

3.2.2 Retail Property Stock

1995 - 2005

For purposes of this discussion and further analysis, shopping centres in Malaysia are classified into 4 categories according to their size, catchment area, estimated travelling time of catchment population to the centres and minimum population to support the shopping centre. The following table shows the classification of shopping centres:

Classification of Shopping Centres

Type of Centre	Minimum Population Support Needed	Square Footage	Driving Time
Super Regional	800,000 or more	900,000 or more	Up to 1 hour
Regional	200,000 to 800,000	350,000 to 900,000	Up to 30 minutes
Community	50,000 to 200,000	150,000 to 350,000	5 to 15 minutes
Neighbourhood	Up to 50,000	Up to 150,000	About 5 minutes

(Source: Henry Butcher Malaysia)

Currently, there are some 115 existing shopping centres serving Kuala Lumpur and the DA locations. Out of 115 existing shopping centres, 53 centres are contained within what we define as neighbourhood centres, 34 are community shopping centres, 23 are regional centres and 4 are super regional centres, with 1 that is festival retail i.e. the Central Market.



Starhill Shopping Centre, a premier retail venue along Jln Bukit Bintang

Currently, the existing stock of retail/shopping centres is at 32.2 million sq. ft. covering all the 4 main retail locations which includes Petaling Jaya, Subang Jaya, Shah Alam and Putrajaya.



Lot 10 at Jln Bukit Bintang, a strategically well-located shopping centre in Bukit Bintang

**Kuala Lumpur Retail Stock (sq. ft.)
1995 - 2005**

Year	Cumulative Stock	GT	CBD	DA
1995	15,337,311	3,261,743	3,033,832	9,041,736
1996	16,692,252	3,261,743	3,158,832	10,271,677
1997	20,371,247	3,261,743	3,158,832	13,950,672
1998	22,520,066	4,311,743	3,653,832	14,554,491
1999	24,464,326	4,811,743	5,098,092	14,554,491
2000	24,785,926	4,811,743	5,098,092	14,876,091
2001	24,985,926	4,811,743	5,098,092	15,076,091
2002	27,076,753	6,558,573	5,098,092	15,420,088
2003	28,951,753	6,558,573	5,338,092	17,055,088
2004	31,505,253	6,558,573	5,338,092	19,608,588
2005	32,165,253	6,918,573	5,338,092	19,908,588
Future	38,158,405	8,346,573	7,853,244	21,958,588

(Source: Henry Butcher Malaysia)

In the GT, there are some 21 existing shopping centres whilst the CBD have 25 shopping centres. The DA location has 69 shopping centres where 75% are neighbourhood and community shopping centres. The GT has a larger number of mega size malls with some 33% being regional and super regional malls. The main shopping street for shopping centres is the Bukit Bintang area, where the subject property (Lot 10 and Starhill Shopping Centre) is located. This location (Bukit Bintang) including Jalan Imbi and Jalan Raja Chulan, accounts for 35% of the shopping centres in the city location or 4,285,373 sq. ft. out of 12,256,665 sq. ft. (2005) in the GT and CBD areas.



BB Plaza at Jln Bukit Bintang

3.2.3 Kuala Lumpur Retail Future Supply

Kuala Lumpur will have some more 20 new shopping centres as currently they are now under construction. The bulk of this future supply is concentrated in the DA location where some 13 shopping centres are actively under construction. However, 12 of these are neighbourhood and community shopping centres with 1 being a regional mall (Sunway Pyramid extension).

In the CBD, there are 5 shopping centres under construction, of which Berjaya Central Park and CapSquare at Jalan Ampang are the nearest to the Bukit Bintang area. These are small malls of 135,000 sq. ft. and 180,000 sq. ft. and can be considered as neighbourhood malls servicing mostly a local catchment.

In the GT, there are 2 malls under construction near to the subject property. These are Nas Pavilion, which is part of an integrated commercial development (with service apartments) and the Pavilion across the road from Starhill Shopping Centre. The Pavilion is a super regional shopping centre of 1,300,000 sq. ft. This will be the second largest mall in this area after Berjaya Times Square with 1,746,830 sq. ft. in area. The total future supply from shopping centres currently under construction is estimated at 7,169,444 sq. ft. The GT accounts for 20% of this future supply with the remaining almost evenly divided between the CBD and the DA locations.

**New Supply Shopping Centres
2005 – 2007**

GT Location

Shopping Centre	Location	NLA (sq. ft.)	Year of Completion	Status
Nas Pavilion (prev. CN Gallery)	Jln Imbi	128,000	NA	U/Construction
Pavilion	Jln Bukit Bintang	1,300,000	NA	U/Construction

CBD Location

Shopping Centre	Location	NLA (sq. ft.)	Year of Completion	Status
UDA PUDU	Jln Pudu	200,000	NA	Planning
Berjaya Central Park	Jln Ampang	135,152	NA	U/Construction
CapSquare	Jln Ampang	180,000	NA	U/Construction
Lot G. KL Sentral	Jln Brickfields	1,200,000	NA	Planning
Mid-Valley City (Garden Mall) Phase 2	Jln Syed Putra	800,000	NA	Planning

DA Location

Shopping Centre	Location	NLA (sq. ft.)	Year of Completion	Status
D'Sara	Damansara Heights	240,000	2005/06	Planning
Dijaya Mall	Damansara Utama	300,000	2005/06	U/Construction
Season Square	Damansara Damai	150,000	2005/06	U/Construction
Plaza Damas	Sri Hartamas	300,000	2005	NA
Cineleisure Damansara	Damansara	200,000	2005/06	U/Construction
Sunway Pyramid (Phase 2)	Subang/Sunway	660,000	2006/07	Planning
Tesco-Kajang	Kajang	187,292	2005	U/Construction
Tesco-Shah Alam	Shah Alam	150,000	2005	U/Construction
Galaxy Ampang	Ampang	279,000	2005	NA
Hartamas Shopping Centre	Sri Hartamas	260,000	2005	NA
Giant Kajang	Kajang	150,000	2005	U/Construction
Carrefour Kepong	Kepong	150,000	2006/2007	Planning
Jaya Jusco Balakong	Balakong/Cheras	200,000	2006	U/Construction

(Source: Henry Butcher Malaysia)

3.2.4 Retail Demand and Occupancy

1995 – 2004

Generally, the occupancies of shopping centres are affected by the economic conditions prevalent during that time, the consumer sentiments as well as the new supply. During the time of recession, downscaling by retailers as well as closures of outlets affected the occupancy levels of many shopping centres.

In 1998, with the economy in recession, average occupancies dropped from 90% the previous year to 80% and take-up rate for the year was at negative 318,000 sq. ft. In spite of improvements in the GDP in 1999, the take-up rates was still negative at -402,000 sq. ft. whilst supply increased by a further 1,944,000 sq. ft. Between 1999 and 2001, new supply of shopping centres slowed down tremendously and by 2002 take-up rates improved substantially to register 2,173,000 sq. ft.

In 2003 and 2004, although substantial new supply entered the market buoyed by the strong performance of the economy in 2004, shopping centres in Kuala Lumpur managed to sustain healthy levels of absorption at 2,936,000 sq. ft. for that year.

**Average Occupancies and Absorption Rates of Shopping Centres
in Kuala Lumpur
1995 – 2005**

Year	GDP	Cumulative Supply (‘000) sq. ft.	Occupancy Rate	Take-up (‘000) sq. ft.
1995	9.4	15,337	96%	-
1996	10.0	16,692	83%	-870
1997	7.3	20,371	90%	4,480
1998	-7.4	22,520	80%	-318
1999	6.1	24,464	72%	-402
2000	8.3	24,786	81%	2,463
2001	0.3	24,986	78%	-588
2002	4.1	27,077	80%	2,173
2003	5.3	28,952	78%	921
2004	7.0	31,505	81%	2,936
2005 (e)	6.0	32,165	-	-

(Source: JPPH, Property Market Reports, Henry Butcher Malaysia)

The absorption rate between 1995 and 2004 is estimated to be at 1,199,000 sq. ft. per annum over the last 9 years.

For the Bukit Bintang area in particular, the average occupancies since 1998 have been about the Kuala Lumpur average, except in 2004 because of the Berjaya's massive Times Square development, which have pulled down the occupancies in this particular location. The higher than average occupancy scenario for Bukit Bintang area proves the high popularity and recognition of this area as a popular shopping destination. The Bintang Walk master plan, which was designed and financed by YTL as part of their effort to brand this street, has reinforced the popularity of Bukit Bintang as a retail area as well as a tourism icon for Kuala Lumpur. The Bintang Walk street branding, which is perpetually high on the minds of both locals and tourists alike is a powerful marketing tool for the retail outlets and shopping complexes particularly for YTL shopping centres i.e. Lot 10 and Starhill Shopping Centre as well as its JW Marriott, Ritz Carlton and the Residences, which are all integrated via the Bintang Walk.

Average Occupancies and Absorption Rates in Bukit Bintang Area

Bukit Bintang Shopping Centres				Kuala Lumpur Average Occupancy	Lot 10	Starhill Shopping Centre
Year	Retail Space (sq. ft.)	Occupied Space (sq. ft.)	Occupancy (%)			
1998	2,379,954	2,237,157	94%	80%	-	-
1999	2,536,451	2,282,806	90%	72%	-	-
2000	2,865,417	2,550,221	89%	81%	93%	76%
2001	2,865,417	2,550,221	89%	78%	92%	71%
2002	2,865,417	2,492,912	87%	80%	94%	88%
2003	4,612,249	3,782,044	82%	78%	96%	95%
2004	4,612,249	3,459,187	75%	81%	95%	*86% (excludes Tangs)
Feb 2005	4,612,249	3,459,187	75% (e)	81% (e)	98%	100%

* CK Tang inoperational in 2004

(e) Estimates

(Source: JPPH, Property Market Reports, YTL Land Sdn. Bhd.)

Lot 10

For Lot 10, the table above shows that its average occupancies since 2000 have consistently been above the average occupancy of not only Bukit Bintang shopping centres but also Kuala Lumpur shopping centres. Since 2000, Lot 10 has been achieving average occupancies above the market by between 4% and 20% as compared to the Bukit Bintang and Kuala Lumpur Shopping Centres and in the year of 2003 and 2004, it has registered average occupancies, which are above the market by 14% and 20% as shown in the following table:

Differential in Average Occupancies Lot 10 Compared To:		
	Bukit Bintang Shopping Centres	Kuala Lumpur Shopping Centres
2000	+ 4%	+ 12%
2001	+ 3%	+ 14%
2002	+ 7%	+ 14%
2003	+ 14%	+ 18%
2004	+ 20%	+ 14%

(Source: JPPH, Property Market Reports, YTL Land Sdn. Bhd.)

Lot 10, which is targeting more for the middle market have proven to be successful with its consistent above than average occupancy rates. Its strategic location coupled with the anchor operator, the Isetan Group, has successfully drawn in the right crowd to this Centre.

Starhill Shopping Centre

For Starhill Shopping Centre, except in 2000 and 2001, year 2002 and 2004 (and the latest records of 2005) shows that, like Lot 10, this shopping centre has also achieved higher average occupancies compared to other shopping centres in Bukit Bintang and also in Kuala Lumpur generally. In 2000 and 2001, the lower occupancies achieved could be attributable to the shopping centre changing ownership to YTL from the previous owner and the lower occupancy was thus inherited. Also in 2001, the economic growth was only at 0.3%, which led to negative consumer confidence and lower retail sales and thus affected many upmarket retailers.

Starhill Shopping Centre has, since 2003, registered an occupancy rate of between 5% and 17% above the average. YTL's efforts to convince the Government to waive/reduce duties for branded goods to stimulate retail and tourism economic activities, gave an important impetus and milestone to bring growth and sustainability to compete in this sector especially against the saturated and matured market like Singapore. With the refurbishment and re-branding exercise, this shopping centre will have achieved 100% occupancy, which thus means that it will be achieving average occupancies of between 19% and 25% above the other shopping centres in Bukit Bintang and Kuala Lumpur as shown in the following table:

Differential in Average Occupancies Starhill Shopping Centre Compared To:		
	Bukit Bintang Shopping Centres	Kuala Lumpur Shopping Centres
2000	- 13%	- 5%
2001	- 18%	- 7%
2002	+ 1%	+ 8%
2003	+ 13%	+ 17%
2004	+ 11%	* + 5%
2005	25%	19%

* Excludes C.K. Tang

(Source: JPPH, Property Market Reports, YTL Land Sdn. Bhd.)

Again, the decision to acquire CK Tang was a strategic move to improve rentals as well as provide better synergy to this upmarket shopping centre. As Starhill Shopping Centre is clearly targeting the niche market, YTL strategies for this Centre are all set to focus and enhance this Centre to cater to the needs of its high net worth customers. The positioning and branding for this centre have proven to be effective as most of the luxury and branded

item retailers are exclusive only situated at Starhill Shopping Centre, such as the LVMH Group of Louis Vuiton, Christian Dior, Fendi, Givenchy, Loewe, Kenzo, Celine and others, namely Jim Thompson and Brioni.

3.2.5 Average Rental Rates

Average rental rates of Lot 10 and Starhill Shopping Centre are compared to selected shopping centres in Kuala Lumpur.

The selected shopping centres were Suria KLCC in the GT and Sungei Wang Plaza and Bukit Bintang Plaza in the Bukit Bintang area.

In the Decentralised Areas (DA), where Mid-Valley Megamall is located, rental rates were also analysed.

From the table on rental trends of shopping centres, it is noted that since 2000 (based on the latest figures from JPPH), Lot 10's rental rates are generally much higher than Suria KLCC. For example, in 2004, the commencement rent for Lot 10 was at RM32.00 psf for the ground floor whilst Suria KLCC adopted RM17.00 psf (for the lower ground being more prime than ground). Lot 10's starting rent for the ground, 1st, 2nd and 3rd floors are higher than Suria KLCC's.

Lot 10's average rents are the highest in the market, out performing all the shopping centres in Bukit Bintang, Kuala Lumpur and even prime shopping centres in the DA.

Starhill Shopping Centre's rents, compared to other shopping centres in the GT and Bukit Bintang area, may have a lower starting rent for the upper floors, but the upper ground and ground floors are higher than Suria KLCC's 2004 rent levels. For 2004, based on JPPH's Property Market Report, Suria KLCC's rent are stable or at the same level as 2003. This means that Starhill Shopping Centre's latest rents (for upper ground and ground) are higher than Suria's current rent.

In 2003, when most shopping centres reported stable rent over 2002, Lot 10 and Starhill Shopping Centre reported rent incrementals of between 7% and 14% (except for – 11% for level 3 of Starhill Shopping Centre). For 2004 (Lot 10) and 2005 (Starhill Shopping Centre), rents in these shopping centres have been increasing especially at the prime levels.

An important point to note is YTL's unique strategy in enhancing its investment yields. Both YTL's shopping centres do not carry the burden of low rental rates normally applicable to large tenants i.e. anchors and mini anchor tenants, which would average down the overall rentals and yields for the centres. This is possible as the area occupied by Isetan is not owned by YTL, hence YTL does not have to offer low rentals to attract any other anchor tenants to be in this centre. For Starhill Shopping Centre as mentioned earlier, YTL has strategically bought over CK Tang, the anchor tenant to improve the Centre's synergy and draw the right crowd.

Unlike other shopping centres especially mega centres such as Suria KLCC, Mid Valley Mega Mall and 1Utama which strongly rely on several anchors and mini anchor tenants to fill up their retail space to draw the shopping crowd, both YTL shopping centres being at the size of a community centre but supported by regional population and tourists catchment have adopted a different approach to its ownership structure to improve its rentals and yields.

	Trends in Retail lots sq. ft.	Rental Rates 2000 RM psf pm	2001 RM psf pm	2002 RM psf pm	2003 RM psf pm	2004 RM psf pm
Suria KLCC	LG 400 - 1200	20.00 - 28.00	17.00 - 35.00	17.00 - 35.00	17.00 - 35.00	17.00 - 35.00
	G 400 - 1200	15.00 - 26.00	14.00 - 30.00	14.00 - 30.00	14.00 - 30.00	14.00 - 30.00
	1 400 - 1200	14.50 - 24.00	15.00 - 24.00	15.00 - 24.00	15.00 - 24.00	15.00 - 24.00
	2 400 - 1200	12.00 - 20.00	11.00 - 24.00	11.00 - 24.00	11.00 - 24.00	11.00 - 24.00
	3 400 - 1200	10.00 - 17.00	10.00 - 18.00	10.00 - 18.00	10.00 - 18.00	10.00 - 18.00
	4 400 - 1200	6.00 - 10.00	6.00 - 12.00	6.00 - 12.00	6.00 - 12.00	6.00 - 12.00
Sungei Wang Plaza	LG 312 - 624	11.60 - 23.20	12.00 - 23.20	13.30 - 21.40	13.30 - 21.40	13.00 - 21.00
	G 312 - 624	10.00 - 26.00	10.00 - 26.00	12.20 - 23.20	12.20 - 23.20	12.00 - 23.00
	1 312 - 624	6.50 - 17.60	6.50 - 17.60	10.00 - 14.00	10.00 - 14.00	10.00 - 14.00
	2 312 - 624	3.50 - 9.50	3.70 - 10.00	5.50 - 10.20	5.50 - 10.20	6.00 - 10.00
Bukit Bintang Plaza	LG 508 - 646	13.00 - 15.00	12.00 - 15.00	11.00 - 14.90	11.00 - 14.90	11.00 - 15.00
	G 280 - 495	21.00 - 25.00	20.00 - 25.00	20.40 - 23.70	20.40 - 23.70	20.00 - 24.00
	1 301 - 688	7.20 - 11.00	7.00 - 12.00	6.50 - 12.00	6.50 - 12.00	6.50 - 12.00
	2 290 - 750	5.30 - 8.00	5.00 - 7.40	5.00 - 7.40	5.00 - 7.40	5.00 - 7.40
Berjaya Times Square						
Lot 10	G 540 - 3680	26.50 - 27.50	26.50 - 27.50	28.00 - 32.00	25.00 - 30.00	32.00 - 35.00
	1 540 - 3350	19.50 - 21.50	19.50 - 21.50	22.00 - 27.00	22.00 - 27.00	21.00 - 25.00
	2 270 - 3120	13.50 - 15.50	13.50 - 15.50	11.00 - 20.00	9.00 - 18.00	12.00 - 18.00
	3 320 - 3280	10.50 - 15.50	10.50 - 15.50	16.00 - 17.00	5.00 - 16.00	14.00 - 18.00
	4			11.00	5.00 - 9.00	6.00 - 10.00
					(also 4.00 - 5.00)	(also 4.00 - 5.00)
Starhill Shopping Centre Shopping Centre	UG 516 - 990	9.50 - 26.50	9.50 - 26.50	18.00 - 28.00	26.00 - 28.00	2004 / 2005 18.00 - 27.00
	G 355 - 732	16.50 - 29.50	16.50 - 29.50	20.00 - 36.00	22.00 - 24.00	(one each at 10.00 & 14.00) 15.00 - 25.00
	1 355 - 882	9.50 - 13.50	9.50 - 13.50	14.00 - 15.00	17.00	(one at 11.00 - split to 3 levels) 12.00 - 19.00
	2 247 - 925	9.50 - 13.50	9.50 - 13.50	(also 10.00)	(also 12.00)	5.00
	3 376 - 850	5.00 - 8.50	5.00 - 8.50	2.70	3.00	5.00
	4				2.00	3.00 - 5.00
Mid-Valley	LG 280 - 990	7.40 - 20.00	7.40 - 20.00	14.50 - 30.00	16.00 - 30.50	17.00 - 37.00
	G 340 - 970	10.00 - 22.30	10.00 - 22.30	16.00 - 30.00	13.50 - 38.50	15.00 - 39.00
	1 215 - 990	8.00 - 16.00	8.00 - 16.00	9.00 - 25.00	7.15 - 27.00	7.00 - 27.00
	2 400 - 990	5.60 - 10.00	5.60 - 10.00	8.00 - 14.00	6.00 - 18.50	6.00 - 19.00
	3 350 - 770	7.40 - 8.00	7.40 - 8.00	7.50 - 7.50	6.00 - 10.50	7.00 - 15.00

Note: Rate of Lot 10 and Starhill Shopping Centre for years 2002, 2003, 2004 / 2005 are extracted from tenancy schedule provided higher or all per Suria KLCC (Lot 10) Market Reports. All other rental data from JPPH Property Market Reports. For Starhill Shopping Centre the low rent charged are turn over rent. These are the rent shown in brackets ().

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3.3 Key Retail Properties in the Golden Triangle

3.3.1 Lot 10 Shopping Centre

Lot 10 commenced operations on 10 October 1990. This some 180,000 sq. ft. complex takes the form of one basement, a lower ground floor and an 8-storey block together with a 7-storey annexe block with a lower ground floor.

Location

This prime shopping centre is strategically situated at the junction of Jalan Sultan Ismail and Jalan Bukit Bintang, fronting the trendy Bintang Walk. Bintang Walk and Bintang Steps, which cost RM10.226 million, were conceived some 5 years ago. They have brought life back to this 100-year-old historical retail street and is the most popular street in Kuala Lumpur for visitors and shopping destination. As mentioned earlier, Bintang Walk has successfully drawn the day and night population catchment of both locals and tourists with higher than average disposable income.



The trendy Bintang Walk along Jalan Bukit Bintang

Within the vicinity of Lot 10 are 5-star hotels such as Regent of Kuala Lumpur, Westin Kuala Lumpur, Park Royal Hotel, Istana Hotel, Ritz-Carlton Hotel & Ritz-Carlton Residence and the JW Marriott Hotel. There is also a mix of shopping centres of different categories from the upmarket Starhill Shopping Centre to malls serving a lower-end crowd such as Bukit Bintang Plaza, Sungei Wang Plaza, Imbi Plaza, Low Yat Plaza, Plaza Berjaya, KL Plaza and Berjaya Times Square.

This area is also facilitated by the recently-introduced monorail system. The nearest stops are at Raja Chulan, Bukit Bintang and Imbi. Transportation to this location is, therefore, very good. In short, this location is the best retail street in Kuala Lumpur because it has not only a wide array of shopping complexes, it also has a number of 5-star hotels and is conveniently served by the monorail and other public transportation.

Rental Rates and Occupancies

The rentals achieved from 2001 to 2004 are shown in the table below. Over a period of 2 years from 2002 to 2004, this shopping centre has registered incrementals ranging from a low of 14% to a high of 42% for the retail component. This table was provided by the client.

Rental Movement for Lot 10 01-02 to 03-04

Floor	Rental rate per sq. ft.		% change
	Tenancy 01-02	Tenancy 03-04	
Lower Ground Floor	8.89	10.11	14%
Ground Floor	22.72	29.88	32%
1 st Floor	17.08	21.67	27%
2 nd Floor	11.17	14.33	28%
3 rd Floor	9.59	12.19	27%
4 th (Prestige) Floor	5.86	7.61	30%
Annexe Block Retail	3.75	5.33	42%
Annexe Block Office	0.50	6.00	1093%
Total Average	12.90	15.96	24%

(Source: YTL Land Sdn. Bhd.)

Further analysis of the tenancy list provided showing the rental movements commencing from February 1999 to February 2005 are also tabulated to show the incrementals achieved over a 5-year period.

The proposed year on year rental projections over the next 3 years for Lot 10 appears to be fair compared to the changes, which have occurred over 5 years as tabulated in the following page.

Lot 10 Shopping Centre Historical Rent (Average)

1999 - 2005

Floor	Rental Rate RM Per Sq. Ft.								% change (2005 vs. 1 st Tenancy)	% change over 5/6 years
	Tenancy Feb 99 - 00	Tenancy 01 - 02	% change	sq. ft.	Tenancy 03 - 04	% change	Tenancy 02 - 05	% change		
Lower Ground	2.29	8.89	289%	31,040	10.11	14%	10.44	3%	130%	22%
Ground Floor	21.99	22.72	3%	18,744	29.88	32%	30.12	1%	39%	6%
First Floor	14.15	17.08	21%	22,419	21.67	27%	21.84	1%	72%	13%
Second Floor	9.55	11.17	17	22,662	14.33	28%	14.48	1%	49%	8%
Third Floor	7.11	9.59	35%	23,841	12.19	27%	11.63	-5%	151%	25%
Prestige Floor	6.18	5.88	-5%	19,316	7.61	30%	7.28	-4%	84%	14%

Refer to Appendix 1 for details

(Source: YTL Land Sdn. Bhd.)

Rental Projection from FY 2006 - 2008

Floor	2006	2007	2008
Lower Ground Floor	15%	15%	20%
Ground Floor	30%	30%	30%
1 st Floor	20%	20%	20%
2 nd Floor	10%	10%	15%
3 rd Floor	15%	15%	20%
4 th (Prestige) Floor	10%	10%	10%
Annexe Block Retail	15%	20%	30%
Annexe Block Office	30%	30%	35%

(Source: YTL Land Sdn. Bhd.)

The occupancy rate for Lot 10 over a 5-year period has been excellent, and currently, it is almost at full occupancy. In spite of the slow down in 2001 when GDP was at only 0.3%, the occupancy rate for Lot 10 was not adversely affected compared to many other shopping centres in Kuala Lumpur.

Lot 10 Shopping Centre Historical and Current Occupancy Rate

Floor	Financial Year					As at Feb 2005
	2000	2001	2002	2003	2004	
Walk	100%	100%	100%	100%	100%	N/A
Store	100%	69%	52%	69%	70%	63%
Lower Ground	100%	100%	100%	100%	100%	100%
Ground	100%	100%	100%	100%	100%	100%
First	100%	100%	100%	100%	97%	95%
Second	93%	99%	94%	90%	100%	100%
Third	96%	100%	100%	100%	90%	100%
Prestige	92%	100%	82%	82%	78%	100%
Annexe (F & B)	48%	28%	84%	100%	100%	100%
Annexe (Office)	100%	100%	100%	100%	100%	100%
Car Park	N/a	N/a	100%	100%	100%	100%
Total	93%	92%	94%	96%	95%	98%

(Source: YTL Land Sdn. Bhd.)

3.3.2 Starhill Shopping Centre

This premier shopping centre commenced business operations in September 1995. It basically comprises the shopping mall area and the common areas such as the amusement area, food court and the crescent atrium and contains 280,005 sq. ft. of lettable floor space located on various floors (Terrace Steps and Lower Ground Floor – 4th Floor) of the Podium Block.

The retail space formerly occupied by Tangs Department Store has been acquired and now a total design make-over together with a branding exercise is being undertaken for the whole shopping centre.

The new Starhill Shopping Centre is expected to place it in a better comparison amongst regional destination malls for retailing of specific luxury category goods and the investments going in currently is expected to ensure a very competitive environment to attract and retain quality brand retailers.

Location

This shopping centre is located down the road from Lot 10 along Jalan Bukit Bintang and in the centre of Bintang Walk and Bintang Steps.

Starhill Shopping Centre is adjacent to the 5-star JW Marriott and is the most upmarket/premier shopping centre in Bukit Bintang. It is connected by a linkway to Ritz-Carlton Hotel and Ritz-Carlton Residence.

Starhill Shopping Centre is opposite the Pavilion, a mega-mall of 1,300,000 sq. ft. which is currently under construction and part of a mixed-commercial development with offices, service apartments, shopping and hotel. This future development will complement the existing developments and create an even more vibrant Bukit Bintang once it is completed. Transportation linkages here are very good as the area is served by public transportations i.e. buses, taxis and the monorail.

Rental Rates and Occupancies

The efforts by YTL in attracting selective tenants have been very encouraging. Currently, Starhill Shopping Centre is 100% let out at very competitive rents. Data on historical occupancy and rentals for Financial Year ended 30 June 2000 – 2004, as at 28 February 2005 are tabulated in the tables below. The table on rental movements as provided by the client shows that between 2002 and 2004, rentals have increased to as high 84% to a low -27%.

The rental growth projected for Starhill Shopping Centre is higher than the growth of rental rates achieved over the last 5 years. However, as there is a major refurbishment exercise undertaken on the shopping centre, the new rents will have to reflect this and will very much depend on the tenants the owner manages to procure. To-date, Starhill Shopping Centre has notably attracted exclusive tenants, some of who are only available in this Centre. With the refurbishment exercise, we believe that this Centre will be able to maintain and attract more exclusive brand retailers.

It must be noted that Kuala Lumpur is grossly under retailed in the luxury brand category compared to regional destinations such as the neighbouring Singapore and Hong Kong. Again YTL group is instrumental in taking this type of retailing to greater heights in Malaysia with its effort to convince the Government to waive/reduce duties for branded goods. As such when comparing the rental of Starhill Shopping Centre to other malls in the region for instance the Paragon in Singapore and Landmark in Hong Kong, which also concentrate on branded and luxury brands retailing, the rental in Starhill Shopping Centre is termed as "crisis rent" and is not reflective of the trading nature in the GT.

**Historical Rent
2002 – 2004**

Floor	Rental rate per sq. ft.		% change
	Tenancy 01-02	Tenancy 03-04	
Lower Ground Floor	5	9.2	84%
Ground Floor	9.87	11.42	16%
Upper Ground Floor	11.47	16.5	44%
1 st Floor	10.03	12.12	21%
2 nd Floor	6.89	5	-27%
3 rd Floor	4.01	4.02	0%
4 th Floor	2.92	5.17	77%

(Source: YTL Land Sdn. Bhd.)

Rental Projection for Starhill Shopping Centre from 2006 - 2008

	2006	2007	2008
Lower Ground Floor	15%	15%	20%
Ground Floor	5%	10%	20%
Upper Ground Floor	15%	15%	20%
1 st Floor	20%	20%	30%
2 nd Floor	25%	20%	25%
3 rd Floor	15%	15%	15%
4 th Floor	10%	10%	10%

(Source: YTL Land Sdn. Bhd.)

Starhill Shopping Centre Historical Rent Average

1999 - 2005

Floor	Rental Rate Per Sq. Ft.							% change (05 vs. 1 st Tenancy)	% change over 5/6 years
	Tenancy Feb 99- 00	Tenancy 01-02	% change	Tenancy 03-04	% change	Tenancy 02-05	% change		
Lower Ground	1.5	5	233%	9.2	84%	9.20	0%	513%	86%
Ground Floor	12.09	9.87	-18%	11.42	16%	14.74	29%	33%	6%
Upper Ground Floor	9.15	11.47	25%	16.5	44%	18.56	12%	155%	26%
First Floor	6.63	10.03	51%	12.12	21%	12.44	3%	92%	15%
Second Floor	6.54	6.89	5%	5	-27%	5	0%	9%	2%
Third Floor	3.83	4.01	5%	4.02	0%	4.65	16%	46%	8%
Fourth Floor	2.3	2.9	26%	5.2	77%	4.3	-18%	131%	22%

Refer to Appendix 2 for details

(Source: YTL Land Sdn. Bhd.)

The occupancy rate for Starhill Shopping Centre since 2000 has hovered from a low 71% to currently at 100%. The low occupancies of 2000 and 2001 at 76% and 71%, respectively, were due mainly to the lack of tenants on the 4th floor. From 2002 onwards, however, this floor has been fully occupied (98% - 100%).