as at February 2016)

Chart 4 Tenancy Expiry by Gross Rental Income



(Source: Tenancy Schedule as at February 2016)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

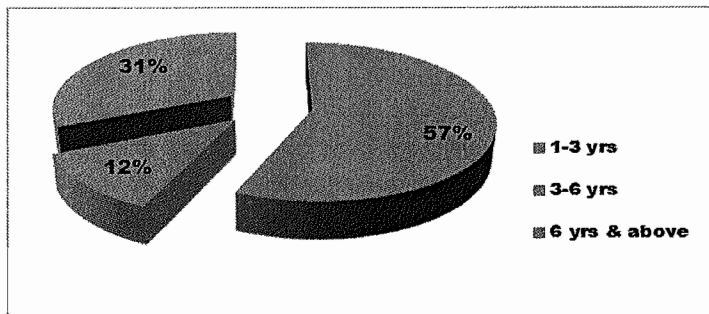
Page 43

5.0 KIP Mart Kota Tinggi
 (Our Ref : WTW/04/V/004707/15/WHP)

TENANCY PROFILE (Cont'd)

The tenant profile by number of years in business under the KIP Mart Kota Tinggi is as follows:-

Chart 5 Tenant's Years in Business by Lettable Area



(Source: Tenancy Schedule as at February 2016)

OUTGOINGS

The average outgoings analysed from the Profit & Loss Account as provided to us are as follows:-

Year	Average Monthly Outgoings
Jul'12 - Jun'13	RM2.62 psf
Jul'13 - Jun'14	RM2.69 psf
Jul'14 - Jun'15	RM2.35 psf
Jul'15 - Jun'16 (Projection)	RM2.68 psf
Jul'16 - Jun'17 (Projection)	RM2.84 psf
Jul'17 - Jun'18 (Projection)	RM2.81 psf

(Source: The management of KIP Group)

Investigation also made on annual outgoings of other similar retail centres and necessary adjustments were made before arriving at the fair outgoings for the subject property. We have compiled the following outgoings rate for other similar retail centres as comparables:-

Building	Average Monthly Outgoings
KiP Mart Tampoi, Johor Bahru	RM2.50 psf
KiP Mart Masai, Johor Bahru	RM2.70 psf
@ Mart Kempas, Johor Bahru	RM2.50 psf

(Source: WTW Research)

Based on the above analysis, we have adopted the monthly outgoings for the subject property at RM2.85 per square foot of which is in line with the industry standard.

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 44

5.0 KiP Mart Kota Tinggi
(Our Ref : WTW/04/V/004707/15/WHP)

PLANNING PROVISIONS

The subject property is designated for commercial building use as per the Express Condition in the document of title.

VALUE CONSIDERATION

Investment Method

The parameters adopted in the investment method are as follows:-

Item	Current Term	Reversionary Term	Remarks
Average Monthly Rental	RM6.65 psf	RM7.03 psf	Considered the current rental and concluded rentals of similar retail centres in the localities.
Monthly Outgoings	RM2.85 psf	5.00% increment	Considered the current outgoings based on the analysis of past years record and outgoings of selected retail centres.
Void	-	5.00%	We have adopted 5.00% void for rent free period and risk of vacancy and uncertainty.
Capitalisation Rate	6.25%	6.75%	Based on the recent transactions of selected retail centre and hypermarket in Johor Bahru, Penang and Negeri Sembilan, the yields range from 6.00% to 7.50%. Taking into consideration the tenure and location of the subject property, we have adopted the yield at 6.25% and 6.75% for current and reversion terms, respectively.

In undertaking our assessment of the market rent upon reversion, we have considered various factors such as market conditions, location and accessibility, tenant mix, building condition, size, past and existing occupancies, quality of the tenant and carefully assessed the current tenancy profile.

We have considered the average term tenancy rental as a benchmark to arrive at our reversionary rental. However, there are some of the term rental which are lower as compared to the prevailing term rental rate due to their agreements were signed one (1) or two (2) years ago. Therefore, we have adjusted the reversionary rental upwards.

Our assessment of the market rent of KiP Mart Kota Tinggi upon reversion is also based on the analysis of its upwards past years rental trend. The average rental for the past three (3) years as provided to us by the registered owner is as follows:-

Year	2012/2013	2013/2014	2014/2015
Average Rental	RM 6.28 psf	RM 6.34 psf	RM6.42 psf

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 45

5.0 KiP Mart Kota Tinggi

(Our Ref : WTW/04/V/004707/15/WHP)

VALUE CONSIDERATION (Cont'd)

Investment Method (Cont'd)

We also noted that from the sample Tenancy Agreements, it states that the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

Based on our analysis of the past and current contractual rentals of the subject property, the term rental rates for majority tenants have been increased for 3% to 10% during the rent review upon renewal of the tenancies.

In view of the above, we have adopted a fixed 5% increment upon reversionary as a fair representation, reasonable and is in line with other similar retail centres in the localities.

Component	Term Rental	Reversionary Rental
Average Gross Rental over Occupied Area	RM6.65 psf / month	RM7.03 psf / month

The yield analysis of selected retail centres and hypermarkets based on the past and recent transactions is tabulated as follows:-

Building	@ Mart Kempas	Mydin @ Bukit Mertajam	Mydin @ Seremban 2	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Jalan Baru, Bukit Mertajam, Pulau Pinang	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Date	02/04/2015	15/04/2015	27/04/2015	24/08/2010
Consideration	RM65,000,000/-	RM250,000,000/-	RM240,000,000/-	RM75,600,000/-
Estimated Average Gross Rental	RM5.39 psf (Actual income)	N/A	RM3.25 psf (Leaseback rental)	RM2.20 psf (Actual income)
Estimated Net Yield	6.00%	6.50% *	7.00% (Gross yield)	7.50%

Note: *As per the announcement made by AmFirst Real Estate Investment Trust

The yields of individual retail centre are dependent on many factors including location, tenure, tenant profile, catchment population, occupancy rate and the size of the building. The above yield analysis reveals that, the yield trend of retail centres in Johor Bahru have been declining from 2010 to 2015. Our research on the yield trend revealed that yields of retail space are under further compression due to the moderate Malaysia economy growth, slower capital market activity and impending supply of retail space to come on stream in the short term.

The analysed yields of retail centres and hypermarkets transacted over the past one year in Johor Bahru, Penang and Negeri Sembilan are in the region of about 6.00% to 7.50%.

The subject property is held under freehold tenure. As such we have adopted the current and reversionary yields for the subject property at 6.25% and 6.75%, respectively.

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 46

5.0 KIP Mart Kota Tinggi

(Our Ref : WTW/04/V/004707/15/WHP)

VALUE CONSIDERATION (Cont'd)

Comparison Method

In arriving at the market value of the subject property based on Comparison Method, we have considered the following transactions of retail centre as well as hypermarkets in Johor Bahru, Penang and Negeri Sembilan.

The comparables are as follows:-

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad
Building Name	@ Mart Kempas	Mydin @ Bukit Mertajam	Mydin @ Seremban 2	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Jalan Baru, Bukit Mertajam, Pulau Pinang	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Type	Hypermarket	Hypermall	Hypermall	Hypermarket
Tenure	Leasehold 99 years expiring on 23 January 2106	In perpetuity	In perpetuity	In perpetuity
Lettable Floor Area	9,112.89 sm (98,083 sf)	49,843.18 sm (536,507 sf)	40,003.55 sm (430,595 sf)	21,700.22 sm (233,579 sf)
Date	02/04/2015	15/04/2015	27/04/2015	24/08/2010
Vendor	Damansara Assets Sdn Bhd	Mydin Wholesale Cash and Carry Sdn Bhd	Mydin Mohamed Holdings Berhad	Bukit Indah (Johor) Sdn Bhd
Purchaser	AmanahRaya Trustees Bhd (Trustee for Al-Salam REIT)	Maybank Trustees Bhd (Trustee for AmFIRST REIT)	AmanahRaya Trustees Bhd (Trustee for Amanah Harta Tanah PNB)	OSK Trustees Bhd (Trustee for Axis REIT)
Consideration	RM65,000,000/-	RM250,000,000/-	RM240,000,000/-	RM75,600,000/-
Analysis (RM psm)	RM7,132/-	RM5,016/-	RM5,999/-	RM3,484/-
Analysis (RM psm)	RM662/-	RM466/-	RM557/-	RM324/-
Adjustments	Adjustment on Location, Tenure, Size, Tenant Mix and Market Conditions.			
Adjusted Value	RM762 psf	RM652 psf	RM780 psf	RM736 psf

It is noted that the analyzed values range from RM652 to RM780 per square foot. We have adopted RM760 per square foot based on Comparable 1 being latest recorded sale transaction and located in Johor Bahru.

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WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 47

5.0 KIP Mart Kota Tinggi

(Our Ref : WTW/04/V/004707/15/WHP)

Reconciliation of Value

The market value for the subject property derived from both Investment Method and Comparison Method are shown as follows:-

Investment Method	-	RM55,000,000/-
Comparison Method	-	RM58,000,000/-

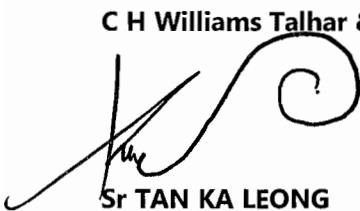
We have adopted the market value derived from the Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property.

VALUATION

In our opinion, the market value of the subject property as at 1 March 2016 **ON THE BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to sell, lease, transfer and free from all encumbrances is **RM55,000,000/- (Ringgit Malaysia : Fifty Five Million Only)**.

Yours faithfully
for and on behalf of

C H Williams Talhar & Wong Sdn Bhd



Sr TAN KA LEONG

B. Surv. (Hons) Prop. Mgt. FRISM, MPEPS
Registered Valuer (V-629)

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 48

6.0 KiP Mart Melaka

(Our Ref : WTW/06/V/001510/15/ARA)

IDENTIFICATION OF PROPERTY

Interest Valued	:	A two storey retail centre known as KiP Mart Melaka
Address	:	No. 8999, Jalan Tun Fatimah, Batu Berendam, 75350 Melaka
Provisional Land Area	:	35,332 square metres (8.7307 acres)
Gross Floor Area	:	25,733 square metres (276,987 square feet)
Lettable Area ¹	:	17,062.58 square metres (183,660 square feet)
No. of Car Park Bays	:	520 bays
Tenure	:	Leasehold 99 years expiring on 17 November 2112
Category of Land Use	:	Building
Registered Owner	:	PROJEK IMPIANA SDN BHD

Note*:

1) Lettable area includes kiosks located at common areas such as corridor and walkway that generates rental income which are not included in the net lettable area as defined under the Uniform Method of Measurement of Buildings.

TERMS OF REFERENCE

As instructed, the valuation shall be conducted based on the following bases:-

- 1. THE INCOME AND OUTGOINGS OF THE SUBJECT PROPERTY ARE BASED ON THE TENANCY SCHEDULE AS AT FEBRUARY 2016 AND OUTGOINGS (HISTORICAL AND PROJECTION) PROVIDED TO US BY THE REGISTERED OWNER; AND**
- 2. THE SUBJECT PROPERTY HAS A LETTABLE AREA OF 17,062.58 SQUARE METRES (183,660 SQUARE FEET).**

IT IS TO BE NOTED THAT THE VALUATION IS BASED ON THE ABOVE INFORMATION AS PROVIDED TO US WHICH ARE ASSUMED TO BE VALID AND CORRECT. WE RESERVE THE RIGHT TO MAKE AMENDMENTS (INCLUDING THE MARKET VALUE) IF ANY OF THE ABOVE BASES IS INVALID.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 49

6.0 KiP Mart Melaka

(Our Ref : WTW/06/V/001510/15/ARA)

GENERAL DESCRIPTION

The subject property comprises a parcel of commercial land erected upon a two storey retail centre known as KiP Mart Melaka. It is located along Jalan Tun Fatimah, Batu Berendam, 75350 Melaka. It is located approximately 7 kilometres by road to the north of Melaka city centre.

Immediately to the north and east of Taman Perindustrian Batu Berendam (also known as Phase IV of Batu Berendam Industrial Area) is the Batu Berendam Free Trade Zone Industrial estate, one of the earliest and established industrial schemes in Malacca catering mainly for the electronics industry.

Site

The subject site is near rectangular in shape with a title land area of 3.5332 hectares (35,332 square metres).

It has a frontage of approximately 255.76 metres (839 feet) onto Jalan Tun Fatimah at the south-west boundary and a frontage of approximately 169.17 metres (555 feet) onto Jalan PBB 3 at the north-east boundary. It has a depth of approximately 150.2 metres (492 feet).

The site is generally flat and lies slightly higher than the frontage metalled road, Jalan Tun Fatimah.

Building

The building is constructed of steel framework encased with plastered brickwalls and partly with fixed aluminium framed glass walls with metal cladding above, reinforced concrete flooring and steel framed roof trusses covered with metal deck roofing sheets.

The subject property was completed in 2014 based on the Certificate of Completion and Compliance Serial No. LAM/M/No. 0112 dated 26 March 2014 ("CCC") provided to us. The age of building is approximately two (2) years old.

OCCUPATION

Based on the tenancy schedule as at February 2016 provided to us by the registered owner, the subject property has an occupancy rate of approximately 65.06% or 119,498 square feet of the lettable area of 183,660 square feet.

We noted that there are two tenants are related to the owner with a total lettable area of 7,409 square feet (4.03%).

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Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
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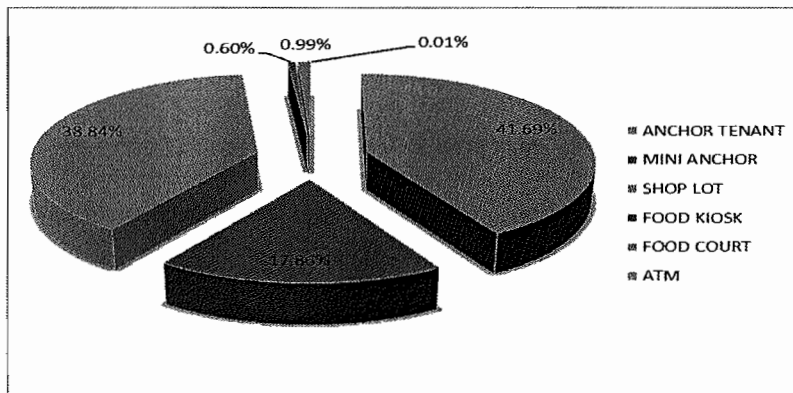
Page 50

6.0 KiP Mart Melaka
 (Our Ref : WTW/06/V/001510/15/ARA)

TENANCY PROFILE

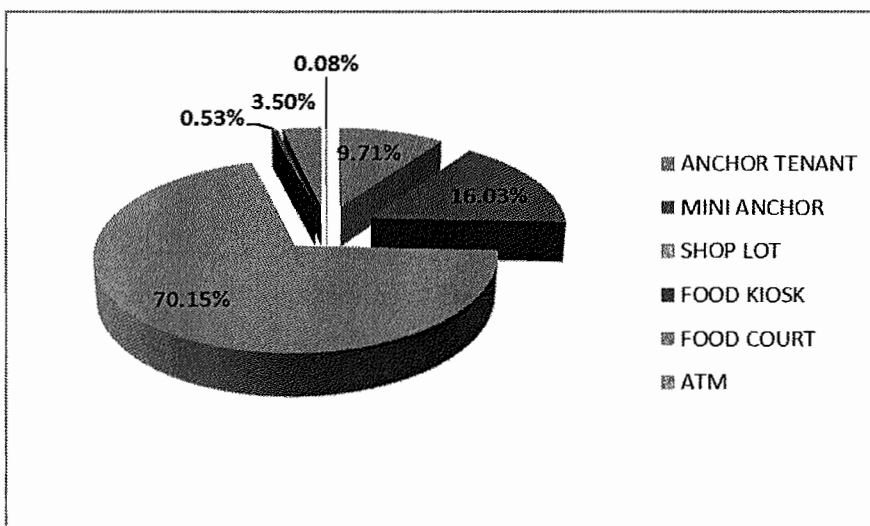
As at the date of valuation, KiP Mart Melaka is tenanted to various types of retailers. The category of tenant comprises anchor/mini anchor, shop lot, food kiosk, food court and Automatic Teller Machine (ATM). In general, the tenancy trade profile by lettable area and rental income are represent as follows:-

Chart 1 Tenancy Profile by Lettable Area



(Source: Tenancy Schedule as at February 2016)

Chart 2 Tenancy Profile by Gross Rental Income



(Source: Tenancy Schedule as at February 2016)

Vide the tenancy schedule provided by the registered owner, most of the tenancies have been agreed for 1-year to 2-year term, with an option to renew for further similar terms subject to rent review. As stated in the sample Tenancy Agreements as provided, it states that the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

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 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
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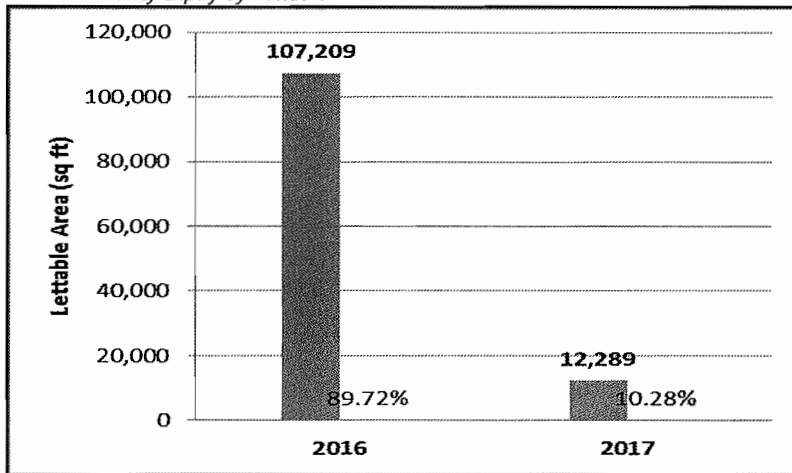
Page 51

6.0 KIP Mart Melaka
 (Our Ref : WTW/06/V/001510/15/ARA)

TENANCY PROFILE (Cont'd)

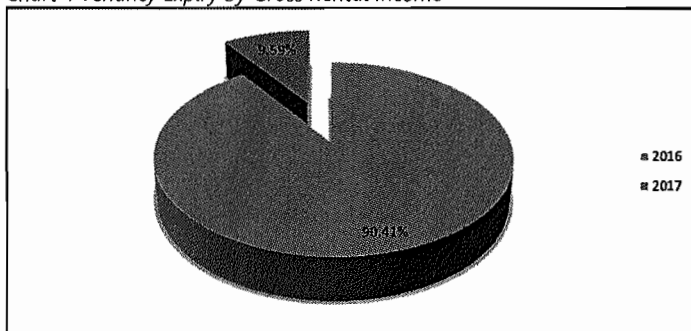
The tenancy expiry profile of the Kip Mart Melaka is as follows:-

Chart 3 Tenancy Expiry by Lettable Area



(Source: Tenancy Schedule as at February 2016)

Chart 4 Tenancy Expiry by Gross Rental Income



(Source: Tenancy Schedule as at February 2016)

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Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
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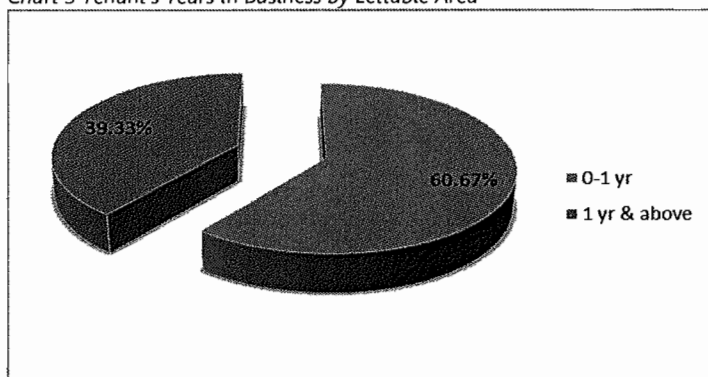
Page 52

6.0 KIP Mart Melaka
 (Our Ref : WTW/06/V/001510/15/ARA)

TENANCY PROFILE (Cont'd)

The tenant profile by number of years in business under the KIP Mart Melaka is as follows:-

Chart 3 Tenant's Years in Business by Lettable Area



(Source: Tenancy Schedule as at February 2016)

OUTGOINGS

The average outgoings analysed from the Profit & Loss Account as provided to us are as follows:-

Year	Average Monthly Outgoings
Management Account Jul 2014 – Jun 2015	RM2.05 psf
Actual 5 months Jul 2015 – Jun 2016	RM2.40 psf
Jul'15 - Jun'16 (Projection)	RM1.73 psf
Jul'16 - Jun'17 (Projection)	RM1.68 psf
Jul'17 - Jun'18 (Projection)	RM1.68 psf

The subject property was completed in Year 2014 and it is only 2 years in operation. Hence, the outgoings are still unstable.

We have adopted the average monthly outgoings at RM1.80 per square foot after considering the projected outgoings by the registered owner as well as the average outgoings for the similar new mart e.g. KIP Mart Senawang at RM1.90 per square foot in this valuation which is in line with the industry standard.

PLANNING PROVISIONS

The subject property is designated for commercial building use as per the Express Condition in the document of title.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 53

6.0 KiP Mart Melaka
(Our Ref : WTW/06/V/001510/15/ARA)

VALUE CONSIDERATION

Investment Method

The following table outlines the historical of KiP Group Average Occupancy as per the information provided to us by the registered owner.

For Year Ended	2005	2006	2007	2008	2009	2010
KiP Mart Tampoi	73.50%	75.60%	73.80%	79.70%	84.30%	86.90%
KiP Mart Kota Tinggi	-	-	-	-	89.30%	87.70%
KiP Mart Masai	-	-	-	-	-	-

For Year Ended	2011	2012	2013	2014	2015
KiP Mart Tampoi	93.80%	99.10%	98.90%	98.40%	96.20%
KiP Mart Kota Tinggi	92.20%	99.30%	96.70%	96.60%	96.50%
KiP Mart Masai	98.10%	98.50%	98.70%	99.00%	98.30%

Based on our survey, the occupancy rates of selected retail centres in Melaka are in the range of 80% to 95%. Therefore, we have adopted a void allowance of 10% for the reversionary term for vacancy periods, marketing and rent free periods offer to the new tenants.

The parameters adopted in the investment method are as follows:-

Description	Current Term	Reversionary Term	Remarks
Average Monthly Rental	RM3.13 psf	RM3.76 psf	Considered the current rental and concluded rentals of similar retail lot within the vicinity.
Average Monthly Outgoings	RM1.80 psf	5% increment	Considered the current and projection outgoings of the subject property.
Void	-	10.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate	6.50%	7.00%	Based on the recent transaction of the shopping mall, the yield ranges from 6.00% to 7.50%. Taking into consideration the location and building specification of the subject property, we have adopted the term yield at 6.50% and reversionary yield at 7.00%.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
 WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
 WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA

Page 54

6.0 KiP Mart Melaka
 (Our Ref : WTW/06/V/001510/15/ARA)

VALUE CONSIDERATION (Cont'd)

Investment Method (Cont'd)

In undertaking our assessment of the market rent upon reversion, we have considered various factors such as market conditions, location and accessibility, tenant mix, building condition, size, past and existing occupancies, quality of the tenant and carefully assessed the current tenancy profile.

We have considered the average term tenancy rental as a benchmark to arrive at our reversionary rental. However, there are some of the term rental which are lower as compared to the prevailing term rental rate due to their agreements were signed one (1) or two (2) years ago. Therefore, we have adjusted the reversionary rental upwards.

Our assessment of the market rent of KiP Mart Melaka upon reversion is referring to the analysis of KiP Group performance in Tampoi, Masai and Kota Tinggi upwards past years rental trend which we noted upward rental growth.

We also noted that from the sample Tenancy Agreements, it states that the revised monthly rent upon renewal shall not be less than the monthly rent presently payable for the term period.

Based on our analysis of the current contractual rentals of the subject property, the term rental rates for key tenants have been increased for 3% to 10% during the rent review upon renewal of the tenancies.

In view of the above, we have adopted a fixed 5% increment upon reversionary as a fair representation, reasonable and is line with other similar retail centres in the localities.

The average gross rental adopted for the term and reversionary are tabulated as follows:-

Component	Term Rental	Reversionary Rental
Rental Rate	RM0.80 – RM16.80 psf/month	RM0.84 – RM17.64 psf/month
Average Gross Rental	RM3.13 psf/month	RM3.76 psf/month
Total Gross Income	RM374,275	RM690,029

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 55

6.0 KiP Mart Melaka
(Our Ref : WTW/06/V/001510/15/ARA)

VALUE CONSIDERATION (Cont'd)

Investment Method (Cont'd)

The yield analysis of selected retail centres and hypermarkets based on the past and recent transactions is tabulated as follows:-

Building	@ Mart Kempas	Mydin @ Seremban 2	Mydin @ Bukit Mertajam	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Baru, Bukit Mertajam, Pulau Pinang	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Date	02/04/2015	27/04/2015	15/04/2015	24/08/2010
Consideration	RM65,000,000/-	RM240,000,000/-	RM250,000,000/-	RM75,600,000/-
Estimated Average Gross Rental	RM5.39 psf (Actual income)	RM3.25 psf (Leaseback rental)	N/A	RM2.20 psf (Actual income)
Estimated Net Yield	6.00%	7.00% (Gross yield)	6.50% *	7.50%

Note : * As per the announcement made by AmFirst Real Estate Investment Trust

The yields of individual retail centre are dependent on many factors including location, tenure, tenant mix, catchment population, occupancy rate and the size of the building. Our research on the yield trend revealed that yields of retail space are under further compression due to the moderate Malaysia economy growth, slower capital market activity and impending supply of retail space to come on stream in the short term.

From the above analysis, the analysed yields of retail centres and hypermarkets transacted over the past one year in Johor Bahru, Penang and Negeri Sembilan are in the region of about 6.00% to 7.50%.

The subject property is held under leasehold tenure with an unexpired term of about 97 years. As such we have adopted the current and reversionary yields for the subject property at 6.50% and 7.00%, respectively.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 56

6.0 KiP Mart Melaka

(Our Ref : WTW/06/V/001510/15/ARA)

VALUE CONSIDERATION (Cont'd)

Comparison Method

In arriving at the market value of the subject property based on Comparison Method, we have considered the following transactions of retail centre as well as hypermarkets in Johor Bahru, Penang and Negeri Sembilan.

The comparables are as follows:-

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad
Building Name	@ Mart Kempas	Mydin @ Bukit Mertajam	Mydin @ Seremban 2	Tesco Bukit Indah
Location	Jalan Persiaran Tanjung, Taman Cempaka, 81200 Johor Bahru, Johor	Jalan Baru, Bukit Mertajam, Pulau Pinang	Persiaran S2/B7, Seremban 2, 70300 Seremban, Negeri Sembilan	Jalan Bukit Indah 15, Taman Bukit Indah, 81200 Johor Bahru, Johor
Type	Hypermarket	Hypermall	Hypermall	Hypermarket
Tenure	Leasehold 99 years expiring on 23 January 2106	In perpetuity	In perpetuity	In perpetuity
Lettable Area	9,112.89 sq. m (98,090 sq. ft.)	49,843.18 sq. m (536,507 sq. ft.)	40,003.55 sq. m (430,594 sq. ft.)	21,700.22 sq. m (233,579 sq. ft.)
Date	02/04/2015	15/04/2015	27/04/2015	24/08/2010
Vendor	Damansara Assets Sdn Bhd	Mydin Wholesale Cash and Carry Sdn Bhd	Mydin Mohamed Holdings Berhad	Bukit Indah (Johor) Sdn Bhd
Purchaser	AmanahRaya Trustees Bhd (Trustee for Al-Salam REIT)	Maybank Trustees Bhd (Trustee for AmFIRST REIT)	AmanahRaya Trustees Bhd (Trustee for Amanah Harta Tanah PNB)	OSK Trustees Bhd (Trustee for Axis REIT)
Consideration	RM65,000,000/-	RM250,000,000/-	RM240,000,000/-	RM75,600,000/-
Analysis (RM per square metre)	RM7,133/-	RM5,016/-	RM5,999/-	RM3,484/-
Analysis (RM per square foot)	RM663/-	RM466/-	RM557/-	RM324/-
Adjustments	Adjustment on Location, Tenure, Size, Tenant Mix and Market Conditions.			
Adjusted Value	RM298/- psf	RM561/- psf	RM671/- psf	RM577/- psf

It is noted that the analyzed values range from RM298 to RM671 per square foot. We have adopted Comparable 1 as the most appropriate comparable based on its size and tenant mix features. Therefore, we have adopted RM300 per square foot in our valuation.

C H Williams Talhar & Wong Sdn Bhd (18149-U)

**Our Ref : WTW/01/V/001197A/15/LAI, WTW/13/V/002728(B)/15/LH,
WTW/04/V/004705/15/ZA, WTW/04/V/004706/15/ZA,
WTW/04/V/004707/15/WHP and WTW/06/V/001510/15/ARA**

Page 57

6.0 KIP Mart Melaka
(Our Ref : WTW/06/V/001510/15/ARA)

Reconciliation of Value

The market value for the subject property derived from both Investment Method and Comparison Method are shown as follows:-

Investment Method	-	RM50,000,000/-
Comparison Method	-	RM55,000,000/-

We have adopted the market value derived from Investment Method as a fair representation of the market value of the subject property in view of the fact that the subject property is an income generating property.

VALUATION

In our opinion, the market value of the subject property as at 1 March 2016 **ON THE BASIS AS STATED IN DETAIL UNDER THE TERMS OF REFERENCE HEREIN** with permission to transfer, lease and free from all encumbrances is **RM50,000,000/- (Ringgit Malaysia : Fifty Million Only)**.

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd



Sr. TEH HONG CHUA
B.Sc. (Hons) Property Management
MRISM, MPEPS, MMIPPM
Registered Valuer (V-788)