

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

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**KIP**

**REIT**

**KIP REAL ESTATE INVESTMENT TRUST**

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

Managed by

**KIP REIT MANAGEMENT SDN BHD**

(Registration No. 201501044317 (1169638-M))

**CIRCULAR TO UNITHOLDERS IN RELATION TO:**

- **PROPOSED ACQUISITION OF DPULZE SHOPPING CENTRE BY PACIFIC TRUSTEES BERHAD, ACTING SOLELY IN ITS CAPACITY AS THE TRUSTEE FOR AND ON BEHALF OF KIP REAL ESTATE INVESTMENT TRUST ("KIP REIT"), FROM DPULZE VENTURES SDN BHD FOR A CASH PURCHASE CONSIDERATION OF RM320,000,000;**
- **PROPOSED PLACEMENT OF UP TO 180,000,000 NEW UNITS IN KIP REIT ("PLACEMENT UNITS") AT AN ISSUE PRICE TO BE DETERMINED LATER BY WAY OF BOOKBUILDING ("PROPOSED PLACEMENT"); AND**
- **PROPOSED PLACEMENT OF UP TO 15,000,000 PLACEMENT UNITS TO DATO' ONG KOOK LIONG, A MAJOR UNITHOLDER OF KIP REIT AND/OR PERSONS CONNECTED WITH HIM, PURSUANT TO THE PROPOSED PLACEMENT**

**AND**

**NOTICE OF UNITHOLDERS' MEETING**

*Principal Adviser & Co-Placement Agent*



**M&A SECURITIES SDN BHD**

(Registration No. 197301001503 (15017-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Co-Placement Agent*



**CIMB Investment Bank Berhad**

(Registration No. 197401001266 (18417-M))

The Notice of unitholders' meeting ("**Meeting**") and Form of Proxy are set out in this Circular. The details of the Meeting, which will be convened on a virtual basis via live streaming and online voting through Remote Participation Electronic Voting ("**RPEV**") facilities, are as follows:

Online Meeting Platform	:	<a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>
Date and time of the Meeting	:	Wednesday, 2 October 2024 at 11:45 a.m., or immediately after the conclusion of the Eighth Annual General Meeting of the unitholders to be held on the same day at 10:30 a.m. whichever is later, or at any adjournment thereof
Broadcast Venue	:	12 <sup>th</sup> Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor
Last date and time for lodging the Form of Proxy	:	Tuesday, 1 October 2024 at 11:45 a.m.

You are entitled to attend, participate, speak (in the form of real-time submission of typed texts) and vote remotely at the Meeting. Please refer to the administrative guide for the procedures to register, attend, participate and vote remotely using the RPEV facilities at the Meeting.

If you are unable to attend the Meeting, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, the Form of Proxy must be completed and lodged at the registered office of the Manager at Unit 27.2, Menara 1MK, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur or alternatively, login to Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> and deposit the Form of Proxy electronically, not less than 24 hours before the time appointed for holding the Meeting or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating in the Meeting should you subsequently wish to do so.

**This Circular is dated 17 September 2024**

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## DEFINITIONS

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Unless where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

- “Act” : Companies Act 2016
- “Advance Distribution” : Advance distribution of KIP REIT’s distributable income, which the Board intends to declare for the Advance Distribution Period
- “Advance Distribution Period” : The period commencing on the day immediately after the relevant distribution up to such date to be determined by the Board, which is before the date on which the Placement Units are allotted to identified investors
- “Board” : Board of Directors of the Manager
- “Building” : 7 storey commercial building with 2 levels of basement which comprise a supermarket, retail spaces, cinema, fitness centre and entertainment space known as ‘Dpulze Shopping Centre’
- “Bursa Securities” : Bursa Malaysia Securities Berhad
- “CIMB” : CIMB Investment Bank Berhad
- “Circular” : This circular to unitholders in relation to the Proposals
- “Citadines Manager” : Keystone Properties Sdn Bhd, the manager of Citadines Apart-Hotel
- “Citadines Tenancy” : The tenancy granted by the Vendor to the Citadines Manager in respect of the indoor area measuring approximately 5,185 sq ft comprising: (i) 2,355 sq ft for back of house (i.e., non-front facing operation matters such as a back office for staff, loading and unloading of linen, storage areas, and other facilities essential for the day-to-day functions of the Citadines Apart-Hotel); and (ii) 2,830 sq ft for use as a main lobby, and the car parking bays within the outdoor area, for a fixed term of 3 years commencing on 1 March 2024 and expiring on 28 February 2027 with an automatic renewal of a term of 3 years commencing on 1 March 2027 and expiring on 28 February 2030 unless the Citadines Tenancy is terminated earlier at the option of the Citadines Manager, and thereafter, the Citadines Manager is entitled to renew the Citadines Tenancy for a further term of 3 years commencing from 1 March 2030 and expiring on 28 February 2033, followed by another further term of 3 years commencing on 1 March 2033 and expiring on 28 February 2036
- “Deed” : The deed dated 2 November 2016 (as amended and restated by the restated trust deed dated 12 December 2019 and supplementary deed dated 29 September 2020) and registered with the Securities Commission Malaysia, entered into between the Trustee and the Manager

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**DEFINITIONS** *(cont'd)*

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“DPulze Shopping Centre” or “Property”	:	The Building, held under 3 freehold strata titles bearing strata title numbers Geran 267027/M1/B2/1, Geran 267027/M1/B2/2 together with the 82 accessory parcels mentioned in the strata title and Geran 267027/M1/3/4, all in Lot 47594, Mukim of Dengkil, District of Sepang, State of Selangor together with all the facilities located within the Building, including but not limited to the fixtures and fittings, plants, machinery, equipment, car park bays, walkways, landscaping, water features, fire-fighting system, security system, lift/escalator, electrical systems, telephone and communication system, building automation system, the office equipment and such other facilities as may from time to time be varied and used in and/or for the Building (save and except for the fittings and fixtures and installations which are owned by the existing tenants and the management corporation)
“DPU”	:	Distribution per Unit
“DPulze Ventures” or “Vendor”	:	DPulze Ventures Sdn Bhd
“EPU”	:	Earnings per Unit
“FYE”	:	Financial year ended / ending, as the case may be
“Interested Directors”	:	Dato’ Ong Kook Liong and Ong Pui Shan, collectively
“Independent Valuer” or “Nawawi Tie”	:	Nawawi Tie Leung Property Consultants Sdn Bhd, the independent registered valuer appointed by the Trustee, on behalf of KIP REIT to value the Property
“KIP REIT”	:	KIP Real Estate Investment Trust, a real estate investment trust established under the Deed
“km”	:	Kilometres
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	30 August 2024, being the latest practicable date prior to the printing of this Circular
“LTD”	:	24 May 2024, being the last trading date prior to the execution of the SPA
“Major Unitholder”	:	A person who has an interest or interests in one or more Units and the number or aggregate number of those Units is:  (a) 10% or more of the total number of Units; or  (b) 5% or more of the total number of Units where such person is the largest unitholder
“Manager”	:	KIP REIT Management Sdn Bhd, the management company of KIP REIT
“Meeting”	:	Unitholders’ Meeting
“M&A Securities” or “Principal Adviser”	:	M&A Securities Sdn Bhd

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**DEFINITIONS** *(cont'd)*

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"NAV"	: Net asset value
"Persons Connected"	: In relation to any person (" <b>said Person</b> "), a person who falls under any one of the following categories: <ul style="list-style-type: none"><li>(a) a family member of the said Person;</li><li>(b) a trustee of a trust (other than a trustee for a share scheme for employees or person scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;</li><li>(c) a partner of the said Person;</li><li>(d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;</li><li>(e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;</li><li>(f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or</li><li>(g) a body corporate which is a related corporation of the said Person</li></ul>
"Placement Units"	: New Units to be issued pursuant to the Proposed Placement
"Proposals"	: Collectively, the Proposed Acquisition, Proposed Placement and Proposed Placement to Dato' Ong Kook Liong and Persons Connected
"Proposed Acquisition"	: Proposed acquisition of the Property by the Trustee from the Vendor for the Purchase Price
"Proposed Placement"	: Proposed placement of up to 180,000,000 Placement Units at an issue price to be determined later by way of bookbuilding
"Proposed Placement to Dato' Ong Kook Liong and Persons Connected"	: Proposed placement of up to 15,000,000 Placement Units to Dato' Ong Kook Liong, a Major Unitholder of KIP REIT, and/or persons connected with him, pursuant to the Proposed Placement
"Purchase Price"	: The purchase consideration for the Property of RM320,000,000 to be satisfied entirely in cash
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"RPEV"	: Remote Participation Electronic Voting
"SPA"	: Conditional sale and purchase agreement dated 27 May 2024 entered into between the Trustee and the Vendor in relation to the Proposed Acquisition (as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement)

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**DEFINITIONS** *(cont'd)*

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"sq ft"	: Square feet
"sq m"	: Square metre
"Supplemental Agreement"	: Supplemental agreement to the SPA dated 30 May 2024 to vary the conditions precedent of the SPA
"Second Supplemental Agreement"	: Second supplemental agreement to the SPA dated 13 September 2024 to reflect the amendments to the Citadines Tenancy in the SPA
"Title Deeds"	: 3 freehold strata titles bearing strata title numbers Geran 267027/M1/B2/1, Geran 267027/M1/B2/2 together with the 82 accessory parcels mentioned in the strata title and Geran 267027/M1/3/4, all in Lot 47594, Mukim of Dengkil, District of Sepang, State of Selangor, measuring 24,761 sq m, 46,642 sq m and 11,808 sq m respectively
"Trustee" or "Purchaser"	: Pacific Trustees Berhad, acting solely in its capacity as the trustee for and on behalf of KIP REIT
"Units"	: An undivided interest in KIP REIT as provided for in the Deed
"Valuation Certificate"	: The valuation certificate dated 10 June 2024 issued by the Independent Valuer in respect of the Property
"Valuation Report"	: The valuation report dated 10 June 2024 issued by the Independent Valuer in respect of the Property
"5-day VWAP"	: Volume weighted average market price for the 5 market days

Any reference in this Circular to the provision of any enactment, statute, rules, regulations or rules of the stock exchange be construed as a reference to the provision of such enactment, statute, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. All references to "you" or "your" in this Circular are to the unitholders.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified. Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and totals thereof, are due to rounding differences.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Manager's plans and objectives will be achieved.

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**EXECUTIVE SUMMARY**

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**THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSALS. UNITHOLDERS OF KIP REIT ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENT OF THIS CIRCULAR AND APPENDICES FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSALS BEFORE VOTING AT THE FORTHCOMING MEETING.**

<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Summary</b>	<p>: The Proposed Acquisition entails the acquisition of DPulze Shopping Centre for RM320.0 million, on an 'as is where is' basis (fair wear and tear excepted) and free from all encumbrances but subject to the category of land use, all conditions whether express or implied and restrictions-in-interest on the Title Deeds, the existing tenancies, and licences in respect of the units and spaces within the Property which are valid and subsisting as at the completion date of the SPA and the Citadines Tenancy.</p> <p>The Property is a 7 storey commercial building with 2 levels of basement comprising a supermarket, retail spaces, cinema, fitness centre and entertainment centre with a total of 1,028 car park bays based on the approved building plan and 1,046 car park bays based on a physical count.</p> <p>The Purchase Price represents a marginal discount of RM1.0 million (or approximately 0.3%) to the market value of RM321.0 million ascribed by the Independent Valuer.</p> <p>The Purchase Price and the expenses incidental to the Proposals will be funded by a combination of bank borrowings and proceeds to be raised from the Proposed Placement.</p> <p>The Proposed Placement entails the issuance of up to 180,000,000 Placement Units, representing approximately 29.10% of the total number of Units in issue as at the LPD, by way of bookbuilding.</p> <p>The issue price of the Placement Units shall be based on the price from the bookbuilding exercise to be determined based on, among others, the:</p> <ul style="list-style-type: none"><li>(i) indicative demand and feedback from potential investors;</li><li>(ii) precedent transactions; and</li><li>(iii) prevailing market conditions and market price of the Units,</li></ul> <p>which, in any event will not be issued at a discount of more than 10% to the 5-day VWAP of Units immediately before the price fixing date to be announced on a later date.</p> <p>The Placement Units will not be implemented in stages over a period of time and will be placed out by way of an accelerated bookbuilding.</p> <p>In support of the continued growth and confidence in the future prospects of KIP REIT, Dato' Ong Kook Liong, a Major Unitholder, has given his undertaking that he and/or persons connected with him will unconditionally subscribe for up to 15,000,000 Placement Units. The intention for the subscription of the Placement Units is to minimise the dilution of his unitholdings in KIP REIT arising from the Proposed Placement.</p>	Sections 1 and 2

Ong Pui Shan, the Executive Director-cum-Chief Executive Officer of the Manager, daughter of Dato' Ong Kook Liong and person connected with Dato' Ong Kook Liong intends to subscribe for the Placement Units under the Proposed Placement to Dato' Ong Kook Liong and Persons Connected. In this regard, the subscription for up to 15,000,000 Placement Units shall comprise up to 9,000,000 Placement Units by Dato' Ong Kook Liong and up to 6,000,000 Placement Units by Ong Pui Shan.

**Rationale and benefits of the Proposals**

: Proposed Acquisition

Section 4

Taking into account the source of funding, the Proposed Acquisition is expected to:

- (i) be accretive to KIP REIT's distributable income moving forward;
- (ii) increase the strength and geographical diversification of KIP REIT's retail property portfolio; and
- (iii) contribute positively to the overall retail portfolio and future growth of KIP REIT.

Proposed Placement

The Proposed Placement allows the Manager to raise funds expeditiously and cost effectively as compared with other fund-raising exercises and maintain gearing at a healthy level with sufficient headroom for future acquisitions.

**Risk factors**

- : (i) Delay or non-completion of the Proposed Acquisition;
- (ii) Financing risk;
- (iii) The Property operates in a highly competitive environment;
- (iv) Losses from latent building defects, breaches of laws and regulations and other deficiencies;
- (v) Non-renewal of tenancy agreements;
- (vi) The Property may suffer material losses in excess of insurance proceeds;
- (vii) Renovation or asset enhancement works on the Property may not be able to achieve their intended return or benefit;
- (viii) Changes in laws and regulations; and
- (ix) Compulsory acquisition by the Government of Malaysia

Section 6



<b>Interests of Directors, major shareholders and chief executive of the Manager, major unitholders and/or persons connected with them</b>	<p>: <u>Proposed Acquisition</u></p> <p>None of the directors, major shareholders and chief executive of the Manager and/or major unitholders of KIP REIT and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition.</p> <p><u>Proposed Placement and Proposed Placement to Dato' Ong Kook Liong and Persons Connected</u></p> <p>Save as disclosed below, none of the directors, major shareholders and chief executive of the Manager and/or major unitholders of KIP REIT and/or persons connected with them has any interest, direct or indirect, in the Proposed Placement and Proposed Placement to Dato' Ong Kook Liong and Persons Connected.</p> <p>Dato' Ong Kook Liong, the Managing Director and major shareholder of the Manager as well as a Major Unitholder of KIP REIT and his daughter, Ong Pui Shan, the Executive Director-cum-Chief Executive Officer of the Manager are deemed interested in the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected.</p> <p>They have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meeting(s) in relation to the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected.</p> <p>They will also abstain from voting in respect of their direct and/or indirect unitholdings on the ordinary resolutions to be tabled at the forthcoming Meeting in respect of the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected. They have also undertaken to ensure that persons connected to them, will abstain from voting in respect of their direct and/or indirect unitholdings in KIP REIT, on the ordinary resolutions to be tabled at the forthcoming Meeting pertaining to the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected.</p>	Section 9
<b>Directors' recommendation</b>	<p><u>Proposed Acquisition</u></p> <p>The Board recommends that you vote in favour of the ordinary resolution in respect of the Proposed Acquisition to be tabled at the forthcoming Meeting.</p> <p><u>Proposed Placement and Proposed Placement to Dato' Ong Kook Liong and Persons Connected</u></p> <p>The Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected to be tabled at the forthcoming Meeting.</p>	Section 12



**KIP REIT MANAGEMENT SDN BHD**  
(Registration No. 201501044317 (1169638-M))  
(Incorporated in Malaysia)

**Registered Office:**  
Unit 27.2, Menara 1MK  
Kompleks 1 Mont Kiara  
No. 1, Jalan Kiara  
Mont Kiara  
50480 Kuala Lumpur

17 September 2024

**Board of Directors of the Manager:**

Datuk Dr Syed Hussain bin Syed Husman, PJN.JP (*Chairman and Senior Independent Non-Executive Director*)  
Dato' Ong Kook Liong (*Managing Director*)  
Ong Pui Shan (*Executive Director-cum-Chief Executive Officer*)  
Ong Tzu Chuen (*Non-Independent Executive Director*)  
Datuk Mohamed Arsad bin Sehan (*Independent Non-Executive Director*)  
Chiam Tau Meng (*Independent Non-Executive Director*)

To: Unitholders

Dear Sir/Madam,

- **PROPOSED ACQUISITION;**
- **PROPOSED PLACEMENT; AND**
- **PROPOSED PLACEMENT TO DATO' ONG KOOK LIONG AND PERSONS CONNECTED**

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**1. INTRODUCTION**

On 27 May 2024, M&A Securities on behalf of the Board, announced that the Trustee had entered into the SPA with DPulze Ventures in relation to the Proposed Acquisition. In conjunction with the Proposed Acquisition, it was also announced that the Board proposes to undertake the Proposed Placement, including the Proposed Placement to Dato' Ong Kook Liong and Persons Connected to partly fund the Purchase Price and the expenses relating to the Proposals.

Subsequently on 30 May 2024, M&A Securities on behalf of the Board, announced that the Trustee had entered into the Supplemental Agreement with DPulze Ventures to vary the conditions precedent of the SPA.

On 9 September 2024, M&A Securities on behalf of the Board, had announced that Bursa Securities had vide its letter dated on even date, approved the listing of and quotation for up to 180,000,000 Placement Units to be issued pursuant to the Proposed Placement, subject to the following conditions:

No.	Conditions	Status of compliance
(i)	KIP REIT and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Placement, including the Proposed Placement to Dato' Ong Kook Liong and Persons Connected;	To be complied
(ii)	M&A Securities is to inform Bursa Securities upon completion of the Proposed Placement;	To be complied
(iii)	KIP REIT/M&A Securities is to furnish Bursa Securities with a certified true copy of the resolution passed by the unitholders approving the Proposals;	To be complied
(iv)	M&A Securities is to furnish Bursa Securities with details of the proposed placee(s) pursuant to Paragraph 6.15 of the Listing Requirements for review/clearance, prior to the issuance/allotment of the Placement Units;	To be complied
(v)	KIP REIT and M&A Securities are to furnish Bursa Securities with a written confirmation of compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed; and	To be complied
(vi)	Payment of additional listing fees based on the market value of the Placement Units to be listed, if applicable. In this respect, KIP REIT is required to furnish Bursa Securities with a cheque drawn to the order of Bursa Securities for the outstanding listing fee together with a copy of the details of the computation of the amount of fees payable.	To be complied

Subsequently, on 13 September 2024, M&A Securities on behalf of the Board, announced that the Trustee had entered into the Second Supplemental Agreement with DPulze Ventures to reflect the amendments to the Citadines Tenancy in the SPA.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION IN RELATION TO THE PROPOSALS TOGETHER WITH THE RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING MEETING. THE NOTICE OF THE MEETING AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING MEETING.**

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed Acquisition**

#### **2.1.1 Details of the Proposed Acquisition**

The Proposed Acquisition is on an 'as is where is' basis (fair wear and tear excepted), free from all encumbrances but subject to the:

- (a) category of land use, all conditions whether express or implied and restrictions-in-interest on the Title Deeds;
- (b) the existing tenancies and licences<sup>(1)</sup>, granted by the Vendor in respect of the units and spaces within the Property which are valid and subsisting as at the completion date of the SPA ("**Existing Tenancies**"); and
- (c) the Citadines Tenancy<sup>(2)</sup>.

(1) As at the date of valuation of 4 April 2024, there are 154 tenancies and licences with tenancy durations ranging between 1 and 6 years. Licences is a legal arrangement which allows the licensee to use the units and spaces within a property and is typically used where the licensee does not have exclusive occupation of the unit, e.g. a "kiosk" in the shopping mall. As at the date of valuation, the gross rental income from the tenancies and licences is approximately RM22.00 million per annum.

(2) As at the date of valuation, gross rental income from the Citadines Tenancy is approximately RM0.19 million per annum.

Subject to the SPA becoming unconditional, the Vendor, the Purchaser and the tenants/licensees shall execute novation agreements to novate all the rights, benefits, interests, obligations and liabilities of the Vendor in respect of all the Existing Tenancies and the Citadines Tenancy to the Purchaser with effect from the completion of the SPA.

The salient terms of the SPA (as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement) are set out in **Appendix I** of this Circular.

### 2.1.2 Description of DPulze Shopping Centre

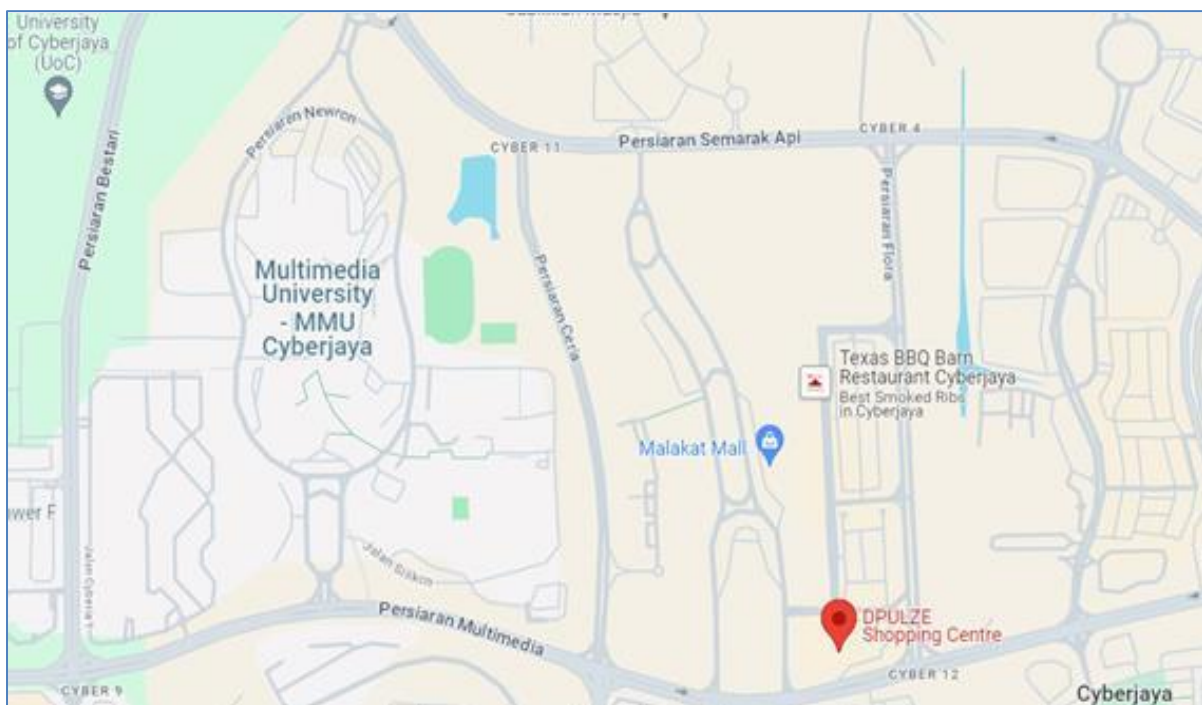
DPulze Shopping Centre is a 7-storey commercial building with 2 levels of basement comprising a supermarket, retail spaces, cinema, fitness centre and entertainment centre with a total of 1,028 car parking bays based on the approved building plan and 1,046 car park bays based on a physical count, held under 3 freehold strata titles, all erected on part of the land held under Master Lot 47594, Mukim of Dengkil, District of Sepang, State of Selangor. Below is the pictorial view of the Property.



The Property which is situated at the intersection of Persiaran Multimedia and Persiaran Flora, within Cyber 12, Cyberjaya, is part of an integrated commercial and lifestyle development identified as 'DPulze Cyberjaya' which also comprises 2 hotels, i.e. Fox-Lite Hotel and Citadines Apart-Hotel as well as serviced apartments.

The Property is easily accessible from the Kuala Lumpur city centre via Jalan Tun Razak, Maju Expressway, exit at the Cyberjaya interchange, continue onto Persiaran APEC, Persiaran Semarak Api, Persiaran Cyber Point Utara, Lingkaran Cyber Point Timur and thereafter into Persiaran Multimedia, leading to the Property. Geographically, the Property is sited approximately 27 km to the southwest of Kuala Lumpur city centre and approximately 5 km to the west of Putrajaya city centre. The Cyberjaya City Centre MRT station and Cyberjaya Utara MRT station which serve the suburb of Cyberjaya are approximately 2km and 3km, respectively from the Property.

A location map of DPulze Shopping Centre and the surrounding area is shown below.



A brief summary of the information on the Property is set out below:

- Registered proprietor : DPulze Ventures Sdn Bhd
- Postal address : D'Pulze Shopping Centre, Cyber 12, 63000 Cyberjaya, Selangor Darul Ehsan
- Title details : Geran 267027/M1/3/4 Geran 267027/M1/B2/1 Geran 267027/M1/B2/2 together with 82 accessory parcels no. A249 - A273, A661 – A668, A1 – A49 mentioned in the strata title  
all erected on part of the land held under Master Lot 47594, Mukim of Dengkil, District of Sepang, State of Selangor

Parcel area	:	11,808 sq m / 127,100 sq ft	24,761 sq m / 266,525 sq ft	46,642 sq m / 502,050 sq ft
Tenure	:	Term in perpetuity		
Category of land use	:	Building ( <i>Bangunan</i> )		
Express condition	:	Commercial building ( <i>Bangunan Perniagaan</i> )		
Restriction-in-interest	:	The land can be transferred, leased or charged with the consent of the State Authority ( <i>Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri</i> )		
Encumbrances / Endorsements	:	Nil		
Property use	:	Shopping mall		
Age of building	:	Approximately 10 years		
		The construction of the property was completed on 31 October 2014 and the certificate of completion and compliance was issued on 4 November 2014		
Gross floor area	:	83,211 sq m (895,675 sq ft) inclusive of car park floors		
Net lettable area	:	28,939 sq m (311,499 sq ft)		
Occupancy rate	:	Approximately 100% based on the tenancy schedule as at 30 March 2024		
Net property income	:	RM22.84 million based on the audited financial statements of DPulze Ventures Sdn Bhd for the FYE 31 January 2024		
Audited net book value	:	RM57.79 million based on the audited financial statements of DPulze Ventures Sdn Bhd as at 31 January 2024		
Independent Valuer	:	Nawawi Tie		
Date of valuation	:	4 April 2024		
Market value ascribed	:	RM321.0 million		

(Source: Unless stated otherwise, extracted from the Valuation Report)

### **2.1.3 Basis and justification for the Purchase Price**

The purchase price of RM320.0 million to be satisfied entirely in cash was arrived at on a willing-buyer and willing-seller basis after taking into consideration the market value of RM321.0 million ascribed by the Independent Valuer.

In arriving at the market value of the Property, the Independent Valuer had adopted the Income Approach (Investment Method) of valuation. The Income Approach 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 valuation was also supported by the market value derived from the Comparison Approach which entails analysing recent transactions and asking prices of similar properties and adjusting for differences in location, size, age and condition of the building, mall performance, tenant mix and number of car park bays, if any, so as to arrive at a common basis for comparison. Taking into consideration that the Property is a commercial asset and an income generating property, the Independent Valuer had adopted the market value derived from the Income Approach of RM321.00 million as fair representation of the market value of the Property. For information purposes, the market value derived from the Comparison Approach was RM323.00 million.

The Purchase Price represents a marginal discount of RM1.0 million (or approximately 0.3%) to the market value of RM321.0 million.

Further details are set out in the Valuation Certificate enclosed in **Appendix II** of this Circular.

#### **2.1.4 Method of financing the Purchase Price, estimated funding required and source of funds**

The Purchase Price shall be paid by the Purchaser to the Vendor in the following manner:

- (i) An amount of RM6.40 million, representing 2% of the Purchase Price was paid by the Purchaser to the Vendor's solicitors, as stakeholders, on 29 March 2024 as "**Earnest Deposit**" and the Vendor's solicitors have placed the Earnest Deposit into the Joint Stakeholders' Account (as defined below);
- (ii) The balance deposit of RM25.60 million, representing 8% of the Purchase Price ("**Balance Deposit**") (which sum together with the Earnest Deposit is collectively referred to as the "**Deposit**" amounting to 10% of the Purchase Price and forms part of the Purchase Price) was paid on 4 June 2024 to the Vendor's solicitors and the Purchaser's solicitors as joint stakeholders ("**Joint Stakeholders**") and placed into the Joint Stakeholders' account to be dealt with by the Joint Stakeholders ("**Joint Stakeholders Account**"); and
- (iii) The balance purchase price of RM288.0 million, representing 90% of the Purchase Price ("**Balance Purchase Price**") shall be paid by the Purchaser to the Joint Stakeholders as stakeholders, within 3 months from the date on which the last of the conditions precedent under the SPA is fulfilled ("**Completion Period**").

If the Balance Purchase Price is not paid in full by the expiry of the Completion Period, the Vendor shall automatically grant to the Purchaser an extension of 1 month from the day following the last day of the Completion Period ("**Extended Completion Period**") to pay the outstanding amount subject to an interest rate of 8.0% per annum calculated on a daily basis based on 366 days year on the amount of the Balance Purchase Price or any part remaining unpaid until full payment of the Balance Purchase Price, provided however that if such extension of time is required due to the State Authority's consent to charge in favour of the Purchaser's financier in compliance with the restriction-in-interest as set out in the Title Deeds not being obtained by the expiry of the Completion Period, then such extension of time shall be free of interest as long as the Purchaser's financier has submitted a proper and complete application for such consent to charge within 5 business days from the date on which the Purchaser's solicitors receive a written notification from the Vendor's solicitors of the Vendor having obtained the State Authority's approval for the transfer of the Property together with a copy of such approval.

The estimated total funding required to undertake the Proposals are set out below:

	<b>RM'000</b>
Purchase Price	320,000
Expenses incidental to the Proposals <sup>(1)</sup>	6,382
<b>Total</b>	<b>326,382</b>

Note:

(1) The expenses incidental to the Proposals are:

	<b>RM'000</b>
(a) Trustee's and Manager's acquisition fees	3,520
(b) Professional fees	907
(c) Financing related fees	235
(d) Miscellaneous charges such as advertising and meeting charges	40
(e) Estimated placement fee	1,680
Total	<b>6,382</b>

The Purchase Price and the expenses incidental to the Proposals will be funded by a combination of bank borrowings and proceeds to be raised from the Proposed Placement.

For illustrative purposes only, assuming the maximum number of 180,000,000 Placement Units are issued at an illustrative issue price of RM0.815 per Placement Unit, representing a discount of approximately 8.84% to the 5-day VWAP up to and including the LTD of RM0.8940, the gross proceeds from the Proposed Placement is approximately RM146.70 million. The breakdown of the source of funds is set out below:

<b>Source of funds</b>	<b>RM'000</b>	<b>(%)</b>
Bank borrowings	179,682	55.05
Gross proceeds to be raised from the Proposed Placement	146,700	44.95
<b>Purchase Price and expenses incidental to the Proposals</b>	<b>326,382</b>	<b>100.00</b>

#### **2.1.5 Liabilities to be assumed**

There are no contingent liabilities and/or guarantees to be assumed by the Trustee arising from the Proposed Acquisition.

#### **2.1.6 Date and original cost of investment of the Vendor**

The total cost of investment of the Property upon completion of construction on 7 May 2015 and up to the LPD is approximately RM76.82 million.

#### **2.1.7 Additional financial commitment**

In view that the Property is already in operation, there is no additional financial commitment required by KIP REIT in putting the Property on-stream.



## **2.2 Proposed Placement**

### **2.2.1 Details of the Proposed Placement**

The Proposed Placement entails the issuance of up to 180,000,000 Placement Units by way of bookbuilding and targets to raise up to RM146.70 million of gross proceeds to partly fund the Purchase Price and the expenses relating to the Proposals as set out in Section 2.1.4 of this Circular. The 180,000,000 Placement Units represents approximately 29.10% of the total number of Units in issue as at the LPD.

The actual number of Placement Units to be issued cannot be determined at this juncture and will depend on the actual placement size and the issue price of the Placement Units, which can only be determined upon completion of the bookbuilding exercise for the Proposed Placement. The basis for determination of the actual placement size is to ensure that the gearing ratio of KIP REIT (which stands at 37.27% as at 30 June 2024) is at a healthy level after the completion of the Proposals as well as to maintain sufficient headroom for future acquisitions of new properties.

The maximum number of Placement Units to be issued for the Proposed Placement was determined based on an illustrative issue price of RM0.815 per Placement Unit, which would result in the issuance of a maximum number of 180,000,000 Placement Units. Notwithstanding this, subject to the maximum number of 180,000,000 Placement Units, the actual issue price for the Placement Unit can only be determined later and may be higher or lower than the illustrative issue price of RM0.815 per Placement Unit.

### **2.2.2 Basis of determining the issue price of the Placement Units**

The issue price of the Placement Units shall be based on the price from the bookbuilding exercise for the Proposed Placement. The bookbuilding price range for the Placement Units will be determined based on, among others:

- (i) indicative demand and feedback from potential investors;
- (ii) precedent transactions; and
- (iii) prevailing market conditions and market price of the Units.

In any event, the Placement Units will be issued at not more than 10% discount to the 5-day VWAP of Units immediately before the price fixing date to be announced on a later date.

### **2.2.3 Placement arrangement**

The Placement Units will not be implemented in stages over a period of time and the Placement Units will be placed out by way of accelerated bookbuilding\* by one or more joint placement agent(s) appointed by the Manager. M&A Securities and CIMB have been appointed as the placement agents for the Proposed Placement.

Save for the Placement Units to Dato' Ong Kook Liong and Persons Connected, details of which is explained in Section 2.3 below, the Placement Units are intended to be placed out to independent investors to be identified at a later date, where such investors shall fall within Schedules 6 and 7 of the Capital Markets and Services Act 2007.

\* Compared to a normal/conventional bookbuilding, the offering period for an accelerated bookbuilding mode is shorter as the process is typically completed overnight. This also implies that the books may be closed within a short timeframe after launch, at the discretion of the placement agent(s).

#### **2.2.4 Ranking of the Placement Units**

The Placement Units shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing Units, save and except that the Placement Units shall not be entitled to any distributable income, rights, benefits, entitlements and/or other forms of distributions, unless the allotment of the Placement Units is prior to the entitlement date of such distributable income, rights, benefits, entitlements and/or other forms of distributions.

#### **2.2.5 Listing of and quotation for the Placement Units**

The Placement Units will be listed and quoted on the Main Market of Bursa Securities. Bursa Securities had, vide its letter dated 9 September 2024, approved the listing of and quotation for up to 180,000,000 Placement Units on the Main Market of Bursa Securities.

#### **2.2.6 Utilisation of proceeds**

The exact amount of proceeds to be raised for the Proposed Placement cannot be determined at this juncture as the amount would depend on the actual number of Placement Units to be issued and the issue price of the Placement Units. The Proposed Placement targets to raise up to RM146.70 million of gross proceeds which is expected to be utilised within 3 months from the listing of the Placement Units to partly fund the Purchase Price and the expenses relating to the Proposals as set out in Section 2.1.4 of this Circular.

If the actual proceeds raised from the Proposed Placement is less than the target amount of gross proceeds mentioned above, other options and sources of alternative funding will be considered to complete the Proposed Acquisition subject to the total borrowings of KIP REIT not exceeding 50.0% of its total asset value pursuant to paragraph 8.32 of the Guidelines on Listed Real Estate Investment Trusts issued by the Securities Commission Malaysia.

For illustrative purposes only, assuming only 15,000,000 Placement Units are placed out to Dato' Ong Kook Liong and Persons Connected at an illustrative issue price of RM0.815 per Placement Unit, the gearing ratio of KIP REIT will increase from 37.27% (as at 30 June 2024) to 48.20% after the Proposed Acquisition, which is still below the prescribed 50.0% gearing limit.

Conversely, if the actual proceeds raised from the Proposed Placement is higher than the target amount of gross proceeds mentioned above, the Manager may reduce the amount of borrowings required to partly fund the Purchase Price and the expenses relating to the Proposals, which will reduce the gearing level of KIP REIT.

In the event the Proposed Placement is completed but the Proposed Acquisition is not completed for whatsoever reason, the proceeds shall be reallocated to fund KIP REIT's acquisitions of other assets to be identified by the Manager. This will allow the Manager to capitalise on suitable and viable investment opportunities as and when it arises which will contribute positively to KIP REIT's future earnings and DPU.

Pending the full utilisation of the gross proceeds raised from the Proposed Placement, the proceeds or the balance thereof (including accrued interest, if any) will be placed in interest-bearing deposit accounts and/or in money market instruments or any other permissible investments allowed under the Deed.

#### **2.2.7 Advance Distribution**

Pursuant to the terms of the Deed, the Manager shall, with the approval of the Trustee, distribute the distributable income of KIP REIT at the quantum and intervals to be determined in its absolute discretion. The Board intends to declare an Advance Distribution for the

Advance Distribution Period. The Placement Units will not be entitled to the Advance Distribution and hence, the entitlement date for the Advance Distribution will be prior to the date of allotment of the Placement Units. The Advance Distribution is meant to ensure fairness to the existing unitholders and is intended to be implemented to ensure that the distributable income accrued during the Advance Distribution Period is only distributed to the existing unitholders. The Advance Distribution will not be undertaken if the Proposals are not approved by the unitholders at the forthcoming Meeting.

The next distribution period after the Advance Distribution will be for the period from the day immediately after the Advance Distribution until the end of the relevant quarter period as determined by the Board. Quarterly distributions will resume thereafter.

### 2.3 Proposed Placement to Dato' Ong Kook Liong and Persons Connected

In support of the continued growth of KIP REIT and his confidence in the future prospects of KIP REIT, Dato' Ong Kook Liong, being a Major Unitholder holding approximately 10.44% in KIP REIT as at the LPD, has given his undertaking via letter dated 24 May 2024 that he and/or persons connected with him will unconditionally subscribe for up to 15,000,000 Placement Units. The intention of Dato' Ong Kook Liong and/or persons connected with him to subscribe for the Placement Units is to minimise the dilution of his unitholdings in KIP REIT arising from the Proposed Placement. For the avoidance of doubt, the number of Placement Units to be placed to Dato' Ong Kook Liong and/or persons connected with him shall be up to a total of 15,000,000 Placement Units.

Ong Pui Shan, the Executive Director-cum-Chief Executive Officer of the Manager, daughter of Dato' Ong Kook Liong and person connected with him intends to subscribe for the Placement Units. In this regard, the subscription for up to 15,000,000 Placement Units by Dato' Ong Kook Liong and/or persons connected with him shall comprise up to 9,000,000 Placement Units by Dato' Ong Kook Liong and up to 6,000,000 Placement Units by Ong Pui Shan.

As Dato' Ong Kook Liong and Ong Pui Shan will not be influencing the bookbuilding exercise for the Proposed Placement and the determination of the issue price for the Placement Units, Dato' Ong Kook Liong and Ong Pui Shan, as price takers, shall accept the final issue price for the Placement Units which will be determined upon completion of the bookbuilding exercise for the Proposed Placement and announced on Bursa Securities.

### 3. INFORMATION ON THE VENDOR

DPulze Ventures was incorporated in Malaysia under the repealed Companies Act 1965 and is deemed registered under the Act on 4 December 2009 as a private limited company. The principal activities of the Vendor are property investment and development. As at the LPD, the issued share capital of the Vendor is RM2,000,000 comprising 2,000,000 ordinary shares.

As at the LPD, Kan Ah Chun, Ng Choo Hai, Kan Ky-Vern and Kan Ky-Shen are the directors of DPulze Ventures.

As at the LPD, the major shareholders of DPulze Ventures and their direct and indirect shareholdings are as follows:

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Big Hectares Sdn Bhd	2,000,000	100.00	-	-
Kan Ah Chun	-	-	2,000,000 <sup>(1)</sup>	100.00
Ng Choo Hai	-	-	2,000,000 <sup>(1)</sup>	100.00

Note:

- (1) Deemed interested by virtue of his interest in Big Hectares Sdn Bhd pursuant to Section 8 of the Act.

#### 4. RATIONALE AND BENEFITS OF THE PROPOSALS

##### 4.1 Proposed Acquisition

The Proposed Acquisition is in line with the investment objective and strategies of the Manager to provide unitholders with regular and stable income distributions by acquiring and investing in properties that contribute to the long term growth in KIP REIT.

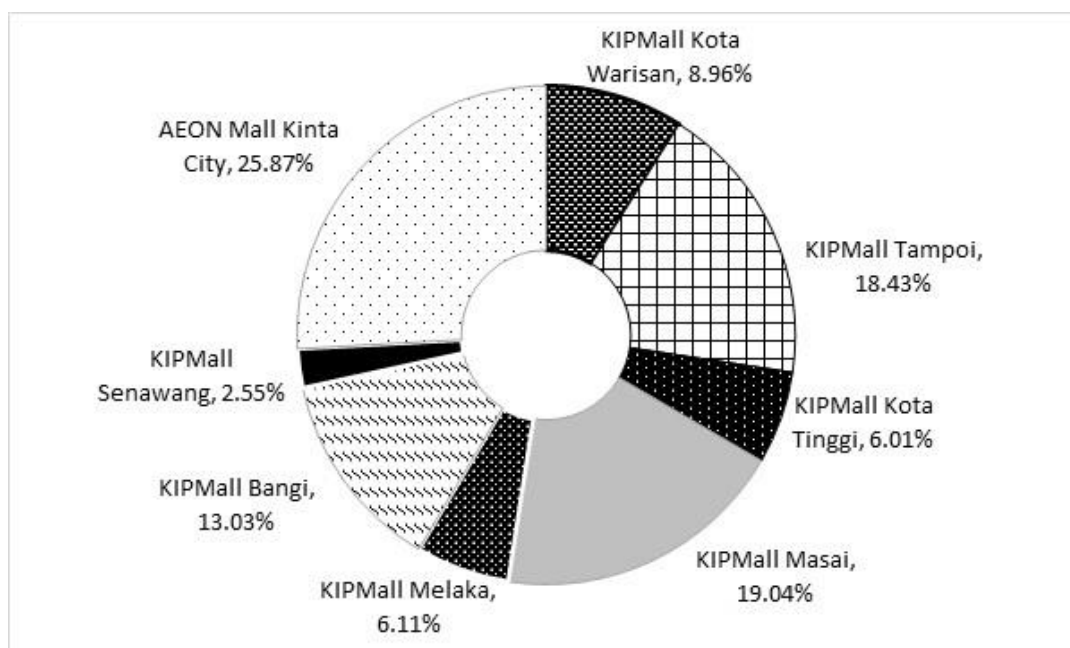
Taking into account the source of funding, the Proposed Acquisition is expected to:

- (i) be accretive to KIP REIT's distributable income moving forward;
- (ii) increase the strength and geographical diversification of KIP REIT's retail property portfolio;

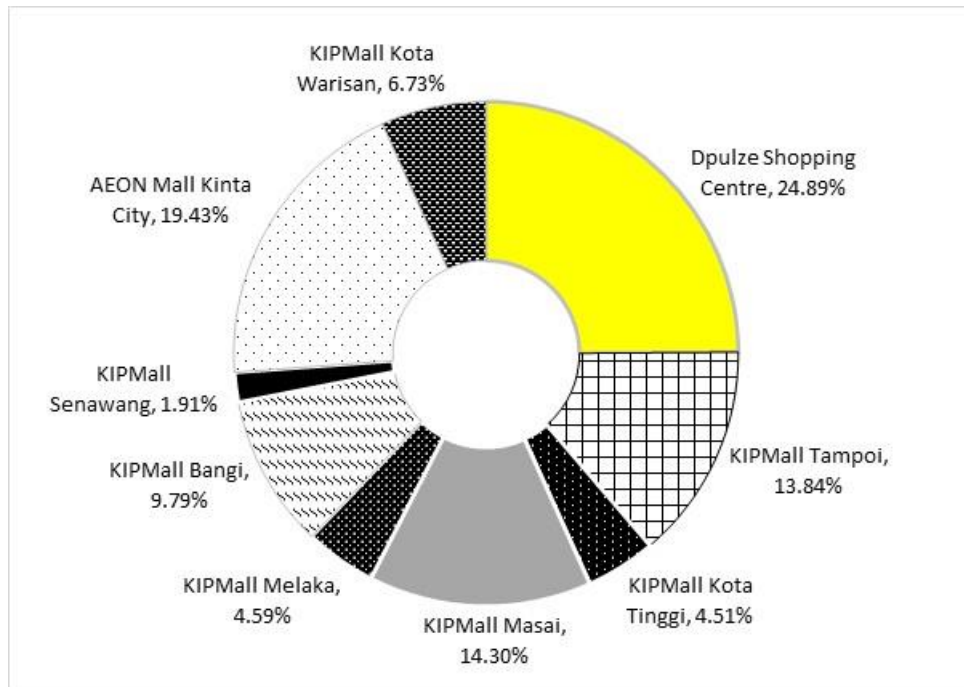
KIP REIT's retail property portfolio currently consists of 8 community-centric malls located in suburban areas in the Northern, Central and Southern regions of Peninsular Malaysia, in Ipoh, Bangi, Senawang, Melaka, Tampoi, Masai, Kota Tinggi and Sepang. The Proposed Acquisition will geographically diversify KIP REIT's retail property portfolio.

The Proposed Acquisition will also serve to enhance KIP REIT's portfolio of retail investment properties, whereby upon completion of the Proposed Acquisition, the Property will represent 24.89% of KIP REIT's enlarged total retail assets of RM1,307 million and a 33.14% increase over KIP REIT's total retail assets under management as at 30 June 2024 of RM982 million. This will increase the strength of KIP REIT's portfolio of retail assets as a community-centric mall real estate investment trust.

##### Total Retail Asset Portfolio as at 30 June 2024



### Total Retail Asset Portfolio upon completion of the Proposed Acquisition



- (iii) contribute positively to the overall retail portfolio and future growth of KIP REIT

The Property is situated right at the heart of Cyberjaya’s major commercial area. The immediate vicinity of DPulze Shopping Centre is a mixture of residential and commercial developments and several higher education institutions such as Multimedia University, University of Cyberjaya, Cyberjaya University College of Medical Sciences, Limkokwing University and University of Malaya Centre for Continuing Education.

The Property is part of an integrated commercial development identified as ‘DPulze Cyberjaya’ which also comprises 2 hotels and service apartments. The DPulze Shopping Centre which has a wide range of food & beverage and retail shops serves the local Cyberjaya community with essential amenities and social entertainment. For the 8-month period January to August 2024, DPulze Shopping Centre recorded an average of 606,000 footfall per month as compared to an average of 549,000 footfall per month for the corresponding period in 2023. In addition, there are currently limited retail spaces/shopping malls within Cyberjaya to cope with the demand of the Cyberjaya community. Retail spaces/shopping malls within the vicinity include GEM-In Mall, Tamarind Square, and Shaftbury Square Cyberjaya.

The Property is also well connected and easily accessible via major highways, such as, the North-South Expressway Central Link (ELITE Highway) and the Maju Expressway. In addition, the newly opened MRT-Putrajaya Line with stations at Cyberjaya City Centre and Cyberjaya Utara are located approximately 2km and 3km, respectively from the Property and provides ease of mobility to travel between other parts of the Klang Valley and Cyberjaya.

Premised on the above, the Manager is of the view that the Proposed Acquisition continues to meet the investment objective of KIP REIT to deliver long term and sustainable distribution of income.

## 4.2 Proposed Placement

The Board had considered various methods of financing the Proposed Acquisition, including issuing new Units in KIP REIT to the Vendor. However, the Vendor could not agree to it. After taking into consideration that the Vendor could not agree to the issuance of new Units in KIP REIT, and after due consideration of the capital structure of KIP REIT, the Board is of the opinion that the Proposed Acquisition should be funded by a mixture of equity financing and bank borrowings. The use of a combination of equity and bank borrowings will allow KIP REIT to maintain its gearing at a healthy level as well as maintain sufficient headroom for future acquisitions of new properties. The approach is in line with the capital management and growth strategy of KIP REIT.

The Board is of the view that the Proposed Placement is the most appropriate means to partly fund the Proposed Acquisition as it is expected to raise funds expeditiously and cost effectively as compared with other fund-raising exercises involving pro-rata issuance of securities such as rights issue.

Additionally, the Proposed Placement will allow KIP REIT to potentially attract more investors to invest in KIP REIT, thereby widening its base for unitholders and enhance the liquidity and trading of its Units.

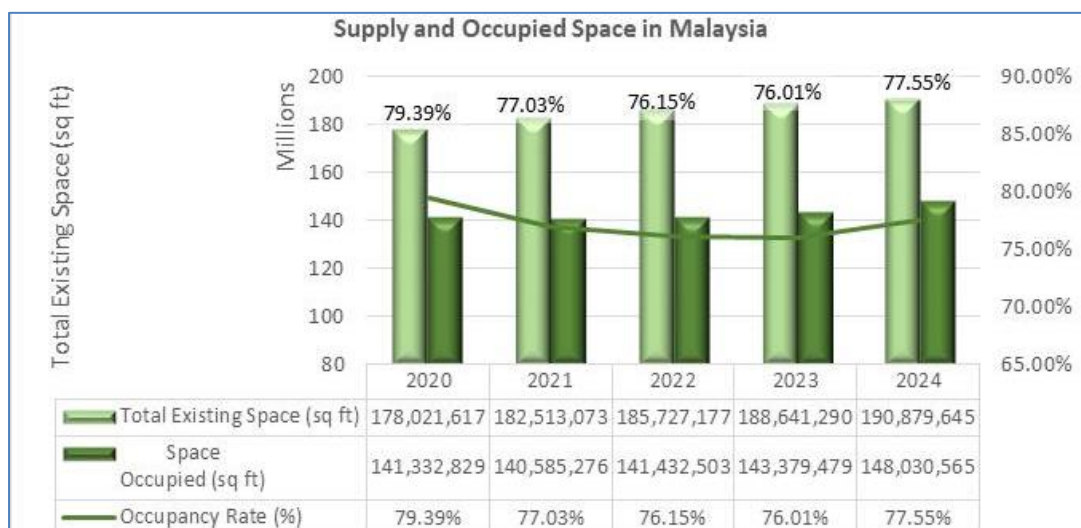
On 11 December 2023, KIP REIT had completed a placement exercise of an issuance of 12,269,900 new Units, representing 2% of the then 606.4 million Units in issue at an issue price of RM0.815 per Unit, raising gross proceeds of approximately RM10.0 million.

The gross proceeds raised was utilised to partly fund the acquisition of the 1½-storey retail centre identified as 'KIPMall Kota Warisan'. KIPMall Kota Warisan was acquired for a cash purchase consideration of RM80.00 million and the transaction was completed on 8 February 2024.

## 5. INDUSTRY OVERVIEW AND PROSPECTS

### 5.1 Overview of the retail property sector in Malaysia

The performance of the retail property sub-sector witnessed a moderate growth as at Q1 2024, supported by a slight improvement in occupancy rate to 77.6% (Q4 2023: 76.0%), increased market activities and major transactions recorded in all states. The existing supply and occupied space for retail property sub-sector from 2020 to 2024 are as follows:



Nine new shopping complexes were completed in 2023, adding nearly 220,000 sq m (approximately 2.40 million sq ft) of retail space into the market. As at Q1 2024, there was approximately 17.73 million sq m (approximately 190 million sq ft) of existing retail space from 1,077 shopping complexes; the majority of which were shopping centres (comprising 556 buildings; 13.44 million sq m). Selangor dominated the existing retail space, contributing 155 shopping complexes and offering more than 3.95 million sq m of retail space. There are another 33 complexes with 1.12 million sq m of retail space in the incoming supply and 9 complexes with nearly 0.35 million sq m of retail space in the planned supply.

(Source: Valuation Report and Commercial Property Stock Table Q1 2024, Property Services Department, Ministry of Finance)

## 5.2 Overview of the retail property sector in the Central region

As at Q1 2024, the property market in the central region has an overall of 271 retail complexes, with a total of 80.5 million sq ft of existing retail space and 6.6 million sq ft in the incoming supply.

	<b>Selangor Complexes (sq ft)</b>	<b>Kuala Lumpur Complexes (sq ft)</b>	<b>Putrajaya Complexes (sq ft)</b>
<b>Existing supply</b>	155 complexes (42.6 million)	113 complexes (37.1 million)	3 complexes (0.9 million)
<b>Incoming supply</b>	5 complexes (3.6 million)	7 complexes (2.7 million)	2 complexes (0.3 million)
<b>Planned supply</b>	-	3 complexes (2.1 million)	-

The retail complexes can be broken down into shopping centres (167 malls, 65.5 million sq ft of retail space), arcades (47 malls, 4.2 million sq ft of retail space) and hypermarkets (57 malls, 10.8 million sq ft of retail space).

During the year 2023, Selangor recorded six prominent sales of shopping malls / hypermarket transactions namely, Giant Kemuning Utama, Giant Putra Permai, Giant Setapak, Eonsave Puncak Alam, Eonsave Batang Kali and KIP Mall Kota Warisan.

<b>No.</b>	<b>Name of Property</b>	<b>Location</b>	<b>Consideration RM</b>
1	Giant Kemuning Utama	Jalan Kemuning Prima E33/E, Kemuning Utama, Klang	45,000,000
2	Giant Putra Permai	Jalan Putra Permai, Taman Putra Permai	50,419,000
3	Eonsave Puncak Alam	Jalan PPAJ 5, Pusat Perdagangan Alam Jaya, Puncak Alam	25,000,000
4	Eonsave Batang Kali	Jalan Mahagoni 8, Bandar Utama, Batang Kali, Hulu Selangor	24,500,000
5	KIPMall Kota Warisan	Jalan Warisan Sentral 3, Kota Warisan	80,000,000
6	Giant Setapak	Jalan Kilang, Wangsa Maju, Kuala Lumpur	101,000,000

As at end 2023, 3 completions were reported in the Klang Valley which were The Exchange TRX Mall, Pavilion Damansara Heights (Phase 1) and Chow Kit Trade Centre, with an injection of an overall addition of 181,537 sq m (approximately 1.9 million sq ft) of retail space. In terms of incoming supply, 2 retail complexes are scheduled for completion with 0.3 million sq ft of

retail space in Putrajaya (Precinct 7 and Precinct 8), whilst 1 retail complex is scheduled for completion in Dengkil/Sepang.

The performance of the retail sub-sector in the central region remained stable with higher overall occupancy rate for 2023. Kuala Lumpur and Selangor recorded higher occupancy rate at 83.8% and 79.7% respectively compared to 2022 (2022: Kuala Lumpur: 82.7%, Selangor: 77.5%). Putrajaya recorded lower occupancy rate at 79.2% compared to 2022 (2022: 82.4%).

In Dengkil, Sepang, the existing supply is approximately 3.5 million sq ft whilst the occupied space is approximately 3.3 million sq ft with the average occupancy rate for shopping malls within Dengkil at approximately 93% in Q4 2023.



(Source: Valuation Report, Property Market Report 2023 and Commercial Property Stock Table Q1 2024, Valuation and Property Services Department, Ministry of Finance)

### 5.3 Prospects of the Property

The Property is situated right at the heart of Cyberjaya’s major commercial area and is part of an integrated commercial development identified as ‘DPulze Cyberjaya’ which comprises 2 hotels and service apartments.

The immediate vicinity of DPulze Shopping Centre is a mixture of residential and commercial developments and several higher education institutions such as Multimedia University, University of Cyberjaya, Cyberjaya University College of Medical Sciences, Limkokwing University and University of Malaya Centre for Continuing Education. Residential neighbourhood includes Sejati Residence, Symphony Hills, Laman View, Maple Residence, Ceria Residences and Setia Eco Glades while commercial developments comprise modern multi-storey office complexes such as Quill buildings, Galleria Cyberjaya, Bank Negara Malaysia Cyberjaya, headquarters of the Inland Revenue Board of Malaysia and the newly opened Tesla Experience Centre. The residential, commercial and student populations offer a ready catchment of potential customers to the Property.

Further, there are limited retail spaces/shopping malls within Cyberjaya to cope with the demand of the Cyberjaya community. Retail spaces/shopping malls within the vicinity include GEM-In Mall, Tamarind Square, and Shaftbury Square Cyberjaya.



In this respect, the prospects of the Property are expected to be positive in view of its strategic location, wide selection of local and international cuisine and broad range of tenant mix — providing the local Cyberjaya community with convenient retail shops, essential amenities and social entertainment on a daily need as well as being a neighbourhood place for gathering and connection.

## **6. RISK FACTORS**

The Proposed Acquisition may be subject to certain risk factors inherent in the property market which KIP REIT is currently subjected to as a retail real estate investment trust. However, as KIP REIT is currently predominantly involved in retail real estates, the Proposed Acquisition will not change the risk profile of KIP REIT. The following are some non-exhaustive risk factors that may be inherent to KIP REIT in relation to the Proposed Acquisition.

### **6.1 Risks relating to the Proposed Acquisition**

#### **6.1.1 Delay or non-completion of the Proposed Acquisition**

The completion of the SPA is conditional upon the conditions precedent as set out in **Section 2 of Appendix I** of this Circular, being fulfilled and/or waived by the Purchaser (to the extent permitted by law) within the stipulated time period. There is no assurance that all such conditions will be fulfilled. In the event that the conditions precedent are not fulfilled within the stipulated time period, it may lead to a termination of the SPA or a delay in the completion of the Proposed Acquisition. Nonetheless, the Manager will endeavour to ensure that the conditions precedent to the SPA, insofar as they are within the control of the Manager, are fulfilled in a timely manner and mitigate the occurrence of any termination event in order to facilitate the completion of the Proposed Acquisition.

#### **6.1.2 Financing risk**

There can be no assurance that KIP REIT may be able to raise sufficient funds to finance the Proposed Acquisition and/or that the terms of financing are acceptable to KIP REIT. If KIP REIT is unable to raise the required funds to finance the Proposed Acquisition, the Proposed Acquisition may not be completed. KIP REIT intends to partly fund the Purchase Price through debt financing, which would result in new interest and principal servicing obligations. The borrowings to finance the Purchase Price would expose KIP REIT to financing risk such as fluctuation in interest rates that could impact KIP REIT's cash flows and profitability which may, in turn, affect its repayment commitments and distributions to the unitholders. Any adverse movement in interest rates will lead to higher borrowing costs.

In mitigating such risk, the Purchase Price and the expenses incidental to the Proposals will be funded by a combination of bank borrowings and proceeds to be raised from the Proposed Placement. Notwithstanding this, the Manager will actively monitor and review its debt portfolio taking into account the gearing level, interest costs as well as cash flows to ensure that it remains at a sustainable and optimal level and will seek to adopt cost effective and optimal mix of financing options to address any increase in interest rates that could occur in the future, including tapping into the equity market to raise additional funds.

The Proposed Placement targets to raise up to RM146.70 million of gross proceeds. In the event KIP REIT is only able to place out 15,000,000 Placement Units to Dato' Ong Kook Liong and Persons Connected, KIP REIT will still be able to complete the Proposed Acquisition by sourcing alternative funding options without its total borrowings exceeding 50.0% of its total asset value.

## **6.2 Risks relating to the Property**

### **6.2.1 The Property operates in a highly competitive environment**

DPulze Shopping Centre may be affected by amongst others, increased competition from other retail properties in terms of new retail concept space, better trade mix and/or attractive tenancy terms which may result in a loss of key/significant number of tenants and non-renewal of tenancies following the expiry or renewal of tenancies at less favourable rates as well as the Manager's ability to collect rental on a timely basis. Further, shopping malls may face increased competition from online shopping. This would reduce the need for retailers to have physical stores in shopping malls, which in turn would reduce the demand for retail shopping spaces. Such development could in turn have an adverse impact on KIP REIT's financial position and results of operations. Nevertheless, the Manager will endeavour to manage the Property to maximise traffic and maintain healthy occupancy rates. The Manager will also work closely with the tenants to build sustainable landlord-tenant relationships.

### **6.2.2 Losses from latent building defects, breaches of laws and regulations and other deficiencies**

If the Property has design, construction or other latent building defects, these may require additional expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Such costs or liabilities may involve significant and potentially unpredictable levels of expenditure, which may have a material adverse effect on KIP REIT's business, financial condition, results of operations and prospects.

The due diligence on the Property conducted prior to the execution of the SPA was satisfactory. However, the due diligence may not have identified all defects, breaches of laws and regulations and other deficiencies, which could result in unpredictable business interruption and additional expenses for repairs and rectification.

Although appropriate representations and warranties have been given by the Vendor in the SPA in favour of the Trustee, it may not offer sufficient protection to KIP REIT for the costs and liabilities arising from any defect or deficiency. Nonetheless, these representations and warranties include a warranty that the certificate of completion and compliance of the Property have been issued and a warranty that the Vendor has at all times complied with conditions attached to approvals, licences, certifications and permits in relation to the Property and the Vendor has complied with all the laws, regulations, orders, policies, standards, directives and circulars issued by the relevant authorities in connection with these approvals, licences, certifications and permits in relation to the Property.

Further, the certificate of completion and compliance of the Property was issued on 4 November 2014. Therefore, the likelihood of the Property having latent defects, breaches of laws and other deficiencies are expected to be minimal.

### **6.2.3 Non-renewal of tenancy agreements**

The performance of KIP REIT will be dependent on, amongst others, the ability of the tenants of the Property to exercise their option to renew the tenancy agreements upon the expiry of the tenancy term under the tenancy agreements. If any of the tenants terminate or do not renew the tenancy agreements on expiry, the ability of KIP REIT to continue to make distributions to its unitholders may be adversely affected if obtaining a replacement of any of the tenants on satisfactory terms and in a timely manner is not possible. However, the Manager will use its best endeavour and leverage to secure new tenants in the Property if the tenants terminate or do not renew the tenancy agreements.

#### **6.2.4 The Property may suffer material losses in excess of insurance proceeds**

The Property may suffer physical damage caused by fire and acts of God such as natural disasters - unusual floods, storm, lightning, or other causes. In addition, certain types of risks (such as war risk, riots and losses caused by outbreak of contagious diseases, contamination or other damages) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured amounts occur, KIP REIT could suffer a loss of capital invested in the Property as well as loss of anticipated future revenue from the Property. There can be no assurance that material losses in excess of insurance process (if any) will not occur. If an uninsured loss or loss in excess of insured limit occurs, this may adversely affect KIP REIT's financial position and result of operations.

Notwithstanding the above, the Property is currently insured against risks such as fire, business interruptions and public liability, which the Manager believes is consistent with general industry practice in Malaysia. The Manager will continue to review its insurance policies to ensure that the Property is adequately insured upon completion of the SPA and may in the future take up insurance against such other relevant risks as and when the Manager considers there is a need to do so.

#### **6.2.5 Renovation or asset enhancement works on the Property may not be able to achieve their intended return or benefit**

The Property may need to undergo renovation or asset enhancement works from time to time to retain its competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop from time to time. The costs of maintaining the Property and the risk of unforeseen maintenance or repair requirements tend to increase over time as the Building ages. The Manager will work together with the Property's manager to identify and plan for future asset enhancement or rectification works in respect of the Property to minimise disruption to the operations of the Property. While the Manager will work together with the Property's manager to keep any disruptions caused by such renovation works or maintenance or repairs to a minimum, the operations of the Property may still suffer some disruption. There is no assurance that any renovation or asset enhancement works will be able to achieve their intended return or benefit. Furthermore, significant costs would have already been incurred by KIP REIT for such renovation or asset enhancement works.

### **6.3 Risks relating to the property market**

#### **6.3.1 Changes in laws and regulations**

The Property is subject to potential changes to, or new interpretations of the laws, building by-laws, codes and regulations issued by the relevant regulatory authorities, which may result in it undergoing extensive renovation and incurring renovation costs, which will result in higher future capital expenditure. Nonetheless, the Manager will endeavour to ensure compliance with any changes in the regulatory environment upon completion of the SPA.

#### **6.3.2 Compulsory acquisition by the Government of Malaysia**

The State Authorities of the respective States in Malaysia have the power to compulsorily acquire any land in Malaysia pursuant to the provisions of applicable legislation including the Land Acquisition Act 1960. The registered proprietor of the land whose land is compulsorily acquired will be awarded for an amount of compensation which is based on the fair market value of the property and is assessed on the basis prescribed in the Land Acquisition Act 1960 and other relevant laws.

Compulsory acquisition on the whole or any portion of the Property could adversely affect the market value of the Property, which could impact KIP REIT's financial condition and results of operations. In the event of any compulsory acquisition, KIP REIT will endeavour to minimise any potential losses from such acquisition, including invoking the relevant provisions of the Land Acquisition Act 1960 in relation to its rights to appeal against the Land Administrator's award for compensation as well as to submit an objection in respect of the compensation, where necessary.

## 7. EFFECTS OF THE PROPOSALS

For illustrative purposes only, the pro forma effects of the Proposals have been prepared based on the following parameters:

- (i) the illustrative issue price is assumed at RM0.815 per Placement Unit, based on a discount of approximately 9.39% to the 5-day VWAP of KIP REIT up to and including the LPD of RM0.8995;
- (ii) the maximum number of Placement Units to be issued is 180,000,000 Units, representing approximately 29.10% of the existing total issued Units as at the LPD to raise gross proceeds of RM146.70 million based on the illustrative issue price of RM0.815 per Placement Unit; and
- (iii) the remainder of the total funding required for the Proposals is assumed to be satisfied via borrowings.

### 7.1 Unitholders' capital

The Proposed Acquisition will not have any effect on the unitholders' capital as the Proposed Acquisition does not involve any issuance of new Units by KIP REIT.

The pro forma effect of the Proposed Placement (including the Proposed Placement to Dato' Ong Kook Liong and Persons Connected) and on the unitholders' capital is shown below:

	<b>No. of Units</b>	<b>RM'000</b>
	<b>'000</b>	<b>RM'000</b>
Existing as at the LPD	618,630	583,626
To be issued pursuant to the Proposed Placement	180,000	145,020 <sup>(1)</sup>
<b>Enlarged unitholders' capital</b>	<b>798,630</b>	<b>728,646</b>

Note:

- (1) After incorporating the estimated placement fee of RM1.68 million incidental to the issuance of the Placement Units which is set-off against unitholders' capital.

### 7.2 Substantial unitholders' unitholdings

The Proposed Acquisition will not have any effect on the unitholdings of the substantial unitholders as the Proposed Acquisition does not involve any issuance of new Units by KIP REIT.

The pro forma effect of the Proposed Placement (including the Proposed Placement to Dato' Ong Kook Liong and Persons Connected) on the unitholdings of the substantial unitholders is shown in the table below.

Substantial unitholder	As at the LPD				After the Proposed Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Units '000	%	No. of Units '000	%	No. of Units '000	%	No. of Units '000	%
Hextar Rubber Sdn Bhd	90,857	14.69	-	-	90,857	11.38	-	-
Dato' Ong Choo Meng	-	-	90,857 <sup>(1)</sup>	14.69	-	-	90,857 <sup>(1)</sup>	11.38
Ong Tzu Chuen	-	-	90,857 <sup>(1)</sup>	14.69	-	-	90,857 <sup>(1)</sup>	11.38
Dato' Ong Kook Liong	64,586	10.44	3,878 <sup>(2)</sup>	0.63	73,586	9.21	9,878 <sup>(2)</sup>	1.24
Datin Teoh Siew Chin	34,347	5.55	-	-	34,347	4.30	-	-

Notes:

- (1) Deemed interested by virtue of his/her interest in Hextar Rubber Sdn Bhd pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his interest held through his spouse and child pursuant to Section 59(11)(c) of the Act.

### 7.3 Convertible securities

As at the LPD, KIP REIT does not have any convertible securities in issue.

### 7.4 Earnings and distributable income

The Manager believes that following the completion of the Proposals, the Proposed Acquisition is expected to contribute positively to the earnings and distributable income of KIP REIT for the future financial years.

The issuance of new Units pursuant to the Proposed Placement will initially dilute the EPU and DPU due to the enlarged number of Units in circulation. However, after taking into consideration the additional estimated net property income of the Property following the completion of the Proposed Acquisition, the Manager believes that the Proposed Acquisition is expected to contribute positively to the earnings and distributable income of KIP REIT for the future financial years.

The pro forma effect of the Proposals on the EPU and DPU of KIP REIT for the audited FYE 30 June 2024 is set out below. For illustrative purposes only, assuming the Proposals were completed on 1 July 2023 (being the beginning of the FYE 30 June 2024), the pro forma effects of the Proposals on the EPU and DPU of KIP REIT for the FYE 30 June 2024 are set out below:

	Audited FYE 30 June 2024	After the Proposals
	RM'000	RM'000
Total comprehensive income	47,314	47,314
Add: Annual incremental income contribution of DPulze Shopping Centre	-	22,838
Less: Incremental Manager fees	-	(2,148) <sup>(2)</sup>
Incremental Trustee fees	-	(51) <sup>(3)</sup>
Incremental property management fees	-	(19) <sup>(4)</sup>
Cost of financing	-	(8,391) <sup>(5)</sup>

	<b>Audited FYE 30 June 2024</b>	<b>After the Proposals</b>
	<b>RM'000</b>	<b>RM'000</b>
Estimated one-off expenses incidental to the Proposals	-	(281)
<b>Pro forma total comprehensive income</b>	<b>47,314</b>	<b>59,262</b>
Distribution adjustments	(1,737)	(1,737)
<b>Pro forma distributable income</b>	<b>45,577</b>	<b>57,525</b>
Units in circulation ('000)	618,630	798,630
Pro forma EPU (sen)	7.65	7.42
Pro forma DPU (sen)	6.63 <sup>(1)</sup>	6.49 <sup>(1)</sup>

Notes:

- (1) Computed based on the payout ratio of approximately 90.05% of KIP REIT's distributable income for the FYE 30 June 2024.
- (2) Computed at (a) a base rate of 0.60% per annum of the incremental total asset value and (b) a further 1.00% of the incremental net property income.
- (3) Computed based on 0.035% per annum of the incremental net asset value.
- (4) Computed based on RM1,600 per month for 12 months.
- (5) Assuming floating interest rate of 4.67% per annum for the debt financing of RM179.68 million.

The Manager wishes to highlight that the computation above is merely for illustration purposes and have been prepared based on certain assumptions of the Manager and is not necessarily indicative of the results of the operations of KIP REIT that would have been attained had the Proposals actually occurred in the foresaid period. The Manager cannot provide assurance that the assumptions used will be realised and that the actual DPU will be as projected.

## 7.5 NAV, NAV per Unit and gearing

For illustrative purposes only, the pro forma effects of the Proposals on the NAV of KIP REIT per unit as at 30 June 2024 and on the assumption that the Proposals are effected on that date are as follows:

	<b>Audited as at 30 June 2024</b>	<b>After the Proposals</b>
	<b>RM'000</b>	<b>RM'000</b>
Unitholders' capital	583,626	728,646 <sup>(2)</sup>
Retained earnings	94,003	105,950 <sup>(3)</sup>
<b>NAV</b>	<b>677,629</b>	<b>834,595</b>
Units in circulation ('000)	618,630	798,630
NAV per unit	1.10	1.05
Total borrowings	423,326	571,013 <sup>(4)(6)</sup>
Total asset value	1,135,948	1,460,374 <sup>(5)</sup>
Gearing (%) <sup>(1)</sup>	37.27	39.10

Notes:

- (1) Gearing is calculated based on total borrowings divided by total asset value multiplied by 100%.
- (2) After incorporating the estimated placement fee of RM1.68 million incidental to the issuance of the Placement Units which is set-off against unitholders' capital. Kindly refer to Section 7.1 for details.
- (3) After incorporating the net earnings arising from Property following the completion of the Proposed Acquisition of approximately RM11.95 million to retained earnings. Net earnings of RM11.95 million was arrived at after excluding non-operating expenses (refer to notes (2) to (5) of Section 7.4 above) from the annual income contribution of DPulze Shopping Centre.
- (4) After incorporating the impact on debt financing of approximately RM147.68 million (after netting out the Deposit of RM32.00 million paid to the Vendor from the drawdown of bank borrowings during the FYE 30 June 2024).
- (5) After incorporating the increase in investment properties based on the acquisition price of the Property of RM320.00 million and one-off acquisition related expenses of approximately RM4.43 million which will be capitalised.
- (6) For illustrative purposes only, assuming only 15,000,000 Placement Units is placed out to Dato' Ong Kook Liong and Persons Connected at an illustrative issue price of RM0.815 per Placement Unit, the gearing ratio of KIP REIT will increase from 37.27% (as at 30 June 2024) to 48.20% after the Proposed Acquisition.

## **8. APPROVALS REQUIRED AND CONDITIONALITY**

The Proposals are subject to the following being obtained unless any of such conditions is/are waived by the Purchaser (to the extent permitted by law):

- (a) approval of Bursa Securities for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities, which was obtained vide letter dated 9 September 2024;
- (b) approval of the unitholders of KIP REIT for the Proposed Acquisition at the forthcoming Meeting to be convened;
- (c) approval of the unitholders of KIP REIT for the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected at the forthcoming Meeting to be convened;
- (d) written confirmation of the Economic Planning Unit under the Ministry of Economy that the approval of the Economic Planning Unit is not required for the acquisition of the Property from the Vendor or a letter of no objection of the Economic Planning Unit that it has no objection for the acquisition of the Property from the Vendor. The application was submitted on 11 July 2024 and is currently pending approval or no objection; and
- (e) approval of the State Authority for the transfer of the Property from the Vendor to the Purchaser pursuant to the Proposed Acquisition in compliance with the restriction-in-interest as set out in the Title Deeds, which was obtained vide letter dated 8 September 2024.

The Proposed Acquisition is subject to the Proposed Placement having received all necessary approvals.

The Proposed Placement (which includes the Proposed Placement to Dato' Ong Kook Liong and Persons Connected) is subject to the SPA becoming unconditional. In the event the actual proceeds raised from the Proposed Placement is less than the target amount of gross proceeds mentioned in Sections 2.2.1 and 2.2.6 above, other options and sources of alternative funding will be considered to complete the Proposed Acquisition subject to the total borrowings of KIP REIT not exceeding 50.0% of its total asset value.

The Proposed Placement to Dato' Ong Kook Liong and Persons Connected is conditional upon the Proposed Placement and not vice versa.

The Proposals are not conditional upon any other corporate exercises being or proposed to be undertaken by KIP REIT.

The highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 31.27%, computed based on the Purchase Price compared with the total asset value of KIP REIT as at 30 June 2023, being its then latest audited financial statements when the SPA was entered into.

## **9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND CHIEF EXECUTIVE OF THE MANAGER, MAJOR UNITHOLDERS OF KIP REIT AND/OR PERSONS CONNECTED WITH THEM**

Save as disclosed below, none of the directors, major shareholders and chief executive of the Manager and/or major unitholders of KIP REIT and/or persons connected with them has any interest, direct or indirect, in the Proposals.

### **9.1 Proposed Acquisition**

The Proposed Acquisition is not a related party transaction. As such, none of the directors, major shareholders and chief executive of the Manager and/or major unitholders of KIP REIT and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition.

### **9.2 Proposed Placement and Proposed Placement to Dato' Ong Kook Liong and Persons Connected**

Dato' Ong Kook Liong, is the Managing Director and major shareholder of the Manager as well as a Major Unitholder of KIP REIT. Ong Pui Shan, the Executive Director-cum-Chief Executive Officer of the Manager, and daughter of Dato' Ong Kook Liong, is a person connected with Dato' Ong Kook Liong.

As disclosed in Section 2.3 of this Circular, Dato' Ong Kook Liong has given his undertaking that he and/or persons connected with him will unconditionally subscribe for up to 15,000,000 Placement Units. The intention of Dato' Ong Kook Liong and/or persons connected with him to subscribe for the Placement Units is to minimise the dilution of his unitholdings in KIP REIT arising from the Proposed Placement. The subscription for up to 15,000,000 Placement Units by Dato' Ong Kook Liong and/or persons connected with him shall comprise up to 9,000,000 Placement Units by Dato' Ong Kook Liong and up to 6,000,000 Placement Units by Ong Pui Shan. In this respect, Dato' Ong Kook Liong and Ong Pui Shan are deemed interested in the Proposed Placement as well as in the Proposed Placement to Dato' Ong Kook Liong and Persons Connected.

The Interested Directors have abstained from and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meeting(s) in relation to the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected.



The Interested Directors will also abstain from voting in respect of their direct and/or indirect unitholdings in KIP REIT, on the resolutions to be tabled at the forthcoming Meeting in respect of the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected. In addition, the Interested Directors have undertaken and continues to undertake to ensure that persons connected to them, will abstain from voting in respect of their direct and/or indirect unitholdings in KIP REIT, on the resolutions to be tabled at the forthcoming Meeting pertaining to the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected. In the event the resolution pertaining to the Proposed Placement to Dato' Ong Kook Liong and Persons Connected is not passed by the unitholders, such resolution will not be carried and Dato' Ong Kook Liong and Ong Pui Shan will not be able to subscribe for the Placement Units.

Interested Director	As at the LPD			
	Direct		Indirect	
	No. of Units '000	%	No. of Units '000	%
Dato' Ong Kook Liong	64,586	10.44	3,878 <sup>(1)</sup>	0.63
Ong Pui Shan	200	0.03	-	-

Note:

- (1) Deemed interested by virtue of his interest held through his spouse and child pursuant to Section 59(11)(c) of the Act.

Save as disclosed above, none of the directors, major shareholders and chief executive of the Manager and/or major unitholders of KIP REIT and/or persons connected with them has any interest, direct or indirect, in the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected.

## 10. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION

As at the LPD, save for the Proposals and as disclosed below, the Board is not aware of any other corporate exercise/scheme that has been announced but has yet to be completed.

- (i) Proposed acquisition of a single storey hypermarket with basement bearing postal address at No. 46, Pasaraya TF, Jalan Toh Syahbandar Muda 9, 33300 Gerik, Perak for a cash consideration of RM14.80 million, subject to the tenancy over the property by TF Value-Mart Sdn Bhd and such tenancy to commence on the completion date of the sale and purchase agreement, which was announced on 23 August 2024; and
- (ii) Proposed acquisitions of 4 industrial properties for a total cash consideration of RM98.30 million and tenancies of the said properties upon completion of the proposed acquisitions, which were announced on 29 August 2024.

## 11. TENTATIVE TIMEFRAME FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposals are expected to be completed in the 4<sup>th</sup> quarter of 2024.

The tentative timetable for the implementation is as follows:

<b>Event</b>	<b>Tentative timeline</b>
Meeting	2 October 2024
Fulfilment of all conditions precedent	Early October 2024
Announcement of the price-fixing date for the Placement Units	Mid November 2024
<ul style="list-style-type: none"> <li>• Issuance and allotment of the Placement Units</li> <li>• Listing of and quotation of the Placement Units</li> </ul>	Early December 2024
<ul style="list-style-type: none"> <li>• Payment of the Balance Purchase Price</li> <li>• Completion of the Proposed Acquisition</li> </ul>	Mid December 2024

## **12. DIRECTORS' STATEMENT AND RECOMMENDATION**

### **12.1 Proposed Acquisition**

After considering all aspects of the Proposed Acquisition, including the rationale, the market value of the Property, the basis and justification for the Purchase Price, the terms and conditions of the SPA, financial effects and risk factors, the Board is of the opinion that the Proposed Acquisition is in the best interest of KIP REIT and its unitholders and recommends that unitholders vote in favour of the resolution pertaining to the Proposed Acquisition at the forthcoming Meeting.

### **12.2 Proposed Placement and Proposed Placement to Dato' Ong Kook Liong and Persons Connected**

The Board (save for the Interested Directors), having considered the rationale, effects and all other aspects of the Proposed Placement (including the Proposed Placement to Dato' Ong Kook Liong and Persons Connected), is of the opinion that the Proposed Placement (including the Proposed Placement to Dato' Ong Kook Liong and Persons Connected) are in the best interests of KIP REIT and its unitholders and recommends that unitholders vote in favour of the resolutions pertaining to the Proposed Placement and the Proposed Placement to Dato' Ong Kook Liong and Persons Connected at the forthcoming Meeting.

## **13. HISTORICAL UNIT PRICE PERFORMANCE**

The monthly highest and lowest prices of the Units as traded on Bursa Securities for the past 12 months are as follows:

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b>2023</b>		
September	0.895	0.880
October	0.910	0.885
November	0.910	0.890
December	0.900	0.890
<b>2024</b>		
January	0.900	0.880
February	0.900	0.885
March	0.895	0.885
April	0.915	0.885
May	0.910	0.885

	<u>High</u> <u>RM</u>	<u>Low</u> <u>RM</u>
June	0.895	0.885
July	0.900	0.890
August	0.905	0.870
Last transacted market price of the Units on the LTD		0.890
Last transacted market price of the Units on the LPD		0.905

(Source: M&A Securities)

#### **14. MEETING**

The Meeting will be convened on a virtual basis via the RPEV facilities on Wednesday, 2 October 2024 at 11:45 a.m. or immediately after the conclusion of the Eighth Annual General Meeting of the unitholders to be held on the same day at 10:30 a.m. whichever is later or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the ordinary resolutions to give effect to the Proposals. The Notice of Meeting together with the Form of Proxy are enclosed in this Circular.

You are entitled to attend, participate, speak (in the form of real-time submission of typed texts) and vote remotely at the Meeting via the RPEV facilities. Please refer to the administrative guide for the procedures to register, attend, participate and vote remotely using the RPEV facilities at the Meeting. If you are unable to attend the Meeting, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, the Form of Proxy must be completed and lodged at the registered office of the Manager at Unit 27.2, Menara 1MK, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur or alternatively, login to Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> and deposit the Form of Proxy electronically, not less than 24 hours before the time appointed for holding the Meeting, or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating in the Meeting should you subsequently wish to do so.

#### **15. FURTHER INFORMATION**

Please refer to the appendices of this Circular for further information.

Yours faithfully,  
For and on behalf of the Board of Directors of,  
**KIP REIT MANAGEMENT SDN BHD**  
(as the Manager of KIP REIT)

**DATUK DR SYED HUSSAIN BIN SYED HUSMAN, PJN.JP**  
Chairman and Senior Independent Non-Executive Director

**SALIENT TERMS OF THE SPA (AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT AND THE SECOND SUPPLEMENTAL AGREEMENT)**

**(1) Agreement for sale and purchase**

The Vendor agrees to sell and the Purchaser agrees to purchase the Property on an 'as-is-where-is' basis as at 13 February 2024 ("**Inspection Date**") (fair wear and tear excepted) for the purchase price of Ringgit Malaysia Three Hundred and Twenty Million (RM320,000,000.00) only free from all encumbrances but subject to the:

- (a) category of land use, all conditions whether express or implied and restrictions-in-interest on the Title Deeds;
- (b) the Existing Tenancies; and
- (c) the Citadines Tenancy.

**(2) Conditions Precedent**

- (i) The SPA is conditional upon the compliance and fulfilment of the following conditions precedents within 5 months from the date of the SPA or such further period as may be mutually extended by the Vendor and the Purchaser ("**Conditional Period**") unless any of such conditions is/are waived by the Purchaser (to the extent permitted by law):
  - (a) approval of Bursa Securities for the listing of and quotation for the Placement Units on the Main Market of Bursa Securities;
  - (b) approval of the unitholders for the Proposed Acquisition at a Meeting to be convened;
  - (c) approval of the unitholders for the Proposed Placement at a Meeting to be convened;
  - (d) written confirmation of the Economic Planning Unit that the approval of the Economic Planning Unit is not required for the Proposed Acquisition or a letter of no objection of the Economic Planning Unit that it has no objection for the Proposed Acquisition;
  - (e) approval of the State Authority for the transfer of the Property from the Vendor to the Purchaser pursuant to the Proposed Acquisition in compliance with the restriction-in-interest as set out in the Title Deeds ("**SA Approval**").
- (ii) In the event that the conditions precedent is not fulfilled prior to the expiry of the Conditional Period despite all reasonable efforts by the parties, either party shall be entitled to rescind and terminate the SPA by way of notice in writing to the other party whereupon within 5 business days of such termination, the Vendor shall refund to the Purchaser the Deposit together with the interest earned on the Deposit, and each party shall return to the other party all documents delivered by or on behalf of the respective party to the other party or their solicitors pursuant to the terms of the SPA.

- (iii) If required, whereby the Vendor must receive a request from the Purchaser prior to the expiry of the Conditional Period:
  - (a) the Vendor shall, at its own costs and expense, attend to the demolition of the unapproved structure(s) (if any) and either the relocation of any tenant(s) situated therein or the mutual termination of the tenancy in respect of the unapproved structure(s), as the case may be, provided that, in the event such demolition results in the following events:
    - (aa) the Vendor being required to recover possession of any space from any tenant(s);
    - (bb) the Vendor not being able to offer suitable substitute space to the said tenant(s) and/or the tenant(s) not accepting the substitute space offered by the Vendor; and
    - (cc) the Vendor being required to compensate the said tenant(s) any sum that is more than the rental for the remaining unexpired tenure of the relevant tenancy,

then the Vendor and the Purchaser shall enter into bona fide discussions with each other and the relevant tenant with a view to resolving the matter, and in the event the parties are unable to resolve the issues before the expiry of the Conditional Period after the discussions, either the Vendor or the Purchaser shall be entitled to terminate the SPA; and/or

- (b) for matters that are NOT in connection with unapproved structure(s) erected on the Property, the Vendor and the Purchaser shall enter into bona fide discussions with each other and any other relevant party with a view to resolving the matter, and if mutually agreed, the Vendor shall attend to the rectification as may be reasonably required of the Vendor at its own costs and expense. In the event the Parties are unable to resolve the issues before the expiry of the Conditional Period after the discussions, either the Vendor or the Purchaser shall be entitled to terminate the SPA.

### (3) Manner of payment and the Purchase Price

The Purchase Price shall be paid by the Purchaser to the Vendor in the following manner:

- (a) an amount of RM6.4 million, representing 2% of the Purchase Price has been paid by the Purchaser to the Vendor's solicitors, as stakeholders, prior to the execution of the SPA as "**Earnest Deposit**" and the Vendor's solicitors have upon the opening of the Joint Stakeholders Account placed the Earnest Deposit into the Joint Stakeholders Account;
- (b) the balance deposit of RM25.6 million, representing 8% of the Purchase Price ("**Balance Deposit**") (which sum together with the Earnest Deposit is collectively referred to as the "**Deposit**" amounting to 10% of the Purchase Price and forms part of the Purchase Price) shall be paid within 7 days from the execution of the SPA to the Joint Stakeholders and be placed into the Joint Stakeholders Account; and
- (c) the balance purchase price of RM288.0 million, representing 90% of the Purchase Price ("**Balance Purchase Price**") shall be paid by the Purchaser to the Joint Stakeholders as stakeholders, within 3 months from the date on which the last of the conditions precedent under the SPA is fulfilled ("**Completion Period**").

If the Balance Purchase Price is not paid in full by the expiry of the Completion Period, the Vendor shall automatically grant to the Purchaser an extension of 1 month from the day following the last day of the Completion Period ("**Extended Completion Period**") to pay the outstanding amount subject to an interest rate of 8.0% per annum calculated on a daily basis based on 366 days year on the amount of the Balance Purchase Price or any part remaining unpaid until full payment of the Balance Purchase Price, provided however that if such extension of time is required due to the State Authority's consent to charge in favour of the Purchaser's financier in compliance with the restriction-in-interest as set out in the Title Deeds not being obtained by the expiry of the Completion Period, then such extension of time shall be free of interest as long as the Purchaser's financier has submitted a proper and complete application for such consent to charge within 5 business days from the date on which the Purchaser's solicitors receive a written notification from the Vendor's solicitors of the Vendor having obtained the SA Approval together with a copy of the SA Approval.

#### **(4) Existing Tenancies and Citadines Tenancy**

- (i) Subject to the SPA becoming unconditional, the Vendor, the Purchaser and the tenants/licensees shall execute novation agreements to novate all the rights, benefits, interests, obligations and liabilities of the Vendor in respect of all the Existing Tenancies and the Citadines Tenancy to the Purchaser with effect from the completion of the SPA.
- (ii) The novation agreements of the relevant Existing Tenancies shall also assign in favour of the Purchaser the subsisting personal/corporate guarantees and indemnities that have been granted on behalf of the relevant existing tenants for the Existing Tenancies.

#### **(5) Completion**

The date on which the full amount of the Balance Purchase Price has been paid to the Joint Stakeholders as stakeholders shall be the completion date of the SPA ("**Completion Date**"). With effect from the Completion Date, the Purchaser shall be the sole beneficial owner of the Property. On the Completion Date, the Vendor shall make available the Property to the Purchaser in the following manner:

- (a) legal possession of those areas of the Property that is subject to the Existing Tenancies shall be deemed delivered to the Purchaser on an "as-is-where-is" basis as at the Inspection Date (fair wear and tear excepted) subject to any refurbishments by the existing tenants under or in accordance with the terms of the Existing Tenancies (if applicable);
- (b) vacant possession of those areas of the Property that is not subject to the Existing Tenancies shall be delivered to the Purchaser on an "as-is-where-is" basis as at the Inspection Date (fair wear and tear excepted) subject to any reinstatement works by the existing tenants under or in accordance with the terms of the Existing Tenancies (if applicable); and
- (c) the office equipment shall be left at the existing mall management office of the Building as is, without any obligation of the Vendor to ensure that the same shall be in good repair and condition,

and risk in and to the Property shall pass or be deemed to have passed from the Vendor to the Purchaser on the date that such legal/ vacant possession of the Property is delivered or deemed delivered to the Purchaser.

**(6) Right to terminate**

(i) Vendor's right to terminate

If:

- (a) the Purchaser shall commit a breach of any of the terms and conditions contained in the SPA or any of its covenants are inaccurate or incorrect so as to materially affect the operation of the provisions of the SPA;
- (b) any step is taken or an order is made or a resolution is passed or legislation is enacted for the winding up, dissolution or liquidation, as the case may be, of the Purchaser or a petition for winding up is presented against the Purchaser; or
- (c) any execution or attachment shall be levied, enforced or issued against any of the Purchaser's assets,

the Vendor shall be entitled at any time thereafter to serve a written notice to the Purchaser within 10 business days of the breach occurring or of the Vendor becoming aware of the breach (whichever is later):

- (i) setting out the breach; and
- (ii) requiring the Purchaser to remedy such breach within 30 days from the date of the notice or such longer period as may be mutually agreed between the parties.

If a notice to remedy is duly given and the Purchaser fails to remedy or rectify the default within 30 days from the Purchaser's receipt of such notice from the Vendor, the Vendor shall be entitled to terminate this Agreement upon the expiry of the said 30 days' remedial period whereupon the Deposit shall be absolutely forfeited to the Vendor as agreed liquidated damages and the Vendor shall within 5 business days of the notice of termination, refund to the Purchaser all other monies paid by the Purchaser towards the account of the Purchase Price (free from interest). In exchange for the refund and payment, the Purchaser shall:

- (aa) return to the Vendor all other documents received from the Vendor in respect of the Property;
- (bb) withdraw the Purchaser's private caveat and/or the Purchaser's financier's caveat, if any, lodged by the Purchaser and/or the Purchaser's financier in respect of the Property at the Purchaser's own cost and expense; and
- (cc) re-deliver legal possession of the Property (if already been delivered) at the Purchaser's own cost and expense, which possession is deemed re-delivered as the Vendor would be remaining in possession as tenant at the relevant time or vacant possession of the Property (if already been delivered) in the condition in which it was received from the Vendor, at the Purchaser's own cost and expense.

(ii) Purchaser's right to terminate

If:

- (a) the Vendor shall commit a breach of any of the terms and conditions contained in the SPA or any of its undertakings, covenants, representations and warranties are inaccurate or incorrect so as to materially affect the operation of the provisions of the SPA;

- (b) any step is taken or an order is made or a resolution is passed or legislation is enacted for the winding up, dissolution or liquidation, as the case may be, of the Vendor or a petition for winding up is presented against the Vendor; or
- (c) any execution or attachment shall be levied, enforced or issued against any of the Vendor's assets,

the Purchaser shall be entitled at any time thereafter to give written notice to the Vendor within 10 business days of the default occurring or of the Purchaser becoming aware of the default (whichever is later):

- (i) setting out the default; and
- (ii) requiring the Vendor to remedy such default within 30 days from the date of the notice or such longer period as may be mutually agreed between the Parties.

If a notice to remedy is duly given by the Purchaser and the Vendor fails to remedy or rectify the default within 30 days from the Vendor's receipt of such notice from the Purchaser, the Purchaser shall be entitled to:

- (aa) take all action as may be available to the Purchaser at law to enforce specific performance of the SPA against the Vendor and/or such other remedies available at law to the Purchaser; or
- (bb) terminate the SPA whereupon the Vendor shall within 5 business days of receiving the notice of termination, refund to the Purchaser all monies paid by the Purchaser towards the account of the Purchase Price (together with interest accrued) and further pay to the Purchaser a sum equivalent to the Deposit as agreed liquidated damages. In exchange for the refund and payment, the Purchaser shall:
  - a. return to the Vendor all other documents received from the Vendor in respect of the Property;
  - b. withdraw the Purchaser's caveat and/or the Purchaser's financier's caveat, if any, lodged by the Purchaser and/or the Purchaser's financier in respect of the Property at the Purchaser's own cost and expense; and
  - c. re-deliver legal possession of the Property (if already been delivered) which possession is deemed re-delivered as the Vendor would be remaining in possession as tenant at the relevant time, or vacant possession of the Property (if already been delivered) at the prevailing condition.

**(7) Real Property Gains Tax**

- a. The parties shall comply with the provisions of the Real Property Gains Tax Act 1976 ("**RPGT Act**") and in particular to separately submit notices of the disposal and acquisition of the Property hereunder to the Director-General of Inland Revenue ("**DGIR**") in the prescribed forms in accordance with Section 13(1) of the RPGT Act within 60 days from the date of the SA Approval.
- b. Pursuant to the Real Property Gains Tax (Exemption) (No. 4) Order 2003, the Minister of Finance has exempted any person from the payment of real property gains tax in respect of chargeable gains accruing on the disposal of any chargeable asset to a real estate investment trust which is approved by the Securities Commission Malaysia. Accordingly, there will not be any retention sum to be remitted by the Purchaser to the DGIR in view of the said exemption. The Vendor shall deliver to the Purchaser's solicitors a copy of the completed and signed CKHT 3 Form no later than 20 days from the date of the SA Approval for the submission of the same by the Purchaser to the DGIR.



## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

The information on DPulze Ventures was obtained from the management of DPulze Ventures and the responsibility of the Board with respect to such information is limited to ensuring that such information is correctly extracted and reproduced in this Circular.

### 2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

#### 2.1 M&A Securities

M&A Securities, the Principal Adviser for the Proposals and co-placement agent for the Proposed Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references to it in the form and context in which they appear in this Circular.

M&A Securities confirms that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposals and co-placement agent for the Proposed Placement.

#### 2.2 CIMB

CIMB, the co-placement agent for the Proposed Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references to it in the form and context in which they appear in this Circular.

CIMB, its affiliated, related and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("**CIMB Group**"), form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and fund management and credit transaction services businesses. CIMB Group has engaged and may in the future, engage in transactions with and perform services for KIP REIT, the Manager and/or any of their respective affiliates, in addition to the role set out in this Circular.

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 KIP REIT and/or the Manager, hold long or short positions in securities issued by KIP REIT and/or the Manager, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its clients in debt or equity securities or senior loans of KIP REIT, the Manager and/or any of 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 clients now or in the future, may have interest in or take actions that may conflict with the interests of KIP REIT and/or the Manager.

As at the LPD, the CIMB Group has in the ordinary course of its banking business, extended credit facilities to KIP REIT amounting to RM368.0 million, a portion of which may be utilised to part finance the Purchase Price and the expenses relating to the Proposals. As at the LPD, RM110 million of the credit facilities extended is outstanding. Notwithstanding this, CIMB is of the view that the aforesaid lending relationship will not give rise to a conflict of interest situation in its capacity as the co-placement agent for the Proposed Placement as:

- (i) the extension of credit facilities arose in the ordinary course of business of the CIMB Group;
- (ii) CIMB is a licensed investment bank and its appointment as co-placement agent for the Proposed Placement is in the ordinary course of its business and CIMB does not receive or derive any financial interest or benefits save for the placement fees received in relating to its appointment as the co-placement agent for the Proposed Placement;
- (iii) the Corporate Finance division of CIMB is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of "Chinese Wall" policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;
- (iv) the conduct of the CIMB Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013, Capital Markets Services Act 2007 and CIMB Group's internal controls and checks; and
- (v) the total outstanding amount owed by KIP REIT to the CIMB Group is not material when compared to the audited net assets of the CIMB Group as at 31 December 2023 of approximately RM68.33 billion.

Save as disclosed above, CIMB confirms that there is no conflict of interest which exists or is likely to exist in its capacity as the co-placement agent for the Proposed Placement.

### **2.3 Nawawi Tie**

Nawawi Tie, the Independent Valuer in respect of the valuation of the Property, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the Valuation Certificate and all references to it in the form and context in which they appear in this Circular.

Nawawi Tie confirms that there is no conflict of interest which exists or is likely to exist in its capacity as the Independent Valuer for the valuation of the Property.

### **3. MATERIAL LITIGATION, CLAIM OR ARBITRATION**

As at the LPD, the Vendor has given its written confirmation that there is no material litigation, claim or arbitration involving the Property. In addition, as at the LPD, KIP REIT is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings, pending or threatened, against KIP REIT or any facts likely to give rise to any proceedings which might materially and adversely affect the business or financial position of KIP REIT.

#### **4. MATERIAL COMMITMENTS**

Save for the borrowings to be secured to part finance the Proposed Acquisition, as at the LPD, the Board after making all reasonable enquiries is not aware of any material commitments incurred or known to be incurred by KIP REIT that is likely to have a material impact on the financial position of KIP REIT.

#### **5. CONTINGENT LIABILITIES**

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

#### **6. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (i) The Deed.
- (ii) The SPA, Supplemental Agreement and Second Supplemental Agreement.
- (iii) The Valuation Report by the Independent Valuer together with the Valuation Certificate set out in Appendix II of this Circular.
- (iv) Audited consolidated financial statements of KIP REIT for the FYEs 30 June 2023 and 30 June 2024.
- (v) The letters of consent and declaration of conflict of interests referred to in Section 2 of this Appendix III.



## **KIP REAL ESTATE INVESTMENT TRUST**

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

### **NOTICE OF UNITHOLDERS' MEETING**

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

- Online Meeting Platform : <https://meeting.boardroomlimited.my>
- Day and date : Wednesday, 2 October 2024
- Time : 11:45 a.m. or immediately after the conclusion of the Eighth Annual General Meeting of the unitholders to be held on the same day at 10:30 a.m. whichever is later or at any adjournment thereof
- Broadcast Venue : 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor

### **ORDINARY RESOLUTION 1**

**PROPOSED ACQUISITION OF DPULZE SHOPPING CENTRE ("PROPERTY") BY PACIFIC TRUSTEES BERHAD, ACTING SOLELY IN ITS CAPACITY AS THE TRUSTEE FOR AND ON BEHALF OF KIP REIT ("TRUSTEE"), FROM DPULZE VENTURES SDN BHD FOR A CASH PURCHASE CONSIDERATION OF RM320,000,000 ("PROPOSED ACQUISITION")**

**"THAT**, subject to the passing of Ordinary Resolution 2, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the board of directors ("**Board**") of KIP REIT Management Sdn Bhd, the management company of KIP REIT ("**Manager**"), and the Trustee, for the proposed acquisition of the Property upon the terms and conditions contained in the conditional sale and purchase agreement dated 27 May 2024 (as supplemented by the Supplemental Agreement dated 30 May 2024 and the Second Supplemental Agreement dated 13 September 2024) entered into between the Trustee and DPulze Ventures Sdn Bhd for a cash purchase consideration of RM320,000,000;

**THAT**, the Board of the Manager and the Trustee, be and are authorised to –

- (a) enter into any arrangements, transactions and/or undertakings and to execute, sign and deliver for and on behalf of KIP REIT, all such instruments, documents and/or deed as the Board of the Manager may from time to time deem necessary, expedient or appropriate for or in connection with the Proposed Acquisition;
- (b) assent and/or give effect to any condition, variation, modification, addition and/or amendment in respect of the Proposed Acquisition as may be required and/or as the Board of the Manager may in its discretion deem necessary, expedient or appropriate and/or as may be imposed or permitted by any relevant regulatory authorities; and
- (c) take all such steps and do all such acts, deeds and things in any manner as the Board of the Manager may from time to time deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete all transactions contemplated under the Proposed Acquisition.

**AND THAT** all actions taken by Board of the Manager, officers of the Manager and/or the Trustee in relation to the Proposed Acquisition prior to the date of this resolution shall be ratified.”

## **ORDINARY RESOLUTION 2**

### **PROPOSED PLACEMENT OF UP TO 180,000,000 NEW UNITS IN KIP REIT (“UNITS”) (“PLACEMENT UNITS”), AT AN ISSUE PRICE TO BE DETERMINED LATER BY WAY OF BOOKBUILDING (“PROPOSED PLACEMENT”)**

“**THAT**, subject to the passing of Ordinary Resolution 1, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Board of the Manager and the Trustee to issue and allot up to 180,000,000 Placement Units, representing approximately 29.10% of the existing total issued Units in issue, at an issue price to be determined by way of bookbuilding exercise to such investors to be identified later;

**THAT**, the Placement Units shall, upon issuance and allotment, rank pari passu in all respects with the then existing Units in issue, save and except that the Placement Units shall not be entitled to any advance distribution of KIP REIT’s distributable income for the period commencing on the day immediately after the relevant distribution up to such date to be determined by the Board of the Manager, which is before the date on which the Placement Units are allotted to identified investors (“**Advance Distribution**”), and shall also not be entitled to any distributable income, rights, benefits, entitlements and/or any other distributions, unless the allotment of the Placement Units were made on or prior to the entitlement date of such distributable income, rights, benefits, entitlements and/or any other distributions;

**THAT**, approval be and is hereby given to the Board of the Manager and the Trustee to utilise the proceeds to be derived from the Proposed Placement for the purposes as set out in Section 2.2.6 of the circular to unitholders dated 17 September 2024;

**AND THAT**, the Board of the Manager and the Trustee be and are hereby authorised to sign and execute all documents, do all such acts, deeds and things as they may consider necessary, expedient or appropriate to give effect to the Proposed Placement with full powers to assent to any condition, variation, modification, addition and/or amendment that may be required or imposed by any regulatory authority, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient and in the best interests of KIP REIT to implement, finalise and give full effect to the Proposed Placement.”

## **ORDINARY RESOLUTION 3**

### **PROPOSED PLACEMENT OF UP TO 15,000,000 PLACEMENT UNITS TO DATO’ ONG KOOK LIONG, A MAJOR UNITHOLDER OF KIP REIT, AND TO PERSONS CONNECTED WITH HIM, PURSUANT TO THE PROPOSED PLACEMENT (“PROPOSED PLACEMENT TO DATO’ ONG KOOK LIONG AND PERSONS CONNECTED”)**

“**THAT**, subject to the passing of Ordinary Resolutions 1 and 2, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Board of the Manager and the Trustee to issue and allot up to 15,000,000 Placement Units, which shall comprise up to 9,000,000 Placement Units to Dato’ Ong Kook Liong and up to 6,000,000 Placement Units to Ong Pui Shan, as part of the Proposed Placement, at the issue price to be determined later by way of bookbuilding exercise;

**THAT**, the Placement Units shall, upon issuance and allotment, rank pari passu in all respects with the then existing Units in issue, save and except that the Placement Units shall not be entitled to any Advance Distribution, and shall also not be entitled to any distributable income, rights, benefits, entitlements and/or any other distributions, unless the allotment of the Placement Units were made on

or prior to the entitlement date of such distributable income, rights, benefits, entitlements and/or any other distributions;

**AND THAT**, the Board of the Manager and the Trustee be and are hereby authorised to sign and execute all documents, do all such acts, deeds and things as they may consider necessary, expedient or appropriate to give effect to the Proposed Placement to Dato' Ong Kook Liong and Persons Connected with full powers to assent to any condition, variation, modification, addition and/or amendment that may be required or imposed by any regulatory authority, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient and in the best interests of KIP REIT to implement, finalise and give full effect to the Proposed Placement to Dato' Ong Kook Liong and Persons Connected."

#### **ORDINARY RESOLUTION 4**

#### **PROPOSED PLACEMENT OF UP TO 6,000,000 PLACEMENT UNITS TO ONG PUI SHAN, PURSUANT TO THE PROPOSED PLACEMENT TO DATO' ONG KOOK LIONG AND PERSONS CONNECTED ("PROPOSED PLACEMENT TO ONG PUI SHAN")**

"**THAT**, subject to the passing of Ordinary Resolutions 1, 2 and 3, and approvals of all relevant parties and/or authorities being obtained, approval be and is hereby given to the Board of the Manager and the Trustee to issue and allot up to 6,000,000 Placement Units to Ong Pui Shan, as part of the Proposed Placement to Dato' Ong Kook Liong and Persons Connected, at the issue price to be determined later by way of bookbuilding exercise. For the avoidance of doubt, the total number of Placement Units to be issued to Dato' Ong Kook Liong and Ong Pui Shan shall be for a total of up to 15,000,000 Placement Units;

**THAT**, the Placement Units shall, upon issuance and allotment, rank pari passu in all respects with the then existing Units in issue, save and except that the Placement Units shall not be entitled to any Advance Distribution, and shall also not be entitled to any distributable income, rights, benefits, entitlements and/or any other distributions, unless the allotment of the Placement Units were made on or prior to the entitlement date of such distributable income, rights, benefits, entitlements and/or any other distributions;

**AND THAT**, the Board of the Manager and the Trustee be and are hereby authorised to sign and execute all documents, do all such acts, deeds and things as they may consider necessary, expedient or appropriate to give effect to the Proposed Placement to Ong Pui Shan with full powers to assent to any condition, variation, modification, addition and/or amendment that may be required or imposed by any regulatory authority, and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient and in the best interests of KIP REIT to implement, finalise and give full effect to the Proposed Placement to Ong Pui Shan."

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

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

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

Kuala Lumpur  
17 September 2024

*Notes:*

1. *The Meeting will be conducted on a virtual basis through online meeting platform using the RPEV facilities. Please follow the procedures provided in the Administrative Guide for the Meeting in order to register, participate and vote remotely via RPEV facilities.*
2. *A unitholder who is entitled to participate in the Meeting is entitled to appoint not more than 2 proxies to participate instead of him/her. A proxy need not be a unitholder. Where a unitholder appoints more than 1 proxy, the appointments shall be invalid unless he/she specifies the proportions of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.*
3. *Where a unitholder is a corporation, its duly authorised representative shall be entitled to participate in the Meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to participate and vote.*
4. *Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with units standing to the credit of the said securities account. Where a unitholder appoints more than 1 proxy, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney so authorised.*
6. *The form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or authority shall be deposited at the registered office of the Manager at Unit 27.2, Menara 1MK, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur, no later than 1 October 2024 at 11:45 a.m. being 24 hours before the time appointed for holding the Meeting or any adjournment thereof. Alternatively, you may choose to submit the proxy appointment via electronic means through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> before the form of proxy submission cut-off time as mentioned above.*
7. *Only unitholders registered in the Record of Depositors of KIP REIT as at 25 September 2024 shall be entitled to participate, vote and speak at the Meeting or appoint proxy(ies) to participate and vote on his/her behalf.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the ordinary resolutions set out in the Notice of the Meeting will be put to vote by way of a poll.*
9. *The Circular is available on KIP REIT's website at [www.kipreit.com.my](http://www.kipreit.com.my) which unitholders can view or download at their convenience.*



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

**FORM OF PROXY**

No. of Units held	
CDS Account No.	

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

**FIRST PROXY 'A'**

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

and/or failing \*him/her

**SECOND PROXY 'B'**

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

100%

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

- Online Meeting platform : <https://meeting.boardroomlimited.my>
- Day and date : Wednesday, 2 October 2024
- Time : 11:45 a.m. or immediately after the conclusion of the Eighth Annual General Meeting of the Unitholders to be held on the same day at 10:30 a.m. whichever is later or at any adjournment thereof
- Broadcast Venue : 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor

*\* Strike out whichever not applicable*

Ordinary Resolutions		For	Against
1.	Proposed Acquisition		
2.	Proposed Placement		
3.	Proposed Placement to Dato' Ong Kook Liong and Persons Connected		
4.	Proposed Placement to Ong Pui Shan		

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

Dated this.....day of .....2024

.....  
 Signature of unitholder/Common Seal  
 (if unitholder is a corporation)



*Notes:*

- 1. The Meeting will be conducted on a virtual basis through online meeting platform using the RPEV facilities. Please follow the procedures provided in the Administrative Guide for the Meeting in order to register, participate and vote remotely via RPEV facilities.*
- 2. A unitholder who is entitled to participate in the Meeting is entitled to appoint not more than 2 proxies to participate instead of him/her. A proxy need not be a unitholder. Where a unitholder appoints more than 1 proxy, the appointments shall be invalid unless he/she specifies the proportions of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.*
- 3. Where a unitholder is a corporation, its duly authorised representative shall be entitled to participate in the Meeting and shall be entitled to appoint another person (whether a unitholder or not) as its proxy to participate and vote.*
- 4. Where a unitholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with units standing to the credit of the said securities account. Where a unitholder appoints more than 1 proxy, the appointments shall be invalid unless it specifies the proportions of its holdings (expressed as a percentage of the whole) to be represented by each proxy.*
- 5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if such appointor is a corporation, either under its common seal or under the hand of an officer or attorney so authorised.*
- 6. The form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or authority shall be deposited at the registered office of the Manager at Unit 27.2, Menara 1MK, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur, no later than 1 October 2024 at 11:45 a.m. being 24 hours before the time appointed for holding the Meeting or any adjournment thereof. Alternatively, you may choose to submit the proxy appointment via electronic means through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> before the form of proxy submission cut-off time as mentioned above.*
- 7. Only unitholders registered in the Record of Depositors of KIP REIT as at 25 September 2024 shall be entitled to participate, vote and speak at the Meeting or appoint proxy(ies) to participate and vote on his/her behalf.*
- 8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the ordinary resolutions set out in the Notice of the Meeting will be put to vote by way of a poll.*
- 9. The Circular is available on KIP REIT's website at [www.kipreit.com.my](http://www.kipreit.com.my) which unitholders can view or download at their convenience.*

**FOLD THIS FLAP FOR SEALING**

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**THEN FOLD HERE**

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Affix  
stamp

The Company Secretary  
**KIP REIT MANAGEMENT SDN BHD**  
(The Manager for KIP Real Estate Investment Trust)  
UNIT 27.2, MENARA 1MK, KOMPLEKS 1 MONT KIARA  
NO. 1, JALAN KIARA, MONT KIARA  
50480 KUALA LUMPUR

**1ST FOLD HERE**

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