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KIP REIT INKS S&P AGREEMENT WITH KINTA CITY SDN BHD

Acquisition of Aeon Mall Kinta City to Lift AUM to RM834.9mil

Kuala Lumpur, November 30, 2018 –The RM208mil acquisition of Aeon Mall Kinta City in Ipoh by Main Market listed **KIP Real Estate Investment Trust (“KIP REIT” or “the Fund”)** will boost the fund’s asset under management (“AUM”) to a whopping RM834.9mil and yield in the coming years.

With an AUM size of RM614.93mil as at September 30, 2018, this is KIP REIT’s first asset purchased since its listing in February 2017 and the largest in terms of net lettable area and market value.

The fund inked a Sale and Purchase Agreement (“SPA”) with Kinta City Sdn Bhd via its (the fund’s) trustee, Pacific Trustees Bhd at KIP Hotel in Kuala Lumpur today. The ultimate holding company of Kinta City is PGIM Real Estate Asia Retail Fund Ltd, a global real estate fund with US\$69bil in AUM in the Americas, Europe and Asia-Pacific.

Strategically located at Jalan Teh Lean Swee, in the vicinity of residential areas, the 21-year-old building, measuring approximately 60,230 sq metres boasts a net lettable area of 530,181 sq ft and owns a market value of RM220mil based on C H Williams Talhar & Wong Sdn Bhd’s valuations on August 17, 2018.

Commenting on the acquisition, **KIP REIT Management Sdn Bhd (the Manager of KIP REIT) Managing Director Dato’ Chew Lak Seong** said, “Today, despite the current market glut and volatile global conditions, we are extremely pleased to have materialised our first asset acquisition since listing on Bursa Malaysia Securities on February 6, 2017. It is indeed the right asset, taking into account its gross yield of 7.8% and 100% master lease agreement with AEON Co until 2025, with an option to renew the lease, not to mention a rent escalation mechanism.”

“We have raised our portfolio of assets and diversified geographically with the addition of Ipoh. That said, KIP REIT will continue to pursue robust growth both organically and through new strategic initiatives. This simply means that the search for valuable assets with good yields does not end here, as we aim to enlarge our asset size to RM2bil within the next three years. Aeon Mall Kinta City’s purchase will provide investors with higher distribution yield over time,” noted Dato’ Chew, adding that the fund is on track to end the year with a set of healthy financial results.

In terms of financing, the mall’s acquisition will be funded entirely via bank borrowings, which would expand its gearing ratio to 40.7%, well within the 50% threshold set by

the REIT guideline. The property is anticipated to contribute positively to the earnings per unit and yield of KIP REIT in future years.

The fund is also set to see an increase in total net lettable area to approximately 1.47 million sq ft, from 939,942 sq ft, previously.

About KIP Real Estate Investment Trust

KIP REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on February 6, 2017 with its principal activity of investing in a portfolio of retail real estate properties. All properties are strategically located at the suburbs and mainly concentrated on residential, commercial and industrial areas within five-kilometer radius of catchment areas.

The Fund's portfolio is comprised of one KIP shopping mall located in Bangi and five KIP Mart properties – a hybrid between traditional fresh markets and local community-based retail centres located at Tampoi, Kota Tinggi, Masai, Senawang and Melaka. With the acquisition of RM208mil Aeon Mall Kinta City Shopping Centre, the Fund's has a total net lettable area of over 1.47 million square feet and a total asset value amounted to RM834.93 million as at 30 November 2018.

For more information, visit <http://www.kipreit.com.my/>

About PGIM Real Estate

PGIM Real Estate is the real estate investment business of PGIM, the global investment management businesses of Prudential Financial, Inc. (NYSE: PRU). Redefining the real estate investing landscape since 1970, PGIM Real Estate has professionals in 17 cities in the Americas, Europe and Asia Pacific with deep local knowledge and expertise, and gross assets under management of \$69.2 billion (\$49.5 billion net) as of June 30, 2018. PGIM Real Estate's tenured team offers to its global client base a broad range of real estate equity, debt and securities investment strategies that span the risk/return spectrum.

For more information, visit www.pgimrealestate.com.

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