

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

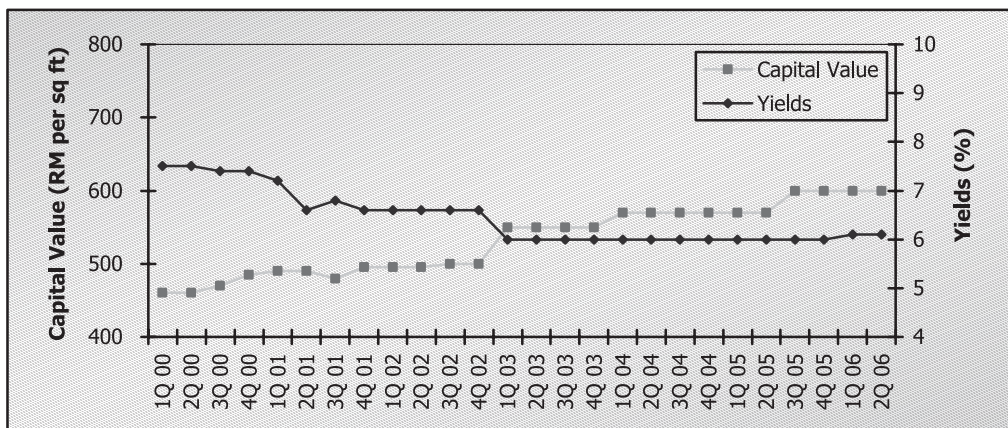


**3.3 OFFICE INVESTMENT (CONT'D)**

**3.3.2 Rents, Capital Value and Yield (Cont'd)**

The following chart depicted the capital value and yields of selected prime office space in KLCA from year 2001 to second quarter 2006:

**Klang Valley Purpose-Built Offices – Capital Value and Yields for Selected Office Buildings in KLCA (From 2000 to 2Q 2006)**



Source: WTW Research, November 2006

As shown in the above charts, monthly average prime rents and average values of prime office space in KLCA remained stable at about RM4.50 per sq ft and RM600 per sq ft respectively as at second quarter 2006. Thus, net yield of prime office buildings in KLCA registered at 6.1% in second quarter 2006.

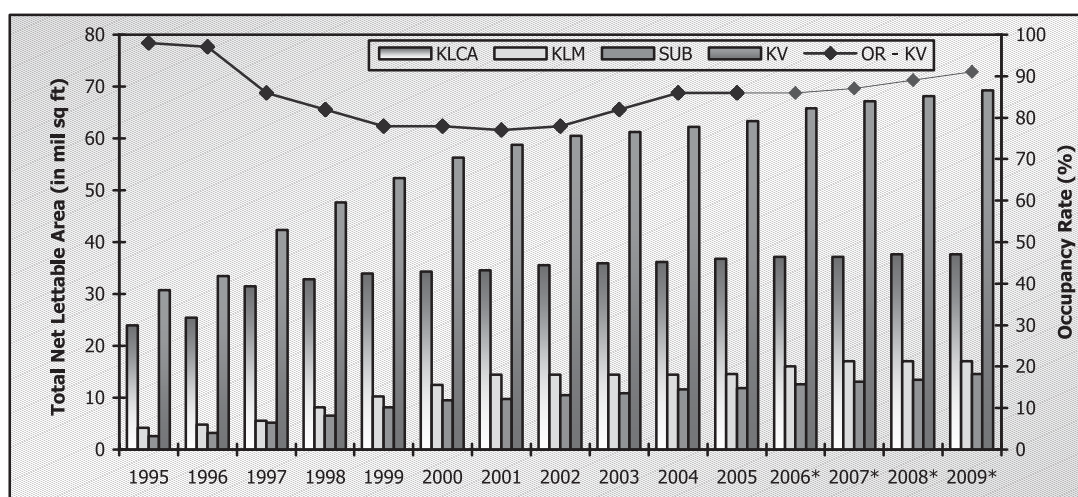
### 3.4 MARKET OUTLOOK

The cumulative supply of office spaces in Klang Valley is expected to increase in the next six to twelve months as a number of new completions of office buildings are anticipated during this period. More significantly, the KLCA in particular will continue to be short of quality grade office space in the next twelve months, as only 1 office buildings, which is classified in the secondary KLCA area has been identified in the development pipeline for the next 3 years, while 6 new office buildings and 8 new office buildings in Kuala Lumpur Metropolitan and Petaling Jaya areas respectively are expected to be completed within the next 3 years.

Demand growth for office space is expected to continue to be positive and locally driven, primarily by the services sector. There are, however, a few existing significant office space requirements from multinational companies, which are expected to translate into positive net take up in the next six to twelve months. The trend of expansions from financial institutions, local government agencies, educational institutions and existing owners and tenants will also continue to be evident during this period.

The following chart shows the cumulative existing supply, occupancy rate and expected future supply of all purpose-built offices in Klang Valley, based on an annual expected take-up of 2.12 million sq ft:

**Klang Valley Purpose-Built Offices – Supply & Demand Analysis**



Note: \* Estimates only

The estimation on future supply and occupancy rate of office space is based on projects, which are approved by local authorities or are currently under construction as shown in Item 3.1.2. It is noted that the estimation excludes projects, which are yet to be approved, by local authorities as well as the proposed KL Sentral project and the proposed Menara Yu Neh Huat.

Source: WTW Research, November 2006

### 3.4 MARKET OUTLOOK (CONT'D)

The outlook for the office sector in Klang Valley within the next six to twelve months is stable to optimistic with some indication of further movement of tenants but with no real growth expected in market rentals. Nevertheless, landlords of quality grade office buildings, especially within proximity to the Petronas Towers are likely to increase their rentals for their remaining vacant office accommodation in the next six to twelve months. Rentals of prime office buildings within KLCA are trending upwards as limited new supply of prime office space is expected to enter the KLCA office market in the next twelve months.

Market prices of office buildings are expected to generally remain stable in the short term despite numerous transactions recorded in the last eighteen months. However, on the investment front, interest is very keen and transactional activities are expected to increase in the next six to twelve months, once the gap between the expectations of the buyers and sellers are narrowed. Prime office buildings with investment potential are expected to continue to attract investors.

The favourable framework as a result of the changes to the Guidelines on Real Estate Investment Trusts issued by the Securities Commission of Malaysia in early 2005 plus various tax incentives that encouraged the emergence of Real Estate Investment Trusts (REITs) as a viable and attractive alternative investment vehicle for income producing real estate. This has led to greater interest shown in these types of properties. The successful listing of Axis REIT, Starhill REIT, UOA REIT, Tower REIT and Al-Aqar KPJ REIT indicated great interests particularly amongst investors. This would be positive for the commercial sector, particularly office market. Demand from REITs particularly by institutional investors would augur well for the office market in light of the presently tight supply situation and expected stable demand for office space, giving the investment of market in Klang Valley more depth.

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## CHAPTER 4: BRIEF OVERVIEW OF CYBERJAYA

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### 4.1 MULTIMEDIA SUPER CORRIDOR

The Multimedia Super Corridor (MSC) can be defined as an area measuring 15-kilometre by 50-kilometre running south of Kuala Lumpur City Centre to the Kuala Lumpur International Airport. MSC offers distinct benefits to foreign-owned and locally based companies focused on multimedia and communication products, solutions, services and research and development. It provides all the support facilities to enable these companies to work to full potential by integrating innovative cyberlaws and outstanding infrastructure in an attractive and eco-friendly environment.

The advantages of MSC are as follows:

- a) Financial
  - 100% exemption from taxable statutory income which is granted for a period of 5 years for the first round
  - A 100% Investment Tax Allowance (ITA)
  - Eligibility for R&D grants (for majority Malaysian ownership MSC-Status companies)
  - Freedom to source capital and borrow funds globally
- b) Non-Financial
  - Duty-free importation of multimedia equipment (DFI)
  - High-powered implementation agency to act as an effective one-stop super shop - the Multimedia Development Corporation
  - High-quality planned urban developments if MSC-Status companies locate within the MSC
  - Excellent R&D facilities, including the region's first Multimedia University if companies are located within the MSC
  - Green environment protected by strict zoning if located within the MSC
- c) Telecommunications and Infrastructure
  - MSC is supported by a high-capacity, digital telecommunications infrastructure designed to meet the highest international standards in capacity, reliability and pricing
  - Key telecommunications network features that will link the MSC to regional and global centres
  - A fibre-optic backbone with an unprecedented 2.5-10 gigabits per second capacity
  - High-capacity links to international centres
  - Open standards, high-speed switching, and multiple protocols including ATM
  - Integration into new transportation projects

#### 4.1 MULTIMEDIA SUPER CORRIDOR (CONT'D)

- c) Telecommunications and Infrastructure (Cont'd)
- Intellectual property protection and a pioneering and comprehensive framework of cyberlaws can be enjoyed by MSC-status companies irrespective of location
  - No censorship of the Internet
  - Provide globally competitive telecommunications tariffs and services guarantees
  - Tender key MSC infrastructure contracts to leading companies willing to use the MSC as their regional hub.
- d) Labour
- Availability of qualified and educated employees
  - Allow unrestricted employment of local and foreign knowledge workers
  - Relaxation of visa requirements and unlimited access to local employees will generate access to multilingual/multicultural talents

## 4.2 CYBERJAYA

As part of the Multimedia Super Corridor (MSC), Cyberjaya is being developed as a self-contained intelligent city, offering the ideal business and living condition. The intelligent city of Cyberjaya, which spans an approximate area of 7,000 hectares was set up in 1997 to realise Malaysia as a globally preferred location for ICT, multimedia and shared services operations, as part of the Government initiative to transfer Malaysia into the so-called Knowledge-Economy.

In 1998, Setia Haruman Sdn Bhd was appointed as the master developer of Cyberjaya. Setia Haruman Sdn Bhd is an equally-owned entity of Malaysia's four largest property developers, namely Renong Berhad, Country Heights Holdings Berhad, Landmarks Berhad and Emkay Group. In 2003, Emkay group bought Landmarks Berhad and Country Heights Holdings Berhad's stakes. The stakes were priced at RM50 million each. Emkay Group now owns 75% of Setia Haruman Sdn Bhd together with Renong Berhad holding the remaining 25% of Setia Haruman Sdn Bhd.

The Flagship Zone of Cyberjaya, which covers an approximate land area of 2,894 hectares and is made up of four specialised functional zones, namely, enterprise, commercial, residential and recreational & public areas.

The enterprise zone, within which the subject property is located, is reserved exclusively for companies involved in MSC activities and other clean high-tech industries. This zone covers an area of approximately 353 hectares and is slated to be the central focus of the Cyberjaya Flagship Zone. It is to be that the 4 office buildings, namely Quill Building 1 – DHL 1, Quill Building 2 – HSBC, Quill Building 3 – BMW and Quill Building 4 – DHL 2 are located within the enterprise zone.

The commercial zone is planned to cater to the office and retail activities within Cyberjaya. It will contain, amongst others, offices, retail and shopping centres, hotels, convention centres and business housing.

The residential zone, designed to offer a green living environment with intelligent dwellings to its population, will comprise bungalows, semi-detached units, 'zero-lot' units and apartments. There are various types of housing schemes in Cyberjaya namely D'Melor Condominium, Cyberia Condominium, Cyberia Town House, Cyber Height Villa, Cyberview Garden and The Promenade.

Some of the facilities that have already been completed in Cyberjaya include the Multimedia University, Lim Kok Wing University College of Creative Technology, Cyberview Lodge Resort and Spa, the transport terminal, Cyberpark and the Street Mall (comprising 1 supermarket, 6 food & beverages outlets and 12 retail shops).

## 4.2 CYBERJAYA (CONT'D)

Integral to Cyberjaya is the City Command Center (CCC) which acts as a Central Monitoring Hub to monitor, manage and implement key services, providing single management of traffic, utilities, community facilities, municipal services and public amenities through seamless integration of systems and services such as Advanced Traffic Management, Integrated Utilities Management, Interactive Community Services and more.

As at 6 November 2006, Cyberjaya has 355 MSC status companies and over 10,000 knowledge workers. Whilst the International World Class MSC status companies stands at 77 as at 16 October 2006. Companies such as NTT and TMNet are operating from their very own building. Other major companies like DHL, HSBC, Fujitsu and Ericsson have established their companies within single tenancy building, while smaller companies operate from the office buildings that have already been completed such as Century Square.

It is to be noted that currently the day population in Cyberjaya stands at 27,900 people while the night population amounts to about 11,000 people.

Source: Multimedia Development Corporation ([www.mdc.com.my](http://www.mdc.com.my)) and Setia Haruman Sdn Bhd ([www.cyberjaya-msc.com](http://www.cyberjaya-msc.com))



## CHAPTER 5: CYBERJAYA / PUTRAJAYA OFFICE MARKET

In regards to Quill Capita Trust properties which are situated in Cyberjaya, the following Chapter 5 focuses on the office market situation in the respective locations.

### 5.1 SUPPLY

#### 5.1.1 Existing Supply

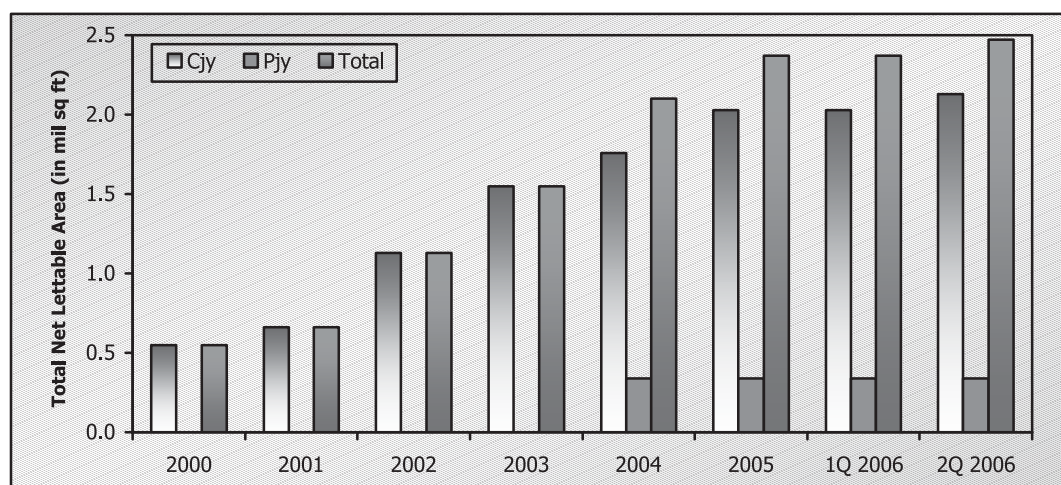
In 2004, the cumulative supply of purpose-built office in Cyberjaya/ Putrajaya stood at about 2.10 million sq ft with the completion of 3 new office buildings contributing about 540,800 sq ft. In 2005, 2 new office buildings was completed, namely Quill Building 3 – BMW and SME Building contributing about 271,200 sq ft adding the cumulative supply of office space in Cyberjaya / Putrajaya to approximately 2.37 million sq ft.

The cumulative supply of office space in Cyberjaya / Putrajaya remained unchanged at 2.37 million sq ft as at first quarter 2006 with no completion of purpose-built offices within the period. As at second quarter 2006, the cumulative supply of office space in Cyberjaya / Putrajaya stood at about 2.47 million sq ft with the completion of 1 new office building, namely Quill Building 4 – DHL 2.

It is to be noted that all the purpose-built office buildings in Cyberjaya / Putrajaya have been classified as Grade A office building based on WTW's grading.

The distribution of cumulative supply of office space in Cyberjaya / Putrajaya is depicted in the following chart:

**Cyberjaya / Putrajaya Purpose-Built Offices – Cumulative Supply (From 2000 to 2Q 2006)**



Note: Cjy: Cyberjaya  
Pjy: Putrajaya  
Total: Cjy + Pjy

Source: WTW Research, November 2006



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## **5.1 SUPPLY (CONT'D)**

### **5.1.2 Future Supply**

In terms of future supply of office buildings in Cyberjaya / Putrajaya, only 1 new office building has been identified to be completed within the next 3 years, namely Putrajaya Diplomatic Precinct – Chancery Place totalling the cumulative supply of purpose-built offices in Cyberjaya / Putrajaya at 2.57 million sq ft in 2009. The future supply of office space in PJ area will contribute only approximately 2.0% of the total future supply of purpose-built offices in Klang Valley. Further details of the 1 new office building are elaborated in Item 3.1.2.

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.

5.2 DEMAND

5.2.1 Occupancy Rates & Take-up

The overall occupancy rate for purpose-built offices in Cyberjaya / Putrajaya has improved marginally to register at about 95.8% in the first quarter 2006 from 95.4% in fourth quarter 2005. Whilst as at second quarter 2006, the overall occupancies for office space in Cyberjaya / Putrajaya has improved slightly to about 96.0%. The overall occupancies of office space in Cyberjaya / Putrajaya at 96.0% in second quarter 2006 is higher compared to the overall occupancy rate in SUB and KV areas which are registered at 88.6% and 85.9% respectively within the same period.

On a micro view of occupancy rate in Cyberjaya / Putrajaya based on grading, occupancies of Grade A office buildings in Cyberjaya / Putrajaya which is observed to be at 96.0% in second quarter 2006 is higher compared to the overall occupancy rate of Grade A office space in SUB and KV areas which are registered at 91.0% and 87.7% respectively within the same period.

The average occupancy rate of office spaces in Cyberjaya / Putrajaya by grade are tabulated as follows:

**Cyberjaya / Putrajaya Purpose-Built Offices – Occupancy Rate By Location (as at 2Q 2006)**

Location	Occupancy Rate (%)
Klang Valley (KV)	85.9%
Klang Valley – Grade A (KV)	87.7%
Klang Valley Suburban (SUB)	88.6%
Klang Valley Suburban – Grade A (SUB)	91.0%
Cyberjaya / Putrajaya	96.0%
Cyberjaya / Putrajaya – Grade A	96.0%

Source: WTW Research, November 2006

As at the end of 2005, the total take-up of office spaces in Cyberjaya / Putrajaya was approximately 300,500 sq ft. The office leasing market in first quarter 2006 was rather slow. As at first quarter 2006, net take-up of office space in Cyberjaya / Putrajaya registered at 15,000 sq ft. The total take-up of office space in Cyberjaya / Putrajaya was about 100,000 sq ft in second quarter 2006, mainly occupied by Asia-Pacific Information Services Sdn Bhd in the newly completed Quill Building 4 – DHL 2.

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

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### 5.2 DEMAND (CONT'D)

#### 5.2.2 Rents

Quality office buildings in the SUB area of Petaling Jaya and Subang Jaya generally offer gross rent (inclusive of service charges) of between RM3.00 – RM4.00 per sq ft per month. Similarly, gross rent of office space in Cyberjaya, which is part of the SUB area also ranged between RM3.00 – RM4.00 per sq ft per month.

Gross rent for office space in Plaza Sentral – Blocks 3 & 4 generally ranged between RM3.00 – RM4.00 per sq ft per month whilst the newly completed Plaza Sentral – Blocks 1 & 2 command at a gross rental rate of about RM4.00 – RM5.00 per sq ft per month. The following chart shows the current asking gross rent of selected office buildings in SUB area with particular reference to KL Sentral, Petaling Jaya, Subang Jaya and Cyberjaya areas:

Building	Location	Asking Gross Rent (RM psf/month)
Plaza Sentral – Block 3 & 4 *	KL Sentral	RM3.00 – RM4.00
Plaza Sentral – Block 1 & 2 *	KL Sentral	RM4.00 – RM5.00
<b>Average Asking Gross Rent in KL Sentral (RM psf / month)</b>		<b>RM3.00 – RM5.00</b>
Menara Amcorp – Amcorp Trade Centre	Petaling Jaya	RM3.50 – RM4.00
Menara PJ – Amcorp Trade Centre	Petaling Jaya	RM3.50 – RM4.00
Menara Yayasan Selangor – Amcorp Trade Centre	Petaling Jaya	RM3.00
CP Tower	Petaling Jaya	RM3.50 – RM4.00
Menara Axis	Petaling Jaya	RM3.50 – RM4.00
Menara Choy Fook On	Petaling Jaya	RM3.00 – RM3.50
Lien Hoe Tower	Petaling Jaya	RM3.00
Damansara Uptown 1, 2, 3 & 5	Petaling Jaya	RM3.40 – RM3.60
<b>Average Asking Gross Rent in Petaling Jaya (RM psf / month)</b>		<b>RM3.00 – RM4.00</b>
Menara Summit	Subang Jaya	RM3.50
Menara Sunway	Subang Jaya	RM3.00 – RM3.80
Wisma Consplant 1	Subang Jaya	RM3.30
Wisma Consplant 2	Subang Jaya	RM3.00
Peremba Square	Subang Jaya	RM3.00
<b>Average Asking Gross Rent in Subang Jaya (RM psf / month)</b>		<b>RM3.00 – RM3.80</b>
Century Square 1	Cyberjaya	RM3.90
Century Square 2	Cyberjaya	RM3.50
Enterprise 1 & 3	Cyberjaya	RM4.00
Prima Avenue	Cyberjaya	RM3.00 – RM4.00
FSBM	Cyberjaya	RM3.30
<b>Average Asking Gross Rent in Cyberjaya / Putrajaya (RM psf / month)</b>		<b>RM3.00 – RM4.00</b>

Note: \* Individual owners for Plaza Sentral – Block 1, 2, 3 & 4 who appoint Kuala Lumpur Sentral Sdn Bhd as their Cyber Centre Manager / property manager will be granted the MSC status. Currently, only 75,000 sq ft within Plaza Sentral – Block 1 & 2 is classified as MSC status.

Source: WTW Research, November 2006

### 5.3 MARKET OUTLOOK

The office situation in Cyberjaya / Putrajaya area will continue to experience tight supply situation, seeing that within the next 3 years, only 1 new office building has been identified in the development pipeline. Furthermore, it is noted that the new office building, namely Putrajaya Diplomatic Precinct – Chancery Place is to be leased to the chanceries only.

Demand growth for office space in Cyberjaya / Putrajaya area is expected to continue to be positive and driven primarily by the services sector of multinational companies. Thus, occupancy rates and rentals of office buildings within the Cyberjaya / Putrajaya area may show upwards movement as there are limited supply of new office spaces within these areas.

As Cyberjaya is considered as part of the Multimedia Super Corridor (MSC), which enjoys bill of guarantees in terms of tax exemptions as well as IT infrastructures to name a few, there is a potential for investment in the office buildings in this Cyberjaya area. However, these office buildings, particularly in Cyberjaya area, may face competition from future supply of office buildings in KL Sentral area, which has also recently been granted as CyberCentre, being part of the MSC and enjoys the similar bill of guarantees.

## CHAPTER 6: GENERAL COMMENTARY ON QUILL CAPITA TRUST PROPERTIES

Quill Capita Trust properties comprise 4 office buildings situated in Cyberjaya. The following section looks at the Quill Capita Trust properties in detail:

### 6.1 QUILL BUILDING 1 - DHL 1

The subject property known as Quill Building 1 – DHL 1 is a 4-storey purpose-built office building together with a sub basement and basement car park and bears the postal address of Quill Building 1 – DHL 1, 3509 & 3511, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor.

#### 6.1.1 Situation

Cyberjaya, with an approximate area of 7,000 hectares, is being developed into an IT and multimedia hub. It is part of the Multimedia Super Corridor (MSC), which is defined as an area measuring 15-kilometre by 50-kilometre running south of Kuala Lumpur City Centre to the Kuala Lumpur International Airport.

Quill Building 1 – DHL 1 is located within the Flagship Zone of Cyberjaya, which covers an approximate land area of 2,894 hectares and is made up of four specialised functional zones, namely, enterprise, commercial, residential and recreational & public areas.

The enterprise zone, within which the subject property is located, is reserved exclusively for companies involved in MSC activities and other clean high-tech industries. This zone covers an area of approximately 353 hectares and is slated to be the central focus of the Flagship Zone.

The commercial zone is planned to cater to the office and retail activities within Cyberjaya. It will contain, amongst others, offices, retail and shopping centres, hotels, convention centres and business housing.

The residential zone, designed to offer a green living environment with intelligent dwellings to its population, will comprise bungalows, semi-detached units, 'zero-lot' units and apartments.

Its immediate surrounding developments comprise primarily offices of BMW, FUJITSU, HSBC, Enterprise 1, Prima Avenue and the Headquarters of Multimedia Super Corridor (MSC). Other office developments in the vicinity include the Ericsson, Wisma Shell Malaysia as well as the Malaysian Communications and Multimedia Commission (MCMC).

Quill Building 1 – DHL 1 is easily accessible from various parts of Klang Valley via the North-South Expressway or Lebuhraya Damansara-Puchong (LDP).

## 6.1 QUILL BUILDING 1 - DHL 1 (CONT'D)

### 6.1.2 Building

Quill Building 1 – DHL 1, which was completed in 2002 (based on Certificate of Completion), is a 4-storey office building together with a sub basement and a basement car park. The building, with a land area of 2.40 acre has a total net lettable area of 92,284 sq ft excluding a total of 315 car park bays. In terms of sufficiency for car park bays, the building has fulfilled the requirement.

The building is a modern individual architectural designed purpose-built office building constructed of reinforced concrete framework with external facade partly clad with tinted glazed and aluminium panel curtain walling and partly with plastered brickwalls. The external walls for the entrance lobby on the ground floor are of frameless glass panels. Whilst the reception / exhibition area on the ground floor are of polished marble / granite slabs.

Vertical access within the building is by means of 3 lifts and 3 reinforced concrete staircases.

### 6.1.3 Tenancy Profile

Quill Building 1 – DHL 1 is tenanted to a single tenant, Asia-Pacific Information Services Sdn Bhd, which is a wholly-owned subsidiary of DHL Worldwide Express B.V.. Asia-Pacific Information Services Sdn Bhd is one of the four global data centres, with the other three global data centres located in United States, Czech Republic and Germany, that make up DHL's IT services group.

DHL Worldwide Express B.V. is one of the pioneers of the international air express industry as it comprises around 6,500 offices in more than 220 countries and territories. Being a wholly-owned subsidiary of DHL Worldwide Express B.V., Asia-Pacific Information Services Sdn Bhd could be considered as a company of strong covenant. It is amongst the International World Class MSC Status Companies.

### 6.1.4 Occupancy Rate

Quill Building 1 – DHL 1 has a relatively high occupancy rate of 100% or 92,284 sq ft of the net lettable area is occupied as at November 2006. The total net lettable area of the building is 92,284 sq ft.

## 6.1 QUILL BUILDING 1 - DHL 1 (CONT'D)

### 6.1.5 Commentary

Quill Building 1 – DHL 1 is well-placed within the Flagship Zone of Cyberjaya, which is part of the Multimedia Super Corridor. Rated by WTW as a Grade A office building, it is strategically surrounded with leading-edge telecommunications and power infrastructure.

The building has maintained an impressive occupancy rate of 100% since 2002, which is higher than the average occupancy rate of Grade A office buildings within the SUB area, which is recorded at about 91.0% as at second quarter 2006. The building is indicated to continue to enjoy high occupancies as it has a secure tenant, namely Asia-Pacific Information Services Sdn Bhd, which is currently tenanting the whole building on a 7+3 year lease term.

The current monthly gross rental rate of the building can be considered as competitive compared with Grade A office space within the SUB area, which are generally ranged between RM3.00 – RM4.00 per sq ft per month.

In terms of future supply of office space, it is identified that 8 new office buildings is expected to be completed in the SUB area within the next 3 years.

In view of its strategic location within the Flagship Zone of Cyberjaya, abundant infrastructure / facilities as well as its MSC status, thus, the outlook of Quill Building 1 – DHL 1 is indicated with opportunity for further improvement in its rental rates.

Competition from similar quality office space within the SUB area, particularly in Cyberjaya and Putrajaya is expected to be minimal as limited future supply of office spaces is anticipated with the SUB area of Cyberjaya and Putrajaya. Nevertheless, competition may also come from KL Sentral, which has recently been awarded as CyberCentre, being part of the MSC and offered similar bill of guarantees as Cyberjaya.



## 6.2 QUILL BUILDING 2 - HSBC

The subject property known as Quill Building 2 – HSBC is a 4-storey purpose-built office building together with a sub-basement car park and bears the postal address of Quill Building 2 – HSBC, 3500, Jalan Teknokrat 3, 63000 Cyberjaya, Selangor.

### 6.2.1 Situation

Quill Building 2 – HSBC is located within the Flagship Zone of Cyberjaya, which is part of the Multimedia Super Corridor (MSC).

Its immediate surrounding developments comprise primarily offices of BMW, FUJITSU, DHL, Enterprise 1, Ericsson, Prima Avenue and the Headquarters of Multimedia Super Corridor (MSC). Other office developments in the vicinity include the InventQjaya, Wisma Shell Malaysia as well as the Malaysian Communications and Multimedia Commission (MCMC).

Quill Building 2 – HSBC is easily accessible from various parts of Klang Valley via the North-South Expressway or Lebuhraya Damansara-Puchong (LDP).

### 6.2.2 Building

Quill Building 2 – HSBC, which was completed in 2003 (based on Certificate of Completion), is a 4-storey office building with a sub-basement car park. It has a land area of 6.65 acre and a total net lettable area of 184,452.77 sq ft (excluding the car parking area). The building provides a total of 505 car park bays with 194 covered car park bays and 311 uncovered car park bays (based on the Agreement To Lease dated 16 October 2003). In terms of sufficiency for car park bays, the building has fulfilled the requirement.

The building is a modern individual architectural designed purpose-built office building constructed of reinforced concrete framework with external facade partly clad with tinted glazed and aluminium panel curtain walling and partly with plastered brickwalls. The external walls for the entrance lobby on the ground floor are of frameless glass panels. Whilst the entrance lobby / reception area on the ground floor are of polished granite slabs.

Vertical access within the building is via 5 passenger lifts and 5 reinforced concrete staircases.

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## 6.1 QUILL BUILDING 2 - HSBC (CONT'D)

### 6.2.3 Tenancy Profile

Quill Building 2 – HSBC is tenanted to a single tenant, namely HSBC Electronic Data Processing (Malaysia) Sdn Bhd. HSBC Electronic Data Processing (Malaysia) Sdn Bhd is the largest in size of the seven Group Service Centres operated by the HSBC Group. The others Group Service Centres are in Hyderabad, Bangalore and Vishakhapatnam in India, Shanghai and Guangzhou in China and Sri Lanka.

The tenant could be considered as a company of strong covenant as HSBC Group is the one of the world's largest bank with international network comprises over 9,500 offices in 76 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. It is also one of the International World Class MSC Status Companies.

### 6.2.4 Occupancy Rate

Quill Building 2 – HSBC registered a 100% occupancy rate or 184,452.77 sq ft of the net lettable area is occupied as at November 2006.

### 6.2.5 Commentary

Quill Building 2 – HSBC, rated by WTW as a Grade A office building, is strategically located within the Flagship Zone of Cyberjaya and surrounded with leading-edge telecommunications and power infrastructure.

The building enjoys impressive occupancy rates of 100% since 2003, which is higher than the average occupancy rate of Grade A office buildings within the SUB area, which is recorded at about 91.0% as at second quarter 2006. The building is indicated to continue to enjoy high occupancies as it has a secure tenant, namely HSBC Electronic Data Processing (Malaysia) Sdn Bhd, which is currently tenanting the whole building on a 6+3+2 year lease term.

The current monthly gross rental rate of the building can be considered as competitive compared with Grade A office space within the SUB area, which are generally ranged between RM3.00 – RM4.00 per sq ft per month.

In terms of future supply of office space, it is identified that 8 new office buildings is expected to be completed in the SUB area within the next 3 years. Although KL Sentral may pose as a competitor due to its MSC status as well as being a major transportation hub, only 1 new office building, namely KL Sentral – Lot N is expected to be completed in KL Sentral within the next 3 years.

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## **6.2 QUILL BUILDING 2 - HSBC (CONT'D)**

### **6.2.5 Commentary (Cont'd)**

In view of its location within the Flagship Zone of Cyberjaya, which is part of the MSC offering bill of guarantees to MSC status companies operating there, as well as abundant facilities / amenities, together with the limited future supply of office space in SUB area of Putrajaya / Cyberjaya, hence, the outlook of Quill Building 2 – HSBC is stable to optimistic with secured indication of further growth for rental rates.

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### 6.3 QUILL BUILDING 3 - BMW

The subject property known as Quill Building 3 – BMW is a 4-storey office building together with a sub-basement and basement car park. The building bears the postal address of Quill Building 3 – 3501, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor.

#### 6.3.1 Situation

Quill Building 3 – BMW is located within the Flagship Zone of Cyberjaya, which is part of the Multimedia Super Corridor (MSC).

Its immediate surrounding developments comprise primarily offices of HSBC, Enterprise 2, FSBM, FUJITSU, Prima Avenue, Enterprise 1 and DHL. Other office developments within the larger vicinity of Quill Building 3 – BMW include the InventQjaya, Wisma Shell Malaysia, Ericsson, Century Square, SME Building as well as the Malaysian Communications and Multimedia Commission (MCMC).

Quill Building 3 – BMW is easily accessible from various parts of Klang Valley via the North-South Expressway or Lebuhraya Damansara-Puchong (LDP).

#### 6.3.2 Building

Quill Building 3 – BMW, which was completed in 2004 (based on Certificate of Completion), is a 4-storey office building with a sub-basement and basement car park. The building, with a land area of 2.62 acre has a total net lettable area of 117,198 sq ft excluding the car park bays. The number of car park bays allocated is 313 with 216 bays at sub-basement and basement, as well as 97 bays at the open area. In terms of sufficiency for car park bays, the building has fulfilled the requirement.

The building is a modern individual architectural designed purpose-built office building. It consists of two interconnected parts that are placed at an angle of 100 degrees to each other. The building is designed as a reinforced steel structure with a column spacing of 8.4 metre. The main entrance foyer / lobby area on the ground floor are of polished marble / granite slabs.

Vertical access within the building is by means of 3 lifts and 3 reinforced concrete staircases.

### 6.3 QUILL BUILDING 3 - BMW (CONT'D)

#### 6.3.3 Tenancy Profile

Quill Building 3 – BMW is mainly occupied by 6 tenants, i.e. BMW Asia Technology Centre Sdn Bhd, BMW Malaysia Sdn Bhd, Affiliated Computer Services Malaysia Sdn Bhd, Panasonic R & D Centre Malaysia Sdn Bhd, TRW Automotive Services Sdn Bhd and Quill Construction Sdn Bhd.

##### a) BMW Asia Technology Centre Sdn Bhd

BMW Asia Technology Centre Sdn Bhd took up approximately 21,902 sq ft (13,200 sq ft on ground floor and 8,702 sq ft on first floor) or 18.7% of the total net lettable area in the building. The lease term is 5+3+3 years.

BMW Asia Technology Centre Sdn Bhd is held under the holding company, BMW Holdings Malaysia Sdn Bhd and is wholly owned. It has a regional focus with three individual business units namely Group Data Centre, Group Training Centre and Parts Distribution Centre. The regional Group Data Centre and Group Training Centre are housed in BMW Group Headquarters in Quill Building 3 – BMW. It is considered as a company of strong covenant as it is one of the International World Class MSC Status Companies. Furthermore, the move of its new BMW Group Malaysia Headquarters into Quill Building 3 – BMW would further strengthen its presence in Malaysia.

The Group Data Centre, located in Quill Building 3 – BMW serves the BMW Group markets in the Asia Pacific region, Eastern Europe, the Middle East and Africa.

The Group Training Centre, situated in Quill Building 3 – BMW provides all manner of technical and non-technical training for BMW Group and its associates across the Asia Pacific region.

##### b) BMW Malaysia Sdn Bhd

BMW Malaysia Sdn Bhd has taken up about 13,200 sq ft or 11.3% of the total net lettable area in the building. The lease term is 5+3+3 years.

BMW Malaysia Sdn Bhd is held under the holding company, BMW Holdings Malaysia Sdn Bhd and is a joint venture between BMW Holdings Malaysia Sdn Bhd (51%) and Sime Darby Bhd (49%) through Tractors Holdings and Auto Bavaria Sdn Bhd. BMW Malaysia Sdn Bhd serves as National Sales Company which is responsible for all import, assembly, sales, marketing and after sales of all the BMW Group vehicles, i.e. BMW and MINI and motorcycles.

**6.3 QUILL BUILDING 3 - BMW (CONT'D)****6.3.3 Tenancy Profile (Cont'd)****c) Affiliated Computer Services Malaysia Sdn Bhd**

Affiliated Computer Services Malaysia Sdn Bhd took up approximately 13,300 sq ft or 11.3% of the total net lettable area in the building. The lease term is 5+3 years. However, the tenant has been granted the option to terminate the lease after 3 years of occupation.

Affiliated Computer Services Malaysia Sdn Bhd began its operation in Quill Building 3 – BMW in January 2006. Affiliated Computer Services Malaysia Sdn Bhd is a technical centre, which supports ITO (information technology outsourcing) services by providing systems engineering technical support for CMOS (Complementary Metal Oxide Semiconductor)/mainframe; network and desktop engineering; and application management services. Affiliated Computer Services Malaysia Sdn Bhd is amongst the International World Class MSC Status Companies.

**d) Panasonic R & D Centre Malaysia Sdn Bhd**

Panasonic R & D Centre Malaysia Sdn Bhd has tenanted about 10,118 sq ft or 8.6% of the total net lettable area in the building. The lease term is 4+3 years. However, the tenant has been granted the option to terminate the lease after 3 years of occupation.

Panasonic R & D Centre Malaysia Sdn Bhd is a wholly owned subsidiary of Matsushita Electric Industrial Co. Ltd. Its main activities is to carry out research and development of leading edge multimedia technologies especially in digital networking multimedia software development mainly for developing communication software related to wired communication and the internet such as multi-lingual and automated guidance PC software for PBX (Private Branch exchange), IP (Internet Protocol) Software Phone and CTI (Computer Telephony Integration) application. Panasonic R & D centre Malaysia Sdn Bhd is amongst the International World Class MSC Status Companies.

**e) TRW Automotive Services Sdn Bhd**

TRW Automotive Services Sdn Bhd has taken up the office space of 27,094 sq ft in the building and the lease covers a 5 year fixed term with an additional 5+5 years option extension. After the commencement of the fifth year of tenancy, the lease may be terminated with 12 months notice by the tenant.

TRW Automotive Services Sdn Bhd established a new facility in Quill Building 3 – BMW, which provides three services namely Global Information Systems Development Centre, Global Data Centre and Global Shared Services Centre.

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### 6.3 QUILL BUILDING 3 - BMW (CONT'D)

#### 6.3.3 Tenancy Profile (Cont'd)

##### f) Quill Construction Sdn Bhd

Quill Construction Sdn Bhd leased the office space of 31,584 sq ft in the building and the lease which covers 5+3+3 years commenced on 1 September 2006.

#### 6.3.4 Occupancy Rate

Quill Building 3 – BMW enjoys an occupancy rate of 100% or 117,198 sq ft of the net lettable area is occupied as at November 2006. The total net lettable area of the building is 117,198 sq ft.

#### 6.3.5 Commentary

Quill Building 3 – BMW is strategically located within the Flagship Zone of Cyberjaya, which is part of the Multimedia Super Corridor (MSC) and is surrounded with ample infrastructure / facilities. The building is rated by WTW as a Grade A office building.

The building enjoys high occupancies of 100% since September 2006, which is higher than the average occupancy rate of Grade A office buildings within the SUB area, which is recorded at about 91.0% as at second quarter 2006. The building may continue to enjoy high occupancies as it is currently leased on long leases to 5 strong covenant tenants, i.e. BMW Asia Technology Centre Sdn Bhd, BMW Malaysia Sdn Bhd, Affiliated Computer Services Malaysia Sdn Bhd, Panasonic R & D Centre Malaysia Sdn Bhd and TRW Automotive Services Sdn Bhd.

The current monthly gross rental rate of the building can be considered as competitive compared with other Grade A office spaces within the SUB area, which are generally ranged between RM3.00 – RM4.00 per sq ft per month.

In view of its location within the Flagship Zone of Cyberjaya, which is part of the MSC offering bill of guarantees to companies located there, as well as abundant infrastructures / facilities and the presence of a diverse tenant profile, together with the limited future supply of office space in SUB area, particularly in the areas Cyberjaya / Putrajaya, thus, in terms of the outlook of Quill Building 3 – BMW, the building have secured indication of further movement for rental rates.



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### **6.3 QUILL BUILDING 3 - BMW (CONT'D)**

#### **6.3.5 Commentary (Cont'd)**

Nevertheless, competition may be expected from similar quality office space within the KL Sentral area possibly due to its currently awarded MSC status as well as being a transportation hub. Additionally, competitive rental rates and management of the building are essential in order for Quill Building 3 – BMW to be physically competitive in the market.

## 6.4 QUILL BUILDING 4 - DHL 2

The subject property known as Quill Building 4 – DHL 2 is a 4-storey purpose-built office building together with a sub-basement and 2-level basement car parks and bears the postal address of Quill Building 4 – DHL 2, 3504, Jalan Teknokrat 5, 63000 Cyberjaya, Selangor.

### 6.4.1 Situation

Quill Building 4 – DHL 2 is situated within the Flagship Zone of Cyberjaya, which is part of the Multimedia Super Corridor (MSC) that offered bill of guarantees to MSC status companies operating there.

Its immediate surrounding developments comprise primarily offices of FUJITSU, HSBC, Enterprise 1, Enterprise 3, Ericsson, Prima Avenue and the Headquarters of Multimedia Super Corridor (MSC). Other office developments within the larger vicinity of the building include Century Square, HSBC, BMW, FSBM, InventQjaya, Wisma Shell Malaysia as well as the Malaysian Communications and Multimedia Commission (MCMC).

Quill Building 4 – DHL 2 is easily accessible from various parts of Klang Valley via the North-South Expressway or Lebuhraya Damansara-Puchong (LDP).

### 6.4.2 Building

Quill Building 4 – DHL 2, which was completed in 2005 (based on Certificate of Completion), is a 4-storey purpose-built office with a sub-basement and 2-level basement car parks. The building, with a land area of 1.54 acre has a total net lettable area of 99,183 sq ft excluding the car park bays. The number of car park bays allocated are 298 covered car park bays and 11 uncovered car park bays. In terms of sufficiency for car park bays, the building has fulfilled the requirement.

The building is a modern individual architectural designed purpose-built office building constructed of reinforced concrete framework with external facade partly cladded with tinted glazed and aluminium panel curtain walling and partly with plastered brickwalls. The external walls for the entrance lobby on the ground floor are of frameless glass panels. Whilst the entrance lobby / lobby area on the ground floor are of polished granite slabs.

Vertical access within the building is via 3 lifts and 1 reinforced concrete staircase and 2 metal frame with metal tread staircases.

## 6.4 QUILL BUILDING 4 - DHL 2 (CONT'D)

### 6.4.3 Tenancy Profile

Quill Building 4 – DHL 2 is tenanted to a single tenant, Asia-Pacific Information Services Sdn Bhd, which is a wholly-owned subsidiary of DHL Worldwide Express B.V.. Asia-Pacific Information Services Sdn Bhd has outgrown its present facility in Quill Building 1 – DHL 1 and the additional 99,183 sq ft of space in Quill Building 4 – DHL 2 has been provided to accommodate its burgeoning activities.

Asia-Pacific Information Services Sdn Bhd is one of the four global data centres, with the other three global data centres located in United States, Czech Republic and Germany, that make up DHL's IT services group.

DHL Worldwide Express B.V. is one of the pioneers of the international air express industry as it comprises around 6,500 offices in more than 220 countries and territories. Being a wholly-owned subsidiary of DHL Worldwide Express B.V., Asia-Pacific Information Services Sdn Bhd could be considered as a company of strong covenant. It is amongst the International World Class MSC Status Companies.

### 6.4.4 Occupancy Rate

Quill Building 4 – DHL 2 has a relatively high occupancy rate of 100% (based on the lease to Asia-Pacific Information Services Sdn Bhd which commenced on 1 January 2006) or 99,183 sq ft of the net lettable area is occupied as at November 2006. The total net lettable area of the building is 99,183 sq ft.

### 6.4.5 Commentary

Quill Building 4 – DHL 2 is well-located within the Flagship Zone of Cyberjaya, which is part of the Multimedia Super Corridor, surrounded with leading-edge telecommunications and power infrastructure as well offering bill of guarantees to MSC companies locating there. The building is rated by WTW as a Grade A office building.

The building has maintained a high occupancy rate of 100% (based on the lease to Asia-Pacific Information Services Sdn Bhd which commenced on 1 January 2006), which is higher than the average occupancy rate of Grade A office buildings within the SUB area, which is recorded at about 91.0% as at second quarter 2006. Quill Building 4 – DHL 2 is indicated to continue to enjoy high occupancies as it has a secure tenant, namely Asia-Pacific Information Services Sdn Bhd, which is currently leasing the whole building on a 7+3 year lease term.

The current monthly gross rental rate of the building can be considered as competitive compared with other Grade A office buildings within the SUB area, which are generally ranged between RM3.00 – RM4.00 per sq ft per month.

#### 6.4 QUILL BUILDING 4 - DHL 2 (CONT'D)

##### 6.4.5 Commentary (Cont'd)

In terms of future supply of office space, it is identified that 8 new office buildings is expected to be completed in the SUB area within the next 3 years with only 1 new office building, namely Putrajaya Diplomatic Precinct – Chancery Place which is expected to be completed within the Putrajaya area. However, as Putrajaya Diplomatic Precinct – Chancery Place is noted to be leased to chanceries only, thus the building would not pose as direct competition to Quill Building 4 – DHL 2. Nevertheless, competition may come from similar office buildings in KL Sentral area, which has recently been awarded as CyberCentre, which is part of the MSC and offering bill of guarantees to MSC status companies operating there similarly to Cyberjaya.

In view of its strategic location within the Flagship Zone of Cyberjaya, abundant infrastructures / facilities as well as its MSC status, hence, the outlook of Quill Building 4 – DHL 2 is stable to optimistic.

**6.5 S.W.O.T. ANALYSIS**

A S.W.O.T. analysis has been carried out in order to identify the strengths, weaknesses, opportunities and threats of the Quill Building 1 – DHL 1, Quill Building 2 – HSBC, Quill Building 3 – BMW and Quill Building 4 – DHL 2 as follows:

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Location – part of MSC which offered Bill of Guarantees</li> <li>• Abundant infrastructures / facilities / telecommunications (surrounding)</li> <li>• Convenient access by road to various parts of Klang Valley</li> <li>• Freehold</li> <li>• Sufficient car park bays for all 4 buildings</li> <li>• Rated by WTW as Grade A office building for all 4 buildings</li> <li>• Tenants – Reputable International World Class MSC Status Companies</li> <li>• Secured tenants – Long lease term</li> <li>• Surrounding developments – Office buildings occupied by International World Class MSC Status Companies</li> </ul>	<ul style="list-style-type: none"> <li>• –</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Relatively high occupancy rates compared to office buildings in the SUB area</li> <li>• Competitive monthly gross rental rates compared to office buildings in the SUB and KL Sentral areas</li> <li>• Limited future supply of office buildings in the SUB area of Cyberjaya / Putrajaya</li> </ul>	<ul style="list-style-type: none"> <li>• Competition from office buildings in KL Sentral as it is a transportation hub and also part of MSC which offered similar Bill of Guarantees</li> </ul>

Source: WTW Research, November 2006



Prepared by the Research Department  
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