

- the Puchong area comprising Tesco and IOI Mall.

These precincts, comprising clusters of centres near each other, are an agglomeration of enclosed shopping centres or big box retailers like supermarkets (e.g. Giant, Tesco, Carrefour) that anchor their own stand alone buildings which, locate near or next to shopping centres that are established.

As at June 2006, the supply of enclosed shopping centres in the Klang Valley totalled 34.1 million sq ft in net lettable area, of which 48% are located in Selangor and 52% in Kuala Lumpur. This is shown in the tables below.

The supply of shopping centres has grown at a compounded average rate of 20% p.a. between 1990 and 2005 in Selangor, and 8.7% p.a. in Kuala Lumpur over the same period.

Table 15: Existing Supply of Shopping Centres in Selangor and Kuala Lumpur, 1990-1H 2006

Selangor (including Putrajaya):

Year	No. of Buildings	Net Lettable Area (sq ft)	% Increase
1990	4	1,047,179	
1991	5	1,150,298	9.8%
1992	5	1,150,298	0.0%
1993	7	1,500,298	30.4%
1994	9	1,813,298	20.9%
1995	17	5,125,826	182.7%
1996	22	6,362,190	24.1%
1997	25	8,117,971	27.6%
1998	28	9,303,303	14.6%
1999	31	10,083,754	8.4%
2000	32	10,231,261	1.5%
2001	32	10,231,261	0.0%
2002	34	10,438,900	2.0%
2003	40	12,134,814	16.2%
2004	44	14,767,860	21.7%
2005	49	15,721,658	6.5%
1H, 2006	51	16,285,700	3.6%

Table 15 (Cont): Existing Supply of Shopping Centres in Selangor and Kuala Lumpur, 1990-1H 2006
Kuala Lumpur:

Year	No. of Buildings	Net Lettable Area (sq ft)	% Increase
1990	23	5,074,625	
1991	24	5,175,484	2.0%
1992	26	5,605,676	8.3%
1993	26	5,605,676	0.0%
1994	29	6,643,311	18.5%
1995	33	8,025,200	20.8%
1996	35	8,393,063	4.6%
1997	39	9,491,511	13.1%
1998	44	11,611,647	22.3%
1999	47	13,876,898	19.5%
2000	47	14,057,217	1.3%
2001	47	14,057,217	0.0%
2002	49	14,525,448	3.3%
2003	52	16,527,952	13.8%
2004	55	17,026,220	3.0%
2005	59	17,790,871	4.5%
1H, 2006	59	17,830,781	0.2%

Note: The table above includes stand-alone hypermarkets. Source: MIRP Consult

3.2 Retail Floor Space Provision

The 'total' retail floor space in Kuala Lumpur and Selangor comprises mainly:

- i. Shopping centres, and
- ii. Other types of retail space such as smaller, open air shopping arcades; smaller retail podiums in office and hotel buildings; street shops in shop houses, etc.

There are no official figures on 'total' retail floor space available. Whilst the amount of shopping centre floor space can be computed in a relatively straightforward manner by relying on our data in the earlier table, the derivation of other types of retail space requires some assumptions.

In particular, we have assumed that in terms of the street shops, 55% of ground floor units are used for retail, with an average floor area of 1,440 sq ft. Our definition of retail space excludes areas utilised for motor vehicle sales, repairs and related trades; banks; clinics; travel agencies; property marketing offices; real estate agencies and other forms of offices.

Information on the supply of street shops is obtained from the Property Market Report (PMR) produced by the Valuation and Property Services Department. Information on other types of retail space, apart from street shops, can also be derived from the PMR.

Our estimate of the total retail floor space in Kuala Lumpur and Selangor, as well as the space per capita, are shown in the tables below.

Table 16: Shopping Centre and Retail Floor Space Provision in Kuala Lumpur and Selangor, 2005

State/Area	Retail Floor Space (Sq Ft) *		
	Shopping Centre	Other	Total
Selangor**	15,721,658	35,684,675	51,406,333
Kuala Lumpur	17,790,871	16,885,784	34,676,655
Total, Selangor & Kuala Lumpur	33,512,529	52,570,459	86,082,988

* Net lettable area

** Includes Putrajaya

Source: MIRP Consult; Property Market Reports, Valuation and Property Services Dept, Ministry of Finance

Table 17: Shopping Centre and Retail Floor Space Per Capita in Kuala Lumpur and Selangor, 2005

State/Area	Retail Floor Space Per Capita (Sq Ft)		
	Shopping Centre	Other	Total
Selangor**	3.3	7.5	10.9
Kuala Lumpur	11.4	10.9	22.3
Average, Selangor & Kuala Lumpur	5.3	8.4	13.7

** Includes Putrajaya

Source: MIRP Consult; Property Market Reports, Valuation and Property Services Dept, Ministry of Finance

It is estimated that Selangor has 51.4 million sq ft of retail space, of which 31% or 15.7 million sq ft comprises purpose-built enclosed shopping centres. This works out to a provision of 10.9 sq ft of retail space per person.

Kuala Lumpur is estimated to have 34.7 million sq ft of retail space, of which 51% or 17.8 million sq ft are in the form of purpose-built enclosed shopping centres. This works out to a provision of 22.3 sq feet of retail space per person.

The next two tables provide an international comparison of retail floor space per capita. Malaysia's total retail space per capita has also been computed and included in these tables.

Generally, Malaysia has a lower retail floor space per capita, in comparison to Singapore, Korea, Japan and the other countries listed. Malaysia is estimated to have a shopping centre floor space per capita of 2.8 sq ft per person and a total retail floor space per capita of 10.7 sq ft per person in 2005.

Table 18: International Comparisons of Retail Floor Space Per Capita, 2004

Countries	Shopping Centre Floor Space per Capita (Sq Ft)
Japan	3.2
United Kingdom	3.2
Singapore	3.2
Australia	7.5
United States	21.5
Malaysia (2005)	2.8
<i>Selangor (2005)</i>	3.3
<i>Kuala Lumpur (2005)</i>	11.4

Countries	Total Retail Floor Space per Capita (Sq Ft)
Singapore	10.8
Japan	10.8
South Korea	12.9
Hong Kong	12.9
United Kingdom	14.0
Australia	22.6
United States	37.7
Malaysia (2005)	10.7
<i>Selangor (2005)</i>	10.9
<i>Kuala Lumpur (2005)</i>	22.3

Source: UrbisJHD Pty. Ltd – Retail Market Macro Analysis Report by Savills (Hong Kong) Ltd for The Link REIT, Sept 2005; MIRP Consult

In terms of *shopping centre* floor space per capita, Selangor has a slightly higher provision compared to Singapore, Japan and the UK, at 3.3 sq ft per person. Kuala Lumpur, being a city, has a relatively high provision of shopping centre floor space per capita, at 11.4 sq ft per person, but still ranks below the US' ratio of 21.5 sq ft per person.

In terms of *total retail* floor space per capita, Selangor is slightly ahead of Singapore and Japan, at 10.9 sq ft per person, but below Hong Kong, South Korea, UK, Australia and the US.

Kuala Lumpur, meanwhile, has a higher provision of retail space per capita, at 22.3 sq ft per person, but still ranks below Australia and the United States.

3.3 Future Supply of Shopping Centres

Table 19: Future Supply of Selected Shopping Centres in Selangor, as at June 2006

Under Construction, as at June 2006:

Shopping Centre	Location	Expected Year of Completion	Estimated NLA (sq ft)
AEON Cheras Selatan	Cheras	2006	368,000
Mydin USJ	USJ 1	2006	~ 273,000
Jaya 33 retail podium	Jalan Semangat, Petaling Jaya	2006	~ 110,000
Tesco Ampang	Dataran Pandan Prima	2006	n.a.
Centro retail podium	Jalan Batu Tiga Lama, Klang	2006	150,000
Total, 2006	At least		901,000
Sunway Pyramid Expansion	Bandar Sunway	2007	700,000
AEON Bukit Tinggi	Bandar Bukit Tinggi 2, Klang	2007	750,000
Harbour Place	Persiaran Raja Muda Musa, Klang	2007	280,000
Serdang Plaza Shopping Centre	Sri Kembangan	2007	300,000
USJ 19 (formerly Rhythm Avenue)	USJ 19	2007	~ 200,000
Total, 2007	At least		2,230,000
Tropicana Mall	Petaling Jaya	2008	399,000
Total, 2008	At least		399,000
Subang Avenue Promenade	Subang Jaya	2009	200,000
Total, 2009	At least		200,000
Grand Total	At least		3,730,000

Source: The Star, New Straits Times, The Edge, Company Annual Reports, MIRP Consult

Proposed:

Shopping Centre	Location	Estimated NLA (sq ft)
I-City	Shah Alam	840,000
Botanic Capital Retail	Bandar Botanic, Klang	1,000,000
Total	At least	1,840,000

Source: The Star, New Straits Times, The Edge, MIRP Consult

There are at least 3.7 million sq ft of shopping centres which are under construction in Selangor as at June 2006, as shown in the table above. Four of these are in the Subang Jaya / USJ / Sunway townships and three are in the western district of Klang. These include the expansion of existing shopping centres like Sunway Pyramid.

There are also at least 1.8 million sq ft of shopping centres at the proposal stage in Selangor. Although this list is by no means comprehensive, it is to be noted that some proposed schemes may not eventuate.

Table 20: Future Supply of Shopping Centres in Kuala Lumpur, as at June 2006

Under Construction, as at June 2006:

Shopping Centre	Location	Expected Year of Completion	Estimated NLA (sq ft)
Carrefour Kepong	Kepong Entrepreneur's Park	2006	64,584
Bangsar Village - Phase 2	Bangsar	2006	230,000
Total, 2006			294,584
NAS Pavilion	Jln Imbi	2007	124,000
Mid Valley Expansion - The Gardens	Lingkar Syed Putra	2007	800,000
KL Pavilion	Jln Bukit Bintang	2007	1,376,000
Total, 2007			2,300,000
Capital Square	Jalan Munshi Abdullah	2008	103,312
Berjaya Central Park	Jln Ampang/ Jln Sultan Ismail	2008	135,152
Total, 2008			238,464
Grand Total			2,833,048

Proposed:

Shopping Centre	Location	Estimated NLA (sq ft)
Bangsar Shopping Centre Extension	Bangsar	92,000
Suria KLCC – Extension	KLCC	140,000
Redevelopment of Pekeliling Flats	Off Jalan Tun Razak	421,000
Solaris Dutamas	Jalan Kiara, Mont Kiara	500,000
River City	Jalan Ipoh	700,000
KL Sentral	Jalan Tun Sambanthan	800,000
Unnamed project	Jalan Bkt Bintang	800,000
Total		3,453,000

Source: The Star, New Straits Times, The Edge, corporate websites, MIRP Consult

Meanwhile, there are another 2.8 million sq ft of shopping centres which are under construction in Kuala Lumpur, including the Mid Valley Gardens, which is located next to the existing Mid Valley Megamall.

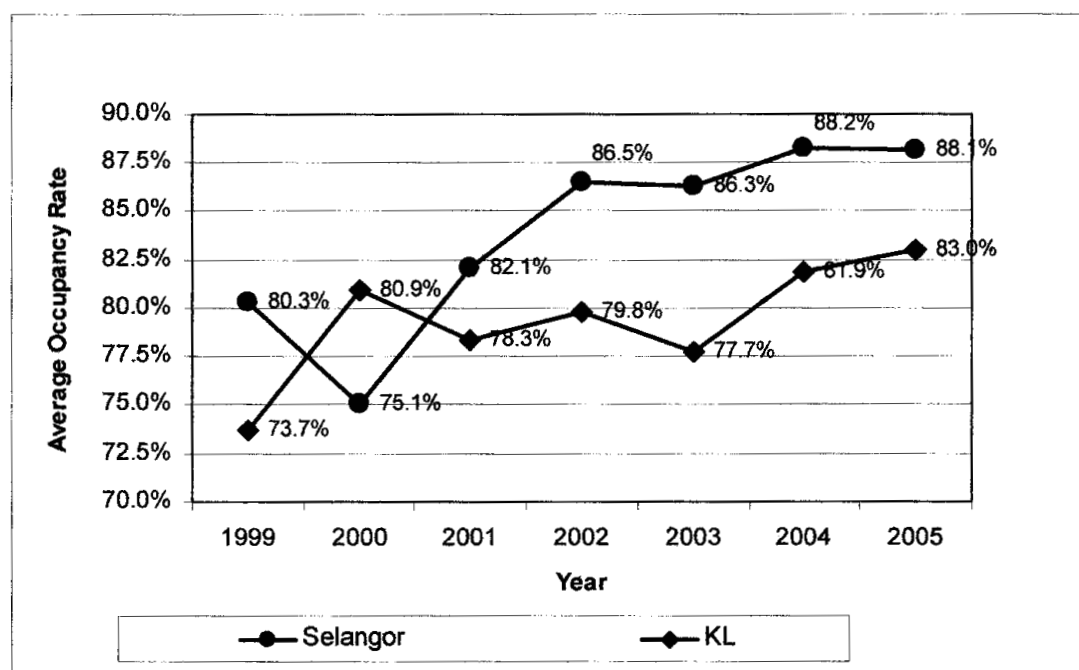
In addition, there are at least 3.5 million sq ft of shopping centres being proposed in Kuala Lumpur.

3.4 Average Occupancy Rates

The average occupancy rate of shopping complexes in Selangor has been increasing over the last six years. According to the Property Market Report, it rose from 80% in 1999 to 88% in 2005.

The trend is similar in Kuala Lumpur, with the average occupancy rate rising from 74% in 1999 to 83% in 2005.

Chart 2: Average Occupancy Rate of Shopping Complexes in Selangor and Kuala Lumpur, 1999 - 2005



Note: Selangor here includes Putrajaya

Source: Property Market Report, Valuation and Property Services Dept, Ministry of Finance Malaysia

The growth in occupancy rates reflects an improvement in the domestic economy over this period, higher demand for retail space amongst retailers, and growth in retail spending amongst consumers. It is observed that the larger regional shopping centres like Suria KLCC and Mid Valley in Kuala Lumpur are enjoying full occupancies, whilst One Utama in Selangor is experiencing close to full occupancy.

Many of the well-located and better-managed suburban regional malls also have almost full occupancies.

On the other end of the scale, there are several shopping centres which have been very poorly occupied since the late 1990s, due to poor centre layout, lack of control over tenant mix, inexperienced centre management and problems with accessibility.

Based on the Property Market Report, the amount of unoccupied space, stemming mainly from these weak centres, translates to 2.1 million sq ft of net lettable area in Selangor and 3.5 million sq ft in Kuala Lumpur.

Excluding this unoccupied space, the *effective* retail floor space provision in the Klang Valley would be lower.

3.5 Visitor Traffic

Table 21: Visitor Traffic to Selected Shopping Centres in the Klang Valley

	Location	Reported Annual Visitor Traffic	Annual Visitors per sq ft of NLA
Kuala Lumpur:			
Suria KLCC	KL City Centre	2003: 42 million	2003: 42
Mid Valley	Lingkaran Syed Putra	2003: 23 million 2004: 26 million 2005: 28 million	2003: 13.8 2004: 15.6 2005: 16.8
Sungei Wang	KL City Centre	2004 & 2005: 24 million	2004 & 2005: 30.3
Selangor / Putrajaya:			
The Curve	Mutiara Damansara, Petaling Jaya	2005: 6 million	2005: 8.9
Sunway Pyramid	Bandar Sunway	2004 & 2005: 24 million	2004 & 2005: 26.7
Subang Parade	Subang Jaya	2005: 5.7 million	2005: 12.1

Source: *The Star, New Straits Times, The Edge, Subang Parade*

The table above shows visitor traffic to selected shopping centres, based on news articles.

The larger regional centres in Kuala Lumpur draw a large number of visitors, ranging from 24 million a year at Sungei Wang in 2005, to 28 million at Mid Valley Megamall in 2005 and 42 million in Suria KLCC in 2003.

Some of the larger suburban regional centres also draw high shopper traffic, with Sunway Pyramid reporting a total of 24 million visitors a year in 2005.

Smaller regional centres like The Curve recorded a total of 6 million visitors in 2005.

Subang Parade attracted 5.7 million visitors in 2005 or 12.1 visitors per sq ft of net lettable area.

3.6 Rental Ranges

The monthly rental ranges of the main shopping centres in Kuala Lumpur and Selangor are reflected in Table 22.

The rental performance of shopping centres in the Klang Valley over the last five years has been mixed. Centres which were well-managed, with appealing tenant mix, in prime locations and enjoying good accessibility, experienced substantial increases in rents during this period. However, some older centres affected by competition and which did not keep up with changing consumer trends saw decline in rentals.

Some of the current well performing centres had opened during the economic downturn of 1997-1999. They had to charge lower rents at that time in their initial phase to attract tenants. When they became successful, they subsequently revised rates upward as demand from retailers to locate in their centres increased.

Suria KLCC, which opened in 1998 in Kuala Lumpur, had average rental increases per floor, ranging from 3%-10% in 2000, and 4%-12% in 2001. In 1999, monthly rentals for shop lots ranging from 430 sq ft to 1,210 sq ft on the lower ground floor were from RM14-29 psf, ground floor units were from RM12-24 psf, 1st to 3rd floor units were from RM10-22 psf and RM4-10 psf for units on the uppermost or 4th floor.

By 2005, rents had increased to RM17-35 psf for similar-sized lower ground units; RM14-30 psf for ground floor units; RM10-25 psf for 1st to 3rd floor units and RM6-12 psf for 4th floor units.

Mid Valley Megamall in Kuala Lumpur, which opened in 1999 with relatively low rents, revised its rates sharply by an average of 29%-38% per floor during the first round of lease renewals in 2002. In 2004, an average 14% rent increase for some of its lower ground units, was recorded in the Property Market Report. Currently, rents range from RM16-37 psf for lower ground units of 118 sq ft to 1,033 sq ft; RM14-39 psf for ground floor units of 344 sq ft to 980 sq ft; RM7-27 psf for 1st floor units of 205 sq ft to 990 sq ft and RM6-15 psf for 2nd and 3rd floor units.

These two shopping centres, as well as Sungei Wang Plaza, generally set the upper limit for centre rentals in Kuala Lumpur.

In Selangor, rentals at well-located centres like One Utama, Sunway Pyramid, Subang Parade, IOI Mall and Bangsar Shopping Centre, also rose significantly between 2000 and 2005.

At **One Utama**, average rental increases per floor of up to 60% were recorded in the Property Market Report in 2003 and 2004, coinciding with the opening of its New Wing in Dec 2003. The centre currently commands RM8-24 psf for lower ground units, RM6-20 psf for ground floor units and RM5-15 psf for 1st floor units.

At **Subang Parade**, average rental increases per floor of 30%-40% were reported in 2000, 11%-60% in 2001. We understand that rentals were also raised in 2004 and 2005. As at 2005, its rental rates were RM8-15 psf for lower ground units, RM5-19 psf for ground floor units and RM6-12 psf for 1st floor units.

We expect rents of the better-performing centres in the Klang Valley to continue posting increases in the long term.

Broadly speaking, Table 22 also shows the upper ranges of rentals that are commanded by some shopping centres in Kuala Lumpur and Selangor. This indicates that there remains upside prospects in terms of rentals for Subang Parade in the future.

APPENDIX VI - INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Independent Retail Property Market Overview for HEKTAR REIT – Oct 2006

Table 22: Rental Ranges of Selected Shopping Centres in the Klang Valley, 1999 & 2005

Location and Building	Floor Level	Floor Area (sq ft)	1999		Floor Level	Floor Area (sq ft)	2005	
			Rental Range Per Month (RM/sq ft)	Floor Level			Rental Range Per Month (RM/sq ft)	Floor Level
KUALA LUMPUR Kuala Lumpur City Centre (Suria KLCC)	Lower Ground	431	13.81	29.17	LG	431	17.00	35.02
	Ground	431	11.80	23.76	Ground	431	13.94	30.01
	1	431	12.80	21.83	1	431	14.96	24.15
	2	431	11.80	19.51	2	431	10.96	23.97
	3	431	9.80	15.93	3	431	10.03	18.02
	4	431	4.23	9.34	4	431	6.04	11.98
Mid Valley					LG	118	16.54	36.51
					Ground	344	14.49	38.46
					1	205	7.15	26.94
				2	398	6.04	18.49	
				3	280	6.97	14.96	
SELANGOR Petaling Jaya Jaya Shopping Centre (Podium) Section 14	Ground	1,227	9.00	19.00	Ground	183	11.60	18.50
	1	915	5.00	11.30	1	872	10.20	12.00
	2	1,292	3.50	9.00	1	409	5.50	9.00
	3	893	5.00	7.00	2	1,195	5.00	5.00
					3	269	5.20	10.10
						700	5.00	5.90
	Ground	301	10.03	14.03	Ground	118	7.68	13.79
	1	205	7.99	11.98	1	258	6.00	8.50
	2	248	6.04	9.01	2	161	5.80	7.27
	3	355	5.02	6.50				
Bandar Utama One Utama Shopping Centre	Ground	301	13.01	14.96	Ground	377	8.00	24.00
	1	205	10.96	13.01	1	495	6.00	20.00
	2	205	7.99	10.96	2	248	4.80	15.00

APPENDIX VI - INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Independent Retail Property Market Overview for HEKTAR REIT – Oct 2006

Location and Building	Floor Level	Floor Area (sq ft)	1999		2005	
			Rental Range Per Month (RM/sq ft)	Floor Level	Rental Range Per Month (RM/sq ft)	Floor Area (sq ft)
Subang Jaya Subang Parade	Lower Ground	355 - 39,999	2.51 - 14.00	LG	248 - 603	8.90 - 11.04
	Ground	398 - 39,999	2.51 - 10.00		1,076 - 3,606	7.70 - 14.40
	1	215 - 44,994	2.51 - 7.00	Ground	409 - 1,001	9.70 - 18.60
Sunway Pyramid	1			1	2,121 - 4,144	5.30 - 9.20
	Lower Level - 1	NA	7.99 - 18.02	LG - Level 1	323 - 1,023	7.99 - 18.02
	Lower Level - 2	NA	14.03 - 22.02	LG - Level 2	291 - 1,948	14.03 - 22.02
	Ground	NA	11.98 - 24.99	Ground	474 - 1,206	16.00 - 25.00
The Summit Subang USJ	1	NA	10.03 - 19.97	1	129 - 1,216	10.03 - 19.97
	Lower Ground	NA	6.97 - 7.99	LG	388 - 775	6.00 - 7.99
	Ground	NA	6.97 - 7.99	Ground	388 - 1,249	6.00 - 8.08
	1	NA	4.92 - 5.95	1	388 - 2,820	4.00 - 6.00
Puchong IOI Group Mall	2	NA	2.97 - 4.46	2	388 - 2,820	3.50 - 4.00
	3	NA	3.99 - 4.92	3	388 - 2,820	3.50 - 4.00
	4	NA	3.99 - 4.92	4	388 - 2,820	3.50 - 4.00
	Ground	753	7.00 - 9.00	Ground	118 - 872	9.60 - 17.60
Shah Alam Kompleks PKNS, Shah Alam	1	753	4.00 - 6.00	1	1,076 - 2,820	2.80 - 8.60
	2	753	3.00 - 6.00	2	269 - 1,066	6.60 - 12.60
	Ground			Ground	1,819 - 4,015	2.30 - 7.40
	1			1	474 - 786	5.50 - 7.80
Shah Alam Kompleks PKNS, Shah Alam	Ground	3,272	2.23	Ground	43	8.33
	1	2,982	1.77	1	129 and above	2.20 - 3.20
					140 - 646	1.80

Source: Property Market Report, Valuation and Property Services Department, Ministry of Finance

3.7 Capital Value Transactions

Table 23: Retail Property Transactions in Selangor and Kuala Lumpur

Shopping Centre	Location	Date Announced/ Transacted	Price (RM Mil)	Total Net Lettable Area (sq ft) **	Price (RM psf)	Tenure	Buyer
Starhill	Jalan Bukit Bintang, KL	2005	480.00	295,006	1,627.00	Freehold	Disposal of property by YTL Land Bhd to Starhill REIT
Lot 10	Jalan Sultan Ismail, KL	2005	341.00	174,116	1,958.00	Leasehold	Disposal of property by YTL Land Bhd to Starhill REIT
*Sogo	Jalan Tuanku Abdul Rahman, KL	17 Mar 05	250.00	624,307	400.44	Leasehold	n.a.
Selayang Mall	Selayang, Selangor	23 Dec 05	120.00	364,638	329.09	Leasehold	Amanah Raya Bhd
The Mall Shopping Centre & Putra Place Office Building	Jalan Putra, KL	30 Dec 05	438.33	Retail: 505,806 Office: 317,549	532.37	Freehold	Employees Provident Fund
*Atria	Petaling Jaya, Selangor	2005	93.00	202,807	463.00	Freehold	n.a.
Suria KLCC	KLCC, KL	2004	1,500.00	1,007,876	1,488.28	Freehold	Valuation of the centre as part of public listing of holding company – KLCC Property Holdings Bhd.
Mid Valley Megamall (99.54% interest in holding company)	Jalan Syed Putra, Kuala Lumpur	16 Oct 2003	1,025	1,670,000		Freehold	Involved IGB Corp Bhd's sale of 99.54% of Mid Valley City Sdn Bhd (MVC), which owns and operates Mid Valley Megamall, to listed company Kris Components Bhd, for RM1.025 mil, payable in cash and new Kris shares. At the same time, IGB purchased a 41.8% stake in Kris for RM91.2 mil cash from Amtek Engineering Ltd, and undertook a mandatory general offer for remaining Kris shares. Kris also divested its previous businesses back to Amtek for RM85.18 mil cash.
Subang Parade	Subang Jaya	24 Oct 2002	223.41	485,791	459.90	Freehold	Hektar Premier Sdn Bhd

* Sourced from Valuation Report dated 16 Dec 2005 by Messrs Colliers, Jordan Lee & Jaafar Sdn Bhd
Other sources: Starhill REIT Prospectus dated Nov 22, 2005; Seal Incorp Bhd: Circular to Shareholders dated 3 April 2006; Metroplex Bhd: Circular to Shareholders dated 7 June 2005; KLCC Property Holdings Bhd: IPO Prospectus dated Jul 21, 2004; IGB Corp Bhd: Circular to Shareholders dated 17 May 2004; Chocolate Products: KLSE announcement dated 24 Oct 2002; The Star; MIRP Consult Sdn Bhd

**Net lettable areas reported are as at date of transaction.

There were several shopping centre property transactions in the Klang Valley in the past five years.

Starhill and Lot 10 were transferred into a REIT in 2005, and were valued at RM1,627 per sq ft and RM1,958 per sq ft of net lettable area respectively.

Selayang Mall was sold by its owner, Seal Incorporated Bhd, to Amanah Raya Bhd in Dec 2005 for RM120 million cash or RM329 per sq ft. The transaction is nearly finalised. It involves a sale and leaseback, whereby Seal Inc will lease the mall back from Amanah Raya for 10 years with a guaranteed net annual lease rental amounting to RM90 million in total. Based on the net annual lease rental, yields work out to 6.8% in the first three years; 7.5% in the 4th to 6th years; 8% in the 7th to 9th years and 8.1% in the 10th year.

The Mall Shopping Centre, together with its office building Putra Place, was proposed to be sold by its owner Metroplex Bhd, to the Employees Provident Fund in Dec 2005 for RM438.3 million or RM532 per sq ft. The transaction, however, encountered some hiccups, with the High Court ordering a halt to the sale in May 2006. Proceedings are still pending. For the financial year ending January 2006 (FY1/06), the shopping centre and office building reported a gross rental income of RM22.3m and RM7.1 million respectively, whilst car park income was RM3.5 million. At the same time, income from advertising and promotions (A&P), amounted to RM3.5 million in FY1/05. Based on this, the property *gross yield* is 8.3%.

In 2004, the holding company of **Suria KLCC** was listed on the Kuala Lumpur stock exchange. The shopping centre was valued at RM1.5 billion as part of the listing exercise. This works out to a capital value of RM1,488 per sq ft of net lettable area.

Earlier, in 2003, the owner of **Mid Valley Megamall** – IGB Corp Bhd, proposed to inject the centre into another listed vehicle – Kris Components, ending with a reverse takeover of Kris Components. The sale involved 99.5% of Mid Valley City Sdn Bhd, the immediate holding company of Mid Valley Megamall, for RM1.025 billion. The shopping centre was revalued to RM1.48 billion, or RM886 per sq ft, in its books.

In 2002, **Subang Parade** was sold by Chocolate Products Bhd to Hektar Premier for RM223 million or approximately RM460 per sq ft.

3.8 Shopping Behaviour and Cultural Influences

“Shopping Centres” in the Klang Valley have evolved to be more than just mere places to shop. They have inspired lifestyle awareness in tandem with growing urban affluence and consumers’ discernment. The café culture, eating out, entertainment, social & communal activity, leisure & recreational pursuits have become part of today’s shopping experience. This evolution was aided by the construction of large, regional malls with ‘all-in-one’ themes. In Malaysia, perhaps more so than in other countries, it is particularly apt as the humid climate deters many from pursuing outdoor activities that expose them to the sun. The enclosed shopping centre, with its central air-conditioning, therefore provides respite from the climate and becomes a pleasant environment for shopping and social and communal activities.

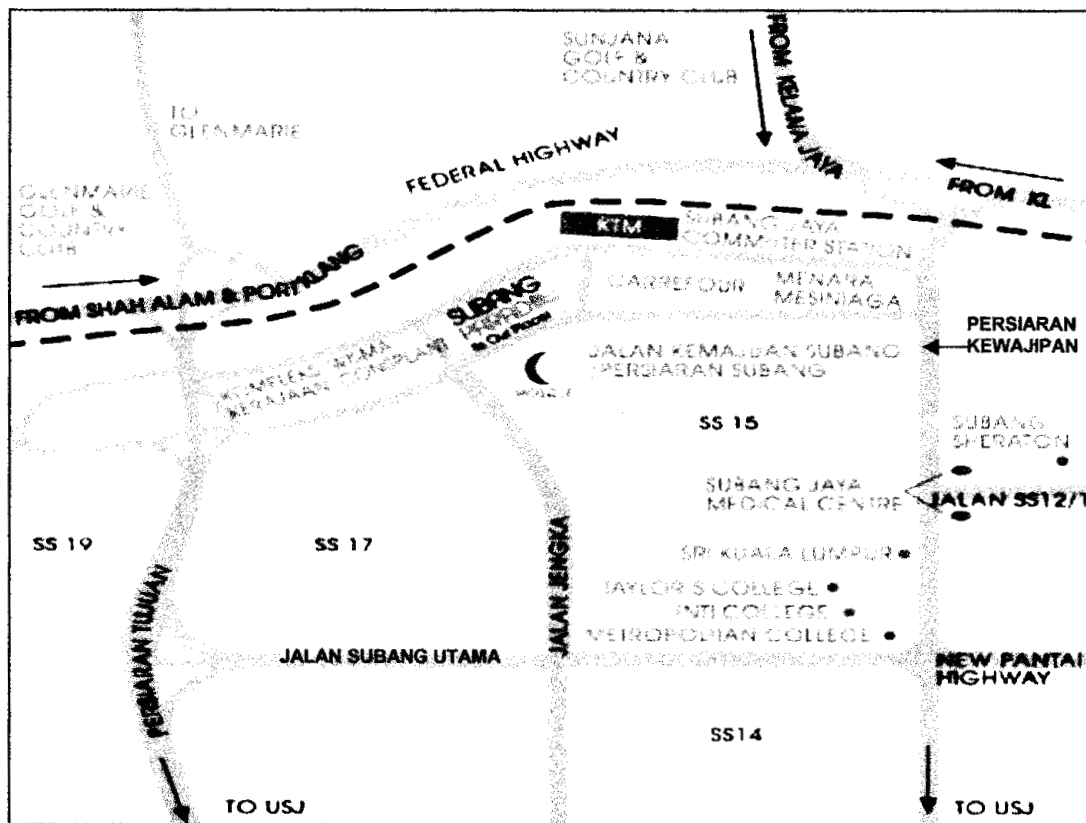
Most centres are open from 10 am to 10 pm with some extending trading hours occasionally during festive seasons and sales.

The country’s richness in cuisine, from the blending of its multi racial diversity, has popularised eating out as part of local culture. Hence, food and beverage is a major and important component of a shopping centre’s tenant mix.

SECTION 4: REVIEW OF SUBANG PARADE

4.1 Evaluation of Subang Parade's Location and Size of the Available Market

Map 3: Subang Parade and its Locality



Source: Hektar Group website

4.1.1 General Description of the Property

Subang Parade is an established, suburban shopping centre located in the vibrant and matured township of Subang Jaya, west of Kuala Lumpur city. It has a net lettable area of 472,077¹ sq ft over three levels of retail, from the lower ground to its first floor. The centre also has one basement level and four levels of decked parking. Its provision for car parking, numbers 1,390 car park bays, which also includes outdoor surface parking.

The centre is anchored by Parkson Grand Department Store, Cold Storage Supermarket, HSL Electrical & Electronics, MPH Bookstores, Toys 'R' Us and Celebrity Fitness. It also has over 160 specialty stores ranging from food & beverage, fashion, children's specialties to homewares and gifts.

Subang Parade was one of the earlier modern, enclosed shopping centres to have been built in Selangor in 1988. Over the years, the centre has faced and withstood stiff competition from newer and larger regional malls, having evolved into a niche positioning centering on lifestyle, convenience, comfort and value.

Subang Parade's customer profile consists mainly of families and young adults aged between 20 and 50 years. It benefits from the dense residential population and above average incomes of its primary trade area. The centre attracts many young families from the middle to upper income segments.

The façade of Subang Parade, with its two main entrances and a number of alfresco restaurants and cafes, fronts onto Jalan Kemajuan Subang, which is the main road linking together the two major roads that run through the township of Subang Jaya.

4.1.2 Accessibility by Road, Public Transport and Pedestrians

Overall, Subang Parade is easily accessible to residents of Subang Jaya as well as those coming from Klang, Shah Alam, Petaling Jaya and Kuala Lumpur.

The centre is located north-east from the intersection of Persiaran Tujuan and Jalan Kemajuan Subang, and is visible from the Federal Highway. Persiaran Tujuan is one of two major roads; the other being Persiaran Kewajipan, that turns off from the Federal Highway beginning at the northern boundary of Subang Jaya leading into the township. These two are the main roads that vehicular traffic utilises to enter into Subang Jaya from the Federal Highway.

The subject property is flanked by Carrefour Hypermarket, located adjacent to its eastern side and Wisma Consplant, an office building adjacent to its western side. Further west, next to Wisma Consplant is the government office building of the Petaling District Council.

As it is located off the Federal Highway, a major highway in the Klang Valley that links Kuala Lumpur, Petaling Jaya, Shah Alam and Klang, accessibility to the subject property is good for those from outside the immediate Subang Jaya township. Residents living within the township are also well connected as the two major roads are linked to all arterial roads within the township.

¹ The total net lettable area of the shopping centre, including sold shop units, is 498,949 sq ft.

Commuters travelling from south of the township especially from Puchong have access to the site via the Damansara-Puchong Highway (LDP), which connects to Persiaran Kewajipan at the southern boundary of the township.

The subject property is also easily accessible via public transportation. There is a network of buses serving the Subang Jaya township that have passenger-stops near Subang Parade. It is also within walking distance to the Commuter Train Station (KTM) which is approximately two hundred metres from the centre. There are also taxi stops at the subject property.

Pedestrians visiting the subject property will be those working at Wisma Consplant, an office building comprising four tower blocks and the Petaling District Council offices as well as shoppers who walk over from Carrefour Hypermarket. A high number of workers from the shop offices located in SS15, across the road from the subject property will also likely visit the centre during lunch hour breaks and after office hours.

Residents of SS12, SS15 and SS17 housing precincts may also walk to the centre as these are within 10 minutes walk from the subject property.

4.1.3 Impact of Future Infrastructural Projects and Commercial / Residential Developments in the Vicinity.

The recent completion and opening of the flyovers at the Persiaran Tujuan and Jalan Subang Utama junction has eased traffic flow tremendously along Persiaran Tujuan especially for commuters heading into Subang Jaya from the Federal Highway. This in turn has eased traffic flow within the township.

The completion and opening of the interchange at Persiaran Jengka with Jalan Subang Utama has also eased traffic flow for commuters driving along Persiaran Jengka toward Jalan Kemajuan Subang where the subject property is located. These developments have contributed to further improving accessibility to the subject property.

Another current construction is the Subang-Kelana Elevated Highway which, from enquiries, joins Persiaran Kewajipan to Jalan Subang by an elevated carriageway across the Federal Highway. This is expected to improve accessibility for commuters from Kelana Jaya and Petaling Jaya when completed.

The completion of the South Klang Valley Expressway in future will also provide an alternative route for commuters from the south, especially from Putrajaya and Cyberjaya, to travel to the subject property. This highway will be linked to the North South Expressway Central Link (ELITE) that exits at USJ.

Meanwhile, there are five upcoming serviced suites & apartment projects, which will add close to 2,000 residential units in the vicinity of the subject property. Although called serviced suites, these developments are essentially residential apartment units, majority of which are likely to be populated by local residents.

Table 24: Serviced Apartment Developments In the Vicinity of Subang Parade

Project Name	Total No. of Units	Expected Completion Year
Saujana Residency	350	Sep-2009
Tiaraville	679	Aug-2008
e-Tiara *	304	Nov-2006
Jana Towers	314	End-2008
Subang Avenue Serviced Suites	280	Jun-2009
Total	1,927	

Note: *Excluding 20 units of retail lots.
Source: MIRP Consult

Saujana Residency, Tiaraville, e-Tiara and Subang Avenue are developments in the immediate vicinity, within 5 minutes walk from the subject property.

Jana Towers which is located west of Persiaran Tujuan is less than 5 minutes drive from the subject property.

The additional residential population from these developments is expected to contribute positively to shopper traffic at Subang Parade.

4.1.4 Description of the Trade Area Served by Subang Parade

The trade area that is served by Subang Parade consists of a dense primary catchment which lies within 15 minutes drive time of the subject property. This primary catchment encompasses 70% of its customers and covers the Subang Jaya township including USJ, parts of Petaling Jaya, Puchong and Shah Alam.

An exit survey conducted by MIRP in 2003, showed that 42% of the centre's shoppers were residents within the Subang Jaya township.

Population

Table 25: Estimated & Projected Population in Subang Parade's Primary Trade Area (15 Minutes Drive Time Radius), 2000 - 2020

Year	2000	2005	2010	2015	2020
Total Population	705,395 *	798,038	890,894	981,244	1,071,277
Year		2000-05	2006-10	2011-15	2016-20
Compounded Average Annual Growth Rate		2.5%	2.2%	2.0%	1.8%

* Adjusted for under-enumeration of 6%.
Source: Census 2000, Department of Statistics Malaysia

The population within Subang Parade's primary trade area in the year 2000, has been estimated at 705,395, based on the census conducted by the Statistics Department.

Using state-level projections provided by the Statistics Department, the population here is projected to have increased at 2.5% p.a. to approximate 798,038 in 2005. By 2020, the population is anticipated to grow to around 1.1 million residents.

Meanwhile, the gender distribution in the primary trade area is estimated to be 49.2% males and 50.8% females, based on the 2000 census.

Ethnicity

Table 26: Ethnic Distribution in Subang Parade's Primary Trade Area, 2000

Ethnicity	Distribution
Malay	45.5%
Chinese	32.6%
Indian	15.3%
Others	1.0%
Other Bumiputeras	0.7%
Non Citizens	4.8%
Total	100.0%

Source: Census 2000, Department of Statistics Malaysia

Malays accounted for majority of the population in Subang Parade's primary trade area, at 46%, followed by 33% Chinese, 15% Indians and 6.5% from other ethnic groups and non-citizens.

Age

Table 27: Age Distribution in Subang Parade's Primary Trade Area, 2000

Age Group	Distribution
0-19	36.3%
20-39	40.6%
40-59	18.6%
60 & Above	4.4%
Total	100.0%

Source: Census 2000, Department of Statistics Malaysia

The age profile of the residents reflected a fairly young population; 77% of whom were below 40 years.