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**CHAPTER 3: KLANG VALLEY OFFICE MARKET**

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**3.1 SUPPLY****3.1.1 Existing Supply**

In the property boom of 1993-1997 prior to the economic recession of 1997/1998, the numbers of office buildings completed in Klang Valley were numerous. From 1993 to 1997, there were 67 new office buildings being completed in Klang Valley (KV) contributing approximately 19.90 million sq ft adding the total cumulative supply of office space in Klang Valley for year 1997 at 42.25 million sq ft. In 1999, a freeze on the construction of new office buildings was imposed by the Kuala Lumpur City Hall following an oversupply situation for office buildings in Kuala Lumpur. As a result of the freeze on the construction of new office buildings, the spillover from the previous property boom appears to be tapering off.

In 2004, the overall office space in Klang Valley stood at about 62.24 million sq ft with the completion of five new office buildings contributing about 1.02 million sq ft. In 2005, with the completion of 5 new office buildings, i.e. Menara OCBC, Menara See Hoy Chan, Plaza Cygal Tower 1, SME Building and Quill Building 3 - BMW contributing approximately 980,000 sq ft, the cumulative supply of office space in Klang Valley amount to about 63.23 million sq ft. The Kuala Lumpur (KL) market contributed about 51.32 million sq ft or about 81.2% of the total supply, whilst cumulative supply in the KV suburban area (SUB) stood at about 11.91 million sq ft or about 18.5% of the total supply. The cumulative supply of office space in Klang Valley remained unchanged at 63.23 million sq ft as at first quarter 2006.

As at second quarter 2006, the cumulative supply of office space in Klang Valley stood at 64.31 million sq ft with the completion of 3 new office buildings, i.e. Chulan Tower (formerly known as Menara LTAT), Plaza Sentral – Blocks 1 & 2 and Quill Building 4 – DHL 2 contributing approximately 1.08 million sq ft of office spaces. Kuala Lumpur Central Area (KLCA) continues to be the major contributor of office space in the KV, with approximately 37.10 million sq ft or about 57.7% of the total office space in KV. The cumulative supply in the Kuala Lumpur Metropolitan (KLM) and Klang Valley Suburban stood at about 15.21 million sq ft (23.6% of total supply in KV) and 12.00 million sq ft (18.7% of total supply in KV) respectively.

In terms of the dispersion of Grade A office space in Klang Valley, the cumulative supply of Grade A office space in Klang Valley stood at 29.86 million sq ft (46.4% of total supply in KV) as at second quarter 2006. The bulk of Grade A office space is distributed between KLCA with 16.91 million sq ft or 26.3% of total supply in Klang Valley, followed by KLM with 6.29 million sq ft (9.8% of total supply in KV) and SUB with 6.66 million sq ft (10.3% of the total supply in KV) respectively.

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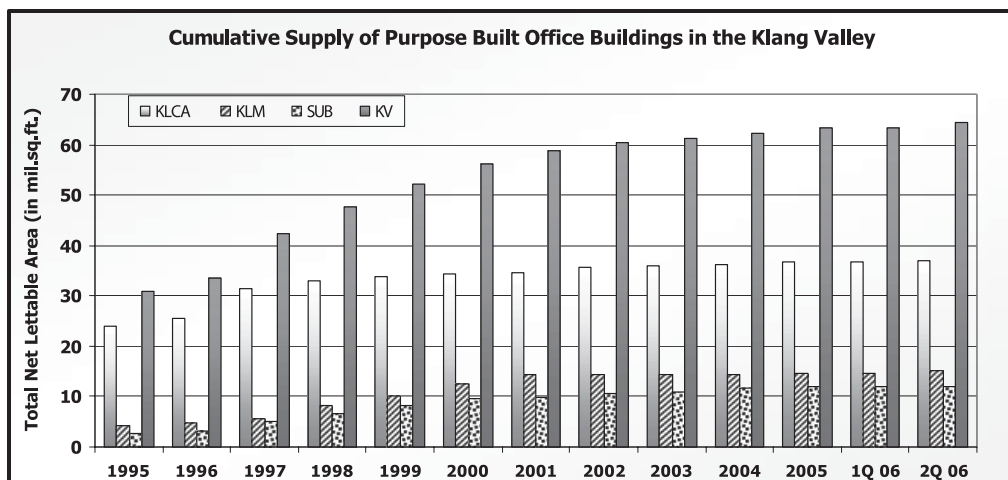


3.1 SUPPLY (CONT'D)

3.1.1 Existing Supply (Cont'd)

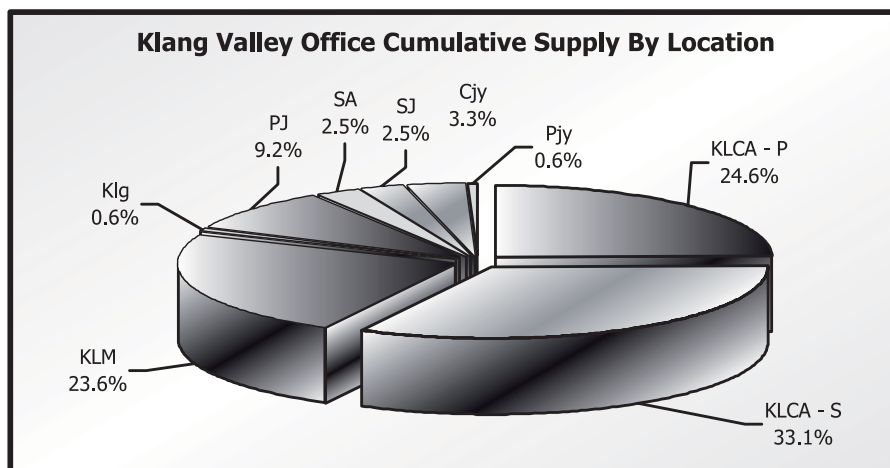
The distribution of cumulative supply of office space in Klang Valley is depicted in the chart as follows:

**Klang Valley Purpose-Built Offices – Cumulative Supply (From 1995 to 2Q 2006)**



Source: WTW Research, November 2006

The following charts show the distribution of cumulative supply of office space in Klang Valley by location as at second quarter 2006:



Note: KLCA - P: Kuala Lumpur Central Area – Prime  
 KLCA - S: Kuala Lumpur Central Area – Secondary  
 KLM: Kuala Lumpur Metropolitan  
 Klg: Klang  
 PJ: Petaling Jaya  
 SA: Shah Alam  
 SJ: Subang Jaya  
 Cjy: Cyberjaya  
 Pjy: Putrajaya

Source: WTW Research, November 2006

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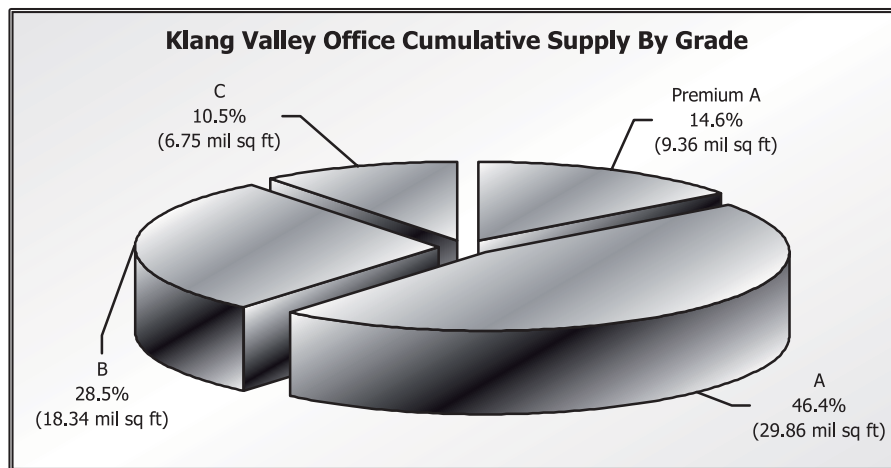
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### 3.1 SUPPLY (CONT'D)

#### 3.1.1 Existing Supply (Cont'd)

The following charts show the distribution of cumulative supply of office space in Klang Valley by grading as at second quarter 2006:



Note: WTW's grading

Source: WTW Research, November 2006

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### 3.1 SUPPLY (CONT'D)

#### 3.1.2 Future Supply

In the next 3 years, a total of 15 new office buildings or 5,031,600 sq ft of office space is expected to be completed in Klang Valley resulting in a cumulative supply of office space in Klang Valley of 69.34 million sq ft by end of 2009. By end of 2006 and 2007, the future supply of office space in Klang Valley is expected to amount to about 1,436,100 sq ft (28.5% of total future supply) and 1,437,500 sq ft (28.6% of total future supply) respectively. Whilst additional 1,048,000 sq ft (20.8% of total future supply) and 1,110,000 sq ft (22.1% of total future supply) of office space are expected to be completed by end 2008 and 2009 respectively.

In terms of location, 630,000 sq ft (12.5% of the future supply) of office space is located within KLCA while 1,764,700 sq ft (35.1% of the future supply) and 2,636,900 sq ft (52.4% of the future supply) of office spaces are located within KLM and SUB respectively. It is noted that future supply of office spaces located in KLCA are zoned in the secondary area whilst those located in SUB are zoned in the Petaling Jaya and Putrajaya areas.

These purpose-built offices that are expected to be completed between 2006 and 2009 are as follows:

Name of Building	Zone	Sub-Zone	Net Lettable Area (sq ft)	Completion Year Ending	Status
Menara Marinara		KLM	238,900	2006	Pending CFO*
Plaza Cygal – Tower 2		KLM	280,600	2006	Under Construction
Plaza Palas		KLM	349,000	2006	Under Construction
3 2 Square	SUB	PJ	135,300	2006	Under Construction
8 First Avenue	SUB	PJ	330,000	2006	Under Construction
Putrajaya Diplomatic Precinct	SUB	Pjy	102,300	2006	Under Construction
KL Sentral – Lot N		KLM	351,000	2007	Under Construction
TSH Tower		KLM	125,200	2007	Under Construction
Centrepoint – North & South		KLM	420,000	2007	Under Construction
Jaya 33	SUB	PJ	400,000	2007	Under Construction
Menara UAC	SUB	PJ	141,300	2007	Under Construction
Menara Commerce	KLCA	Secondary	630,000	2008	Under Construction
PJ Eight	SUB	PJ	418,000	2008	Under Construction
Petaling Jaya Exchange	SUB	PJ	300,000	2009	Launched
PJ Trade Centre	SUB	PJ	810,000	2009	Launched

Note: \* CFO – Certificate of Fitness for Occupation

Source: WTW Research, November 2006

It is to be noted that purpose-built office developments which are at various stages of proposal / planning and have not been finalised as yet, were not considered in the assessment of future supply of the office market.

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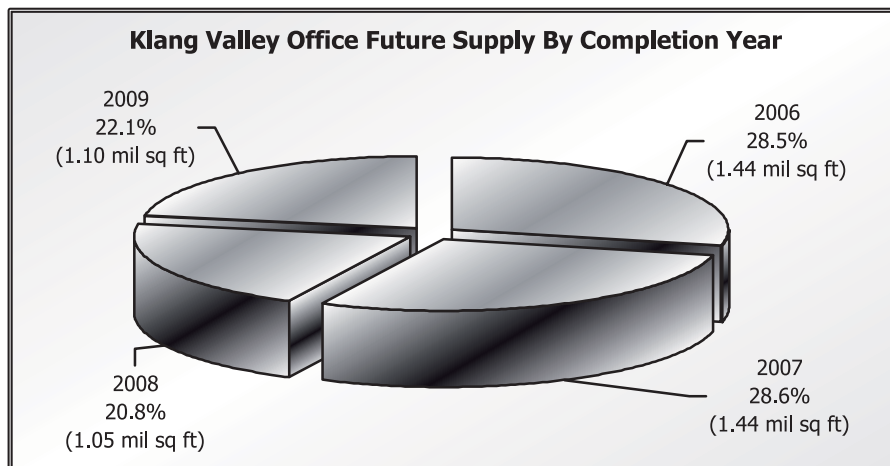
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3.1 SUPPLY (CONT'D)

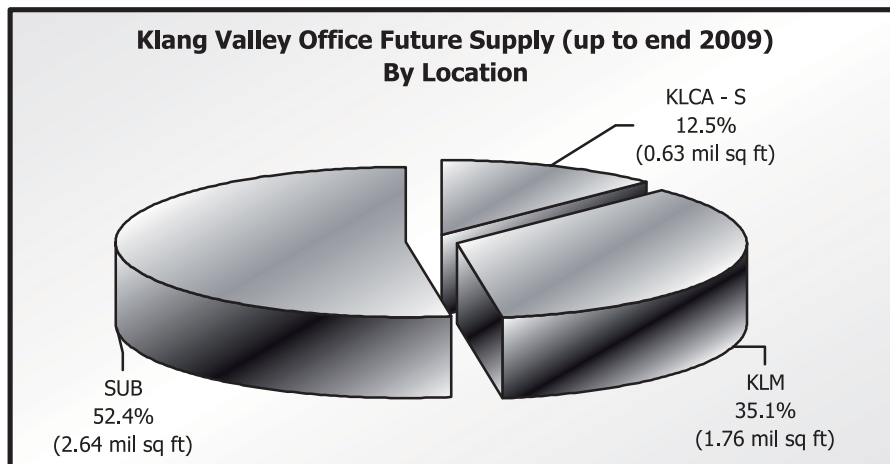
3.1.2 Future Supply (Cont'd)

The following charts show the distribution of future supply of office space in Klang Valley by completion year:



Source: WTW Research, November 2006

The following charts show the distribution of future supply of office space in Klang Valley by location:



Source: WTW Research, November 2006

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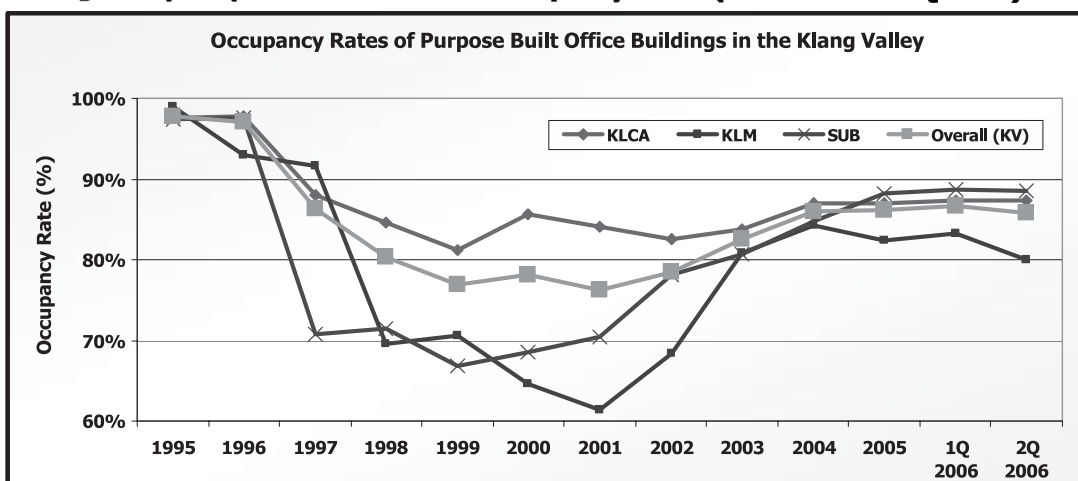
### 3.2 DEMAND

#### 3.2.1 Occupancy Rates

The overall demand for office space in the Klang Valley depends significantly on the country's economic situation. As a result of the economic recession in 1998, demand for the office space in the Klang Valley declined significantly. The recovery process was rather slow in view of the economic uncertainties, locally and abroad. On the micro aspects, demand for office space depends on various factors, such as location, building specifications, availability of public transportation, surrounding amenities / facilities and neighbourhood developments.

The following chart shows the occupancy trend of offices in the KLCA, KLM and SUB areas, in relation to the average occupancy rate from year 1995 to second quarter 2006.

**Klang Valley Purpose-Built Offices – Occupancy Rates (From 1995 to 2Q 2006)**



Source: WTW Research, November 2006

With the completion of 3 new office buildings in second quarter 2006 in Klang Valley, the overall occupancy rate for purpose-built offices in Klang Valley declined slightly to register at about 85.9% in the second quarter 2006 from 86.6% in first quarter 2006.

The occupancy rate in the Kuala Lumpur sub-zones i.e. KLCA increased marginally at about 87.4% in second quarter 2006 from 87.3% in first quarter 2006 whereas occupancy rate for office buildings in the KLM areas declined from 83.2% in first quarter 2006 to about 80.0% in second quarter 2006. However, it is to be noted that the newly completed Plaza Sentral – Blocks 1 & 2 in the KLM area has yet to be occupied. Whilst on a quarter-on-quarter comparison, the occupancy rate in the SUB area has decreased slightly from 88.7% in first quarter 2006 to 88.6% in second quarter 2006.

**3.2 DEMAND (CONT'D)**

**3.2.1 Occupancy Rates (Cont'd)**

The average occupancy rate of office spaces in Klang Valley are tabulated as follows:

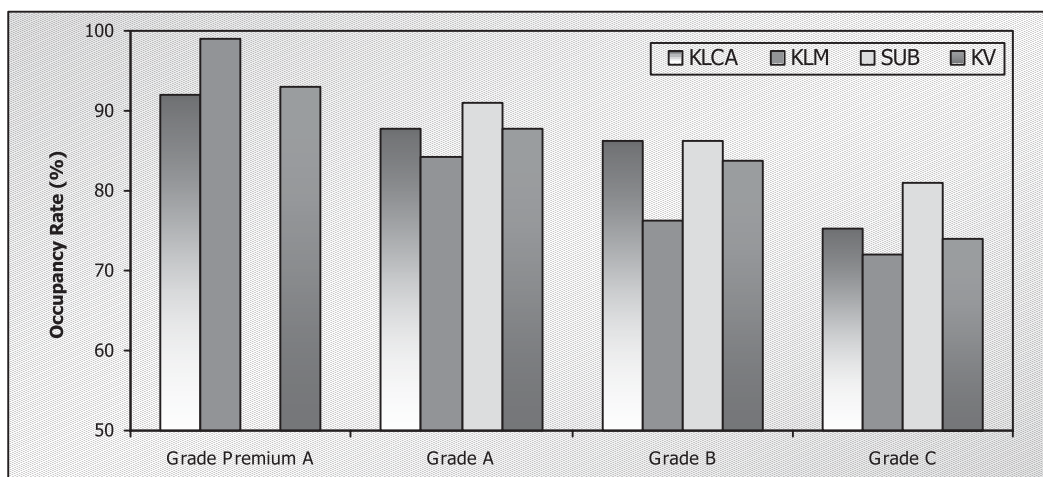
**Klang Valley Purpose-Built Offices – Occupancy Rate By Location (as at 2Q 2006)**

Location	Occupancy Rate (%)
Kuala Lumpur Central Area – Prime	90.2%
Kuala Lumpur Central Area – Secondary	85.3%
<b>Kuala Lumpur Central Area (KLCA)</b>	<b>87.4%</b>
<b>Kuala Lumpur Metropolitan (KLM)</b>	<b>80.0%</b>
<b>Klang</b>	<b>62.1%</b>
Petaling Jaya	89.4%
Shah Alam	96.8%
Subang Jaya	71.9%
Cyberjaya	95.6%
Putrajaya	100.0%
<b>Klang Valley Suburban (SUB)</b>	<b>88.6%</b>
<b>Klang Valley (KV)</b>	<b>85.9%</b>

Source: WTW Research, November 2006

On a micro view of occupancy rates, occupancies for Premium A office space improved marginally from 92.1% in first quarter 2006 to 92.9% in second quarter 2006 and Grade A office buildings are observed to have declined to register at about 87.7% in the second quarter 2006 from 90.0% in first quarter 2006. For Grade B and C office space, the average occupancy rate in first quarter 2006 registered at 83.7% and 74.1% respectively. This is illustrated as follows showing the average occupancy rate of office space by grading and location as at second quarter 2006:

**Klang Valley Purpose-Built Offices – Occupancy Rates By Grading and Location (as at 2Q 2006)**



Source: WTW Research, November 2006

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### **3.2 DEMAND (CONT'D)**

#### **3.2.1 Occupancy Rates (Cont'd)**

At present, office tenants prefer new office buildings that provide good services like high speed lifts, attractive building design and finishes, good telecommunication services / adequate amenities and many others. New office buildings, which provide up-to-date office services, are more enticing to the office tenants. Besides that, some old buildings that are efficiently maintained and upgraded also continue to enjoy good demand. This is evidenced by occupancy rate of above 85% amongst Grade A and above office buildings while older buildings are experiencing lower occupancy rates.



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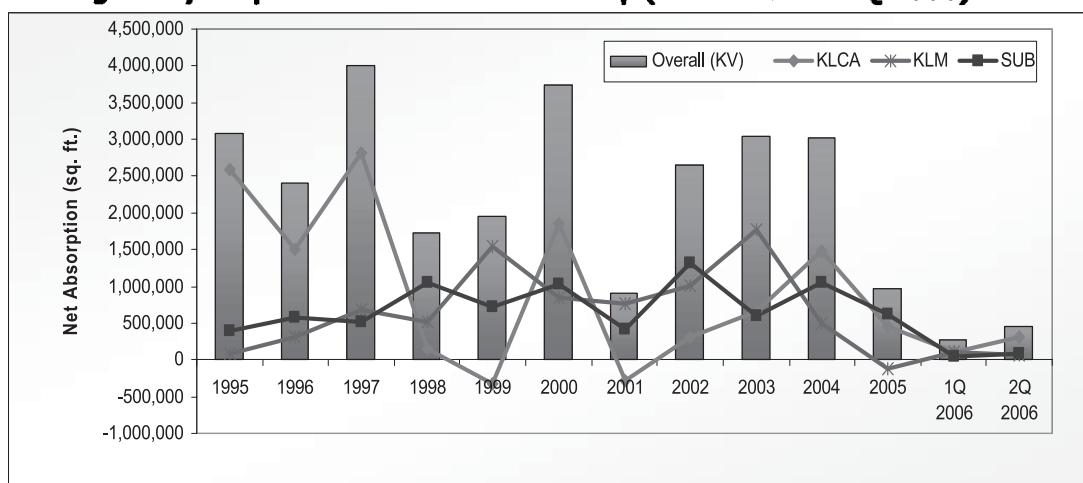
### 3.2 DEMAND (CONT'D)

#### 3.2.2 Take-up

Office developments in the KLCA has traditionally enjoyed favourable demand, largely due to the high concentration of office developments in the area and supported by good public transportation (such as LRT, KL Monorail, buses and taxis). Demand for office buildings could be enhanced with the attractions in the immediate vicinity, such as shopping complex, park and other attractions. Over the years, the offices in the KLCA have continued to attract local and foreign demand for office space, particularly from services sector. Whilst offices in other locations of KLM and SUB has been attracting mainly local office users in the Government sector and manufacturing sector respectively.

The following chart shows the take-up office spaces in the KLCA, KLM and SUB areas from year 1995 to second quarter 2006.

**Klang Valley Purpose-Built Offices – Take-Up (From 1995 to 2Q 2006)**



Source: WTW Research, November 2006

Based on our survey of take-up rate of office spaces in Klang Valley, the average take-up rate between 2002 and 2004 is estimated at 2.90 million sq ft. However, for the year 2005, the take-up rate was only 1.00 million sq ft. The average annual take-up for the last 5 years (2001-2005) is approximately 2.12 million sq ft. This may be attributed to the present tight supply situation among Grade A and above office spaces. Notable leasing transactions in the 2005 include the relocation of OCBC Bank to Menara OCBC taking up 170,000 sq ft, AEON Credit Service taking up 57,000 sq ft in Menara Olympia and the relocation of Indah Water Konsortium to fringe area taking up 105,000 sq ft in Damansara Town Centre.

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## 3.2 DEMAND (Cont'd)

## 3.2.2 Take-up (Cont'd)

The office leasing market in first quarter 2006 was rather slow. As at first quarter 2006, net take-up of office space in Klang Valley registered at 277,100 sq ft. Whilst the office leasing market in second quarter 2006 was witnessed to be relatively active. Despite the completion of 3 new office buildings in Klang Valley, the net take-up of office space in Klang Valley registered at 451,600 sq ft with 76% or 343,200 sq ft of the office leasing is within Grade A and above office spaces in second quarter 2006.

A breakdown of the take-up of office space in Klang Valley shows KLCA recorded a net take-up of about 313,400 sq ft, while KLM and SUB registered a net take-up of 59,000 sq ft and 79,200 sq ft respectively in second quarter 2006. Notable leasing transactions in the second quarter 2006 include Export-Import Bank of Malaysia Berhad occupying 50,000 sq ft in UBN Tower, Asia-Pacific Information Services Sdn Bhd taking up 100,000 sq ft in Quill Building 4 – DHL 2, Vsource Asia Berhad occupying 18,000 sq ft in Menara HLA, Reckitt Benckiser (M) Sdn Bhd taking up 14,000 sq ft in Wisma Setia 1 and Singapore Airlines Limited occupying 12,000 sq ft in Menara Multi-Purpose.

Among the major office movements that took place in 2004, 2005 and second quarter of 2006 are as follows:

## Major Office Movers in Klang Valley (From 2004 to 2Q 2006)

Qtr	Zone	Major Mover	Office Building (New Location)	Size (sq ft)
1Q 2004	KLCA	Ranhill Berhad	Empire Tower	198,000 sq ft
2Q 2004	KLCA	Jabatan Kerja Raya	Menara Tun Ismail Mohamed Ali	220,000 sq ft
	KLCA	Kementerian Kebudayaan, Kesenian & Warisan	TH Perdana	45,000 sq ft
3Q 2004	KLCA	Standard Chartered Bank	Menara Standard Chartered	107,000 sq ft
4Q 2004	KLCA	Kementerian Pembangunan Wanita, Keluarga & Masyarakat	Menara Tun Ismail Mohamed Ali	100,000 sq ft
	KLCA	ECM Libra	Menara Genting	40,000 sq ft
1Q 2005	KLCA	Aker Kvaerner Asia Pacific	Menara HLA	19,000 sq ft
	KLCA	Digital Crown Holdings	Menara HLA	32,000 sq ft
	KLCA	Credit Suisse First Boston	Menara IMC	9,000 sq ft
2Q 2005	KLCA	OCBC Bank Bhd	Menara OCBC	170,000 sq ft
	KLM	Shell Group	Menara Milenium	11,000 sq ft
	KLM	Eastern & Oriental Bhd	Menara Milenium	10,600 sq ft
3Q 2005	KLCA	iPerintis Sdn Bhd	Menara HLA	12,000 sq ft
	KLCA	California Fitness	Menara Standard Chartered	33,000 sq ft
	KLCA	Jabatan Kerja Raya	Menara Maju Junction	100,000 sq ft
	KLCA	Amanah Raya Bhd	Wisma AmanahRaya	100,000 sq ft

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### 3.2 DEMAND (Cont'd)

#### 3.2.2 Take-up (Cont'd)

#### Major Office Movers in Klang Valley (From 2004 to 2Q 2006)

Qtr	Zone	Major Mover	Office Building (New Location)	Size (sq ft)
4Q 2005	KLCA	AEON Credit Service (M) Sdn Bhd	Menara Olympia	50,000 sq ft
	KLM	Indah Water Konsortium	Damansara Town Centre	105,000 sq ft
	KLM	Road Transport Department	Damansara Town Centre	14,000 sq ft
	KLM	National Registration Department	Damansara Town Centre	11,000 sq ft
	SUB	APL-NOL (M) Sdn Bhd	Wisma Consplant	8,000 sq ft
1Q 2006	KLCA	PM Securities Sdn Bhd	Menara PMI	15,000 sq ft
	KLCA	Scan Associates Bhd	Menara Naluri	30,000 sq ft
	KLCA	Malaysia Airports Holdings Bhd	Menara IMC	7,000 sq ft
	SUB	Panasonic R & D Centre (M) Sdn Bhd	Quill Building 3 – BMW	10,000 sq ft
2Q 2006	KLCA	Singapore Airlines Limited	Menara Multi-Purpose	12,000 sq ft
	KLCA	Export-Import Bank of Malaysia Berhad	UBN Tower	50,000 sq ft
	KLCA	Shinichi Sdn Bhd	Kompleks Antarabangsa	10,000 sq ft
	KLCA	Vsource Asia Berhad	Menara HLA	18,000 sq ft
	KLM	Reckitt Benckiser (M) Sdn Bhd	Wisma Setia 1	14,000 sq ft
	SUB	Think Products (M) Sdn Bhd	Damansara Uptown 5	13,000 sq ft
	SUB	Asia-Pacific Information Services Sdn Bhd	Quill Building 4 – DHL 2	100,000 sq ft

Source: WTW Research, November 2006

### 3.3 OFFICE INVESTMENT

#### 3.3.1 Office Transactions

The year 2005 and first half of 2006 was fairly active with several major transactions and REITs announcements. In first half of 2005, two notable office buildings were transacted i.e. the Vision City Tower 3 and Plaza Cygal Tower 1. The former sale is a long vacant office building whilst construction of the latter building has resumed since it was stalled following the 97/98 economic downturn. In the second half of 2005, the office market saw the transactions of office buildings including Wisma Technip and Plaza Cygal Tower 2 (incomplete building).

REITs have garnered much interests and limelight in the market in 2005. In March 2005, the first REIT to be listed on Bursa Malaysia's Main Board was approved by the Securities Commission of Malaysia. Managed by Axis REIT Managers Bhd, Axis-REIT has a portfolio of office and office/industrial type properties located in the greater Kuala Lumpur areas of Petaling Jaya and Shah Alam. Properties in the portfolio include Menara Axis, Axis Business Park, Crystal Plaza, Infinite Centre and Axis Plaza, with a total open market value of RM269 million.

## 15. INDEPENDENT PROPERTY MARKET REPORT (Cont'd)

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### 3.3 OFFICE INVESTMENT (CONT'D)

#### 3.3.1 Office Transactions (Cont'd)

Another office building, CP Tower, was acquired at RM123 million by CMREF1 (a real estate fund formed by a joint venture between CIMB and Mapletree). Also listed in 2005 is UOA REIT with portfolio of properties including 3 office buildings i.e. Wisma UOA Centre, Wisma UOA II and Wisma UOA Damansara.

On 21 February 2006, Tower REIT was established with a total market value of RM351 million. Managed by GLM REIT Management Sdn Bhd, Tower REIT properties include two office buildings, namely Menara HLA and HP Towers. Tower REIT is listed on Bursa Malaysia's Main Board in 12 May 2006.

In second quarter of 2006, two notable office buildings were transacted i.e. the Menara Genesis and Bangunan MAS. Menara Genesis was reportedly sold by public auction at RM53.6 million whilst Bangunan MAS was acquired at RM130 million by Permodalan Nasional Berhad.

Among the major office transactions from year 2001 to second quarter 2006 are as follows:

#### Klang Valley Office Transactions (From 2001 to 2Q 2006)

Year	Zone	Sub-Zone	Office Building	Seller	Buyer	Net Lettable Area (sq ft)	Price (RM)	Price (RM psf)
2001	KLCA	Prime	Wisma Hong Leong	Bedford Land Sdn Bhd (subsidiary of Hong Leong Real Estate Holdings Sdn Bhd)	Hong Leong Assurance Bhd	330,000	180,089,000	546
	SUB	SJ	Wisma HeiTech Village	Integrated Logistics Bhd	HeiTech Padu Bhd	170,860	45,000,000	263
2002	KLCA	Secondary	Wisma Time	Time Engineering Bhd	STLR Sdn Bhd (subsidiary of Khazanah Nasional Bhd)	171,611	62,050,000	362
	SUB	SA	Menara MRCB	MRCB Selbourne Corporation Sdn Bhd	Idaman Unggul Sdn Bhd	216,542	55,000,000	254
2003	KLCA	Prime	The Weld	CCL (Weld) Properties Sdn Bhd	Great Eastern Life Assurance (Malaysia) Bhd	420,522	150,000,000	357
	KLCA	Prime	Menara ExxonMobil	Pernas International Holdings Bhd	KLCC Holdings Bhd	379,930	255,882,353	673
	KLM		Bangunan Shell	Bukit Naga Development Sdn Bhd	Exclusive Skycity Sdn Bhd (subsidiary of Metacorp Bhd)	212,867	79,000,000	371
2004	KLCA	Prime	Menara Boustead	UK Realty Sdn Bhd	Boustead Realty Sdn Bhd	232,219	128,307,929	553
	KLCA	Prime	Plaza OSK	OSK Realty Sdn Bhd	Ke Zan Holdings Bhd (wholly owned subsidiary of OSK Holdings Bhd)	241,014	125,000,000	519
	KLCA	Prime	Wisma KFC	KFC Holdings (Malaysia) Bhd	Employee Provident Fund	175,292	90,000,000	513
	KLCA	Secondary	MUI Plaza	MUI Plaza Sdn Bhd	Euro Asia Agrochemical	345,564	166,000,000	480
	KLCA	Secondary	Sime Bank	Jalur Harta Sdn Bhd	Syarikat Takaful Malaysia Berhad	385,839	114,000,000	295

## 15. INDEPENDENT PROPERTY MARKET REPORT (Cont'd)

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### 3.3 OFFICE INVESTMENT (CONT'D)

#### 3.3.1 Office Transactions (Cont'd)

#### Klang Valley Office Transactions (From 2001 to 2Q 2006)

Year	Zone	Sub-Zone	Office Building	Seller	Buyer	Net Lettable Area (sq ft)	Price (RM)	Price (RM psf)	
2004	KLCA	Secondary	Menara Dayabumi	Petroliam Nasional Bhd	KLCC Property Holdings Bhd	675,444	270,000,000	400	
	KLCA	Secondary	Menara Commerce	IJM Properties Sdn Bhd	Commerce-Asset Holding Bhd	629,988	375,000,000	595	
	KLCA	Secondary	Wisma EON Bank	CCL (Cyclecarri) Properties Sdn Bhd	EON Bank Bhd	397,939	140,000,000	352	
	KLCA	Secondary	Oriental Bank Building	EON Bank Bhd	Century Gardens Sdn Bhd	122,428	35,000,000	286	
		KLM		Menara Millenium	Hong Leong Real Estate Holdings Sdn Bhd	Sagu Mestika Sdn Bhd (subsidiary of Selangor Properties Bhd)	573,715	255,000,000	444
		KLM		KL Sentral – Lot N	Malaysian Resources Corporation Bhd	Lembaga Tabung Haji	351,000	161,460,000	460
		KLM		HP Towers	Bedford Damansara heights Development Sdn Bhd	Prophills Development Sdn Bhd (wholly owned subsidiary of Hong Leong Properties Bhd)	346,078	103,823,400	300
		SUB	PJ	CP Tower	Damansara Indah Sdn Bhd	Casapark Sdn Bhd	314,213	105,000,000	334
2005	KLCA	Secondary	Vision City Tower 3	RHB-Daewoo Sdn Bhd	Majlis Amanah Rakyat	218,869	105,000,000	480	
	KLCA	Secondary	Wisma Technip	Mega Maju Sdn Bhd (subsidiary of Goldhill Group)	CapitaLand Commercial and Integrated Development Ltd	233,000	112,500,000	483	
		KLM		Plaza Cygal (Tower 1)	Cygal Development Sdn Bhd and Itah-Pacific Development Sdn Bhd	Telekom Malaysia Bhd	188,123	65,800,000	350
		KLM		Plaza Cygal (Tower 2)	Cygal Development Sdn Bhd and Itah-Pacific Development Sdn Bhd	Telekom Malaysia Bhd	280,643	92,300,000	329
		KLM		Wisma UOA Damansara	Wisma UOA Sdn Bhd	OSK Trustee Bhd (on behalf of UOA REIT)	190,991	72,000,000	377
		SUB	PJ	CP Tower	Casapark Sdn Bhd	CIMB-Maple tree Management Sdn Bhd	314,213	123,000,000	391
2006	KLCA	Prime	Menara HLA	Kiapeng Development Sdn Bhd	Am Trustee Bhd (on behalf of TOWER REIT)	396,820	221,000,000	557	
	KLCA	Prime	Bangunan MAS	Malaysia Airlines	Permodalan Nasional Berhad	270,000	130,000,000	481	
	KLCA	Secondary	Menara Genesis	Classic Lane (M) Sdn Bhd	Amsterling Sdn Bhd	134,722	53,600,000	398	
		KLM		HP Towers	Prophills Development Sdn Bhd	Am Trustee Bhd (on behalf of TOWER REIT)	346,078	130,000,000	376

Source: WTW Research, November 2006

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**3.3 OFFICE INVESTMENT (CONT'D)****3.3.1 Office Transactions (Cont'd)**

The office market in Malaysia is not particularly matured to reflect any significant of price trends over the years. The transactions of key office buildings are shown in the above table. Based on the key office building transactions between 2001 and first half of 2006, the following general price trend is observed according to sub-zones:

<b>Location</b>	<b>General Price Range (RM psf)</b>
Kuala Lumpur Central Area – Prime	357 – 673
Kuala Lumpur Central Area – Secondary	286 – 595
<b>Kuala Lumpur Central Area (KLCA)</b>	<b>286 – 673</b>
<b>Kuala Lumpur Metropolitan (KLM)</b>	<b>300 – 460</b>
Petaling Jaya	334 – 391
Shah Alam	254
Subang Jaya	263
<b>Klang Valley Suburban (SUB)</b>	<b>254 – 391</b>
<b>Klang Valley (KV)</b>	<b>254 - 673</b>

Source: WTW Research, November 2006

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**3.3 OFFICE INVESTMENT (CONT'D)**

**3.3.2 Rents, Capital Value and Yield**

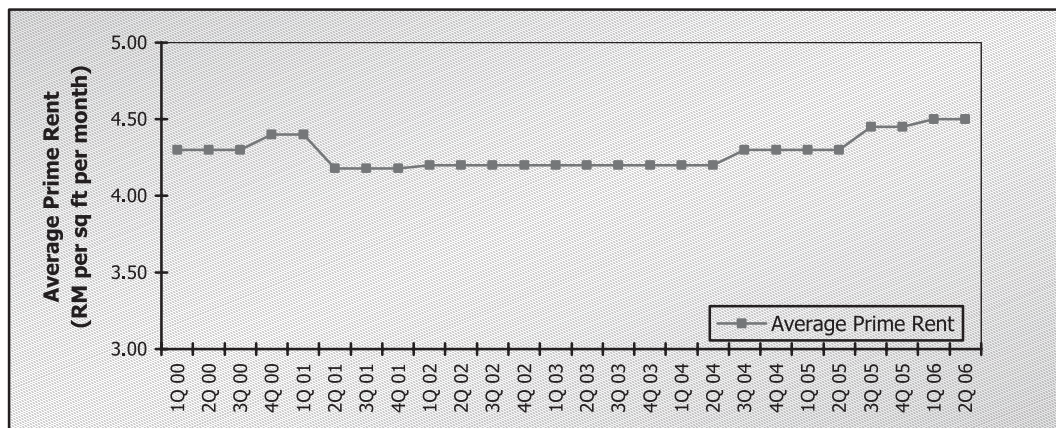
Premium A and Grade A office buildings within KLCA are currently offering monthly gross rents (inclusive of service charges) of around RM4.00 – RM6.00 per sq ft per month and RM4.00 – RM5.00 per sq ft per month respectively.

Quality office buildings in the KLM and SUB areas generally offer gross rents (inclusive of service charges) of between RM3.00 – RM4.50 per sq ft per month RM3.00 – RM4.00 per sq ft per month respectively.

As at second quarter of 2006, the average monthly gross rents (inclusive of service charges) for selected prime office buildings in KLCA is about RM4.50 per sq ft.

The following chart shows the movement of average prime rent for selected prime office space in KLCA for the period of 2001 to second quarter 2006:

**Klang Valley Purpose-Built Offices – Average Prime Rent for Selected Office Buildings in KLCA (From 2001 to 2Q 2006)**



Source: WTW Research, November 2006