
13. APPROVALS AND CONDITIONS

13.1 APPROVALS AND CONDITIONS

The SC has, *vide* its letters dated 26 September 2008 and 10 June 2010, approved the establishment and listing and quotation of CMMT on the Main Market. The conditions imposed by the SC and the status of compliance are as follows:

	Details of conditions imposed	Status of compliance
(i)	The Manager to clearly disclose in the prospectus the actual base fee and performance fee rate that the manager intends to charge.	Complied. See Section 7.5 "Management Fee".
(ii)	The Manager and its advisers to inform the SC the listing date of CMMT prior to the listing of the REIT; and	Noted and to be complied.
(iii)	The listing of CMMT must be completed within six months from 26 September 2008. SC's approval is deemed to lapse if the Manager fails to do so within the stipulated timeframe.	To be complied. SC had <i>vide</i> its letter dated 18 March 2010 granted CMMT an extension of time to complete the listing of CMMT by 25 September 2010.
(iv)	The Manager is to rectify the change to the floor layout on the ground and fourth floors of Gurney Plaza and the renovation carried out on Basement 1 of Gurney Plaza with the relevant authority within 12 months from the date of SC's approval letter.	Noted and to be complied by the Manager.

The SC has, *vide* its letter dated 26 September 2008, approved the appointment of the Manager as management company, where the conditions imposed by the SC and the status of compliance are as follows:

	Details of conditions imposed	Status of compliance
(i)	The Manager and its advisers to provide evidence of compliance with clause 3.04(d) and clause 3.28 of the REITs Guidelines on adequacy of resources, prior to the registration of the prospectus of CMMT;	Complied, as informed via a letter to the SC dated 10 June 2010.
(ii)	The Manager or its advisers to submit an operational audit report of the Manager's operation pertaining to CMMT to the SC within six months after CMMT is launched and listed. The appointment of the auditors and scope of work shall be subject to the SC's clearance;	To be complied by the Manager.
(iii)	The Manager to maintain the 30.00% Bumiputera equity requirement at all times; and	Noted and complied by the Manager.
(iv)	The Manager and its advisers to inform SC upon completion of the proposal.	To be complied.

The SC has, *vide* its letter dated 26 September 2008, approved the appointment of AmTrustee Berhad as the trustee.

13. APPROVALS AND CONDITIONS (Cont'd)

13.2 FURTHER APPROVAL GRANTED BY THE SC

13.2.1 The delegation of the registrar function by the Manager to MIDF Consultancy and Corporate Services Sendirian Berhad has been approved by the SC *vide* its letter dated 24 November 2008. The conditions imposed by the SC and the status of compliance are as follows:

Details of conditions imposed	Status of compliance
(i) The Service Level Agreement (“SLA”) to incorporate provisions relating to the maintenance of books, records and documents as stipulated under Clause 5.30 of the Guiding Principles For Outsourcing Of Back Office Functions For Capital Market Intermediaries;	Complied, the SLA dated 10 June 2010 has incorporated the said provisions.
(ii) Outsourcing can only be effected upon formalisation of its SLA. The duly executed SLA is to be submitted within one month of the date of approval;	Noted and complied. SC had <i>vide</i> its letter dated 7 January 2009 approved the Manager to submit the duly executed SLA within one month from the date of its execution. The SLA was executed on 10 June 2010 and was submitted to the SC on 22 June 2010.
(iii) Submission of audit report on MIDF Consultancy and Corporate Services Sendirian Berhad is within six months from the commencement of the outsourcing; and	To be complied by the Manager.
(iv) Notification to the SC is within 10 working days in the event that the SLA with MIDF Consultancy and Corporate Services Sendirian Berhad is terminated.	Noted and to be complied by the Manager.

13.2.2 The SC has, *vide* its letter dated 26 June 2008, approved the management company to hold units of CMMT as a mode of payment of management fees. The conditions imposed by the SC and the status of compliance are as follows:

Details of conditions imposed	Status of compliance
(i) The management fee formula including the portion payable in units must be clearly disclosed in the prospectus and the deed; and	Complied as disclosed in Section 7.5 of this Prospectus and in the Deed.
(ii) The REIT manager must make prompt announcement to Bursa Securities, disclosing the number of units issued and the issue price, when units are issued as payment for management fees.	The Manager will ensure that prompt announcements will be made when Units are issued as payment for management fees.

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13. APPROVALS AND CONDITIONS (Cont'd)

13.3 WAIVERS**(i) Waiver from Paragraph 3.11(a) of the REITs Guidelines**

Paragraph 3.11(a) of the REITs Guidelines provides that a Director of a management company should not hold office as a Director of more than one management company at any one time.

The SC has, *vide* its letters dated 26 September 2008, 16 September 2009 and 10 June 2010, granted a waiver to the following Directors:

- (a) Mr Kee Teck Koon;
- (b) Datuk Mohd Najib Bin Abdullah;
- (c) Mr Lim Beng Chee; and
- (d) Mr Ng Kok Siong,

from compliance with the above requirement, subject to the following conditions:

- (a) the exemption is only applicable to the above named Directors;
- (b) the exemption is not applicable in the event any of the above named Directors wishes to be appointed as a director in another management company incorporated in Malaysia that carries on similar business activities; and
- (c) the Directorships of the above named Directors in other management companies must be clearly disclosed in this Prospectus.

The said condition has been duly complied with as disclosed in Section 7.2.2 of this Prospectus.

(ii) Waiver from Paragraph 8.13(a) of the REITs Guidelines

Paragraph 8.13(a) of the REITs Guidelines provides that for leasehold real estates, the management company should ensure that the consent of the relevant authority to transfer the lease has been obtained before the fund's prospectus is registered with the SC.

The SC has, *vide* its letter dated 26 September 2008, granted a waiver from compliance with the above requirement, where the conditions imposed by the SC and the status of compliance are as follows:

Details of conditions imposed	Status of compliance
(a) The exemption is only applicable to the leasehold property The Mines;	Noted.
(b) The Manager and its advisers to obtain a legal opinion on the acquisition of The Mines vis-à-vis State Authority of Selangor's consent and transfer of property in favour of CMMT. A copy of the legal opinion is to be submitted to the SC;	Complied. A legal opinion from Zul Rafique & Partners dated 22 September 2008 has been obtained and submitted to the SC.
(c) An excerpt/summary of the said legal opinion and all measures taken, including but not limited to Deed of Assignment, Power of Attorney and lodging of private caveat to protect unitholders interest, must be disclosed in the prospectus; and	Complied. Please refer to Section 13.4 of this Prospectus for the summary of the said legal opinion.

13. APPROVALS AND CONDITIONS (*Cont'd*)

- (d) The Manager and its advisers to inform the SC upon receiving consent from State Authority of Selangor to transfer, and upon completion of the transfer of ownership, of The Mines to CMMT. Noted and to be complied.

(iii) Variation from Paragraph 13.13 of the REITs Guidelines

Paragraph 13.13 of the REITs Guidelines provides that:

“Restricted offers for sale and restricted offers for subscription which are undertaken as part of the listing scheme may only be made to the following groups of persons:

- (a) Directors and employees of the management company;
- (b) Directors and employees of the subsidiary/holding company of the management company;
- (c) Other persons who have contributed to the success of the real estate, such as long-term tenants. If the persons who have contributed to the success of the real estate are business entities, the management company must ensure that the fund’s units are allocated to those business entities rather than their officers and employees, except where the business entities are sole proprietorships or partnerships (in which case the units may be allocated to the sole proprietor or partners); and
- (d) Shareholders of the holding company of the management company, if the holding company is listed.”

The SC has, *vide* its letter dated 10 June 2010, allowed the directors of CMA (restricted to directors of CMA who are residents of Malaysia and Singapore) and employees of CMA Malaysia to be eligible for the Units reserved for the directors and key management personnel under the IPO as set out in item (ii) of Section 2.5.1 “Retail Offering”.

Notwithstanding that the variation above has been approved by the SC, no Units will be reserved for the directors of CMA. See Section 2.5.1 “Retail Offering”.

(iv) Waiver from Paragraph 14.04 of Part II of the Prospectus Guidelines for Collective Investment Scheme

Paragraph 14.04 of Part II of the Prospectus Guidelines for Collective Investment Scheme provides that a prospectus should provide details of direct and indirect interests of the directors and substantial shareholders of the management company in other corporations carrying on similar business.

The SC has, *vide* its letter dated 10 June 2010, granted a waiver from compliance with the above requirement for having to disclose the direct and indirect interests of Temasek Holdings (Private) Limited in other corporations carrying on similar business.

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13. APPROVALS AND CONDITIONS (*Cont'd*)

13.4 THE TRANSFER OF THE MINES TO CMMT

13.4.1 As mentioned in Section 13.3(ii), consent of the relevant authority to transfer the lease should have been obtained before registration of CMMT's Prospectus with the SC, in accordance with Paragraph 8.31(a) of the REITs Guidelines. However, the Manager has obtained a waiver from the SC from complying with this requirement.

13.4.2 The Manager has not obtained the State of Selangor's consent as at the date of this Prospectus. Zul Rafique & Partners has opined that Unitholders' interests are protected, based on the assumptions and subject to the qualifications in their letter to the Manager, dated 22 September 2008. A summary of their letter is reproduced as follows:

- The law in Malaysia is clear that the sale of real property without an issued individual document of title takes place upon the receipt of the full purchase price, wherein the seller becomes a bare trustee for the buyer of the said property notwithstanding that the transfer of the said property may not have been effected or perfected.
- Notwithstanding the fact that approval of the State Authority of Selangor may not have been obtained and the transfer of The Mines may not be registered in the name of CMMT, CMMT will be recognised as beneficial owner of The Mines on the Completion Date of the SPAs. The beneficial interest, rights and benefits of Mutual Streams with respect to The Mines would have passed to CMMT on the Completion Date of the SPAs, pursuant to the terms of:
 - (i) The Mines SPA;
 - (ii) deed of assignment to assign unto the Trustee absolutely all interest, benefits and rights in the existing leases and tenancies in respect of The Mines;
 - (iii) several deed(s) of assignment to assign unto the Trustee absolutely all interest, benefits and rights in the several insurance contracts, guarantees and warranties in respect of The Mines (to be identified by the Trustee on the Completion Date of the SPAs); and
 - (iv) an irrevocable and unconditional power of attorney by the vendor of The Mines, Mutual Streams, in favour of the Trustee ("Power of Attorney") to enable the Trustee to deal with The Mines in the name of Mutual Streams as the legal proprietor of The Mines.
- Pursuant to The Mines SPA, in the event the State Authority of Selangor does not approve the Application, Mutual Streams will be obliged to hold The Mines as a bare trustee on behalf of the beneficial owner, CMMT, and will do all such acts and things to give effect to any dealing by CMMT with regards to The Mines.
- It is also expressly provided under The Mines SPA that all income and outgoings to be derived from The Mines will be apportioned as between Mutual Streams and CMMT on the Completion Date of the SPAs, and as such the Unitholders will be able to benefit from the income of The Mines on the Completion Date of the SPAs notwithstanding that the legal transfer has yet to be perfected.

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13. APPROVALS AND CONDITIONS (Cont'd)

- Other measures under the terms of The Mines SPA to protect the interests of CMMT, include:
 - (i) the submission of the application to the State Authority and the depositing of the original issue document of title, the transfer instrument and the discharge documents with CMMT's solicitors or CMMT's financier's solicitors, pending State Authority Approval (i.e., all acts and things which are necessary to perfect the transfer of the beneficial interest to CMMT on the part of Mutual Streams and CMMT, put in place on the Completion Date of the SPAs); and
 - (ii) the lodgement of a private caveat over the title of The Mines under the provisions of the NLC to protect CMMT's interests, pending State Authority Approval and transfer of the title of The Mines, which will prevent Mutual Streams from effecting any dealings on the title of The Mines without first removing the private caveat or obtaining the written consent of CMMT;
- The measures mentioned in the foregoing paragraphs will enable CMMT to (i) be recognised as the beneficial owner of The Mines; (ii) be entitled to all interests, rights and benefits to The Mines; (iii) via, the Trustee, be able to deal with the title to The Mines and exercise of the rights of a legal proprietor in the name of Mutual Streams pursuant to the Power of Attorney.

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14. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA

14.1 OVERVIEW OF REGULATION OF REITS IN MALAYSIA

In Malaysia, REITs are governed and regulated by the SC. The SC is empowered to ensure compliance with the CMSA and the REITs Guidelines. The appointments of the manager and the trustee are subject to the approval of the SC. The CMSA and the REITs Guidelines serve to govern the operation and administration of REITs and serve to protect the interests of unitholders and to facilitate an orderly development of REITs. The trustee and the manager, including their officers and directors, must comply with the CMSA, the REITs Guidelines and all other Relevant Laws and Requirements.

The REITs Guidelines were drawn up to regulate the contents of the trust deed of a REIT; the contents of a REIT's report to the SC, submission of applications, notifications and documents and among other things, the following:

- (i) **The management company** – A management company must be an entity incorporated in Malaysia having a minimum of 30.00% Bumiputera equity and approved by the SC. The REITs Guidelines contain provisions on reconstruction, amalgamation and change in shareholding of the management company (which will require the prior approval of the SC), composition of the board of directors (including independent members), appointment of a chief executive officer, designated person responsible for the REIT, compliance person and property manager;
- (ii) **The trustee** – The appointment of a trustee must be approved by the SC. The minimum requirements of a trustee include, among other things, that it must be a trust company registered under the Trust Companies Act 1949 or incorporated under the Public Trust Corporation Act 1995; have adequate human resources, expertise, and experience and have adequate and appropriate systems, procedures and processes, to carry out its duties and responsibilities. A trustee is also obliged by the CMSA to notify the SC as soon as practicable of any irregularity, any breach of the provisions or covenants of the Deed or any contravention of securities laws;
- (iii) **Delegation and outsourcing** – A management company or trustee may delegate and outsource its functions to third parties. Nonetheless, this does not relieve a management company or trustee from its responsibilities. When delegation takes place, it is the duty of the management company and trustee to ensure that adequate procedures are in place and that the trust deed, prospectus, guidelines and securities laws are complied with. Note also that the delegation of a management company's function requires the SC's prior approval;
- (iv) **Oversight arrangement** – The manager is encouraged by the REITs Guidelines to establish an investment committee;
- (v) **Investment of the REIT** – The REITs Guidelines set out the investment perimeters of REITs in Malaysia including among other things, the spread limits, concentration limits, etc, real-estate related assets, non-real-estate related assets, investments in deposits, investments in foreign real estate/markets and the level of borrowings (which shall not exceed 50.0% of the Total Asset Value of the REIT at any time), acquisition of real estate (i.e., at a price which shall not exceed 10.0% above the value assessed in a valuation report (unless varied by the SC) and likewise a REIT should not dispose of a real estate asset at a price 10.0% less than the value assessed; and the disposal of any real estate (e.g., any disposal of real estate at a value exceeding 50.0% of the REIT's Total Asset Value must be sanctioned by the unitholders by way of an ordinary resolution);

14. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (*Cont'd*)

- (vi) **Valuation** – Valuations of real estate are required to be undertaken at least once every three years. The REITs Guidelines also govern the valuation of real estate-related assets and non-real estate-related assets, appointment of the valuer, preparation of the valuation report, regulatory parameters on valuation of real estate and announcement/publication of NAV per unit of the REIT;
- (vii) **Fees** – The REITs Guidelines contain provisions for the remuneration of the management company, remuneration of the trustee and other expenses of the REIT. The management company and trustee may only be remunerated by way of an annual fee charged to the REIT, which must be permitted by the trust deed and disclosed in the prospectus and only expenses directly related to the operation and administration of the REIT may be paid out of the REIT including, among other things, the maintenance of real estate belonging to the REIT, fees for the valuation of any investment of the REIT and listing expenses for listing on the stock exchange;
- (viii) **Issue of securities by a REIT** – Any issue of new units by a REIT is subject to approval by the unitholders and, where relevant, the prior approval of the SC; and
- (ix) **Operational matters** – The chapter on operational matters in the REITs Guidelines covers issues such as the registration of unitholders, the branch register of unitholders outside Malaysia, distribution of income, the investment objective, distribution policy of the REIT, rebates and commission, transfer scheme (which is an arrangement to transfer REIT property from a REIT to another REIT), unitholders' meetings, notice, voting rights, chairperson of meetings, quorum, corporate governance principles and best industry standards for all activities conducted in relation to the REIT.

14.2 OVERVIEW OF LAND LAW

14.2.1 The Land System

Land law in Malaysia is premised on the Torrens system of South Australia (also known as the System of Titles and Interests by Registration). However, the deed system still governs some lands in the state of Penang and Malacca. Hence, the National Land (Penang and Malacca Titles) Act 1963 was enacted to govern such lands and to convert the deed system in Penang and Malacca to the Torrens system used under the NLC. Land matters generally lie within the jurisdiction of state governments as provided for in the Federal Constitution of Malaysia ("Constitution") but the Constitution specifically provides for federal legislation in such matters for the purposes of ensuing uniformity of law and policy in various aspects of land matters. Such powers of the Constitution are not exercisable with regard to the States of Sabah and Sarawak. There are now four primary pieces of legislation governing land law in Malaysia, namely:

- (i) the NLC;
- (ii) National Land Code (Penang & Malacca Titles) 1963;
- (iii) Sarawak Land Code (Cap 81); and
- (iv) Sabah Land Ordinance (Cap 68).

The operation of these statutes is supplemented by the various subsidiary legislations such as the various state land enactments and ordinances in force in the respective states in Malaysia.

14. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (*Cont'd*)

The National Land Code (Penang & Malacca Titles) Act 1963 makes provisions for the conversion of the system of registration of deeds (as opposed to the Torrens system of registration) practiced prior to 1966 to the Torrens system as provided for in the NLC. The structure of land in Sabah and Sarawak are similar to that provided for in the NLC.

Under the Sarawak Land Code, land is classified into mixed zone land, native area land, interior area land, native customary land and reserved land.

Under the Sabah Land Ordinance, land is divided into crown land (consisting of town and country lands) and native land.

The NLC provides that such Code shall not (except where it is expressly provided to the contrary) affect the provisions of more specific statutes such as:

- (i) any law relating to Malay reservations or Malay holdings;
- (ii) the Land (Group Settlement Areas) Act 1960;
- (iii) any law relating to mining;
- (iv) any law relating to sultanate lands;
- (v) any law relating to wakaf (relating to the endowment of property for religious and/or public purposes in accordance with Islamic teachings) or bait-ul-mal (an Islamic non-profit financial organisation providing benefits to community members and organizations);
- (vi) any law relating to customary tenure;
- (vii) the Terengganu Settlement Enactment 1356;
- (viii) the Padi Cultivators (Control Rent and Security of Tenure) Ordinance 1955; and
- (ix) the Kelantan Land Settlement Ordinance 1955.

14.2.2 Powers of the State Authority

The State Authority is vested with the entire property in all state lands.

The State Authority refers to the Ruler or Governor of the state, as the case may be and "state land" refers to all land in the state other than land that has already been alienated or reserved (whether as forest of otherwise) or mining land.

In relation to state land, the state has the power to:

- (i) alienate land;
- (ii) grant leases of reserve land for a specific purpose not exceeding 21 years;
- (iii) permit temporary occupation of land;
- (iv) permit the extraction and removal of rock material from land;
- (v) permit the use of air space on or above land; and
- (vi) dispose of underground land.

Of the various methods of disposal of land, the power to alienate is the most common.

14. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

According to the NLC, the state has power to alienate land for either:

- (i) a term not exceeding 99 years (commonly referred to as leasehold); or
- (ii) in perpetuity (commonly referred to as freehold).

The alienation of land by the state is subject to certain conditions such as:

- (i) payment of annual rent;
- (ii) payment premium (this is subject to exemption by the State Authority);
- (iii) category of land use; and
- (iv) restrictions in interest which may be imposed by the State Authority.

Alienated land that is subject to leasehold interests shall upon the expiry of the lease revert to the state. However, it is possible to extend the leasehold interest by applying for an extension of the leasehold period and paying a premium to the state.

14.2.3 Land Use

Land use under the Torrens system may be subjected to restrictions and conditions imposed by the State Authority. These conditions serve as a means for control of land use. Specific conditions may relate to the categories of land use. Land in Malaysia is divided into three general categories of land use, namely agricultural, industrial and building. Each category of land use is subject to implied conditions. Failure to comply with express or implied conditions of land use may result in the forfeiture of land by the state. Where lands are alienated pursuant to the NLC, such category of land use shall be endorsed on the document of title when any land is alienated by the State Authority. However, the State Authority may, on approving the alienation of any land, direct that no category of land use be endorsed on the document of title if the State Authority is satisfied that the use thereof could be more appropriately controlled by imposition of express conditions. The proprietor of any alienated land may apply to the State Authority for the alteration of any category of land use to which the land is for the time being subject, or where it is not so subject, for the imposition of any category. In addition to general categories of land use, titles to land may also specify specific uses of the land. In the case of agricultural land, the land titles may specify that the land is to be cultivated with a particular crop. Non-compliance with conditions of title may result in the forfeiture of land.

14.2.4 Dealings in Land

Lands alienated by the state may be transferred, leased and charged. Easements (or commonly known as "right of ways") may also be created on such lands. However, restrictions on transfer may be imposed, such as in cases where the transfer involves estate land to two or more persons without the prior approval of the Estate Land Board. The rationale for this is to discourage the fragmentation of estate lands. The NLC governs the dealings in land and interest in land (which in the context of the NLC includes a registered lease, charge or easement as well as a statutory lien or a tenancy exempt from registration created in respect thereof).

Dealings under the NLC may be divided into:

- (i) dealings capable of registration which are transfers, charges, leases and easements; and
- (ii) dealings not capable of registration which are tenancies exempt from registration and statutory liens which are protected by way of an endorsement and the entry of a lien-holder's caveat.

14. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (*Cont'd*)

Under the NLC, no instrument effecting any dealing with respect to alienated lands and interests shall be effective to transfer the title or interest to any person until it has been duly registered. Under Malaysian laws, a person is only deemed a legal owner of a real property when the title or interest in the real property is duly registered in his/her name.

Indefeasibility of Title

Upon registration, the party in whose favour the registration has been effected will obtain an indefeasible title to or interest in the land (pursuant to section 340(1) of the NLC), such that the title or interest is free from all adverse claims or encumbrances that is not noted on the register. Section 340(1) of the NLC provides immunity to a legal owner against any adverse claim to his/her land where his/her title or interest is duly registered.

Such immunity against adverse claims is, however, not absolute, and can be defeated under certain circumstances, including fraud or forgery, or where the registration of title or interest is obtained by the use of an insufficient or void instrument or where the title or interest is unlawfully acquired. If any of the exceptions to the right to immunity exists, a registered title or interest may be set aside or defeated by a superior claim.

14.2.5 Leases and Tenancies

The NLC distinguishes tenancies from leases. Tenancies may be granted for terms not exceeding three years. There is no registration requirement for tenancies under the NLC. The interest of a tenant under a tenancy exempt from registration can be protected by way of an endorsement on the document of title to the land. The proprietor of any alienated land (whether freehold or leasehold) may grant leases of the whole or any part thereof. A lease granted must be more than three years and:

- (i) up to 99 years if it relates to the whole of the land; or
- (ii) up to 30 years if it relates to a part only thereof.

The lease granted is required to be registered with the relevant Land Registry/Office in order to vest in the lessee the said lease. Any lease which is not registered will not be able to vest in the lessee any interest in respect of the lease.

14.2.6 Restraints on Dealings

There may be restraints on dealings where the land in question involves Malay reserve land, customary land or native land. The Malay reservation enactments of the respective states seek to secure the Malays' interest in such land by prohibiting the disposition of such land by the State and prohibiting private dealings in Malay reserved land. Any disposal, dealing or attempt to dispose of or deal in Malay reserve land in contravention of the respective enactments will be rendered null and void and no action for breach of contract shall be maintained in respect of such disposal or dealing. The prohibition imposed by the Malay Reserve Enactments of the respective states can be classified as prohibition against disposition by the States and against private dealings.

The present Malay reservation enactments in all Malay states (i.e., Kedah, Perlis, Kelantan, Terengganu and Johor) have adopted the policy of providing for exceptions to the prohibition by permitting alienation and dealings in favor of certain specified persons and bodies with the approval of the ruler of the state in council of the respective states. In the same manner, customary land, (in the state of Malacca) shall only be transferred, charged, leased or transmitted to a Malay. With regard to native land in Sabah and Sarawak, dealings in respect of the same are prohibited except in the circumstances provided for in the Sabah Land Ordinance and the Sarawak Land Code.

14. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

14.2.7 Restrictions in Interest

Restrictions in interest are limitations expressly endorsed on the document of title to the property which limits the powers of the property owner to deal with the property. An example of a restriction is where the property owner is not permitted to sell, transfer and charge the property in favor of any third party without the consent of the State Authority. Restrictions in interest imposed on the document of title will run with the property. This means that the restrictions bind not only the present owner but also all future owners of the property. In the case of a strata title property, where the restriction in interest has been endorsed on the master title, the restrictions apply to the beneficial owner as well, even though the strata title may not have been issued.

14.2.8 Private Caveats

Under the NLC, where a person has a claim to a title or any registrable interest in any alienated land, he may lodge a private caveat to protect his interest. Once a private caveat is lodged, the registered proprietor may not register or endorse any dealing on his title without first removing the private caveat or first obtaining the consent in writing of the person who lodged the caveat. A proprietor (or any aggrieved person or body) may apply to the Registrar of Titles/Land Administrator or the court for the removal of the private caveat. A private caveat, if not earlier withdrawn or removed by the Registrar of Titles/Land Administrator or the court, expires six years from time of entry. A non-citizen or foreign company is required to obtain the prior approval of the State Authority before lodging a private caveat. However, the private caveat will not prevent the registration or endorsement of the dealing by the registered proprietor if the application for registration/endorsement of the dealing was made before the entry of private caveat.

14.2.9 Charge Over Land

In Malaysia, it is common for financiers to create a security, such as a charge over the properties (including land) of the borrower for the financing provided. A charge over land takes effect upon registration so as to render the land or lease in question liable as security. A chargee is required to comply with the NLC when enforcing the charge. Where the chargee enforces the charge by way of sale of the land or lease, the chargee is required, amongst other things, to serve a default notice in the form as prescribed by the NLC and apply to the court (for registry titles) or the Land Administrator (for land office titles) for an order for sale.

14.2.10 Buying and Selling of Real Property

In practice, in Malaysia, real property may be sold or purchased with or without separate documents of title. Any transfer of property with separate documents of title is effected by registration of an instrument of transfer in a format prescribed under the NLC at the relevant land registry/office. In the case of property without separate documents of title, transfer of beneficial ownership of the property is made by way of a legal assignment of all the rights, interests and titles in respect of the property under the principal sale and purchase agreement (made between the original proprietor and/or the developer (as the seller) and the first purchaser) in favour of a new purchaser.

14.2.11 Strata Property

Sub-division of land

STA governs the sub-division of land and building into parcels and the disposition of titles in relation to the same. Under the STA, it is compulsory for the owner of a building which has sold or agreed to sell any parcel comprised in his building to any person, to apply for individual strata title to the parcel within the certain period stipulated in the STA.

Management Corporation

Under section 39 of the STA, a management corporation is established upon issuance of the strata titles. The management corporation is an artificial entity controlled by all parcels owners. Upon its establishment, the management corporation is responsible for the maintenance and management of common areas such as open spaces, lifts, corridors and community facilities other than the lot comprised in any parcels or units. A management corporation may only act or make decisions:

- (i) through its members in a general meeting;
- (ii) through its council members; or
- (iii) by appointing and delegating to an administrator the power to make decisions on various matters.

In the latter two cases, the decisions when made will be binding on the management corporation as if it is passed on valid resolution in a general meeting.

The STA provides for meetings to be held periodically. There are three types of meeting provided under the STA namely, the first annual general meeting, the annual general meetings and the extraordinary general meetings. The first annual general meeting is for the purpose of, among other things, to confirm or vary the amounts of contributions to the management fund, to determine the members of the council to elect the council and to decide whether to amend the additional by-laws in force immediately before the holding of the meeting. Annual general meetings are required to be held by a management corporation annually for the consideration of accounts, election of council members and the transaction of such other business as may arise whereas extraordinary meetings are held by the council of the management corporation upon request by the parcel owners or commissioner of buildings or when the council deems appropriate.

At general meetings, each parcel owner shall have one vote on a show of hands and on poll will have such number of votes that corresponds with the number of share units attached to his parcel. A co-proprietor may vote by means of a jointly appointed proxy. Purchasers of parcels who have paid the full purchase price but whose titles to their respective parcels are still registered in the name of their vendors, have no voting rights.

The STA provides that every parcel shall have a share value approved by the relevant authority and expressed in whole numbers to be known as share units. Generally, the share units are allotted to the parcels based on the areas of the parcels. The share units of a parcel owner are of considerable importance as they determine, among other things, the following:

- (i) voting rights of the parcel owners on a poll;
- (ii) the quantum of the undivided share of each parcel owner in the common areas;
- (iii) the proportion of the contribution payable by each parcel owner to the management fund;
- (iv) a parcel owner's liability for the discharge of debts of the management corporation lawfully incurred in the exercise of its power or the carrying out of its duties or obligations.

By regulating the voting rights of a parcel owner, the share units essentially determine the part played by a parcel in the administration of the strata scheme. The voting rights can be material in matters requiring a special resolution and where a poll is demanded.

The fact that a parcel owner's undivided share in the common areas is determined by the share units may not have much significance in relation to the use and enjoyment of the common areas but it will be relevant when profits resulting from transactions involving the common areas are distributed, such as where parts of the common areas are leased. It will also determine a parcel owner's undivided share in the land or in the proceeds of a sale of the land as well as his share in any surplus funds of the management corporation on termination of the strata scheme.

In practice, the most significant function of the share units is that it determines a parcel owner's contribution to maintenance and administrative expenses and his proportion of the debts of the management corporation.

Joint Management Body

Prior to the establishment of the management corporation, a joint management body must be established under the Building and Common Property (Maintenance and Management) Act 2007 ("BCPA") to maintain and manage the common areas. The joint management body, which consists of the developer and parcel owners, must be formed upon the convening of the first meeting no later than 12 months from the date of delivery of vacant possession of the parcels to the owners. The joint management body is required to elect a joint management committee at a general meeting to perform the duties of the joint management body and to exercise the powers of the joint management body under the BCPA. The joint management committee consists of one representative of the developer and not less than five but not more than twelve parcel owners. As in the case of the management corporation, there are three types of meetings namely, the first annual general meeting, the annual general meetings and the extraordinary general meetings. At the first general meeting, each parcel owner who has paid his maintenance charges to a building management account is entitled to vote by show of hands. The joint purchasers will only be entitled to vote by appointing a proxy. The BCPA does not provide for voting on poll. Therefore, each parcel owner is only entitled to one vote regardless of the share units allotted to his parcel. Except for the first general meeting, there is no provision in the BCPA which governs the manner in which the parcel owners and developer exercise their voting rights in the subsequent annual general meetings and the extraordinary general meetings. As such, all the parcel owners and the developer will have to mutually agree on their voting rights in the said meetings. Such uncertainty, in turn, may result in certain parcel owners not being able to exercise control in respect of their contribution to maintenance and administrative expenses despite their parcels being allotted with a higher number of share units. The joint management body will be deemed to be dissolved three months from the date of the first meeting of the management corporation.

14.2.12 Acquisition of Property by a Non-Citizen or a Foreign Company

The NLC

Under the section 433B of the NLC, a non-citizen or foreign company is not allowed to acquire any land (other than industrial land) in Malaysia, except Sabah and Sarawak unless prior approval of the State Authority has been obtained.

Under the NLC, a foreign company means:

- (i) a company, corporation, society, association, or other body incorporated outside Malaysia;
- (ii) an unincorporated society, association, or other body which under the law of its place of origin may sue or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose and which does not have its head office or principal place of business in Malaysia;

14. OVERVIEW OF THE RELEVANT LAWS AND REGULATIONS IN MALAYSIA (Cont'd)

- (iii) a company incorporated under the Act with 50.0% or more of its voting shares being held by a non-Malaysian, or by a foreign company referred to in paragraph (i), or by both, at the time of the proposed acquisition of any land or any interest in land or at the time of the execution of the instrument or deed in respect of any alienated land or any interest therein, as the case may be; or
- (iv) a company incorporated under the Act with 50.0% or more of its voting shares being held by a company referred to in paragraph (ii), or by a company referred to in paragraph (i), at the time of the proposed acquisition of any land or any interest in land or at the time of the execution of the instrument or deed in respect of any alienated land or any interest therein, as the case may be.

Guidelines on Acquisition of Properties

Before 30 June 2009, acquisition of real properties (e.g., land, land with buildings, commercial units or residential units) in Malaysia by a non-Malaysian citizen or foreign company was subject to the Guidelines on the Acquisition of Properties by Local and Foreign Interest issued by the Economic Planning Unit, Prime Minister's Department (the "FIC Guidelines") and required the approval of the Foreign Investment Committee of the Prime Minister's Department (the "FIC"), although some exemptions applied. Under the FIC Guidelines, foreign persons and entities were allowed to acquire industrial property, e.g., industrial land, factory or factory lot, without price limit but this had to be registered under a locally incorporated company subject to equity conditions on the company. The usual condition imposed by the FIC was that the company must have at least 30.00% Bumiputera equity participation.

The FIC Guidelines were repealed on 30 June 2009 following the announcement made by YAB Prime Minister of Malaysia. Following the repeal of the FIC Guidelines, the 30.00% Bumiputera equity condition is no longer applicable. The Bumiputera equity condition imposed earlier by the FIC pursuant to any approval granted was deemed waived automatically upon the announcement by YAB Prime Minister.

The abolishment of the 30.00% Bumiputera equity condition pertains to the ownership at the company level but does not apply to transactions involving Bumiputera interests and/or government agencies in the ownership of real properties or companies that hold real properties. The new policy of the Government is now enshrined in the Guidelines on Acquisition of Properties (the "New Guidelines") issued by the Economic Planning Unit of the Prime Minister's Department (the "EPU"). Under the New Guidelines, the following property acquisition transactions, except for residential units, shall require approval of EPU:

- (i) direct acquisition of property valued at RM20.0 million and above, resulting in the dilution in the ownership of property held by Bumiputera interests and/or government agencies; and
- (ii) indirect acquisition of property by non- Bumiputera interests through the acquisition of shares, resulting in a change of control of a company owned by Bumiputera interests and/or government agencies, when real property makes up more than 50.0% of the company's total assets and such real property has an aggregate value of more than RM20.0 million.

Notes:

"Bumiputera" means persons of Malay race or from the aboriginal or indigenous tribes in Malaysia as defined in the Constitution;

"Bumiputera interest" means any interest, associated group of interests or parties acting in concert, which comprises:

- (i) *Bumiputera individual; and/or*
- (ii) *Bumiputera institution and trust agency; and/or*
- (iii) *local company or local institution whereby the parties as stated in item (i) and/or (ii) hold more than 50.0% of the voting rights in that local company or local institution.*

15. ADDITIONAL INFORMATION

15.1 GENERAL

- (i) No Units will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) The IPO Units will rank *pari passu* in all respects and will be entitled to all distributions that may be declared subsequent to the date of this Prospectus.
- (iii) In accordance with the Deed and the REITs Guidelines, the Manager is required, on a quarterly basis, to carry out a valuation of CMMT's investments in real estate-related assets and non-real estate assets and announce the NAV of CMMT to Bursa Securities. Unitholders are able to keep track of the market price per Unit and the NAV per Unit as announced by the Manager through Bursa Securities' website, www.bursamalaysia.com.
- (iv) CMMT will also be providing Unitholders with an annual report each year on its performance, which will also include information on the NAV per Unit. The Manager must also give the SC the annual report no later than two months after the end of the financial period the report covers.
- (v) Unitholders can obtain information on the current developments and annual reports of CMMT from the Bursa Securities' website, www.bursamalaysia.com upon CMMT's listing on the Main Market.

If further information is required on CMMT, the Manager may be contacted at:

CapitaMalls Malaysia REIT Management Sdn. Bhd.
(formerly known as *CapitaRetail Malaysia REIT Management Sdn. Bhd.*)
Suite 11-02, Level 11, Menara Citibank
No. 165 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: +60 3 2279 9888
Fax: +60 3 2279 9889

- (vi) Save as disclosed in this Prospectus, as at the LPD, the Board of Directors confirms that CMMT's financial condition and operations are not affected by any of the following factors:
 - (a) known trends, demands, commitments, events or uncertainties that have had or that the Manager reasonably expects to have, a material favourable or unfavourable impact on CMMT's financial performance, liquidity, position and operations;
 - (b) material commitments for capital expenditure; and
 - (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected CMMT's financial performance, position and operation.
- (vii) The Manager has not established any policies or procedures to counter the risk involving money-laundering activities. It is not viable for the Manager to adopt such policies and procedures as CMMT is a REIT to be listed on the Main Market.

15. ADDITIONAL INFORMATION (Cont'd)

15.2 MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (i.e., contracts not entered into in the ordinary course of business) which have been entered into within the two years preceding the date of this Prospectus that relate to CMMT:

- (i) The Deed dated 7 June 2010 constituting CMMT and registered with the SC on 9 June 2010, entered into between the Manager and the Trustee, for the benefit of the Unitholders;
- (ii) Gurney Plaza SPA dated 10 June 2010 between CapitaRetail Gurney and the Trustee whereby the Trustee agreed to purchase Gurney Plaza for a purchase consideration of RM800,000,000 to be satisfied by way of cash payment for the sum of RM325,000,000 and by way of issuance of 483,742,000 new Units;
- (iii) Sungei Wang Plaza Property SPA dated 10 June 2010 between Vast Winners and the Trustee whereby the Trustee agreed to purchase Sungei Wang Plaza Property for a purchase consideration of RM724,000,000 to be satisfied by way of cash payment for the sum of RM250,000,000 and by way of issuance of 482,724,000 new Units;
- (iv) The Mines SPA dated 10 June 2010 between Mutual Streams and the Trustee whereby the Trustee agreed to purchase The Mines for a purchase consideration of RM530,000,000 to be satisfied by way of cash payment for the sum of RM175,000,000 and by way of issuance of 361,534,000 new Units;
- (v) The Retail Underwriting Agreement for the Retail Offering dated 10 June 2010 entered into between CMA, the Manager, the Offeror and the Joint Underwriters for the Retail Offering for the underwriting of 67,500,000 Units under the Retail Offering at an underwriting commission of RM1,485,000 in the respective proportion of their underwriting commitment and payable by CMMT in relation to the Public Issue with the balance of the underwriting commission to be borne by the Offeror;
- (vi) The property management agreement dated 10 June 2010 entered into between the Property Manager, the Trustee and the Manager pursuant to which the Property Manager will provide certain property management services for the Subject Properties; and
- (vii) Facility Agreement dated 10 June 2010 entered into between Public Bank Berhad and the Trustee in respect of REIT Financing. See Section 2.7 "REIT Financing".

Other than the Acquisitions, there are no other transactions, directly or indirectly, relating to any real estate purchased or to be purchased out of the proceeds of the IPO within the preceding two years from the date of this Prospectus.

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15. ADDITIONAL INFORMATION (*Cont'd*)

15.2.1 Salient Terms of the SPAs

15.2.1.1 The principal terms of the SPAs are summarised below:

- (i) Pursuant to the SPAs, the Subject Properties will be acquired with the following:
 - (a) all rights, title and interest to the Subject Properties;
 - (b) the various lifts and escalators, air-conditioning plants or units, equipment, machinery, fixtures, fittings and other chattels, movable or immovable on or in the Subject Properties which are identified in the respective SPAs; and
 - (c) interest, benefits and rights in all leases and tenancies and other contracts or agreements relating to the Subject Properties which are identified or in the respective SPAs.
- (ii) The Subject Properties will be sold to the Trustee free from encumbrances and with all attached or accrued rights and benefits but subject to all expressed and implied conditions of title and restrictions in interest affecting each of the Subject Properties and subject further to all existing tenancies and licenses and other agreements or contracts identified in the respective SPAs and, in the case of Gurney Plaza, the existing charge registered over the master title in favour of Malayan Banking Berhad. See Section 5.3.1 “Details of Gurney Plaza – Encumbrances and Endorsements”.
- (iii) Specific representations and warranties about the Subject Properties, tenancies and leases are made by the Vendors in the SPAs.
- (iv) Each of the Vendors has made specific disclosures in respect of the Subject Properties in a letter of disclosure to be delivered to the Trustee pursuant to the SPAs.
- (v) Any claims arising from the SPAs are subject to limitation of liability provisions, including, but not limited to, provisions which provide that no liability shall arise in respect of any claim unless the amount exceeds a total sum of RM500,000 and no claim shall be brought after three years from the Completion Date of the SPAs.
- (vi) The SPAs for the Acquisitions are interdependent and CMMT does not have the right to complete the purchase of any one of the Subject Properties unless the purchases of all the Subject Properties are completed unconditionally under the SPAs.
- (vii) The Acquisitions are conditional upon, among other things, the approval of Bursa Securities for the Listing being obtained and the Manager issuing a confirmation of its satisfaction with the results of the bookbuilding exercise.
- (viii) On the Completion Date of the SPAs:
 - (a) all rights, title and interest in and to the Subject Properties and the risks relating to the Subject Properties will pass from the Vendors to CMMT;
 - (b) all interest, benefits and rights in the existing leases and tenancies will be assigned to the Trustee and the Vendors will pay over all security deposits paid to the Trustee;
 - (c) the Vendors will hold all rentals due after the Completion Date of the SPAs in trust for CMMT and immediately pay over the same together with all rental deposits to the Trustee;

15. ADDITIONAL INFORMATION (Cont'd)

- (d) the Vendors will issue written notices to all the existing lessees and tenants to inform them of CMMT's interest in each of the Subject Properties;
 - (e) the Vendors will, as far as possible, transfer or assign to the Trustee the benefit of all insurance contracts, guarantees, warranties or product warranties in respect of the Subject Properties; and
 - (f) the Vendors will deliver to the Trustee the completion documents in respect of the Subject Properties including an irrevocable power of attorney appointing the Trustee as attorney of the Vendors with full rights and power to deal with the Subject Properties.
- (ix) In the event the legal transfer of the Subject Properties cannot be effected in favour of the Trustee:
- (a) the Vendors will hold the Subject Properties as bare trustees for the Trustee and acknowledge that CMMT is the rightful and beneficial owner of the Subject Properties;
 - (b) the Trustee shall be entitled to deal with the Subject Properties as owner pursuant to the power of attorney granted in its favour; and
 - (c) the Vendors shall ensure the rights, title and interest of CMMT in the Subject Properties is protected at all times.

15.2.1.2 Other Terms with regards to Gurney Plaza

- (i) In addition to the salient terms highlighted in Section 15.2.1.1 above, the Gurney Plaza SPA is conditional upon CapitaRetail Gurney (the vendor of Gurney Plaza) submission of its application to the State Authority for approval to waive the restriction for disposal of Gurney Plaza in favour of CMMT. See Section 5.3.1 "Details of Gurney Plaza" for further details on the restriction.
- (ii) The sale and purchase of Gurney Plaza is exclusive of the rights in relation to the put and call options in respect of Gurney Plaza Extension. See Section 5.3.5 "Gurney Plaza Extension".
- (iii) CapitaRetail Gurney has undertaken to take all reasonable steps to procure the approval of the State Authority for disposal of Gurney Plaza in favour of CMMT within 12 months from the date of the Gurney Plaza SPA or such extended period as the parties may mutually agree. If the approval of the State Authority cannot be obtained within the agreed time period, CapitaRetail Gurney will hold Gurney Plaza as bare trustee for CMMT.
- (iv) CMMT will undertake all of CapitaRetail Gurney's obligations under the Shared Facilities Agreement from the Completion Date of the SPAs onwards such that CMMT will continue to jointly manage and operate Gurney Plaza (which it will own from the Completion Date of the SPAs onwards) and Gurney Plaza Extension, with GPSB.
- (v) In addition, CapitaRetail Gurney will on, or after, the Completion Date of the SPAs assign all its interests, benefits, obligations and rights under the deed of mutual covenants dated 27 November 2007 made with GPSB and Etika Cekap Sdn Bhd, the developer of the integrated development, relating to the common property and the common facilities comprised in the integrated development .

15. ADDITIONAL INFORMATION (Cont'd)

Pursuant to a letter of disclosure delivered under the Gurney Plaza SPA, the vendor of Gurney Plaza, CapitaRetail Gurney, has made, among other things, the following disclosures:

- (i) pursuant to a supplemental agreement to the Gurney Plaza Principal Agreement dated 11 March 2009, CapitaRetail Gurney and GPSB have agreed for GPSB to proceed with the application for the subdivision of the master title to Gurney Plaza (the "Proposed Subdivision") before proceeding with the application for strata title to Gurney Plaza. As a result, the time period given to GPSB to apply for the strata titles to Gurney Plaza, which was originally twelve months from the completion date of the Gurney Plaza Principal Agreement (i.e., 16 November 2008), was extended to twelve months from the date of issuance of the separate land title for Gurney Plaza or from the date when CapitaRetail Gurney and GPSB mutually agree on the amended strata plans to be submitted to the land authority. See Section 5.3.1 "Details of Gurney Plaza" for further details on the Proposed Subdivision;
- (ii) GPSB has entered into several easement agreements in relation to Gurney Plaza. See Section 5.3.1 "Details of Gurney Plaza" for further details on the easement agreements;
- (iii) pursuant to a supplemental agreement to the Shared Facilities Agreement, CapitaRetail Gurney and GPSB agreed that certain promotional space in Gurney Plaza Extension be converted into retail space and the income generated from such retail space be shared between CapitaRetail Gurney and GPSB in the ratio of 55.0% to CapitaRetail Gurney and 45.0% to GPSB. See Section 5.3.1 "Details of Gurney Plaza" for further details on the Shared Facilities Agreement; and
- (iv) CapitaRetail Gurney has carried out several asset enhancement initiatives at Gurney Plaza since 2008, including the following:
 - (a) straightening of a corridor on Level 4 of the property to maximise the visibility of the retail units and splitting of 1 retail unit into 2 retail units on Level 7 of Gurney Plaza;
 - (b) conversion of some food and beverage retail lots on the ground floor of Gurney Plaza and reconfiguration of retail lots at Levels 1, 2 and 3 of Gurney Plaza to create new corridors connecting Gurney Plaza to Gurney Plaza Extension; and
 - (c) conversion of temporary kiosk space in the concourse space of Basement 1 to open food/retail kiosks.

As of the date of the disclosure letter, CapitaRetail Gurney has obtained clearance from the fire and rescue department in respect of all the asset enhancement initiatives and obtained approval for building plans in respect of item (a). CapitaRetail Gurney has applied for the approvals of the remaining items of the building plans and has undertaken to procure such approvals and certificates of completion and compliance in respect of all the asset enhancement initiatives in due course.

15.2.1.3 Other Terms with regards to Sungei Wang Plaza Property

In addition to the existing tenancies and leases, all interests, benefits and rights in the car park management agreement dated 8 June 2010 and easement agreements dated 8 June 2010 made between UDA Holdings Berhad and Vast Winners will be assigned to the Trustee on the Completion Date of the SPAs. See Section 5.4.1 "Details of Sungei Wang Plaza Property – Further Information".

15. ADDITIONAL INFORMATION (Cont'd)

Pursuant to the disclosure letter delivered by the vendor of Sungei Wang Plaza Property, Vast Winners, under the Sungei Wang Plaza Property SPA, among other things, the following disclosures have been made:

- (i) Sungei Wang Plaza was completed in 1977 and is about 33 years old. Hence, the wear and tear is evident in the architectural works and building services equipment. These will need to be rectified and replaced as part of the general maintenance of the building. Further, several areas in Sungei Wang Plaza have not been upgraded to meet current fire regulations standards. These generally relate to fire protection such as means of escape, the fire resistant ratings of floor slabs, fire compartment, sprinkler and hose reel coverage and smoke hazard management (e.g., provision of smoke extraction systems). Notwithstanding the foregoing, the fire and rescue department has issued a yearly renewal fire certificate confirming that Sungei Wang Plaza has complied with the fire regulation. The last fire certificate is dated 11 January 2010 and will expire on 6 January 2011;
- (ii) Sungei Wang Plaza was constructed, developed and maintained by third party developers/contractors. Additional capital expenditure, special repair or maintenance expenses or payment of damages or other obligations to third parties may be incurred by the purchaser after completion of the sale and purchase of the property due to the design, construction or latent property or equipment defects or deficiencies of Sungei Wang Plaza;
- (iii) a tenant of Sungei Wang Plaza Property, Parkson, inadvertently sub-let to its sub-tenant an area of approximately 624.31 sq ft on the Lower Ground Floor (the "Affected Area"). The Affected Area is not part of the area rented out by Vast Winners to Parkson and is not within Sungei Wang Plaza Property. In addition, in another instance, an area of approximately 505.91 sq ft within Sungei Wang Plaza Property has been inadvertently leased by a third party to another tenant. Vast Winners is currently negotiating with the relevant parties with a view to resolve these issues amicably.
- (iv) Vast Winners has carried out reconfiguration works by relocating the surau (prayer room) previously located on Level 3 of Sungei Wang Plaza to Level 5 and the reconfiguration of retail space on Level 3 of Sungei Wang Plaza. Vast Winners has obtained the development order and clearance from the fire and rescue department and applied for approval for the building plans. Vast Winners has undertaken to procure approval for the building plans and certificates of completion and compliance in respect of the said reconfiguration works in due course.

15.2.1.4 Other Terms with regards to The Mines

- (i) In addition to the salient terms highlighted in Section 15.2.1.1 above, The Mines SPA is conditional upon Mutual Streams (the vendor of The Mines) submission of its application to the State Authority for approval to transfer The Mines in favour of CMMT. See Section 5.5.1 "Details of The Mines" for further details on the restriction.
- (ii) Mutual Streams has undertaken to take all reasonable steps to procure the approval of the State Authority to transfer The Mines in favour of CMMT within 12 months from the date of The Mines SPA or such extended period as the parties may mutually agree. If the approval of the State Authority cannot be obtained within the agreed time period, Mutual Streams will hold The Mines as bare trustee for CMMT.

Pursuant to a letter of disclosure delivered under The Mines SPA, the vendor of The Mines, Mutual Streams, has made, among other things, the following disclosures:

- (i) Mutual Streams has applied for the renewal of the fire certificate in respect of The Mines prior to the expiry of its fire certificate on 29 March 2010 and the fire and rescue department has inspected The Mines on 5 April 2010. While Mutual Streams has not received any objection from the fire and rescue department on its application, as of the date of the disclosure letter,

15. ADDITIONAL INFORMATION (Cont'd)

Mutual Streams has yet to receive the renewed fire certificate. The renewed fire certificate is expected to be issued on or about the end of July 2010;

- (ii) pursuant to the easement agreement entered into between Mutual Streams and Mines International Exhibition Centre, Mutual Streams agreed to pay 50.0% of the costs of maintenance of the easement area identified in the said agreement; See Section 5.5.1 "Details of The Mines" for further details on the easement.
- (iii) sewerage treatment services to The Mines are provided by a private sewerage treatment plant located on a third party's land who has issued a letter of undertaking to provide such services to The Mines on the terms contained in the said letter of undertaking. Mutual Streams has agreed to bear 54.1% of the costs for the capital expenditure, maintenance and operation of the sewerage treatment services for so long as the sewerage treatment plant treats the sewerage discharge from The Mines; and
- (iv) the floodgates in relation to the water canal running through The Mines are located on a third party's land. Such third party has pursuant to a letter of undertaking agreed to maintain the floodgates on the terms contained in the said letter of undertaking which include a term requiring that the costs and expenses relating to the floodgates, including capital expenditures such as the replacement of the floodgates, be borne by Mutual Streams and two other parties in equal portion.

15.3 CONSENTS

The written consents of the Trustee, Joint Principal Advisers, Joint Underwriters for the Retail Offering, Joint Global Coordinators, Joint Bookrunners for the Institutional Offering, Principal Bankers, Issuing House, Property Manager, Company Secretary, Registrar and Legal Advisers to the inclusion in this Prospectus of their names in the form and context in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Reporting Accountants to the inclusion of their name and their letter on the profit forecasts as well as the letter relating to the pro forma balance sheets in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Tax Consultant to the inclusion of its name and letter on taxation of CMMT and taxation of the Unitholders in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Property Market Consultant to the inclusion of its name and report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consents of the Independent Property Valuers to the inclusion of their names and valuation certificates in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

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15. ADDITIONAL INFORMATION (*Cont'd*)

15.4 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Manager's registered office and the registered office of the Trustee, during normal business hours for a period of 12 months from the date of this Prospectus:

- (i) the Deed dated 7 June 2010 and registered with the SC on 9 June 2010;
- (ii) Valuation reports dated 9 April 2010 and 6 April 2010 respectively, prepared by CB Richard Ellis (Malaysia) Sdn Bhd (*formerly known as Regroup Associates Sdn Bhd*) on Sungei Wang Plaza Property and The Mines;
- (iii) Valuation report dated 6 April 2010 prepared by PPC International Sdn Bhd on Gurney Plaza;
- (iv) Valuation Certificates as included in Appendix I of this Prospectus;
- (v) Reporting Accountants' letters on the pro forma balance sheet of CMMT and the profit forecasts for the Forecast Period 2010 and Forecast Year 2011 of CMMT together with bases and assumptions as included in Appendix IV and Appendix V of this Prospectus, respectively;
- (vi) Independent property market report dated 2 June 2010 prepared by the Independent Property Market Consultant as referred to in Appendix II of this Prospectus;
- (vii) Tax Consultant's letter relating to taxation of CMMT and taxation of the Unitholders as included in Appendix III of this Prospectus;
- (viii) Material contracts referred to in Section 15.2 of this Prospectus;
- (ix) The writ and cause papers in respect of the material litigation of the Trustee as referred to in Section 9.5 of this Prospectus, which shall only be made available at Trustee's registered office; and
- (x) Letters of consents as referred to in Section 15.3 of this Prospectus.

15.5 RESPONSIBILITY STATEMENTS

This Prospectus has been reviewed and approved by the Directors and the Offeror and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading. Each of the Directors and the Offeror hereby accepts full responsibility for the profit forecasts included in this Prospectus and confirms that the profit forecasts have been prepared based on assumptions made.

The information pertaining to the Trustee, the Property Manager and the Registrar were provided by the management and/or directors of the Trustee, the Property Manager and the Registrar, and has not been verified by the Directors. The responsibility of the Directors and the Offeror is therefore limited to the accurate reproduction of such relevant information as included in this Prospectus.



Chartered Surveyors, Registered Valuers & Estate Agents, Project & Property Managers, Development Consultants *Directors*

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98 Jalan Dang Wangi,
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Sr KAMARUDZAMAN SAAD, AMK
B. Sc. (Hons) Land Mgt, MRICS, FISM

Sr SIDSAPESAN SITTAMPALAM, (SIDERS)
B. Sc. (Est Mgt) U.K., MBA (Real Est) Sydney,
MRICS, F. Land Inst, FISM

Sr THIRUSELVAM ARUMUGAM (THIRU)
B. Surv. (Hons) Property Mgt, FISM

Sr MARK SAW KHAY LIANG
B. Sc. (Hons) (Est Mgt) U.K., Dip (Hons) (Rural Est Mgt),
MRICS, FISM

VALUATION CERTIFICATE

Our Ref : PPC/10/V0405

Date: 10 JUN 2010

AmTrustee Berhad
Trustee for the proposed CapitaMalls Malaysia Trust
Level 22, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

C/o CapitaRetail Malaysia REIT Management Sdn Bhd
Suite 11.02, Level 11
Menara Citibank
No 165 Jalan Ampang
50450 Kuala Lumpur
Malaysia

Attention : Mr TNG Wei Chien

Associate Directors

Sr NURUL CHAFFIZA MUHAMMAD
B. Sc. (Hons) (ULC) CHU, U.K., MRICS, MCM

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PRIVATE & CONFIDENTIAL

REPORT AND VALUATION OF

1. RETAIL SPACE ON BASEMENT 1, GROUND, FIRST, SECOND, THIRD, FOURTH AND SEVENTH FLOORS,
 2. OFFICE/STORAGE/AL-FRESCOMISCELLANEOUS SPACE
 3. 1,075 CAR PARKING BAYS IN BASEMENT 1 & 2 AND THE FIFTH & SIXTH FLOORS
- TOGETHER FORMING AN EIGHT (8) STOREY SHOPPING COMPLEX WITH TWO (2) LEVELS OF BASEMENT KNOWN AS "GURNEY PLAZA" ERECTED ON DEVELOPER PARCEL NO. BLOCK C, GURNEY PARK HELD UNDER MASTER TITLE GERAN 97112 (FORMERLY KNOWN AS H.S.(D) 14515), LOT 2903, SECTION 1, TOWN OF GEORGETOWN, DISTRICT OF TIMOR LAUT, STATE OF PULAU PINANG (GURNEY PLAZA, NO. 170, PERSIARAN GURNEY, GEORGETOWN, 10050 PENANG)

This valuation certificate has been prepared for inclusion in the Prospectus to be dated **28 JUN 2010** in relation to the proposed establishment and listing of CapitaMalls Malaysia Trust on the Main Market of Bursa Malaysia Securities Berhad.

In accordance with your instruction to value the above mentioned property for the purposes of submission to the Securities Commission for approval in conjunction with its proposed listing exercise and inclusion in the said prospectus, we have inspected the above mentioned property on the date as stated in the schedule below and the material date is 28th February 2010. We have also extracted a legal description of the property from the Sale and Purchase agreement dated 15th August 2007 and the Master Title from a search at the Registered Document of Title at the Registry of Land Titles in KOMTAR, Pulau Pinang on 2nd April 2010 and gathered other relevant information to arrive at our opinion of value.

The Basis of Valuation adopted by us is the "Market Value" which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

This valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and adopting the necessary professional standards and due diligence.



VALUATION CERTIFICATE (Cont'd)

Identification of Property

Site Area	: Approximately 28,921.50 sq m (311, 416 sq ft)
Tenure of Master Title	: Freehold
Land Use	: Commercial
Beneficial Owner	: CapitaRetail Gurney Sdn Bhd (formerly known as Front Winners Sdn Bhd)
Occupancy Rate	: 100%

General Description

The Property is a commercial complex known as Gurney Plaza, sited along the south-western side of Persiaran Gurney, Penang. It is located approximately 3 kilometres (1.86 miles) to the north-west of the heart of the commercial district of Georgetown centre.

It is situated along Persiaran Gurney, Penang's most popular seaside promenade, just a few minutes drive from the heart of George Town. This strategic location offers convenient access to the city's key business and banking districts, as well as to hawker food enclaves and heritage sites in the inner city.

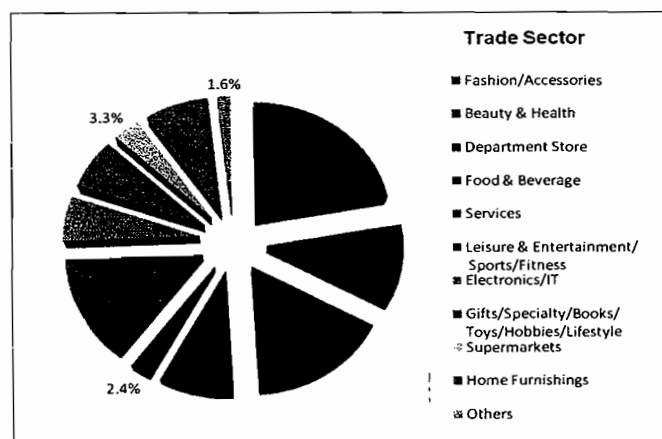
The building is basically constructed of reinforced concrete floors, reinforced concrete framework infilled with plastered brickwalls and reinforced concrete flat roof. It was completed in the year 2001 and issued with a Certificate of Fitness for Occupation by Majlis Perbandaran Pulau Pinang on 22 May 2001. We also noted that there are some amendments to the Approved Floor Plan. The applications on the amendments have been made and currently pending approval. Since the amendments are only minor renovations and carried out internally, our valuation is on the basis that the approval for the renovation is forthcoming.

The net lettable area is as provided to us by the client and confirmed by our cursory measurement which is in accordance to the Uniform Method of Building Measurement as recommended by the Institution of Surveyors Malaysia is 65,663.38 sq m (706,818 sq ft). The approved car parking bays for Gurney Plaza is 1,075.

The management of Gurney Plaza is provided in-house by CapitaRetail Gurney Sdn. Bhd. (formerly known as Front Winners Sdn. Bhd).

The property currently utilized as a shopping complex enjoying 100% occupancy rate and well patronized by shoppers.

Gurney Plaza houses a diverse tenant mix comprising well-known international and local brand outlets such as Rolex, Tag Heuer, British India, Versace, Guess, Nike, Timberland, MAC. It also houses family entertainment & amusement centre, cinemas, karaoke lounge, regional/local cuisine restaurants and food courts. The anchor tenant is Parkson Grand whilst the major/key tenants include Cold Storage, Studio R, MPH, Best Denki, senQ, Rozzini, World of Cartoons, Popular, Food Avenue, Guardian, Redbox Karaoke, Padini Concept Store, Factory Outlet Store (FOS), Reject Shop, Toys "R" Us, Golden Screen Cinemas, Celebrity Fitness to name a few. In addition, the open air concept shopping arcade also houses some food and beverage outlets such as Dome, Sushi King, Segafreddo Espresso, Winter Warner and Starbucks.



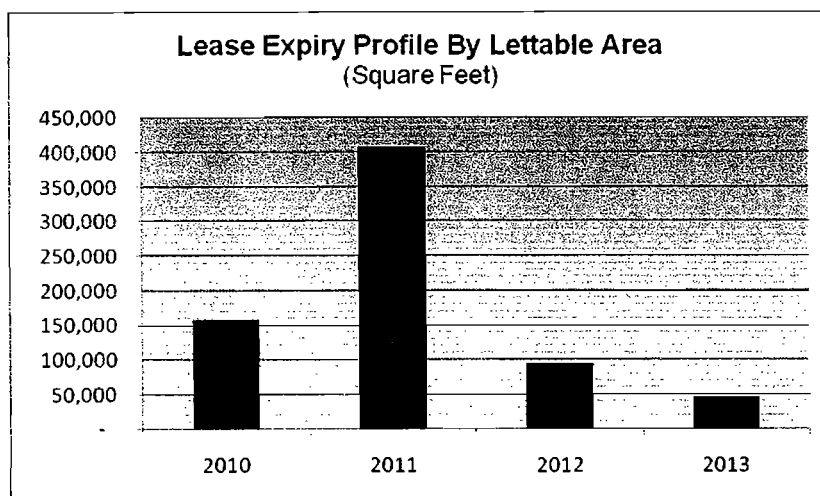


VALUATION CERTIFICATE (Cont'd)

Most of the tenancies have been agreed for a 3-year term, with an option to renew at a fixed increasing staggered rental rates whilst some tenancies have a fixed rental rate throughout the tenancy term with an option to renew thereafter on the prevailing market rates but not exceeding 20% increase from the current rental rate.

The service charge applicable to anchor, mini and standard tenants ranges from nil to RM1.70 per square foot (psf) over the Net Lettable Area (NLA) per month whilst the promotion fee charges ranges from nil to RM0.40 psf over the NLA per month.

The lease expiry analysis of the Property is as follows:-



Historical data of occupancy rates, income, expenses and net income since the date of acquisition of the property are highlighted in table below:-

Components	2007 (27 Nov – 31 Dec)	2008 (1 Jan – 31 Dec)	2009 (1 Jan – 31 Dec)
Occupancy Rate	99.3%	99.4%	99.8%
Rental Income (Gross Rental & GTO Income)	RM4,928,000	RM53,496,000	RM60,040,000
Carpark Revenue	RM442,000	RM4,800,000	RM4,658,000
Recovery From Tenants	RM96,000	RM1,287,000	RM3,028,000
Other Revenue	RM581,000	RM7,623,000	RM7,888,000
Total Income	RM6,047,000	RM67,206,000	RM75,614,000
Total Expenses	(RM1,823,000)	(RM19,537,000)	(RM24,440,000)
Net Income	RM4,224,000	RM47,669,000	RM51,174,000

The valuation on tenancy details were provided by the client and deemed to be true.



VALUATION CERTIFICATE (Cont'd)

Method of Valuation

The Property is valued by using the Comparison and Income Capitalisation Methods, the latter being the primary approach.

- A) The Comparison Method entails comparing the Property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenorial interest and restrictions if any, occupancy status, built-up area, building construction, finishes and services, age and condition of building and other relevant characteristics.

Our analysis has taken into account that Gurney Plaza is superior than other shopping complexes in Penang for the following reasons:-

1. The Property is located within a prime business district of Penang known as "Gurney Drive". The neighbourhood is mainly developed with high rise office buildings, 4 to 6 star hotels, luxury condominium/apartments, showrooms and exclusive residential premises.
2. The property is situated in a prime location along the renowned Gurney Drive seaside promenade facing the North Sea, Gurney Drive has become a well known and popular tourist destination in Penang. It provides all type of facilities for tourist such as hotels, shopping complexes and restaurants. The established and popular hawker/ food enclave of Penang is situated adjoining to Gurney Plaza. With the culmination of all the factors, Gurney Plaza has become a landmark on this district.
3. The Property is a well managed shopping complex enjoying almost full occupancy with a large pool of prospective tenant on the waiting list to take up retail space.
4. Given strong demand of retail space within the complex, the Property enjoys the highest retail rental value in Penang of up to RM41.50 per square foot.
5. Unlike most shopping complexes, Gurney Plaza retail lots are wholly owned with none of the retail lots being sold to external parties. This enables a good control of tenant mix and facilitates overall property management.
6. The Complex has won an award for the "Best Shopping Complex" from the State Tourism Board for its popularity and has gained popularity with the tourism industry.



VALUATION CERTIFICATE (Cont'd)

In our analysis of sales data available, we have noted the transactions of comparable properties throughout Malaysia. In particular we have considered the following transactions:-

Description	Comparable 1	Comparable 2	Comparable 3
Development Name	Wetex Parade	Mahkota Parade	Subang Parade
Location	Wetex Parade is located along Jalan Ali, Muar, Johor. Jalan Ali is one of the busiest road in Muar town.	Makhota Parade is situated within the Bandah Hilir, Melaka, approximately 3 kilometres away from Melaka city centre.	Subang Parade is located within the locality of Subang Jaya, a suburban area approximately 6 kilometres away from Kuala Lumpur city centre.
Address	Wetex Parade, Jalan Ali, Muar, Johor Darul Takzim	No. 1, Jalan Merdeka, Melaka town centre, 75000 Melaka, Melaka	Subang Parade, Subang Jaya, Selangor Darul Ehsan
Source	Bursa Malaysia	Bursa Malaysia	Bursa Malaysia
Nature of Transaction	Transacted	Transacted	Transacted
Date of Transaction	12 February 2008	5 October 2006	5 October 2006
No. of Storey	5	2	4
Net Floor / Lettable Area (sq.ft.)	178,742	471,417	485,608
Tenure	Freehold	Leasehold	Freehold
Vendor	Wetex Realty Sdn Bhd	Hektar Black Sdn Bhd	Hektar Premier Sdn Bhd
Purchaser	Hektar Real Estate Investment Trust (Hektar REIT)	Hektar Real Estate Investment Trust (Hektar REIT)	Hektar Real Estate Investment Trust (Hektar REIT)
Current Occupancy / Leased Rate	95%	95%	100%
Year Built	1999	1997	2001
Major Tenants	The Store Department Store	Watsons, Fitness Concept	Parkson
Sales Price (RM)	RM93,500,000.00	RM232,000,000.00	RM291,000,000.00
Transacted Unit Price (RM/sq.ft. on NFA)	523	492	599
Adjustment	Upward adjustment made on time, location, accessibility, building quality, amenities and size.	Upward adjustment made on time, location, accessibility, building quality and amenities.	Upward adjustment made on time, location, accessibility, building quality and amenities.
Adjusted Unit Rate (RM/sq.ft.)	1,125	1,083	1,198

Valuation Rationale

We have made adjustments of the individual components i.e. time, location, accessibility, building quality, amenities and size. In our adjustment we have made both positive and negative adjustments which do not exceed 20% except for location adjustment.

It must be noted that Gurney Plaza is a prime shopping complex located in town of Penang and no other shopping complexes in Penang have equal standing in terms of its value, design, demand and popularity. Therefore one has to rely on comparables of prime shopping complexes in various towns or cities in Malaysia for the purposes of valuation.

We have taken three shopping complexes which have similarities in terms of its grading with regards to geographical location and its prominence.



VALUATION CERTIFICATE (Cont'd)

However we understand and of the view that Gurney Plaza is of higher grading than all the three shopping complexes especially in relation to its location. Therefore we have made the adjustment for location in the range of 40% to 50%.

Notwithstanding the above, we have noted the similarities among the three shopping complexes such as all being the prime shopping complex in the locality, enjoying good occupancy and professionally managed.

In addition, we also noted the recent transactions of Starhill Gallery and Lot 10 Shopping Centre. The sale transactions are analysed as follows:-

Description	Starhill Gallery	Lot 10 Shopping Centre
Address	Starhill Gallery, Jalan Bukit Bintang, Kuala Lumpur	Lot 10 Shopping Centre, Jalan Sultan Ismail, Kuala Lumpur
Source	Bursa Malaysia	Bursa Malaysia
Nature of Transaction	Sale & Purchase Agreement	Sale & Purchase Agreement
Date of SPA	16 April 2010	16 April 2010
No. of Storey	Part of a 7-level building with 5-storey basements and a 12-level annexe building with 3-storey basement	Part of a 8-storey building with a basement and a lower ground together with a 7-storey annex building with a lower ground floor
Net Floor / Lettable Area (sq.ft.)	297,354	256,811
Tenure	Freehold	Leasehold expiring on 29 July 2076
Vendor	Starhill Real Estate Investment Trust (Starhill REIT)	Starhill Real Estate Investment Trust (Starhill REIT)
Purchaser	Starhill Global Real Estate Investment Trust (SG REIT)	Starhill Global Real Estate Investment Trust (SG REIT)
Current Occupancy / Leased Rate	96.50%	96.07%
Year Built	1996	1981
Major Tenants	International /Local brand outlet	Isetan
Sales Price (RM)	RM629,000,000.00	RM401,000,000.00
Transacted Unit Price (RM/sq.ft. on NFA)	2,115	1,561
Adjustment	Downward adjustments made on location, accessibility and have a fixed master lease	Downward adjustments made on location, accessibility and have a fixed master lease but upward adjustment made on building quality, tenure and amenities.
Adjusted Unit Rate (RM/sq.ft.)	1,227	1,218

Having considered the relevant sales evidences of retail complexes, our valuation working adopting the Comparison Method, derives a Market Value of **RM850,000,000.00** (RM1,200.00 per square foot).



VALUATION CERTIFICATE (Cont'd)

- B) The Income Capitalisation Method is most appropriate for the valuation of an income producing properties which is held for investment purposes such as the Property.

The Income Capitalisation Method involves the following steps :-

- i. Estimate the gross income receivable from the Property.
- ii. Estimate annual outgoings and service charges to cover annual expenditures such as quit rent, assessment rates, repairs and maintenance, insurance, water and electricity, cleaning, pest control, management, etc.
- iii. The estimated net income is obtained by deducting (ii) from (i).

The estimated net income is then capitalised by using an appropriate rate of interest (yield) reflecting the security of future incomes in relation to the use that the Property is being put to.

In Income Capitalisation Method the following rates are adopted:-

Components	Current Term	Reversionary Term
Rental Rate (Range)	RM1.59 – RM41.50 psf/month	RM2.80 – RM35.00 psf/month
Average Gross Rent	RM7.18 psf/month	RM8.43 psf/month
Gross Income	RM5,074,376	RM5,958,348
Outgoings	RM1.80 psf/month	RM1.85 psf/month
Yield	6.50%	7.00%

From the above table, the outgoings of RM1.80 per square foot for the current term was extracted from the Profit & Loss Accounts, whilst for the reversionary term we have adopted an additional RM0.05 per square foot to arrive at RM1.85 per square foot to reflect the fair outgoings as at the date of valuation i.e. 28 February 2010.

The capitalisation rate of 6.50% on current term and 7.0% on reversionary term adopted are in tandem with the market yields for shopping complexes in Malaysia. In line with the above we have also conducted a Yield Analysis to determine the net yield for selected shopping complexes in Malaysia which are shown below:-

Items	Starhill Gallery Kuala Lumpur	Lot 10 Kuala Lumpur	Wetex Parade Muar, Johor
Yield	6.8%*	6.8%*	7.65%
Date of Transaction	16 April 2010	16 April 2010	Feb 2008

*Based on the Master Tenancy Agreement

From the above table, we noted that the net yields ranges between 6.8% to 7.65%. Therefore based on the above and the market yield, our application of 6.5% capitalization for term and 7.0% for reversionary term is in line with the market in general. The yield adopted in the reversionary term is slightly higher percentage to reflect a higher risk, i.e. tenant risk and market risk during the reversionary period of an investment compared to the rental income received for the term.



VALUATION CERTIFICATE (Cont'd)

For income derived from the car park operation, we have studied the past two years net income data for car park extracted from the Profit & Loss Accounts which are tabulated as below:-

	2008 (1 Jan – 31 Dec)	2009 (1 Jan – 31 Dec)
Yearly Net Income	RM3,888,000	RM4,373,000
Monthly Net Income	RM324,000	RM364,417

Based on the above, we have adopted RM350,000.00 per month as the fair net income receivable for the car park.

Other income such as gross sales turnover rent, push cart, atrium space income, advertisement panels, telco equipments and vending machine have also been incorporated into our valuation. Since the Property enjoys almost 100% occupancy rate, we have adopted a nominal vacancy allowance rate (void) of 3.5% to reflect possible future vacancies, rent free periods and the possibility of bad debts.

Our valuation working adopting the Income Capitalisation Method, also derives a Market Value of **RM850,000,000.00**.

Opinion of Value

We have considered both the above methods and have adopted the Income Capitalisation Method as the primary method to arrive at a Market Value of the Property of **RM850,000,000.00** which analyses to about RM1,200 per square foot.

Having regard to the foregoing we are of the opinion that the market value of the freehold interest in the property, Gurney Plaza erected on Developer Parcel No. Block C, Gurney Park held under Master Title Geran 97112 (formerly known as H.S.(D) 14515), Lot 2903, Section 1, Town of Georgetown, District of Timor Laut, State of Pulau Pinang, subject to the existing tenancy but free from all encumbrances, as at 28th February 2010, is **RM850,000,000.00 (Ringgit Malaysia : Eight Hundred And Fifty Million Only)**.

For and on behalf of
PPC INTERNATIONAL SDN BHD

Sr SIDSAPESAN SITTAMPALAM (Siders)
B. Sc. (Est. Man.) UK, MBA (Real Est.) Sydney
MRICS, F. Land Inst, FISM
Registered Valuer (V-292)

RBB

CB Richard Ellis (Malaysia) Sdn Bhd
Company Number : 333510 P

CBRE
CB RICHARD ELLIS

Our Ref.: V/4/10/PK/A752(A)-1

Date: 10 JUN 2010

#9-1, Level 9, Menara Millennium
Jalan Damanlela, Bukit Damansara
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The Directors
AmTrustee Berhad
Trustee for the proposed CapitaMalls Malaysia Trust
Level 22, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
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c/o CapitaRetail Malaysia REIT Management Sdn Bhd
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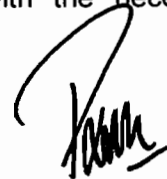
Dear Sirs,

**RE: VALUATION OF 205 INDIVIDUAL STRATA TITLES COMPRISING
202 STRATA RETAIL LOTS WITH A TOTAL STRATA FLOOR
AREA OF APPROXIMATELY 511,103 SQUARE FEET AND 3
STRATA CAR PARK BLOCKS WITH A TOTAL STRATA FLOOR
AREA OF APPROXIMATELY 435,411 SQUARE FEET (ALL 1298
BAYS) WITHIN SUNGEI WANG PLAZA, SECTION 67, CITY OF
KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR**

This Valuation Certificate has been prepared for inclusion in the Prospectus to be dated 28 JUN 2010 in relation to the proposed establishment and listing of CapitaMalls Malaysia Trust on the Main Market of Bursa Malaysia Securities Berhad.

We are pleased to certify that we have valued, in accordance with the instructions from AmTrustee Berhad, Trustee for the proposed CapitaMalls Malaysia Trust, the abovementioned property (herein referred to as the "subject property") vide our Report and Valuation bearing reference no. V/4/10/PK/A752(A) dated 9 April 2010 for purposes of submission to the Securities Commission for approval in conjunction with its proposed listing exercise. The Report and Valuation has been prepared based on the latest "Asset Valuation Guidelines" issued by the Securities Commission and the *Malaysian Valuation Standards* issued by the Board of Valuers, Appraisers and Estate Agents with the necessary professional responsibility and due diligence.

V/4/10/PK/A752(A)-1: 205 Strata Parcels in Sungei Wang Plaza, Section 67, Kuala Lumpur



1



DIRECTORS
Christopher Boyd FISM, FRICS, AAPI, MSISV Allan Soo MISM, MRICS Paul Khang MISM, MRICS Wee Soon Chit MISM, MRICS

Formerly **REGROUP**
ASSOCIATES

In accordance with the latest "Asset Valuation Guidelines" issued by the Securities Commission, the basis of our Report and Valuation is the Market Value of the freehold interest in the subject property.

Details as condensed from our Report and Valuation bearing reference no. VI/4/10/PK/A752(A) dated 9 April 2010 are provided hereunder.

Property Description

The common postal address of the subject property is Sungei Wang Plaza, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The subject property which forms part of Sungei Wang Plaza comprises strata parcels issued with 205 strata titles as follows:-

- (I) 202 strata retail lots inclusive of anchor tenant space on Basement 1, Lower Ground, Ground, 1st to 3rd & 6th Floor with a total strata floor area of approximately 511,103 square feet (approximately 61.9% of the total strata retail floor area of Sungei Wang Plaza or 75.07% of the total strata floor area for the retail space & car park) & current lettable floor area of 450,152 square feet; and
- (II) 3 strata car park blocks on Basement 1 to 3, 4th & 5th floor with a total strata floor area of approximately 435,411 square feet comprising all 1,298 bays.

Occupancy Rate

98.2%

Title Particulars

The common particulars for all strata titles are as follows :-

Lot No.	:	1197
Section	:	67
City	:	Kuala Lumpur
State	:	Wilayah Persekutuan Kuala Lumpur
Tenure	:	Freehold
Category of Land Use	:	Bangunan (Building)
Registered Owner	:	Vast Winners Sdn Bhd (Except for Strata Parcel Nos. 1 & 673)

Brief particulars extracted from a search of the strata titles at the Registry of Land Titles Wilayah Persekutuan Kuala Lumpur on 6 & 7 April 2010 are compiled and tabulated in the Schedule of Strata Titles, Appendix "J" of our Report & Valuation.

Two of the strata car park blocks identified as Parcel No.1 on Basement 3 and Parcel No.673 on Level 6 are presently not registered in the name of Vast Winners Sdn Bhd as yet. This is specifically due to the internal technical issues on both the easement(s) and charge(s) registration(s) on the 2 Strata Titles (Strata Parcel Nos. 1 & 673) at the Registry of Land Titles, Wilayah Persekutuan.



Location

Sungei Wang Plaza is located within the famous Jalan Bukit Bintang area which is the City's premier shopping and entertainment avenue at the southern fringe of the "Golden Triangle" of Kuala Lumpur, the Capital City of Malaysia. It has a primary frontage/access from the south-western side of Jalan Sultan Ismail in close proximity to the major lights-controlled traffic intersection of this road and Jalan Bukit Bintang.

Building Structures

The building was completed in 1977 in accordance with the approved building layout plans and specifications and issued with a Certificate of Fitness for Occupation (No. 10245) by the Dewan Bandaraya Kuala Lumpur (DBKL) on 29 December 1981.

Generally the basic construction of the building is of reinforced concrete columns and beams with reinforced concrete floor slabs, plastered brick walls and reinforced concrete flat roof/steel roof structure laid over with metal deck roofing sheets.

Planning Approvals

Sungei Wang Plaza is approved for commercial use.

A Development Order and building plan approval for the reconfiguration of the IT Precinct @ 3rd Floor and the new surau have been granted by DBKL on 25 February 2010. The Certificate of Practical Completion (CPC) of the reconfiguration works was issued by NRY Architects Sdn Bhd on 1 December 2009.

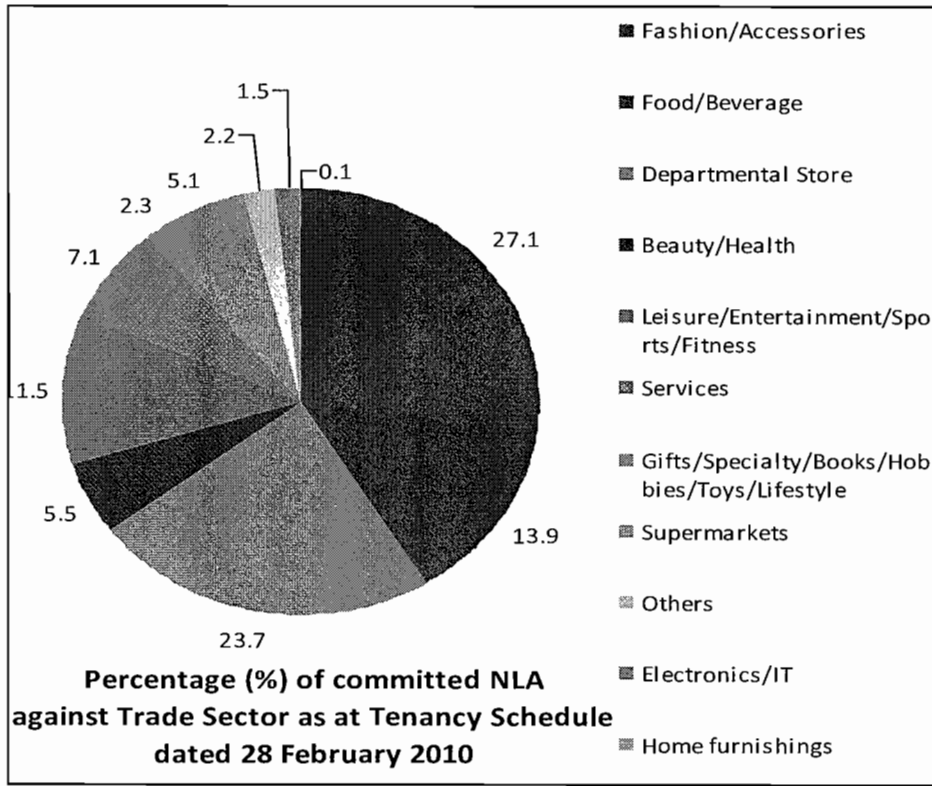
Tenancy Profile

As at 28 February 2010, Sungei Wang Plaza is almost fully tenanted by various types of retailers such as fashion, accessories stores, F&B outlets, specialty shops, supermarkets and many more. The "Fashion & Accessories" categories top the list with the highest % of mix in terms of NLA and also Gross Rental Income. This is followed closely by the Departmental Store and also the popular F&B outlets.

Most of the tenancies have a fixed 3-year term period with a renewal option thereafter on the then prevailing market rates. The rates are either fixed over the entire term period(s) or staggered with fixed annual increase(s). Majority of the tenancies are further subject to sales turnover rent.

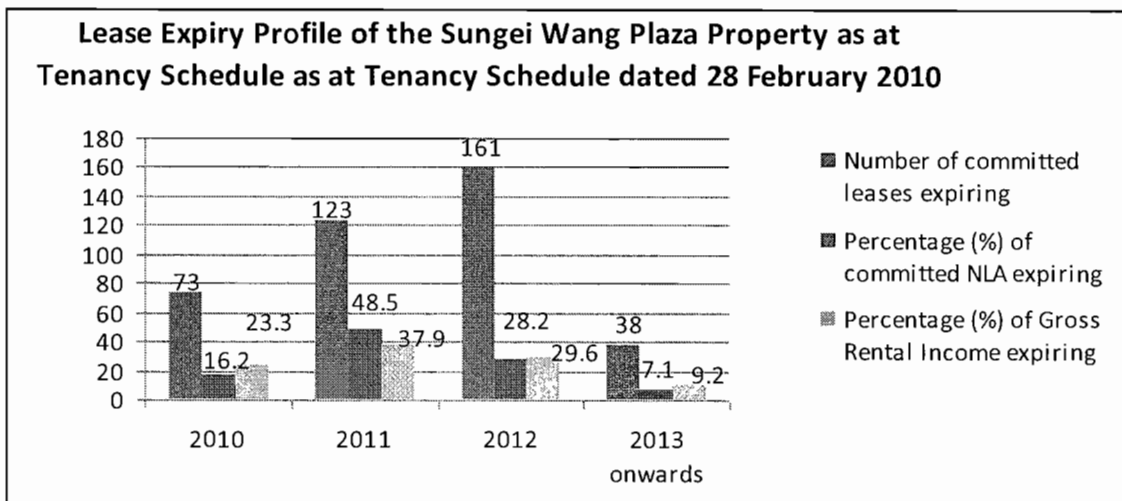
V/4/10/PK/A752(A)-1: 205 Strata Parcels in Sungei Wang Plaza, Section 67, Kuala Lumpur





For the “anchor and mini anchor tenant” categories, most of their tenancies are secured with multiple 3-year terms with fixed rental increases.

The latest service charges payable by the Tenants range from RM0.65 to RM1.20 psf per month. This is now subject to review as the Management Corporation has recently passed a resolution to increase the Service Charge to RM1.70 psf effective from November 2009. This will eventually be passed on directly to the Tenants.



Historical Operating Performance

The historical operating performance from 25 June 2008 to 31 December 2009 extracted from accounts is as follows:-

Description	2008	2009
	25 June to 31 Dec (approx. 6 months only)	1 Jan to 31 Dec (12 months)
Occupancy Rate	99.4% (as at 31 Dec 2008)	98.2% (as at 28 Feb 2010)
Gross Rental	RM 26,346,000	RM 54,465,000
Gross Turnover on Rental	RM 91,000	RM 683,000
Car Park Income	RM 3,002,000	RM 6,021,000
Other Income	RM 559,000	RM 1,334,000
Total Gross Income	RM 29,998,000	RM 62,503,000
Outgoings	RM 6,767,000	RM 13,432,000
Total Net Income	RM 23,231,000	RM 49,071,000

- *The temporary drop in occupancy rates were due to the reconfiguration works undertaken by the Landlord on the 3rd floor.*
- *Only 1 ½ -year performance figures are provided and this is in line with the actual ownership tenure of the current landlord over the subject property*

Methods Of Valuation

Investment Method:-

We have valued the subject property by adopting the Investment Method of Valuation which is principally the capitalised net rental income approach which mathematically takes into consideration the various material factors affecting value in terms of location and accessibility, building condition, occupancy rate, tenure of land, restrictions etc.. This method adopts the gross income and outgoings (operating expenses exclusive of interest, tax, depreciation, amortisation and other extraordinary capital expenditure) of an income-generating asset. Generally, the resultant net income is capitalised into market value using a capitalisation rate based on the current market-derived yield rates which reflect the expected return on investments and commensurate with the risk exposure to the asset under consideration.

A summary of the rates adopted is as follows:-

Term:

Gross Rental	-	RM10.91 per square foot per month (exclusive of car park income) This is based on current contractual rentals.
Outgoings	-	RM2.77 per sq.ft. per month
Capitalisation Rate	-	7.0% p.a.



Reversion:

Gross Rent	-	RM12.39 per square foot per month (exclusive of car park income) Adopted the current market rental rates with reference to the latest renewals concluded and also the term rentals passing.
Outgoings	-	RM2.77 per sq.ft. per month
Void Allowance	-	3.0% (for unforeseen vacancies)
Capitalisation Rate	-	7.5% p.a.

Car Park:

Gross Income	-	RM387 per bay per month (based on the 2009 accounts)
Outgoings	-	Approx. 12% of Gross Income (based on the 2009 accounts)
Capitalisation Rate	-	7.0% p.a.

Other Income (Gross Turnover Rental, Promotional Areas/Kiosks & Others):

Gross Income	-	RM0.22 per square foot per month based on lettable space (75% of the Actual Average Gross Income based on the 2008 & 2009 accounts)
Capitalisation Rate	-	15.0% p.a.

YIELD ANALYSIS & COMPARISON		
Comparable	Lot 10 Shopping Centre-Strata Parcels	Starhill Gallery
Net Yield p.a.	6.80%	6.80%
Remarks	Based on master lease with guaranteed rentals	Based on master lease with guaranteed rentals

Comparison Method:-

We have cross-checked our valuation of the subject property derived from the Investment Method by the Comparison Method which entails comparing the subject property with comparable retail centres which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, building condition, occupancy rate, size, tenure of land, restrictions and other relevant characteristics. We have adopted the latest transactions of the Lot 10 Parcels and Starhill Gallery as the most appropriate comparables in terms of location, similar average rental & yield rates and REIT-ownership which are tabulated below.

Description	Comparable 1	Comparable 2
Shopping Centre	137 strata parcels & 2 accessory parcels in Lot 10 Shopping Centre	Starhill Gallery, Jalan Bukit Bintang
Legal Interest	PN 11008/Lot 1247, Seksyen 67, KL	Grant 28678/Lot 1267, Section 67, KL
Tenure	66-year unexpired leasehold term	Freehold
Lettable Area	256,811 sq.ft.	297,354 sq.ft.
Transaction Date	18 November 2009	18 November 2009
Consideration	RM401 million	RM629 million
Occupancy Rate	Approx. 96%	Approx. 96.5%
Car Park	529 bays	673 bays
Building Age	19 years	14 years
Vendor	Mayban Trustees Berhad, Trustee for Starhill REIT	Mayban Trustees Berhad, Trustee for Starhill REIT
Purchaser	HSBC Institutional Trust Services Singapore Ltd, Trustee for Starhill Global REIT	HSBC Institutional Trust Services Singapore Ltd, Trustee for Starhill Global REIT
Special Term	3+3+3-year lease with guaranteed rental based on net yield of 6.80% p.a.	3+3+3-year lease with guaranteed rental based on net yield of 6.80% p.a.
Analysis	RM1,561 per square foot	RM2,115 per square foot
Adjustments	<u>Positive Adjustments:</u> Tenure <u>Negative Adjustments:</u> Building Condition	<u>Negative Adjustments:</u> Building Condition Tenure
Adjusted Value	RM1,561 per square foot	RM1,481 per square foot

Valuation Rationale

We have taken Comparable 2 as the most appropriate comparable to represent the Market Value of the subject property which translates to RM757,000,000.

Reconciliation of Value

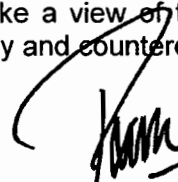
We have used the above two different methods of valuation to arrive at the Market Value of the subject property.

Method of Valuation	Market Value	Market Value per sq.ft.
Investment Method	RM740,000,000	RM1,448
Comparison Method	RM757,000,000	RM1,481

As the subject property is an income generating asset, we have adopted the Investment Method of Valuation (Term and Reversion) to be the most suitable methodology for this present exercise.

This method is subsequently counter-checked by the Comparison Method to see the reasonability of the results and values generated by same. Bear in mind that the results for the individual methodology will not be identical and if the results are of more or less 5% variation, it should be quite acceptable.

We do not give individual weightings to each methodology and take a view of the value based on the average outcome but rather adopt a single methodology and countercheck the market value arrived at using other valuation methodologies.





For purposes of submission to the Securities Commission for approval in conjunction with the proposed listing exercise, we would like to confirm that we have valued the subject property as at 31 March 2010 and our opinion of the **Market Value of the freehold interest in 205 individual strata titles made up of as follows:-**

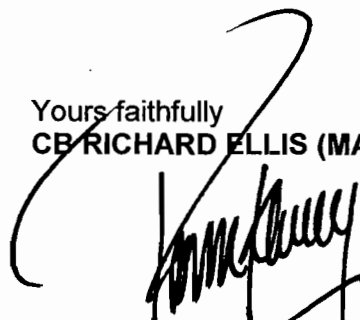
- (I) **202 strata retail lots inclusive of anchor tenant space on Basement 1, Lower Ground, Ground, 1st to 3rd & 6th Floor with a total strata floor area of approximately 511,103 square feet which constitutes a major portion of approximately 61.9% of the total strata retail floor area of Sungei Wang Plaza; &**
- (II) **3 strata car park blocks on Basement 1 to 3, 4th & 5th floor with a total strata floor area of approximately 435,411 square feet comprising all 1,298 bays within Sungei Wang Plaza**

[all held as shown in the attached Schedule of Strata Titles, Appendix "J" of our Report & Valuation in Section 67, City of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur] in its existing condition, subject to the existing tenancies as shown in Appendix "F" and to its strata titles being free from encumbrances, legally enforceable and registrable is **RM740,000,000 (Ringgit Malaysia: Seven Hundred And Forty Million Only)** which is equivalent to approximately **RM1,448 per square foot inclusive of the 1,298 car parking bays** based on the total strata floor area of 511,103 square feet.

Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

We would also like to confirm further that there are no further pertinent factors which may affect the value of the Subject property and the contents of this Valuation Certificate are in compliance with the Asset Valuation Guidelines issued by the Securities Commission.

Yours faithfully
CB RICHARD ELLIS (MALAYSIA) SDN BHD


PAUL KHONG, MISM MRICS
Chartered Surveyor
Registered Valuer (V-528)
Executive Director



CB Richard Ellis (Malaysia) Sdn Bhd
Company Number : 333510 P

CBRE
CB RICHARD ELLIS

Our Ref.: V/4/10/PK/A752(B)-1

#9-1, Level 9, Menara Millennium
Jalan Damanlela, Bukit Damansara
50490 Kuala Lumpur, Malaysia

Date: 10 JUN 2010

T: 603 2092 5955
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The Directors
AmTrustee Berhad
Trustee for the proposed CapitaMalls Malaysia Trust
Level 22, Bangunan AmBank Group
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Suite 11.02, Level 11
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No 165 Jalan Ampang
50450 Kuala Lumpur
Malaysia

PRIVATE & CONFIDENTIAL

Dear Sirs,

RE: VALUATION OF A 4.125-HECTARE PARCEL OF BUILDING LAND PRESENTLY BUILT UPON WITH A 5-STOREY SHOPPING CENTRE WITH AN INTERNAL WATER CANAL KNOWN AS THE MINES COMPLETE WITH 1,282 CAR PARKING BAYS HELD UNDER HSD 59894/LOT PT 16722, MUKIM AND DISTRICT OF PETALING, SELANGOR DARUL EHSAN

This Valuation Certificate has been prepared for inclusion in the Prospectus to be dated 28 JUN 2010 in relation to the proposed establishment and listing of CapitaMalls Malaysia Trust on the Main Market of Bursa Malaysia Securities Berhad.

We are pleased to certify that we have valued, in accordance with the instructions from AmTrustee Berhad, Trustee for the proposed CapitaMalls Malaysia Trust, the abovementioned property (herein referred to as the "subject property") vide our Report and Valuation bearing reference no. V/4/10/PK/A752(B) dated 6 April 2010 for purposes of submission to the Securities Commission for approval in conjunction with its proposed listing exercise. The Report and Valuation has been prepared based on the latest "Asset Valuation Guidelines" issued by the Securities Commission and the *Malaysian Valuation Standards* issued by the Board of Valuers, Appraisers and Estate Agents with the necessary professional responsibility and due diligence.



V/4/10/PK/A752(B)-1: The Mines (HSD 59894/Lot PT 16722, Petaling, Selangor)



DIRECTORS
Christopher Boyd FISM, FRICS, AAPI, MSISV Allan Soo MISM, MRICS Paul Khong MISM, MRICS Wee Soon Chit MISM, MRICS

Formerly **REGROUP**
ASSOCIATES

In accordance with the latest "Asset Valuation Guidelines" issued by the Securities Commission, the basis of our Report and Valuation is the Market Value of the unexpired 81 years leasehold interest in the subject property.

Details as condensed from our Report and Valuation bearing reference no. VI/4/10/PK/A752(B) dated 6 April 2010 are provided hereunder.

Property Description

The postal address of the subject property is The Mines, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan.

The subject property comprises a free-standing 5-storey shopping centre with a unique Venetian-styled canal inclusive of 4 split-level car parks on Levels 1 & 2 with a total of 1,282 bays known as "The Mines" and has the total gross (excluding the car parking areas) and lettable floor areas of approximately 1,257,086 square feet (116,787 square metres) and 719,329 square feet (66,828 square metres) respectively.

Occupancy Rate

97.5%

Title Particulars

Lot No.	:	PT 16722
Title No.	:	HSD 59894
Mukim	:	Petaling
District	:	Petaling
State	:	Selangor Darul Ehsan
Tenure	:	99-year leasehold term expiring on 20 March 2091 (Approximately 81 years unexpired)
Provisional Title	:	4.125 hectares
Land Area		
Category of Land Use	:	Bangunan (Building)
Registered Proprietor	:	Mutual Streams Sdn Bhd

Brief particulars extracted from a search of the registered document of title at the Registry of Land Titles Selangor Darul Ehsan in Shah Alam on 1 April 2010 is attached as Appendix "H" of our Report & Valuation.

Location

The subject property is located within the Mines Resort City (MRC), in a neighbourhood generally known as Seri Kembangan. It has a prominent frontage onto the Sistem Lingkar-Lebuhraya Kajang Highway (SILK) with a secondary frontage/access from Jalan Dulang, i.e. the main access to the MRC. The Sungai Besi Expressway (Besraya) is also sited about 300 metres west linking directly to the SILK Highway. It lies at approximately 15 kilometres and 10 kilometres south of the City Centre of Kuala Lumpur, the State Capital of Malaysia and north-east of the new Federal Government Administrative Centre, Putrajaya respectively.



Building Structures

The building was originally completed in 1997 in accordance with the approved building layout plans and specifications and was subsequently issued with a Certified True Copy of the Certificate of Fitness for Occupation (No. 23888) by the Majlis Perbandaran Subang Jaya (MPSJ) on 3 January 2004.

Generally the basic construction of the building is of reinforced concrete columns and beams with reinforced concrete floor slabs, part glass panel curtain walls/part plastered brick/block walls and reinforced concrete flat roof/steel roof structure laid over with clay tiles and metal deck roofing sheets.

The exterior is largely finished with cement plasters coated with emulsion paint. Its interior floor finishes are generally of a variety of ceramic tiles in essential areas whilst ceilings are either of decorative fibrous plasters with inset lightings, ceiling boards or cement plasters.

Planning Approvals

The Mines is approved for commercial use.

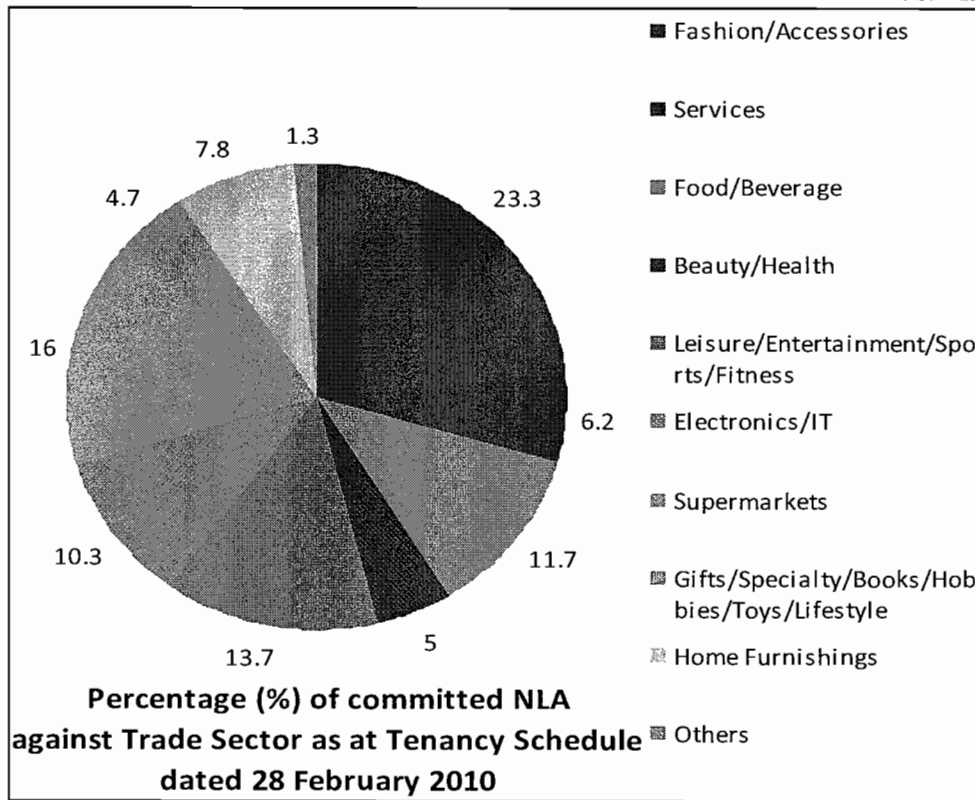
In 2007/08 when the new owners took over, they undertook a major refurbishment and extension exercise (known as **Asset Enhancement Initiatives - AEI**) upon securing the relevant approval from MPSJ. Replica of the Certified True Copy of the Approved Building Layout Plans is attached to our Report & Valuation as Appendix "B".

To date the AEI works have been completed which has thus resulted in the increase in actual net lettable area due to optimization of the space usage and also improvement in the overall tenant mix. The completed new refurbishment and extension has also been issued with Certified True Copy of the Certificates of Completion & Compliance (Nos. 0011 and 0107) on 6 February 2009 and 7 September 2009 respectively, copies of which are attached to our Report & Valuation as Appendix "C".

Tenancy Profile

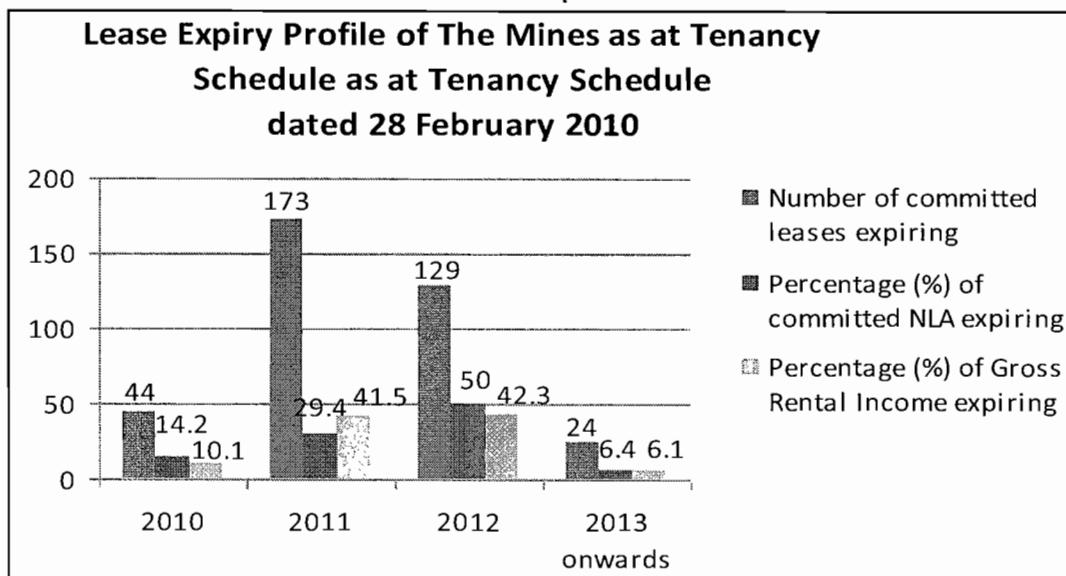
As at 28 February 2010, The Mines is almost fully tenanted by various types of retailers such as fashion, accessories stores, F&B outlets, specialty shops, supermarkets and many more. The "Fashion & Accessories" categories top the list with the highest % of mix in terms of NLA and also Gross Rental Income. This is followed closely by "Supermarkets" and the Leisure/Entertainment/ Sports/Fitness outlets.

Most of the tenancies have a fixed 3-year term period with a renewal option thereafter on the then prevailing market rates. The rates are either fixed over the entire term period(s) or staggered with fixed annual increase(s). Majority of the tenancies are further subject to sales turnover rent.



For the “anchor and mini anchor tenant” categories, most of their tenancies are secured with multiple 3-year terms with fixed rental increases.

The service charges payable range from RM0.44 to RM1.80 psf per month (for anchor and normal tenants).



Historical Operating Performance

The historical operating performance from January 2008 to 31 December 2009 extracted from accounts is as follows:-

Description	2008	2009
	1 Jan to 31 Dec	1 Jan to 31 Dec
Occupancy Rate	91.1% (as at 31 Dec 2008)	97.5% (as at 28 Feb 2010)
Gross Rental	RM 33,034,000	RM 45,078,000
Gross Turnover on Rental	RM 567,000	RM 985,000
Car Park Income	RM 2,136,000	RM 2,149,000
Recovery from Tenants	RM 953,000	RM 1,070,000
Other Income	RM 5,795,000	RM 3,697,000
Gross Income	RM 42,485,000	RM 52,979,000
Outgoings	RM 15,909,000	RM 21,647,000
Net Income	RM 26,576,000	RM 31,332,000

Methods Of Valuation

Investment Method:-

We have valued the subject property by adopting the Investment Method of Valuation which is principally the capitalised net rental income approach which mathematically takes into consideration the various material factors affecting value in terms of location and accessibility, building condition, occupancy rate, tenure of land, restrictions etc.. This method adopts the gross income and outgoings (operating expenses exclusive of interest, tax, depreciation, amortisation and other extraordinary capital expenditure) of an income-generating asset. Generally, the resultant net income is capitalised into market value using a capitalisation rate based on the current market-derived yield rates which reflect the expected return on investments and commensurate with the risk exposure to the asset under consideration.

A summary of the rates adopted is as follows:-

Term:

Gross Rental	-	RM5.60 per square foot per month (exclusive of car park income) This is based on current contractual rentals.
Outgoings	-	RM2.12 per sq.ft. per month
Capitalisation Rate	-	7.0% p.a.

Reversion:

Gross Rent	-	RM6.62 per square foot per month (exclusive of car park income) Adopted the current market rental rates with reference to the latest renewals concluded and also the term rentals passing.
Outgoings	-	RM2.12 per sq.ft. per month
Void Allowance	-	3.0% (for unforeseen vacancies)
Capitalisation Rate	-	7.5% p.a.

Car Park:

Gross Income	-	RM144 per bay per month (based on the 2009 accounts)
Outgoings	-	Approx. 8% of Gross Income (based on the 2009 accounts)
Capitalisation Rate	-	7.0% p.a.

Other Income (Gross Turnover Rental, Promotional Areas/Kiosks & Others):

Gross Income	-	RM0.42 per square foot per month based on lettable space (75% of the Actual Average Gross Income based on the 2008 & 2009 accounts)
Capitalisation Rate	-	15.0% p.a.

YIELD ANALYSIS & COMPARISON		
Comparable	CITTA Mall	Plaza Mont Kiara
Net Yield p.a.	7.00%	7.90%
Remarks	Based on guaranteed rentals @ 7.00% net yield p.a.	Based on guaranteed rentals @ RM7.1 mil p.a. (7-year leaseback arrangement)

Comparison Method:-

We have cross-checked our valuation of the subject property derived from the Investment Method by the Comparison Method which entails comparing the subject property with comparable retail centres which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, building condition, occupancy rate, size, tenure of land, restrictions and other relevant characteristics.


We have adopted the transactions of the CITTA Mall and Plaza Mont Kiara as the most appropriate comparables in terms of location and similar average rental & yield rates which are tabulated below.

Description	Comparable 1	Comparable 2
Shopping Centre	CITTA Mall, Jalan Lapangan Terbang Subang (under construction – Expected completion date is end 2010)	Commercial units in Plaza Mont Kiara Kuala Lumpur Suburb
Legal Interest	Part of PN 8022/Lot 59212, Mukim Damansara	Geran Mukim 6147/L56054, Mukim KL
Tenure	99-year leasehold term	Freehold
Lettable Area	424,000 sq. ft.	73,408 sq. ft.
Transaction Date	June 2008	8 June 2007
Consideration	RM280 million (70% stake of end value)	RM90 million (incl. of M&E Assets)
Occupancy Rate	Assumed 100%	Assumed 100%
Car Park	1,200 bays	1,499 bays
Building Age	New	8 years
Vendor	Puncakdana Sdn Bhd	Sunrise Berhad
Purchaser	SEB Asset Management, Germany	Mayban Trustees Berhad, Trustee for Quill Capita Trust
Special Term	Guaranteed rental based on net yield of 7.00% p.a.	7-year leaseback arrangement with guaranteed net rental of RM7.1m p.a.
Analysis	RM660 per square foot	RM1,226 per square foot
Adjustments	<u>Positive Adjustments:</u> Location Special Features <u>Negative Adjustments:</u> Building Condition	<u>Positive Adjustments:</u> Building Condition Special Features <u>Negative Adjustments:</u> Location Tenure
Adjusted Value	RM752 per square foot	RM815 per square foot

Valuation Rationale

We have taken Comparable 1 as the most appropriate comparable to represent the Market Value of the subject property which translates to RM541,000,000.

V/4/10/PK/A752(B)-1: The Mines (HSD 59894/Lot PT 16722, Petaling, Selangor)


Formerly **REGROUP ASSOCIATES**

Reconciliation of Value

We have used the above two different methods of valuation to arrive at the Market Value of the subject property.

Method of Valuation	Market Value	Market Value per sq.ft.
Investment Method	RM540,000,000	RM751
Comparison Method	RM541,000,000	RM752

As the subject property is an income generating asset, we have **adopted the Investment Method of Valuation (Term and Reversion) to be the most suitable methodology for this present exercise.**

This method is subsequently counter-checked by the Comparison Method to see the reasonability of the results and values generated by same.

Bear in mind that the results for the individual methodology will not be identical and if the results are less than a 5% variation, it should be quite acceptable.

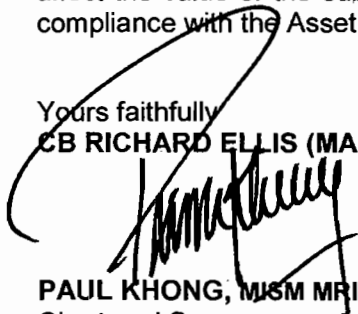
We **do not** give individual weightings to each methodology and take a view of the value based on the average outcome but rather **adopt** a single methodology and countercheck the market value arrived at using other valuation methodologies.

For purposes of submission to the Securities Commission for approval in conjunction with the proposed listing exercise, we would like to confirm that we have valued the subject property as at 31 March 2010 and our opinion of the **Market Value of the unexpired 81 years leasehold interest on a 4.125-hectare parcel of building land presently built upon with a 5-storey shopping centre with an internal water canal known as The Mines complete with 1,282 car parking bays** [held under HSD 59894/Lot PT 16722, Mukim and District of Petaling, Selangor Darul Ehsan] in its existing condition, subject to the existing tenancies as shown in Appendix "D" of our Report & Valuation and to its title being free from encumbrances, legally enforceable and registrable is **RM540,000,000 (Ringgit Malaysia: Five Hundred And Forty Million Only)** which is equivalent to approximately **RM751 per square foot inclusive of the 1,282 car parking bays** based on the total net lettable floor area of 719,329 square feet.

Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

We would also like to confirm further that there are no further pertinent factors which may affect the value of the subject property and the contents of this Valuation Certificate are in compliance with the Asset Valuation Guidelines issued by the Securities Commission.

Yours faithfully
CB RICHARD ELLIS (MALAYSIA) SDN BHD



PAUL KHONG, MISM MRICS
Chartered Surveyor
Registered Valuer (V-528)
Executive Director



Knight Frank



Date : 2nd June 2010
Ref : R&C/10/CRL/005/omc/sl

Independent Property Market Report

Prepared for: CapitaMalls Malaysia REIT Management Sdn Bhd



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1.0 TERMS OF REFERENCE

1.1 OBJECTIVE OF STUDY

We were instructed by **CapitaMalls Malaysia REIT Management Sdn Bhd** to carry out a retail market study for the purpose of Real Estate Investment Trust (REIT) listing. We acknowledge that a copy of our market study will be submitted to the Securities Commission of Malaysia and attached as an annex to the Prospectus, and that certain information in the market study will be extracted and disclosed in the Prospectus and Offering Documents in connection with the initial public offering of the proposed REIT.

The study required is for a retail property market analysis in three major locations namely Kuala Lumpur, Selangor and Penang. The market study is conducted with the following objectives:

- i) to provide an overview of the economic and retail industry performance;
- ii) to review the current market demand and supply;
- iii) to highlight key drivers and challengers of the retail market;
- iv) to provide commentary of the REIT portfolios; and
- v) to conclude on market trend and prospect.

1.2 SCOPE OF WORK

Our deliverables for the Market Study are as follows:-

- i) **Overview of Malaysia Economy:** covering economic, tourism and demographic indicators, also includes outlook for Malaysia's economy.
- ii) **Overview of Malaysia Retail Industry:** includes national retail sales, general retail environment in the nation and outlook for retail industry.
- iii) **General Profiling of Selected Locations:** this section provides profiling information of the selected locations – Kuala Lumpur, Selangor and Penang and includes economic, tourism and demographic indicators for each state. Apart from that, the performance of commercial properties has been reviewed in the section.
- iv) **Analysis of Retail Markets in Selected Locations:** consisting of an overview of the organised retail market in the cities, property market analysis on the retail sector, and reviews on the retail sector in each city.
- v) **Review of The Subject Properties:** review and competitive analysis of the subject properties.
- vi) **Recommendation and Conclusion:** conclusion on the property market trend and prospects for each retail market in selected locations based on the market findings.

1.3 LIMITING CONDITIONS

This report has been prepared based on current market conditions. Should there be any unforeseen events which materially affect economic conditions and market conditions, our recommendations set forth would have to be reviewed in the light of new market conditions.

Where it is stated in the report that information has been supplied by the sources listed, this information is believed to be reliable and no responsibility is accepted should it prove not to be so.

This report has been prepared on the basis that full disclosure of all information and facts have been made known to us. All information that had been obtained from third parties has been verified to the best of our abilities and is believed to be correct. We, however, do not vouch for the accuracy of the information and shall not be held liable for any inaccuracy thereof.

This report is confidential to **CapitaMalls Malaysia REIT Management Sdn Bhd** for the specific purpose to which it refers. No responsibility is accepted to any other party and neither the whole, nor any, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without the prior written approval of the firm and context in which it will appear, save and except in the manner acknowledged and permitted under our terms of reference set out herein.



2.0 OVERVIEW OF THE ECONOMY

2.1 INTRODUCTION

Malaysia covers an area of approximately 330,252 square kilometres and consists of Peninsular Malaysia (West), Sabah and Sarawak (East). The two regions are separated by about 540 kilometres of the South China Sea. West Malaysia shares a common border with Thailand to its north and is linked at its south to Singapore via the Johor-Singapore Causeway at Johor Bahru and the Malaysia-Singapore Second-Link at Gelang Patah.

Peninsular Malaysia consists of 11 states and two federal territories namely the Federal Territories of Kuala Lumpur and Putrajaya. East Malaysia consists of two States (Sabah and Sarawak) and the Federal Territory of Labuan (at the northern section of the Island of Borneo). East Malaysia shares a common boundary with Kalimantan (which forms part of Indonesia) to its South and Brunei near its north-east.

Capital City

Kuala Lumpur (KL), with a land area of 243 square kilometres, is the capital city of Malaysia. The capital city is an established bustling metropolis and is the centre of commerce/finance, politics and entertainment/retail. In recent years, the Kuala Lumpur City Centre (KLCC) area has been the core centre of development. The KLCC area boasts one of the world's tallest buildings, the Petronas Twin Towers, standing at 452 metres tall. It is also the business hub and the headquarters of both multi-national companies and local conglomerates.

Administrative Capital

The country's administration centre is situated at Putrajaya, Malaysia's new administrative capital and one of the largest urban development projects in the country. Putrajaya was conceptualised as "A Garden City, An Intelligent City" and has well-planned network of roads, telecommunications, public amenities and utilities.

Political Background

Malaysia, a former British colony, proclaimed her independence as Malaya on August 31st 1957. Upon gaining independence, a government based on parliamentary and cabinet system was established. Malaysia practices Parliamentary Democracy with a constitutional monarch, the Yang di-Pertuan Agong, as the titular head of the country. The Cabinet is led by the Prime Minister, with nine states ruled by Sultans and the remaining four headed by Governors. The present Government is ruled by The Barisan Nasional (National Coalition) party, representing all the major ethnic groups in Malaysia. The Barisan Nasional (BN) party has held power since independence.

2.2 KEY ECONOMIC INDICATORS

2.2.1 GROSS DOMESTIC PRODUCT (GDP)

Malaysia's economic performance has improved steadily since 1998; with an average Gross Domestic Product (GDP) growth of 4.4% per annum. Although the economy was negatively affected by the Asian Financial Crisis in 1997/98 and recorded a decline in GDP of -7.4% in 1998, it recovered quickly to attain a 6.1% growth in 1999. The impact of the crisis on the Malaysian economy was not as severe as some other countries in the SEA region, i.e. Indonesia and Thailand and it recovered the fastest relative to other countries in the SEA region.

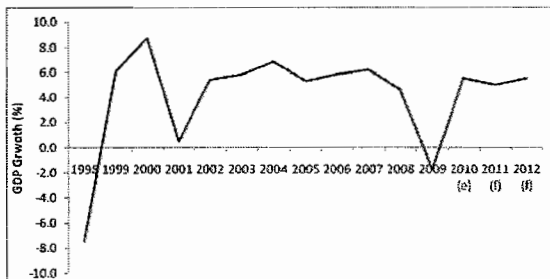
The recovery was again dampened in 2001 by a global economic slowdown but in 2002, it rebounded to achieve a 5.4% growth. Since then, GDP has grown at a stable and commendable rate to register at 6.2% in 2007. However, due to the recent unprecedented global economic crisis that affected economies around the world in 2008, it contracted to 4.6% and -1.7% in 2008 and 2009 respectively. Nevertheless, following improvements in both global and domestic fronts, the economy registered a commendable 4.5% expansion during the last quarter of 2009 and continued to chart an impressive 10.1% growth in the first quarter of 2010, the strongest in a decade. This strong growth is led by continued expansion in domestic demand supported by higher private consumption and sustained public sector spending as well as stronger external demand. Going forward, growth is expected to strengthen further and this may lead to a revision in the official GDP forecast of between 4.5% and 5.5% for 2010 (Central Bank of Malaysia), and between 5.0% and 5.5% for 2011 and 2012.

Chart 1 illustrates the GDP performance of Malaysia between 1998 and 2009 and forecasted growth till 2012.

Chart 2 shows the share of GDP by sector. The strong GDP growth is led mainly by robust growth in the services and manufacturing sectors, contributing 55.7% and 26.1% to GDP respectively. Although the agriculture sector is a minor contributor (7.5% of GDP), this sector is becoming increasingly significant as Malaysia is rich in natural resources. Malaysia benefits from having a diversified economic base which is continuously strengthening its resilience towards the external environment.

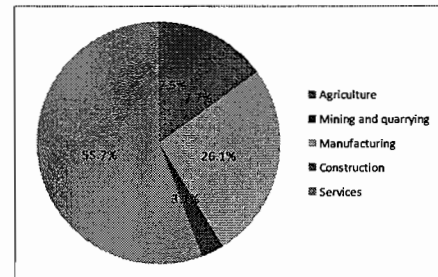


Chart 1: Malaysia GDP Growth (1998 – 2012f)



Source: Central Bank of Malaysia, Economic Planning Unit, Malaysian Institute of Economic Research
 Note: (e) estimate (f) forecast

Chart 2: Share of GDP by Sector (2009)

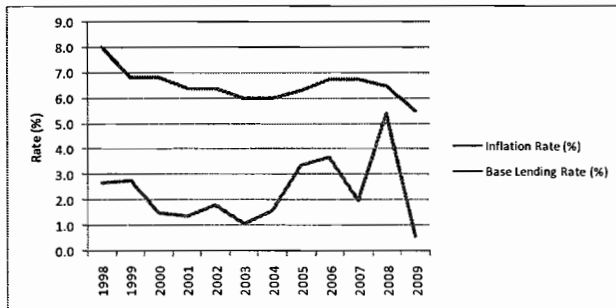


Source: Central Bank of Malaysia

2.2.2 INFLATION AND INTEREST RATES

Headline inflation as measured by the annual percentage change in Malaysia's Consumer Price Index (CPI) shows that historically, the inflation rate in Malaysia has remained below 3.0%. However, inflation peaked at 3.7% in 2006 due to increased global inflationary pressure before easing to 2.0% in year 2007 attributed to effective price monitoring and the strengthening of the Ringgit. Following the impact of the global economic crisis, inflation fluctuated from a peak of 5.4% in 2008 to a low of 0.6% in 2009. The Central Bank of Malaysia has forecasted an inflation rate of between 2.0% and 2.5% for 2010.

Chart 3: Inflation and Base Lending Rate (1998-2009)



Source: Central Bank of Malaysia and Department of Statistics Malaysia (1998-2009)

As for interest rate, the Central Bank of Malaysia has since increased its key benchmark interest rate, the Overnight Policy Rate (OPR), twice this year, to 2.3% on 4th March 2010 and 2.5% on 13th May 2010 amid further strengthening of domestic and external demand. The Base Lending Rate (BLR) currently stands at 6.05% following the latest interest rate hike.

2.2.3 EXCHANGE RATES

The Ringgit was pegged at RM3.80 to the U.S. dollar under the previous exchange regime, which was introduced in September 1998 as a response to speculative currency flows against the Ringgit. The Government decided to remove the peg on 21st July 2005 and allow the Ringgit's value to be determined against the currencies of Malaysia's trading partners. The Ringgit has continued to strengthen against the U.S. dollar and was last traded at RM3.23 (as at 12th May 2010).

2.2.4 DOMESTIC DEMAND AND PRIVATE CONSUMPTION EXPENDITURE

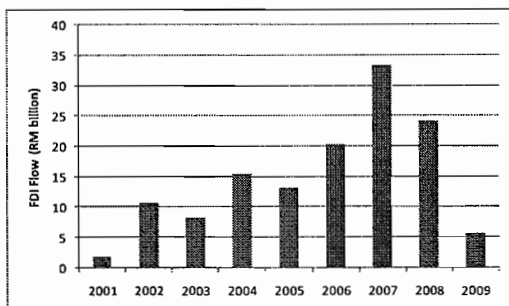
Domestic demand is the key engine of economic growth and has performed strongly over the last five years before experiencing a negative growth of 0.4% in 2009 (2008: 6.8%) due to the adverse impact from the global downturn. However, with the current gradual recovery in the external sector and a stronger growth expected in private consumption, domestic demand is expected to record a positive growth of 3.2% in 2010. The robust growth of private consumption expenditure achieved in 2007 (10.4%) was underpinned by a supportive financial environment, low and stable interest rates, higher disposable income, salary adjustments for civil servants and a bullish stock market. In 2009, it recorded marginal growth of 0.8% impacted by weak consumer sentiment and uncertainties in employment prospects amongst other reasons. For 2010, private consumption expenditure is expected to chart a respectable growth of 3.8% due to improvements in the labour market, higher commodity prices and recovery in the manufacturing sector which had lent support to consumer spending. Notably, the wholesale and retail trade sub-sector grew by 1.2% in 2009 (2008: 9.8%) amid a challenging economic environment.

2.2.5 FOREIGN DIRECT INVESTMENT (FDI)

In 2007, Foreign Direct Investment (FDI) inflow into Malaysia peaked at RM33.4 billion, a significant increase of 65.0% from 2006. There was a decline in FDIs flowing into Malaysia in 2003 and 2005 due to investors channelling their funds into Indonesia as the country stabilised on the economic and political front. In previous years, investors shunned Indonesia as the country suffered considerably in the wake of the Asian Financial Crisis and political unrest, not to mention the Bali bombing, which had further impacted investors' confidence. The following chart illustrates the peak in Malaysia's FDI flow in 2007 in comparison to the significantly less inflows of 2008 and 2009 which were impacted by the global economic downturn.



Chart 4: FDI Inflow to Malaysia (2001-2009)



Source: Central Bank of Malaysia

With the rise of FDI into Malaysia, the outlook remains positive. The Government has taken considerable efforts to maintain a conducive investment environment in Malaysia by ensuring that the cost of doing business remains competitive, improving the public sector's delivery system and continual improvement of key infrastructural facilities. The investment climate is anticipated to remain favourable in the short and medium term owing to the continuous liberalisation efforts taken by the Government in attracting FDI. Thus far, measures that have been implemented include liberalisation on 27 services sub-sector, removal of 30.0% Bumiputera equity requirement for newly listed companies and granting of new licences for foreign banks/financial institutions.

2.2.6 UNEMPLOYMENT

Historically, the unemployment rate has remained low at 3.5% due to concerted efforts by the Government to create job opportunities in all sectors of the economy. The table below illustrates the employment rate from 2001 to 2010. The unemployment rate decreased from 3.5% in 2001 to 3.3% in 2006 and had since remained consistent at that level up to 2008. However, it has shown a gradual increase to 3.7% in 2009 in tandem with higher retrenchments and lay-offs due to the slowdown in economic activities, particularly in the manufacturing sector which is the sector worst hit by the external driven crisis.

Table 1: Unemployment Rate for Malaysia (2001-2010e)

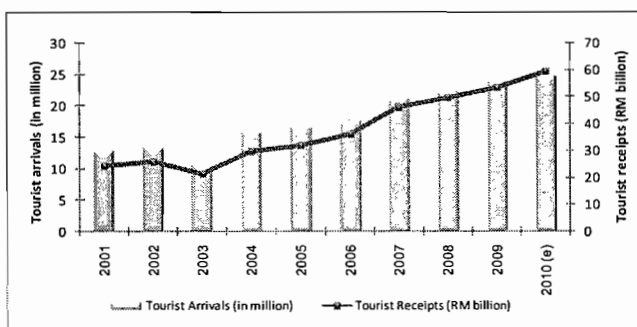
Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 (e)
Labour Force (million persons)	9.9	9.9	10.2	10.8	11.3	11.5	11.8	12	12.1	12.2
Employment (million persons)	9.5	9.5	9.9	10.5	10.9	11.2	11.4	11.6	11.6	11.8
Unemployment Rate (%)	3.5	3.5	3.6	3.5	3.5	3.3	3.3	3.3	3.7	3.6

Source: Department of Statistics Malaysia

2.2.7 TOURISM INDICATORS

Tourist arrivals have remained healthy with 23.6 million arrivals in 2009, representing a 7.3% increase from 22.0 million arrivals in 2008. The highest tourist arrivals were from Singapore, accounting for about 50.0% of the total arrivals. The Travel and Tourism Competitiveness Index 2009 by the World Economic Forum has ranked Malaysia as 7th in the Asia Pacific region and 32nd in the World for tourism competitiveness. The following chart illustrates the trend of tourist arrivals and receipts.

Chart 5: Tourist Arrivals and Receipts (2001-2010e)



Source: Tourism Malaysia, 9MP
Note: (e) estimate

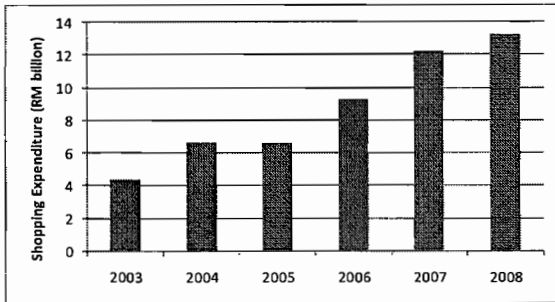
Tourist arrivals and receipts have generally trended upwards since 2001 with a decline in 2003 due to a series of external events including SARS outbreak in the region and the US-led war against Iraq. From 2006 to 2009, tourist arrivals and receipts grew at a compounded annual growth rate ("CAGR") of 10.6% and 13.7% per annum, respectively. Tourist arrivals to Malaysia are projected to grow at 4.2% to reach 24.6 million by 2010.

Correspondingly, tourist receipts is also projected to rise by 11.2% to RM59.4 billion in 2010 from RM53.4 billion in 2009 with the Government's concerted efforts to further strengthen Malaysia's position as a preferred global tourist destination. The healthy growth of tourist arrivals augurs well for the services sector and retail industry. Based on the statistics from Tourism Malaysia in 2008, the accommodation, shopping and food & beverages expenditures account for 31.0%, 27.0% and 17.0% respectively of tourist receipts. The following chart illustrates the shopping expenditure trend by tourists in Malaysia. The analysis indicates that shopping expenditure has increased by more than two fold from RM4.4 billion in year 2003 to RM9.3 billion in 2006, RM12.3 billion in 2007 and RM13.3 billion in 2008. This indicates that Malaysia has become an increasingly popular shopping destination for tourists in recent years with the availability of competitive priced air fares and travel packages further supporting the industry.

Knights Frank



Chart 6: Shopping Expenditure Trend (2003-2008)



Source: Tourism Malaysia

The three major markets for the tourism industry in Malaysia are from neighbouring countries namely Singapore, Indonesia and Thailand. In 2008, Singaporean tourists recorded arrivals at 11.0 million and tourist receipts of RM22,991 million. This is followed by Indonesia with tourist arrivals of 2.4 million and receipts of RM4,571 million whilst tourist arrivals from Thailand was recorded at 1.5 million and receipts of RM1,686 million. Apart from ASEAN countries, other regional markets were China, Hong Kong and India, and are expected to be the largest tourist-generating markets over the short to medium term.

2.2.8 PERFORMANCE OF REAL ESTATE MARKET

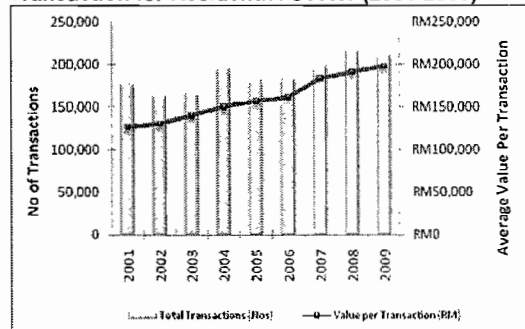
The real estate market in Malaysia demonstrated favourable growth on the back of stabilising economic performance in first quarter 2010 attributed to the mitigation measures by the Government during the global downturn which include two economic stimulus packages (first package RM7 billion and second package RM60 billion), reduced Overnight Policy Rate (OPR) between November 2008 and February 2009 to 2.0%, reduced Statutory Reserve Requirements (SRR) to 1.0% and continued access to financing by banks.

Liberalisation measures on the investment front in 2009 have also resulted in overall positive market sentiments. Amongst the measures introduced were the liberalisation on 27 services sub-sectors in April 2009 and the 30.0% Bumiputera equity requirement for newly listed companies in June 2009.

In 2009, the real estate market recorded a total of 337,859 transactions against 340,240 transactions in 2008, reflecting a marginal decline of 0.7% whilst the value of transactions recorded a decrease of 8.3%, from RM88,342 million in 2008 to RM80,997 million in 2009. The residential market continued to be dominant accounting for 62.6% and 51.7% of total transactions volume and value respectively. However, this was lower by 2.4% in volume and higher by 1.3% in value against 2008. The low lending rates for residential properties coupled with attractive incentives offered by developers have continued to lend support to this sub-sector amid the global economic slowdown with the average value per transaction inching higher at RM197,700 (2008: RM190,600).

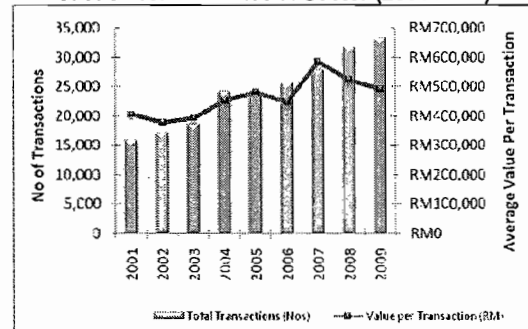
The Malaysian commercial real estate market recorded 33,329 transactions worth RM16,390 million in 2009 (2008: 31,749 transactions valued at RM16,616 million). Our analysis shows that the average value per transaction rose from RM405,167 (2001) to the peak of RM586,022 (2007) before declining marginally to RM523,355 (2008) and RM491,764 (2009) impacted by the global economic crisis. The residential and commercial sub-sectors are expected to continue to drive the real estate sector in Malaysia. The average value per transaction for both sub-sectors is projected to grow albeit at a slower pace supported by gradual economic growth, rising disposable income and a favourable investment environment. Chart 7 and 8 illustrate the performance of the residential and commercial real estate market during the review period between 2001 and 2009.

Chart 7: Transaction and Average Value Per Transaction for Residential Sector (2001-2009)



Source: Valuation and Property Services Department Malaysia

Chart 8: Transaction and Average Value Per Transaction for Commercial Sector (2001-2009)



Source: Valuation and Property Services Department Malaysia

2.2.9 ECONOMIC OUTLOOK

The Central Bank of Malaysia has projected growth of between 4.5% and 5.5% in 2010 on the back of sound economic fundamentals and financial system. The strong economic standing has also allowed the country to recover quickly from the global downturn. Going forward, the Malaysian economy is expected to grow steadily underpinned by domestic demand, mainly driven by private sector. Favourable investment outlook is on the cards following the much anticipated announcement by the Prime Minister on 30th March 2010 of a New Economic Model (NEM) that aims to transform the country into a high-income nation (from the current per capita income of US\$7,000 to US\$15,000 in 10 years).



The NEM is part of the four key thrusts which include 1Malaysia, People First, Performance Now concept; the Government Transformation Programme (GTP) and the 10th Malaysia Plan (10MP). A Special Economic Reform unit will be set up to ensure the successful implementation of the NEM with 6 National Key Economic Activities identified as the engines of growth which include Oil and Gas, Electronic and Electrical, Tourism, Agriculture and Financial Services. In addition, to further promote investment inflow into the country, the private sector will be allowed to invest in Government-Linked Companies (GLCs) through new coalition of public-private sector whilst the Malaysian Industrial Development Authority (MIDA) will be corporatized and empowered to draw in more investment, including offering of instant investment incentives. MIDA will be renamed as the Malaysian Investment Development Authority while maintaining its acronym.

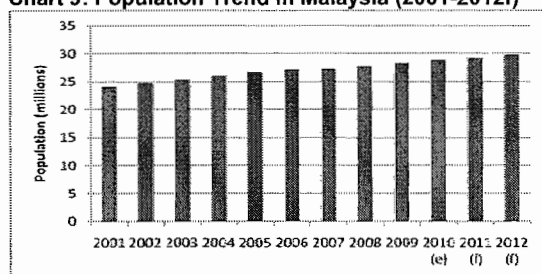
The improving consumer and business sentiments augur well for the real estate and business services sub-sector in 2010, supported by favourable labour market (unemployment forecasted at 3.6% in 2010), rising disposable income and modest inflation rate (2.0%-2.5% in 2010). However, the possible dampening factor to the country recovery will be the current downside risks experienced on the global economic front.

2.3 DEMOGRAPHIC INDICATORS

2.3.1 POPULATION TRENDS

The Malaysian population which stood at 28.3 million as at 2009 recorded an average growth rate of 2.6% per annum between 2001 and 2005. For the period between 2006 and 2010, the average growth rate per annum is estimated to be lower at 1.6% per annum and the forecasted population by 2010 is 28.9 million (source: Department of Statistics Malaysia). The growth rate for the period of between 2006 and 2010 is 1.0% lower than the population growth rate during the period between 2000 and 2005 due to an expected decline in the fertility rate during the period. The declining growth rate is attributed to lower fertility rate, more Malaysians pursuing careers leading to delayed marriages as well as smaller families. Overall, Malaysia's population grew at a CAGR of 2.4% from 1991 to 2009. The following chart shows the population trend in Malaysia (2001-2012f).

Chart 9: Population Trend in Malaysia (2001-2012f)



Source: Department of Statistics Malaysia/ IMF

Notes:

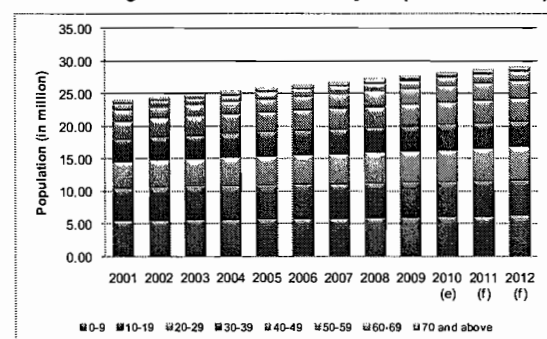
(1) (e) estimate (f) forecast (2) Population figure include Malaysians and Non-Malaysian citizens (consists of permanent residents)

2.3.2 DEMOGRAPHIC PROFILE

2.3.2.1 Age Distribution

Malaysia is a country with a young population with median age of 24.8 years old. Based on the statistics shown in the following chart, about 41.0% and 31.0% of the overall population fall below 20 years old and between 20 and 40 years old respectively (June 2009), indicating a young population for a country which is 52 years old. Whilst the country is largely made up of young population, the percentage of older population (60 years old and above) is expected to increase in tandem with the longer life expectancy and improvements in healthcare facilities.

Chart 10: Age Distribution in Malaysia (2001 to 2012f)



Source: Department of Statistics Malaysia/ IMF

Note: (e) estimate (f) forecast



2.3.2.2 Gender Breakdown

The breakdown of Malaysia's population by gender shows that men marginally outnumber women with 50.9% from the population comprising males. This gender trend has remained consistent over years 2001 to 2009.

2.3.2.3 Household Size

The average household size in Malaysia has declined from 4.8 (1991) to 4.6 (2000) persons per household. The average household size is expected to decline further to 4.3 by year 2020. Generally, the lower household size in Malaysia is a result of the lower fertility rate.

2.3.3 URBANISATION

During the implementation of the 8th Malaysia Plan (8MP), the focus of regional development was to raise the standard of living and quality of life as well as to attain balanced economic development across the regions. The urban population of Malaysia increased from 14.6 million in 2000 to 16.9 million in 2005 during the 8MP with improved quality of life from more urban services, i.e. urban planning and management, utilities and social amenities. Urbanisation had also increased the mean monthly urban household income by 27.5% from RM3,103 (1999) to RM3,956 (2004).

2.3.4 AVERAGE HOUSEHOLD INCOME

The national average monthly household income increased at 5.6% per annum (1999-2004); from RM2,472 (1999) to RM3,249 (2004). Simultaneously, the national incidence of poverty also decreased from 8.5% (1999) to 5.7% (2004) as a result of the successful implementation of the New Economic Policy and the 5-year Malaysia Plans. The figures from the 9th Malaysia Plan (9MP) showed that the top three states with the highest average monthly household income in 2004 were Wilayah Persekutuan Kuala Lumpur (RM5,011), Selangor (RM5,175) and Penang (RM3,531). In addition, these three states also recorded the lowest incidence of poverty in 2004. The incidence of poverty refers to households with monthly gross income below Poverty Line Income of RM691 (2004).

Table 2 shows that household income of all ethnic groups had increased from year 1999 to year 2004. With the higher annual growth rate of household income for Bumiputera, the income disparity ratio between Bumiputera and Chinese had narrowed from 1:1.74 in 1999 to 1:1.64 in 2004.

Table 2: Mean Monthly Gross Household Income by Ethnic Group and Strata (1999 – 2004)

Ethnic Group / Strata	In Current Prices (RM)		Average Annual Growth Rate 2000 – 2004 (%)
	1999	2004	
MALAYSIA	2,472	3,249	5.6
Bumiputera	1,984	2,711	6.4
Chinese	3,456	4,437	5.1
Indians	2,702	3,456	5.0
Others	1,371	2,312	11.0
Urban	3,103	3,956	5.0
Rural	1,718	1,875	1.8

Source: Department of Statistic Malaysia

2.3.5 EMPLOYMENT

Based on statistics from the Economic Planning Unit, the majority of the Malaysian population is involved in the services sector comprising approximately 51.0% (5.5 million persons) of total employment in 2005. This is estimated to increase to 52.0% (6.2 million persons) in 2010. Employment in the services sector is gaining prominence especially in the wholesale, retail, hotels, restaurants, finance and business services sector. The second largest sector is manufacturing employing approximately 3.1 million persons (28.7% of total employment in 2005). This is estimated to increase to 3.6 million persons (30.0% of total employment in 2010).

Table 3: Employment by Sector (2005 and 2010f)

Sectors	2005 ('000 persons)	2010f ('000 persons)
Agriculture	1,405.7	1,328.8
Mining & quarrying	42.7	44.7
Manufacturing	3,132.1	3,594.7
Construction	759.6	764.7
Services :		
Electricity, gas & water	93.0	103.5
Transport, storage and communication	631.2	701.5
Wholesale, retail, hotels & restaurants	1,927.2	2,171.0
Finance, insurance, real estate and business services	732.3	826.8
Government services	1,052.8	1,109.8
Other services	1,118.2	1,335.5
Total	10,894.8	11,976.0

Source: Economic Planning Unit

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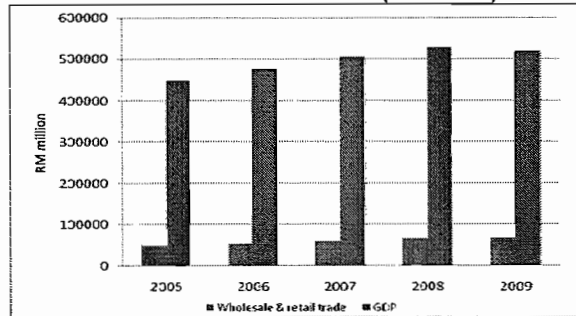


3.0 OVERVIEW OF THE RETAIL INDUSTRY IN MALAYSIA

3.1 INTRODUCTION

The retail industry has been one of the most active sub-sectors in the Malaysian economy, with retail contribution to GDP hovering between 12.0% and 13.0% since 2005 to 2009. The wholesale and retail share was approximately 13.2% of total GDP as at 2009; 0.4% higher than the contribution of 12.8% (2008). The retail contribution to GDP is expected to show modest growth in 2010, underpinned by a favourable economic and investment climate. The retail sub sector is also an important component of the services sector where it accounts for 23.0% to the total value of the services sector.

Chart 11: Retail Contribution to GDP (2005-2009)



Source: Economic Planning Unit, Department of Statistics Malaysia, Central Bank of Malaysia

The Malaysian retail industry has benefited from the rapid retail growth in Asia. According to the 2009 Global Retail Development Index (GRDI) by A.T. Kearney, countries in Asia are well positioned for an early recovery from the global economic crisis with domestic consumption sustaining the retail sector over the long term. Malaysia moved up 3 ranks from the 2008 GRDI and is now placed on rank number 10. This indicates a positive retail market growth in Malaysia as it is the fourth country in Asia with strong growth potential after India, China and Vietnam.

3.2 RETAIL PERFORMANCE

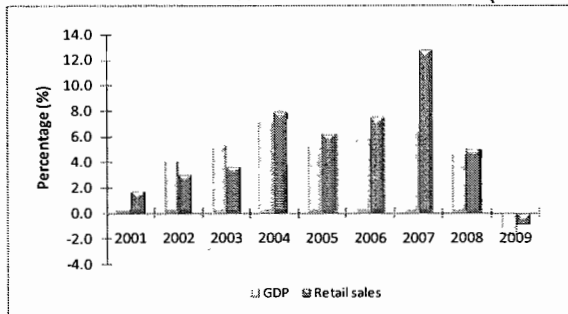
3.2.1 RETAIL SALES

Historically, retail sales growth in Malaysia has been lower than GDP growth. However, the scenario changed since 2004 where retail sales growth (7.9%) outperformed GDP growth (7.1%). The past years' trend shown in the following chart illustrates that retail sales growth rose sharply in 2004 to reach 7.9% due to healthy economic performance and higher consumer spending.

The widest gap between retail growth and GDP growth was recorded in 2007 where retail growth achieved 12.8% whilst GDP recorded growth of 6.3%. The growth in the retail sector was attributed to higher disposal income, stable employment, salary increments and bonuses and positive employment prospects. In addition, the 'Visit Malaysia Year 2007' campaign by Tourism Malaysia contributed to the strong retail growth experienced in 2007 with higher spending from tourist shoppers, particularly those from the Middle East during the second and third quarters of 2007.

The analysis of retail sales and its annual growth indicates that the highest level of retail sales was recorded in 2008 at RM70.5 billion (2007: RM64 billion) albeit at a lower sales growth of 5.0% (2007: 12.8%). However, the global economic downturn in 2008 had impacted both the retail sales and GDP growth which registered at 5.0% and 4.6% respectively. The effect of economic downturn was more evidently seen in 2009 where both retail sales and GDP contracted by 0.8% and 1.7% respectively. As a result of the current gradual improvements in the economy, both in Malaysia and internationally, supported by Malaysia's central bank's forecast of strong GDP growth of between 4.5% and 5.5% for 2010, a positive growth for retail sales of between 1.0% and 3.0% in 2010 is estimated by the Malaysian Retailers Association (MRA). The retail sales growth is forecasted to grow between 3.0% and 5.0% in 2011 and 2012.

Chart 12: Retail Sales Growth and GDP Growth (2001-2009)



Source: Malaysian Retailers Association/ Central Bank of Malaysia



Table 4: Annual Retail Sales Growth (2001-2012f)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010(e)	2011(f)	2012(f)
Annual Growth (%)	1.7	3.0	3.6	7.9	6.2	7.5	12.8	5.0	-0.8	1.0-3.0	3.0-5.0	3.0-5.0

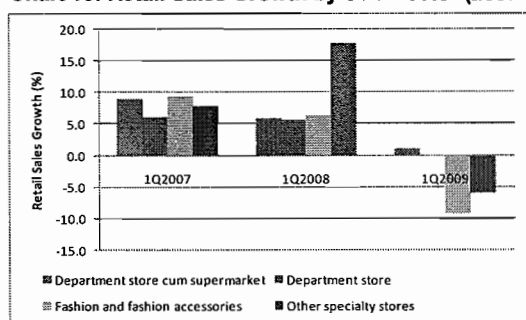
Source: Malaysia Retailers Association/Knight Frank Research

Note: (e) estimate (f) forecast

3.2.2 RETAIL SALES GROWTH BY SUB-SECTOR

The following statistics from MRA indicates the performance of retail sub-sectors in Malaysia. The best performing retail sub-sector in 2007 and 2008 was 'Other Specialty Stores' (photographic equipments, optical products, sporting goods, gifts, toys, jewelleries, golf and sports equipment, arts and crafts) which registered growth of 7.9% in 1Q2007 and 17.7% in 1Q2008 (prior to the global economic downturn). The impact of the global crisis was evidently seen in the performance for 1Q2009 where the retail sub-sectors of the 'Other Specialty Stores' category contracted by 5.9%. The growth of all retail sub-sectors in 3Q2009 is expected to show overall positive performance in line with the nation's gradual economic recovery. MRA estimated positive growth for 'department store cum supermarket' (4.9%) and 'department store' (7.3%) in 3Q2009.

Chart 13: Retail Sales Growth by Sub-Sector (2007-2009)



Source: Malaysia Retailers Association

3.3 AVERAGE HOUSEHOLD EXPENDITURE

Based on the Household Expenditure Survey report in 2004/05, monthly expenditure per household was estimated at RM1,954; 19.8% higher than the household expenditure in 1998/99. The survey also indicated that 69.1% of expenditure was on four main groups: -

- housing, water, electricity, gas and other fuels (22.0%)
- food and non-alcoholic beverages (20.1%)
- transport (16.1%)
- restaurants and hotels (10.9%)

The expenditure survey in 2004/05 also illustrated that on the average, households in urban areas spent 1.8 times more than those in rural areas. Households in urban areas spent more on housing, electricity, gas and other fuels, food and non-alcoholic beverages and transport whilst the rural households spent a large portion of the income on food and non-alcoholic beverages. Household expenditure by occupation indicates that those in senior management positions and legislators recorded the highest expenditure at RM3,552 per month; more than 80% higher than the national average of RM1,954 per month.

3.4 CONSUMER BEHAVIOUR AND PREFERENCES

Rapid changes in the retail sector are the result of changing consumer behaviour and preferences. In Malaysia, urban households are more exposed to global retail trends and brands given greater access to media, cable television and the internet vis-à-vis rural households. In addition to this, there are a larger number of Malaysians gaining tertiary education abroad, exposing them at a young age to trends and brands offered abroad. As a result, small local standalone retail stores, sundry stores, and wet markets are losing their appeal/ ability to meet the needs of consumers. Malaysians have moved on from the simple need for sustenance to key leisure themes like lifestyle, beauty, health and fitness as they become more affluent, sophisticated and cosmopolitan. Some of the key consumer behavioural trends and preferences over the past decades are as follows:

Urbanisation

Malaysia's urbanisation rate increased from 62.0% (2000) to 63.0% (2005) and is forecasted to reach 64.0% in 2010 (source: Statistics Department of Malaysia). Urbanisation and modern living pressures have resulted in consumers preferring the one-stop store concept as it offers variety and convenience. The growing popularity of hypermarkets in Malaysia is expected to continue in the medium and long term; in addition to convenience, they offer relatively cheap prices. This has led to a decline in the relevance of mom-and-pop provision stores (the backbone of the traditional retail-distribution). According to a survey conducted by AC Nielsen in 2001, mom-and-pop stores decreased by 38.0% to 28,659 in 2001 (from 46,544 in 1992). Over the same period, the number of hypermarket outlets in Malaysia grew to 21 in 2001 (from 2 in 1995) and to approximately 160 in 2009.



Brand Acceptance

Malaysians, particularly those in urban households have been increasingly exposed to global brands as a result of the proliferation of new stores primarily in Kuala Lumpur. This, coupled with the growing exposure to branding through the media/internet, and during tertiary education abroad, has had a major influence on the acceptance of foreign brands by Malaysians.

Demand for designer labels such as Louis Vuitton, Prada, Gucci and others has also increased significantly over recent years. The last few years have seen the entry of more foreign brands such as Thomas Pink, Massimo Dutti, Club Monaco, Banana Republic, and Bebe to name a few. Earlier this year, the first standalone Miu Miu boutique in Malaysia opened at Suria KLCC.

Changing lifestyle

Changing consumer lifestyles has had a direct influence on the design and trade mix of shopping centres. Malaysians tend to dine out more frequently now compared to before as a variety of local and international cuisines is widely available from posh hotels and chic sidewalk cafes to fast food joints and hawker stalls depending on budget. The expenditure survey 2004/2005 also showed that on a monthly basis, Malaysians are spending more on 'clothing and footwear' and 'recreational and entertainment' at RM59 per household and RM130 per household respectively compared to RM56 per household and RM101 per household in a Household Expenditure Survey conducted in 1998/1999.

This has led to shopping centres incorporating entertainment and edutainment features into their trade and tenant mix. For instance, the higher spending on 'recreation and entertainment' has resulted in Malaysian shopping centres offering entertainment hubs with mini-cinemas, ice-skating rinks, bowling alleys, indoor theme parks, 3-D theatres, etc in addition to traditional shopping outlets. This "shoppingtainment" element is seen in popular shopping centres in the Klang Valley which include Mid-Valley Megamall, Suria KLCC, Sungei Wang Plaza, Sunway Pyramid, 1-Utama and The Mines.

3.5 RETAIL ENVIRONMENT

The retail environment in Malaysia has undergone a marked change over the past 10 years. New facilities ranging from supermarkets to large regional malls have been added to the retail landscape, replacing traditional shophouses and sundry shops. A growing segment of discerning consumers has resulted in the need for sophisticated and trendy retail offerings. Shopping and window shopping have now become a favourite past time for urbanised households in Asian countries and Malaysia in particular.

3.5.1 RETAIL FORMAT

Hypermarkets

The popularity of hypermarkets is evidenced by the surge in the number of outlets dominated by three brand names i.e. Giant (121 stores), Carrefour (22 stores) and Tesco (33 stores). This type of retail format is popular as a one-stop 'value for money' destination. Rising affluence and growing working and middle-class segments provide ample opportunities for hypermarkets to expand operations, move upscale and broaden their product price and quality spectrum to serve various income segments.

One-stop retail centre

The patronage of one-stop shopping convenience has been increasing since 1997. The one-stop retail centres in Malaysia are usually regional malls (> 700,000 sq ft) offering a variety of retail trades and brands housed under one roof. Aside from the usual mix of supermarket, department store, fashion and restaurants, regional malls are able to house more trades such as entertainment, health and fitness offerings, children educational centres and even specialist medical outlets, thus offering a complete retail experience for all members of the family. The success of the one-stop centres has propelled the expansion of existing large regional malls and also the introduction of new ones. Popular one-stop retail centres include Mid Valley Megamall, 1-Utama, Gurney Plaza, Sunway Pyramid, to name a few.

Luxury and niche centres

Luxury products and creative stores have also entered the market and they are mostly found in Kuala Lumpur city and the Klang Valley in prime shopping centres such as Starhill Gallery and Suria KLCC. Starhill Gallery, for instance, showcases luxury retail products of mainly international designer fashion brands and luxurious timepieces.

Alfresco Dining

Alfresco dining emerged in the Malaysian retail scene over the last five years due to the change of lifestyle with consumers preferring to dine out rather than eating at home. With a rising segment of discerning consumers, dining alfresco has become a lifestyle trend and most retail developments are now adopting this concept with open-air cafes, ice cream kiosks, restaurants and pubs.

Convenience stores

The 24-hour convenience store is a concept particularly appealing in busy urban areas. For instance, 7-Eleven is a popular convenience store chain among younger Malaysians. As of March 2010, 7-Eleven has over 1,000 stores nationwide. Carrefour Express is another upcoming name in the convenience store market, with over 100 stores in Klang Valley alone.



3.5.2 MAJOR RETAILERS AND BRANDS

Hypermarket

In Malaysia, hypermarkets such as Tesco, Carrefour and Giant, represent some of the largest retailers and have prominent presence in the Malaysian retail scene. In addition to foreign hypermarket retailers, local major retailer, Mydin Mohamed Holdings Bhd is also a prominent hypermarket player. Mydin stores are located mainly in suburban Klang Valley and major cities in Malaysia.

Department Stores

Department stores have a strong presence in the retail industry with popular names such as Isetan, Metrojaya, Jusco and Parkson.

- **Isetan:** has three outlets in Kuala Lumpur located in prominent shopping centres of Lot 10, Suria KLCC and The Gardens Galleria.
- **Parkson:** has embarked on new branding and refurbishment of selected stores. U-Parkson at 1-Utama New Wing and Parkson at Pavilion KL are upgraded stores, well-positioned to cater to the upper middle income classes who frequent those centres. As of March 2010, Parkson has a total of 44 outlets nationwide.
- **Metrojaya:** still has a strong following amongst Malaysians, especially for fashion. Currently, Metrojaya has a total of eight lifestyle department stores, 79 speciality stores such as Reject Shop, Somerset Bay and East India Company and one hypermarket.
- **Jaya Jusco:** successful and popular with the middle income group. Jusco was the first to launch a loyalty card programme (J-Card) amongst department store operators and has since attracted strong patronage amongst Malaysians. Jusco is operated by Aeon Co (M) Bhd and currently has 21 outlets (2009) located mainly in the Klang Valley, Penang and Johor.

Fashion

Major retailers in the fashion category include Padini and Vincci (Malaysian brands), MNG, Zara, Topshop and various other designer labels. Padini is a well known local brand which began as a garment manufacturer and has now evolved into a brand leader involved in the distribution of its own fashion labels through 170 freestanding stores and inhouse outlets. In the last two years, several new international brands have entered the KL market and they include Jaspal, Cotton On and Mandarina Duck. Entering the market by end of 2010 will be fashion stores such as William Rast and Nicky Hilton at Lot 10, Kuala Lumpur.

Food & Beverage

In the food and beverage category, some of the popular names are Starbucks, Coffee Bean & Tea Leaf and Secret Recipe, to name a few. In recent years, local 'kopitiam' chains which include 'Old Town White Coffee' and 'Pappa Rich' have become popular following wide patronage amongst urban Malaysians and this has led to a proliferation of kopitiam outlets across Malaysia. For instance, PappaRich has opened 32 outlets nationwide whilst Old Town White Coffee currently has 153 stores. Over the last two years, several new international restaurant chains have also entered the retail market including Wendy's, Popeye Chicken and New York Deli.

3.5.3 RETAIL OWNERSHIP

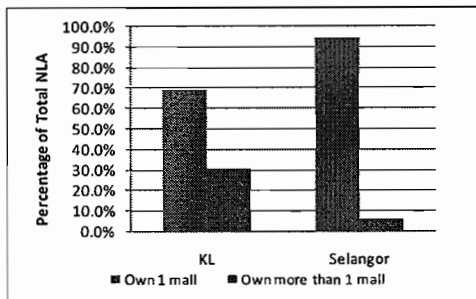
The retail market in Malaysia is currently very fragmented in terms of ownership of the shopping centres. For purpose built shopping centres with organised retail space, those located within the Klang Valley are typically each owned by different corporate entities with a few retail mall owners owning a portfolio of shopping centres.

In Kuala Lumpur, about 45 centres out of the total 54 centres (or 70.0% of the total net lettable area of 18.5 million sq ft for shopping centres) are individually owned by separate corporate entities. The remaining nine centres (representing 30.0% of total NLA) are owned by REIT and companies with more than one mall in their portfolio, such as IGB Corporation Berhad, Pavilion International Limited and Starhill REIT. The 30.0% of total net lettable area is made up of mainly large-scale shopping centres. IGB Corporation owns two large centres which amount to 2.5 million sq ft, Pavilion International with 1.7 million sq ft and Starhill REIT with 0.5 million sq ft.

In Selangor, about 41 centres out of the total 43 centres (or 94.0% of the total net lettable area of 18.4 million sq ft for shopping centres) are individually owned by REITs and separate corporate entities whilst the remaining two centres (or 7.0% of total NLA) are owned by AEON. Due to the urbanisation trend in Klang Valley, there are increasingly new large townships being developed in the suburban areas. With the growth of population in suburban areas, there is a need for retail service and facilities. AEON is one of the prominent retail players which have been opening new stores in well populated townships. However, not all of the AEON centres belong to AEON as there are a few centres on lease basis from the landlords.



Chart 14: Profile of Ownership of Retail Properties in Klang Valley



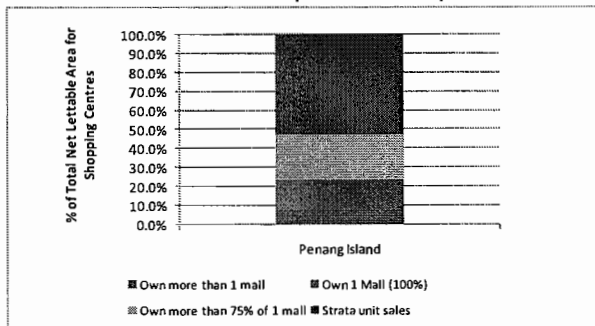
Source: Various Annual Reports/Knight Frank Research

Owner	Existing Malls
IGB	- Mid Valley Megamall (1.7 mil sq ft)
	- Gardens Galleria (0.8 mil sq ft)
Pavilion KL Intl	- Pavilion KL (1.4 mil sq ft)
	- Fahrenheit 88 (0.3 mil sq ft)
Starhill REIT	- Starhill Gallery (0.3 mil sq ft)
	- Lot 10 (0.2 mil sq ft)
CMA	- Sungei Wang Plaza (0.5 mil sq ft or 61.9%)
	- The Mines (0.7 mil sq ft)
AEON	- AEON AU2 (0.3 mil sq ft)
	- AEON Cheras Selatan (0.3 mil sq ft)
	- AEON Bukit Tinggi (0.8 mil sq ft)
	- Jusco Alpha Angle (0.4 mil sq ft)
	- Jusco Metro Prima (0.4 mil sq ft)

The list of existing centres which are owned by the same corporate entities/ REIT in the Klang Valley are tabulated above. In addition, there are three new centres currently near completion, under construction or planned with one newly refurbished centre, which are owned by the Asian Retail Mall Fund (ARMF) located at Petaling Jaya (SS2 Mall), Ampang (Ampang Mall) and Penang (1st Avenue and Island Plaza) respectively.

In Penang Island, about 53.0% of the 5.3 million sq ft shopping space have been sold on individual strata unit basis with the balance 47.0% owned by REIT and separate corporate entities. Out of this 47.0%, only 6% is owned by REIT; 7.5% by a company owning more than one mall (Sunshine Group) and the remaining 33.5% by corporate entities owning 100% of a mall (Gurney Plaza) or about/more than 75.0% of a mall (CP Group /Queensbay Mall). Currently, the only building owned by REIT in Penang is Island Plaza; however it should be noted that only about 85.0% of Island Plaza is owned by the REIT as about 15.0% of the 0.3 million sq ft had been sold to individual owners on strata unit basis. Similarly at Queensbay Mall, several shop lots which had been sold on strata unit basis earlier have remained in private ownership. Effectively, the market share for 100% ownership of one mall by a corporate entity in Penang Island is 16.0% or 0.8 million sq ft of the total supply. The Sunshine Group owns two buildings with total net lettable area of 0.4 million sq ft.

Chart 15: Profile of Ownership of Retail Properties in Penang Island



Source: Knight Frank Research

3.6 THE RETAIL REAL ESTATE MARKET

The Malaysian retail property market has undergone major structural change over the last decade, transforming from the conventional wet market and grocery store retail format to large regional malls (> 700,000 sq ft) which target the mass market. In today's market, shopping has become a "lifestyle" experience comprising leisure, entertainment and fitness/wellness. Prominent shopping centres which have incorporated leisure and entertainment elements include Berjaya Times Square, Sunway Pyramid, Mid Valley Megamall and Pavilion KL.

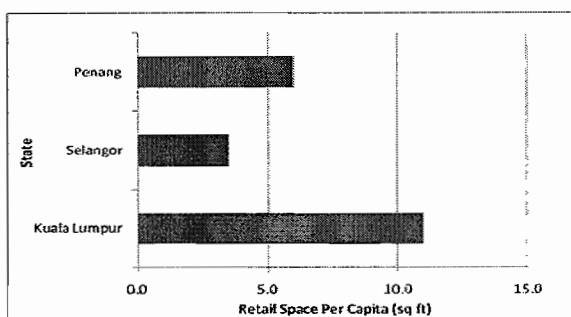
3.6.1 SUPPLY

The amount of organised retail space in Malaysia refers to the NLA of purpose built shopping centres. Our analysis of the retail supply and demand hereafter, refers to only purpose built shopping centres. By end of 2009, it was estimated that Malaysia has approximately 111 million sq ft of retail space, of which 74.0% (81.6 million sq ft) are housed in 399 shopping centres (2008: 78.5 million sq ft at 378 centres). The remaining 26.0% of retail space (29.4 million sq ft) are housed in hypermarkets and shopping arcades.

On the national level, Malaysia has an estimated organised retail space per capita of 2.8 sq ft as of 2008. By the end of 2009, Kuala Lumpur and Selangor have the highest amount of organised retail space in Malaysia at 18.5 million sq ft and 18.4 million sq ft respectively, thus reflecting higher retail space per capita for KL and Selangor, estimated at 11.0 sq ft and 3.5 sq ft respectively. In year 2009, the retail space per capita for Penang is estimated at 6.0 sq ft.



Chart 16: Retail Space Per Capita (sq ft) for Kuala Lumpur, Selangor and Penang (2009e)



Source: Valuation and Property Services Department Malaysia/ Knight Frank Research

As seen from the table below, although, Kuala Lumpur and Selangor have fewer shopping centres compared to Johor, these states have the highest retail space. Kuala Lumpur has 18.5 million sq ft (23.0% of total retail space in Malaysia) followed by Selangor with 18.4 million sq ft (22.0% of total retail space in Malaysia). This indicates that there are more large shopping centres in Kuala Lumpur and Selangor than Johor.

Table 5: Retail Supply of Major States in Malaysia

State	2008		2009 (e)	
	No. of Centres	Net Lettable Area (sq ft)	No. of Centres	Net Lettable Area (sq ft)
Kuala Lumpur	51	17,839,448	54	18,453,649
Selangor	41	17,927,923	43	18,351,523
Penang	32	9,311,223	33	9,465,793
Johor	60	9,784,674	63	10,422,167

Source: Valuation and Property Services Department Malaysia/ Knight Frank Research

Some of the prominent shopping complexes in Kuala Lumpur and Selangor are operated by the following developers / investors:

KLCC Holdings Berhad

KLCC (Holdings) Berhad is an investment holding and property development company. The company developed and owns Suria KLCC (net lettable area of 1 million sq ft) which is a globally recognised retail landmark in Malaysia.

YTL Corporation

YTL Corporation Berhad is one of the largest companies listed on the Bursa Malaysia and one of the leading integrated infrastructure conglomerates in Malaysia. YTL was the owner of two prime retail centres, Starhill Gallery and Lot 10, which were injected into Starhill REIT in 2005. Both these centres are located along the famous Bintang Walk. In 2009, Starhill REIT announced its proposed rationalisation exercise to reposition itself as a global hospitality REIT. The rationalisation exercise will see the disposal of Starhill Gallery and The Lot 10 to Starhill Global REIT at sale considerations of RM629 million (RM2,115 per sq ft on 297,354 NLA) and RM401 million (RM1,561 per sq ft on 256,811 NLA) respectively.

Sunway Berhad

The Sunway Group is a well-diversified Malaysian conglomerate. It is the developer and owner of the successful, Sunway Pyramid Shopping Centre. The shopping centre has an iconic façade inspired by an Egyptian theme. The success of the centre is also attributed to its complementary theme park and hotel. Sunway Pyramid opened its new wing in September 2007 with a net lettable area of 730,000 sq ft, bringing its total net lettable area to 1.7 million sq ft.

IGB Corporation

IGB Corporation is a well known and established property developer in the high end residential market. This public listed company ventured into the retail scene with the successful Mid Valley Megamall which offers a net lettable area of 1.7 million sq ft. Following its success, the group expanded its retail offering with The Gardens Galleria which opened in September 2007 adding another 800,000 sq ft of retail space to its portfolio.

Pavilion International

Pavilion International is part of the Kuala Lumpur Pavilion Sdn Bhd (KLP) group which was established in 2003. Pavilion International owns two prominent shopping centres at Jalan Bukit Bintang which are KL Pavilion (1.37 million sq ft) and Fahrenheit 88 (formerly KL Plaza at 0.3 million sq ft and currently being refurbished).

Aeon Co (M) Bhd

Aeon Co (M) Bhd (formerly known as Jaya Jusco Stores Bhd.) is a leading retailer in Malaysia. As of 2009, Aeon Co (M) Bhd has 21 outlets located mainly in the Klang Valley, Penang and Johor.

**Hektar REIT**

Hektar Real Estate Investment Trust (Hektar REIT) is Malaysia's first retail-focused REIT. Hektar REIT's portfolio currently consists of shopping centres in Subang Jaya, Melaka and Muar with a combined value of RM720 million as of 31 December 2009. Subang Parade (net lettable area of 474,612 sq ft) was the first regional shopping centre in Selangor. Subang Parade's recent refurbishment was recognised by the International Council of Shopping Centers (ICSC) with a silver Award for Development & Design at the recent 2008 ICSC Asia Pacific Awards.

Asian Retail Mall Fund (ARMF)

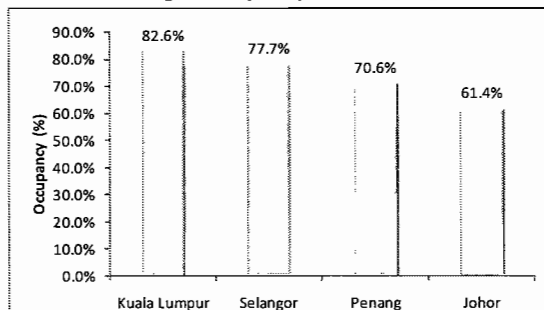
ARMF is investing in four malls in the country. ARMF is a real estate fund managed by Pramerica Real Estate Investors, the real estate investment management business of Prudential Financial Inc of the United States. Two of the malls are located in Klang Valley (SSTwo and Ampang Mall) while the other two are in Penang (1st Avenue and the existing mall of Island Plaza).

CapitaMalls Asia (CMA)

CapitaMalls Asia (CMA) is one of the largest listed shopping mall developers, owners and managers in Asia by total property value of assets and geographical reach. CMA has interests in and manages a pan-Asian portfolio of 87 retail properties (of which 61 are completed shopping malls and 26 are in various stages of development) across 48 cities in the five Asian countries of Singapore, China, Malaysia, Japan and India, with a total gross floor area (GFA) of approximately 67.9 million sq ft as at 31 March 2010. The total property value as at 31 December 2009 was approximately S\$20.4 billion (or equivalent to about RM47.3 billion). In Malaysia, CMA has interests in Gurney Plaza in Penang, The Mines in Selangor and Sungei Wang Plaza (61.9% of the aggregate retail floor area) in Kuala Lumpur.

3.6.2 DEMAND

The overall average occupancy for shopping centres in Malaysia was estimated at 76.8% by end of 2009; an increase of 1.5% compared to 75.3% (2008). The average take up for Malaysia was recorded at 3.2 million sq ft between 2004 and 2009. The highest take-up of retail space shown in Kuala Lumpur and Selangor was at 0.6 million sq ft and 0.9 million sq ft respectively. By the end of 2009, Kuala Lumpur and Selangor recorded high average occupancies at 82.6% (83.4% in 2008) and 77.7% (66.4% in 2008) respectively. Penang and Johor however, recorded lower average occupancy rates at 70.6% (68.4% in 2008) and 61.4% (58.8% in 2008), respectively.

Chart 17: Average Occupancy of Shopping Centres in Major States (2009e)

Source: Valuation and Property Services Department Malaysia/ Knight Frank Research

3.7 MARKET OUTLOOK

Over the long term, Malaysia continues to offer good prospects supported by strong economic fundamentals, increasing tourist arrivals and a young population base. Although the retail growth was dampened by the global crisis in 2008, however, it is now showing gradual improvement in tandem with the economic recovery. With the employment market remaining favourable albeit rising disposable income, the appetite for retail consumption is also noted to have increased. Also with more than 70.0% of Malaysia's population below the age of 40 years, there is a continuous demand for modernised and sophisticated shopping centres. This has seen both local and global operators looking to grow their presence in Malaysia. Similarly, demand for designer labels has increased significantly over recent years as evidenced by the opening of designer stores in KL Pavilion, Suria KLCC and Starhill Gallery. Upper mid-range fashion stores have also experienced similar upswings and are undertaking store expansion in major shopping centres across Malaysia.

The retail landscape in KL City is more inclined towards refurbishment of dated centres, revival of abandoned projects and redevelopment/regeneration of existing sites. The new supply coming on-stream in the next few years are primarily located in the KL City fringe and suburbs of Klang Valley and comprise mainly of neighbourhood malls, AEON stores and hypermarkets. With the overlapping market catchment, shoppers will be spoilt for choice while owners and operators of the centres, old and new alike, will have to increase their marketing efforts to remain competitive. Retailers on the other hand will have to continue engaging in promotional activities to stimulate spending. With the stiff competition in the retail market, it is anticipated prime shopping centres managed by professional centre management will outperform the rest.



4.0 GENERAL PROFILING AND MARKET REVIEW BY STATES

4.1 FEDERAL TERRITORY OF KUALA LUMPUR

4.1.1 GENERAL DESCRIPTION

Kuala Lumpur (KL), the capital city is situated midway along the west coast of Peninsular Malaysia, at the confluence of the Klang and Gombak rivers. The cityscape of Kuala Lumpur is influenced by the former British administration with pre-war shophouses located in the older parts of the city. The strong growth of the commercial sector during the 1980s led to the birth of the Golden Triangle bounded by Jalan Raja Chulan, Jalan Sultan Ismail and Jalan P Ramlee. However, the focal point of the city centre shifted eastward with the completion of the Kuala Lumpur City Centre (KLCC) in 1997. KLCC represents a premium address for multinational companies, international retailers and a choice location for high end condominium developments.

Infrastructure linkages and major connectivity to the city

- **Roads and highways**

Kuala Lumpur is supported by modern road infrastructure linking the city to other parts of the Klang Valley via ring roads and expressways. The three main ring roads in Kuala Lumpur are the Kuala Lumpur Inner Ring Road, Kuala Lumpur Middle Ring Road 1 and Kuala Lumpur Middle Ring Road 2. In addition to the ring roads, connectivity to the city centre is also provided by the Ampang-Kuala Lumpur Elevated Highway (AKLEH), KL-Seremban Highway, North South Expressway (NSE) and Cheras Highway. KL city centre is also accessible to Putrajaya via the Kuala Lumpur-Putrajaya Expressway (MEX) in addition to providing connectivity to the Kuala Lumpur International Airport through the North-South Expressway Central Link (Elite). The latter is also a critical link for the NSE providing northbound and southbound travellers with an uninterrupted journey bypassing the congestion in Kuala Lumpur City.

The SMART Tunnel is an integrated storm drainage and road structure, the longest storm water tunnel in South East Asia and the second longest in Asia. It connects the KL-Seremban Highway to Jalan Sultan Ismail and Jalan Tun Razak. The Duta-Ulu Klang Expressway (DUKE) is the alternative ring road from the north-western to north-eastern areas of Kuala Lumpur. The 18-kilometres highway opened in April 2009 connecting the east of Kuala Lumpur to several major areas which include Mon't Kiara, Hartamas and northern parts of Kuala Lumpur.

- **Public transportation**

Light Rail Transit (LRT)

There are two LRT systems in Kuala Lumpur operated by RapidKL. The Kelana Jaya line provides connectivity from major suburban areas in the Petaling Jaya region to the south; southwest and central Kuala Lumpur. The Ampang Line connects the city to suburban areas in the east i.e. Ampang, Cheras and Bukit Jalil. Future expansion of LRT lines includes extending the existing Kelana Jaya Line from Kelana Jaya to USJ and the Ampang Line from Sri Petaling to Puchong and USJ. A new light rail transit line is also proposed to connect Kota Damansara to the northwest of Kuala Lumpur and Cheras which lies to the southeast of Kuala Lumpur.

Monorail

The monorail service in Kuala Lumpur serves as an intra-city transportation system connects the Kuala Lumpur Sentral transport hub with the major nodal points in the Golden Triangle.

Commuter rail

Two major rail operators are Keretapi Tanah Melayu Berhad (KTMB) and Express Rail Link (ERL). KTMB operates three commuter rail lines namely the Sentul-Port Klang line, Rawang-Seremban line and Rawang-Kuala Kubu Bharu line. The KLIA Transit commuter rail line operated by ERL shares the same track with KLIA Express which links Kuala Lumpur city centre and southern Kuala Lumpur & Klang Valley. These four commuter lines converge in the Kuala Lumpur Sentral (KL Sentral) transportation hub. KL Sentral is a transit-oriented development that houses Stesen Sentral (designated transportation hub within the KL Sentral development) which connects LRT and commuter lines besides operating as a KL City Air Terminal (KL CAT). KL CAT is an extension of the Kuala Lumpur International Airport and provides luggage check-in services. Future plans include a railway link to connect all suburbs in the Klang Valley. This 70-kilometres line will be a circular loop expected to link Sentul, Kepong, Sungai Buloh, Kelana Jaya, Shah Alam, Cheras and Bandar Tasik Selatan by passing the city centre.

Bus

The intra-city bus service serves major residential neighbourhoods in Kuala Lumpur and suburban areas in the Klang Valley. Currently, the main bus terminals are located at Lebu Ampang and Kotaraya whilst interstate buses use the Puduraya, Putra, Pekeliling and Bangunan MARA stations.

- **Airports**

The Kuala Lumpur International Airport (KLIA) is located 50 kilometres southwest of KL city in the Sepang district of Selangor. KLIA serves as an international airport winning the World's Best Airport title in the 15-25 million passengers per annum category for the third consecutive time at the Airport Council International (ACI) 2007 Airport Service Quality Awards. The Low Cost Carrier Terminal (LCCT) in Sepang is presently the primary terminal from which Air

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Asia operates its domestic and international flights. In addition to Air Asia, Tiger Airways (Singapore Airline-owned low-cost carrier) also uses the LCCT facilities. The new LCCT terminal, located about 1.5 kilometres from the KLIA main terminal will be able to handle 45 million passengers annually when it is operational in the third quarter of 2011. It will also be connected to the main terminal via an extended Express Rail Link (ERL) and a new side road.

Regional settings of Kuala Lumpur

Kuala Lumpur is situated in the central west coast of Peninsular Malaysia within the boundary of the Federal Territory. The city is the largest in Malaysia encompassing an area of 242.2 square kilometres and is the only global city in the country with world-class buildings such as the prominent Petronas Twin Towers (part of the KLCC development). The KLCC project has served as a development catalyst to other prime developments in the city towards becoming a world class city as envisioned by Kuala Lumpur City Hall (DBKL).

Although the government administrative centre has shifted to Putrajaya, Kuala Lumpur has remained an important business and financial hub, major employment centre and the focal point for economic growth. In recent years, Kuala Lumpur has also become a global centre for information and communication technologies (ICT). It boasts four 'cybercities' (MSC status) and they are KLCC, KL Tower, Technology Park Malaysia and KL Sentral as well as other new cybercentres which include Mid Valley City, GTower and Bangsar South. This has encouraged the establishment of more MSC-status companies in Kuala Lumpur over the last few years.

As a major centre for employment, Kuala Lumpur ranked the highest among all states in Malaysia with 729,000 total jobs created (2005) and this is expected to increase to 1.2 million in 2010 and 1.4 million by 2020 (source: Draft KL City Plan 2020). The jobs created were mainly in the financial and business sectors followed by transportation and communications (including ICT). The growth in the services sector is attributed to expansion seen in the oil and gas industry and financial services. The strong development of Islamic banking in Malaysia has led to the country being recognised as one of the leading Islamic banking centres in the global banking system. Kuala Lumpur, being the financial hub of the country, has seen higher creation of employment and expansion of offices by financial institutions.

Increased tourist arrivals have also resulted in the growth of the retail industry in Kuala Lumpur. The robust growth of the tourism and services sector is expected to continue over the long term benefiting Kuala Lumpur as the commercial, financial and tourist centre of the nation. Kuala Lumpur is also becoming a more established regional Meetings, Incentives, Conventions, Exhibitions (MICE) destination with the completion of the KL Convention Centre which was designed to meet the sophisticated requirements of the regional/ global MICE market.

4.1.2 THE ECONOMY OF KUALA LUMPUR

(a) Economic growth

Kuala Lumpur expanded at an annual rate of 4.2% between 1995 and 2000, against national GDP growth of 4.7% per annum over the same period. According to the 9MP, the annual average growth rate for Kuala Lumpur is projected at 6.1% (2006-2010). In terms of GDP per capita, Kuala Lumpur recorded RM39,283 (2005); an increase of 28.0% from RM30,727 (2000).

(b) Economic activity

Kuala Lumpur is fast growing in the services sector as evidenced by considerable job creation in the financial and services sector. The positioning of Malaysia as a major Islamic financial hub has further enhanced Kuala Lumpur's position internationally. The Draft KL City Plan 2020 has distinguished the development of several commercial precincts in Kuala Lumpur as follows:

- Financial Precinct: Jalan Sultan Ismail, Jalan Raja Chulan, Jalan Tun Perak and Jalan Raja Laut
- Business Precinct: Jalan Ampang, Jalan Tun Razak, KLCC, Bukit Bintang, Jalan Tunku Abdul Rahman, Jalan Chow Kit, Jalan Dang Wangi, Jalan Petaling and Jalan Sultan
- International Zone: City Centre, Jalan Ampang-UThant, Jalan Tun Razak, Jalan Damai, Jalan Semarak, Titivangsa, Bangsar-Damansara and Bukit Jalil

(c) Inflation

Headline inflation averaged 0.6% in 2009 (2008: 5.4%) as inflation pressures in Malaysia moderated substantially, in line with global and domestic developments. The decline in global fuel and commodity prices and the lower inflation experienced by Malaysia's major trading partners contributed to lower domestic inflation. The cumulative reductions in domestic retail petrol prices in the second half of 2008 also contributed significantly to the moderating trend of domestic inflation in 2009. The inflation rate is expected to range between 2.0% and 2.5% in 2010.

(d) Investment

There were improvements noted in 2009 with 14 approved projects in Kuala Lumpur (2008: 12 projects). Total investment value of RM155.7 million was recorded in 2009 (2008: RM117.8 million). Statistics from 2008 and 2009 showed that 79.0% of the total investment was domestic funded projects.



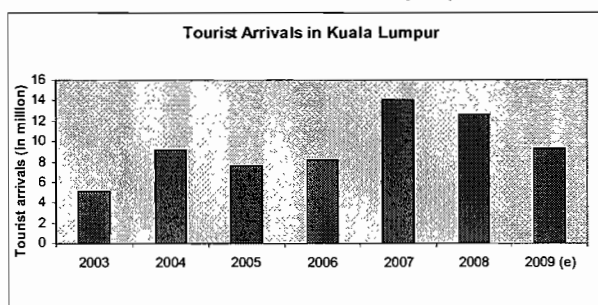
(e) Employment trend

The nation's unemployment rate remains moderate at 3.7% in 2009 (2008: 3.5%) with concerted efforts by all parties in various sectors to create job opportunities. In 2005, the employment in Kuala Lumpur accounted for 46.0% of the total population. In line with Kuala Lumpur City Hall's vision to be a world-class city, the projected employment in 2020 is expected to be higher, reaching 1.4 million (64.5% of projected population).

(f) Tourism indicators

In 2008, tourist arrivals in Kuala Lumpur was 12.6 million with tourists from ASEAN countries (primarily Singapore, Indonesia, Thailand and Brunei) accounting for 72.6% of total arrivals. The tourism industry is becoming an important sector given the income multiplier and Kuala Lumpur is leveraging on the growth of this sector as a regional destination for business, MICE and shopping. In terms of hotel accommodation, Kuala Lumpur has the highest number of 4-star and 5-star hotels in the country with a total of 15,385 rooms and an average occupancy rate of 64.0% by the end of 2009.

Chart 18: Tourist Arrivals in Kuala Lumpur (2003-2009e)



Source: Tourism Malaysia

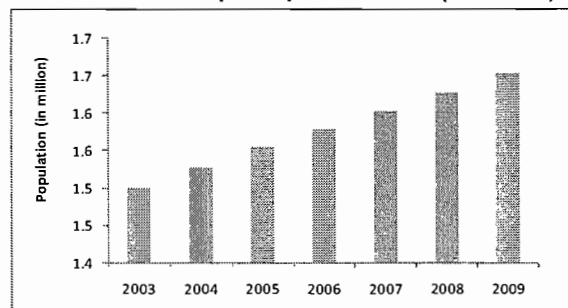
4.1.3 DEMOGRAPHIC INDICATORS OF KUALA LUMPUR

(a) Population growth

By the end of 2009, Kuala Lumpur recorded a population of 1.7 million (including permanent residents) with an average growth rate of 1.5% over the past five years. Highly populated areas in Kuala Lumpur include District of Ampang/Ulu Kelang, District of Batu and District of Petaling.

The projected population for Kuala Lumpur is 1.7 million by 2010 and approximately 2.2 million by 2020 mainly due to rural - urban migration. KL City currently has a population of 143,000 and it is projected to grow to 245,611 by 2020 in line with the Government's efforts in making KL City an ideal location to live and work (source: Draft KL City Plan 2020). In terms of household size, the average household size in Kuala Lumpur is 4.1 persons according to the Population Census conducted in 2000 by the Department of Statistics Malaysia. However, due to the lifestyle change of today's young population, the household size is projected to be lower at 3.9 persons for the period between 2010 and 2020.

Chart 19: Kuala Lumpur Population Trend (2003-2009)



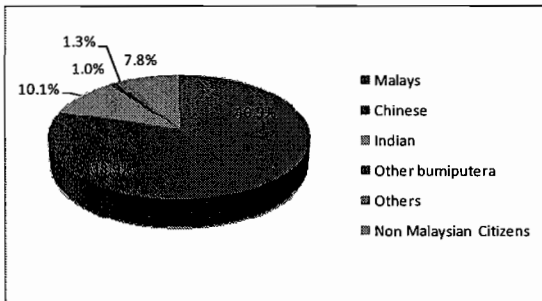
Source: Department of Statistics Malaysia

(b) Population by ethnic group

The following chart illustrates population breakdown according to ethnic groups in Kuala Lumpur in 2009. Our analysis of the past five years has shown a consistent trend on percentage growth of ethnic groups: Malays (2.0%) and Chinese (1.1%) followed by the Indian ethnic group (1.1%). The Non-Malaysian citizen group and other bumiputera group have shown higher average growth rates of 2.8% and 3.4% respectively.



Chart 20: Kuala Lumpur Population Breakdown by Ethnic Group (2009)

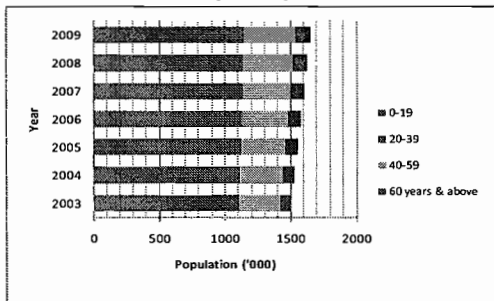


Source: Department of Statistics Malaysia

(c) Population by age group

Kuala Lumpur has a young population with those in 0-19 years' age group making up 38.0% of total population, followed by those in 20-39 years (32.0%), 40 to 59 years (23.0%) whilst the population above the age of 60 years represents only 7.0%. At present, Kuala Lumpur has a high working population at 56.0% of total population (aged 20-59) mainly due to migration from other states by the younger generation to work in the city.

Chart 21: Kuala Lumpur Population Breakdown by Age Group (2003-2009)

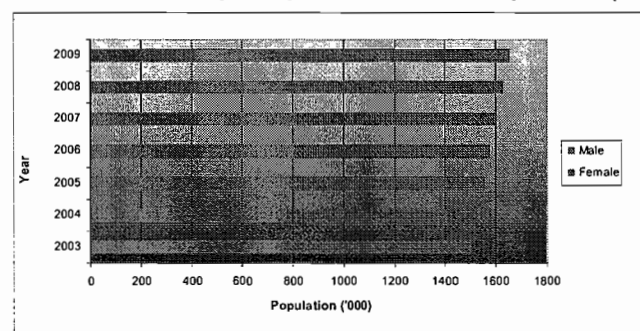


Source: Department of Statistics Malaysia

(d) Population by gender

The distribution of population by gender shows a similar trend as the national breakdown. Male population accounted for 50.7% of population in Kuala Lumpur whilst female population makes up the remaining 49.3%. Our analysis indicates that for both genders, the segment of working population between the ages of 20 to 59 years is the largest totalling 56.0% of the population in Kuala Lumpur.

Chart 22: Kuala Lumpur Population Breakdown by Gender (2003-2009)



Source: Department of Statistics Malaysia

(e) Average monthly household income

The average monthly household income for Kuala Lumpur grew by 5.0% per annum from RM3,371 (1995) to RM4,105 (1999); approximately 66.0% higher than the national average monthly household income. The 9MP states that an average annual growth of 5.0% was recorded between 2000 and 2004, and the monthly household income rose from RM4,105 (1999) to RM5,011 (2004). Based on an annual growth rate of 5.0%, we estimate the average monthly household income for Kuala Lumpur for 2008 and 2009 to be approximately RM6,000 and RM6,400 respectively.



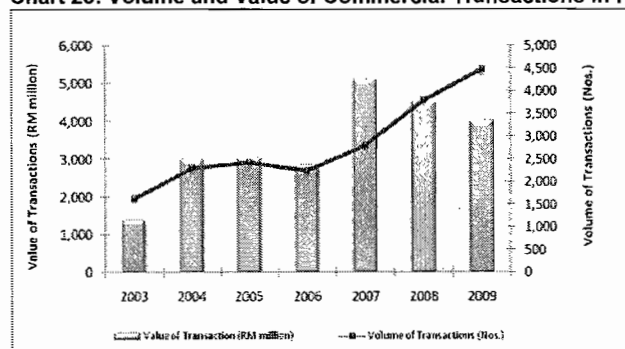
4.1.4 OVERVIEW OF THE REAL ESTATE MARKET IN KUALA LUMPUR

(a) Volume and value of commercial transactions

The commercial property market in Kuala Lumpur saw marked increases in commercial property transactions in 2007 and 2008 supported by favourable Government's waiver on RPGT and the establishment of the Real Estate Investment Trusts (REIT) guidelines by the Securities of Commission in 2005. Based on the statistics by the Property and Valuation Services Department of Malaysia, the commercial sector recorded an average annual growth rate of 14.5% for transaction volume and 14.9% for transaction value over the last five years (2004-2008). The establishment of REITs saw a higher number of high value commercial properties such as office buildings, shopping complexes and hotels, mainly within KL City, being transacted.

Volume of commercial transactions improved in 2009 at 4,492 (2008: 3,796 transactions) albeit recording a lower value of RM4,025.0 million (2008: RM4,547.8 million in value). The value of transactions peaked in 2007 at RM5,111.9 million from 2,809 transactions. In 2009, transaction volume increased by 18.3% from 2008, whilst value decreased marginally by 11.0% from the previous year due to the impact of the global economic slowdown.

Chart 23: Volume and Value of Commercial Transactions in Kuala Lumpur (2003-2009)

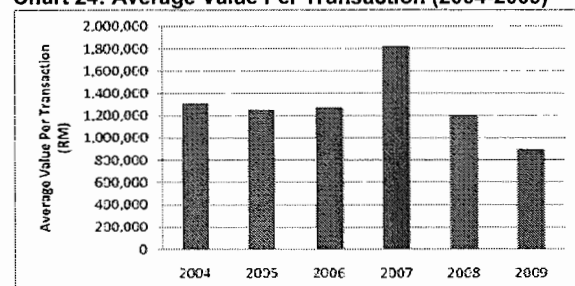


Source: Valuation and Property Services Department Malaysia

(b) Average value per transaction for commercial sector

Based on the transaction statistics by the Valuation and Property Services Department of Malaysia, the annual growth for average value per transaction in Kuala Lumpur was analysed at 0.8% (2004-2008). The average transaction value was the highest in 2007, recording at RM1.8 million per transaction. In 2008, the average value per transaction contracted by 33.0% from the previous year and was recorded at RM1.2 million per transaction due to weak economic sentiments which hampered the real estate market performance. Year 2009 recorded a further decline in the average value per transaction at RM96,000 impacted by the global economic downturn which took place since the 3Q2008.

Chart 24: Average Value Per Transaction (2004-2009)



Source: Valuation and Property Services Department Malaysia

4.1.5 REVIEW OF RETAIL PROPERTY MARKET IN KUALA LUMPUR

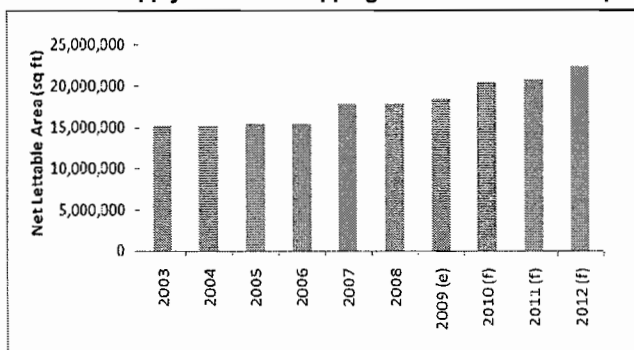
Over the last five years, the retail property market in Kuala Lumpur has experienced a considerable change with the entry of international foreign retailers and brands at prime shopping centres in the city which include Suria KLCC, Starhill Gallery and the latest, being Pavilion Kuala Lumpur. In the suburbs of Kuala Lumpur, prominent retail brands are seen in centres such as Mid Valley Megamall, The Gardens Galleria, Bangsar Shopping Complex and Bangsar Village. The last five years also saw vigorous opening and expansion of shopping centres in the Klang Valley, from the family-store, AEON centres, to regional shopping centres in the city and within established residential areas in the suburbs which include Bandar Utama, Mutiara Damansara and Bandar Sunway.



(a) Existing and Future Supply

The existing supply of shopping centres in Kuala Lumpur is estimated at 18.5 million sq ft of NLA with an average occupancy rate of 82.6% in 2009. The average growth in supply between 2003 and 2009 is estimated at 4.0% per annum. Amongst new completion of shopping centres in 2009 include Bangsar Shopping Centre Extension, The Sphere at Bangsar South and Wangsa Walk.

Chart 25: Supply Trend of Shopping Centres in Kuala Lumpur (2003-2012f)



Of the total 18.5 million sq ft of existing supply, approximately 10.4 million sq ft (or 55.8%) of retail supply is located in KL City and it includes shopping belts at KLCC-Jalan Ampang and Jalan Bukit Bintang. Of this 10.4 million sq ft in KL City, approximately 52.0% (5.49 million sq ft) is prime retail space located in Suria KLCC, Pavilion KL, Starhill Gallery and Sungei Wang Plaza. The remaining 8.10 million sq ft (or 44.2%) is located in the suburbs of KL and located at Bangsar and Mid Valley.

Source: Valuation and Property Services Department Malaysia/ Knight Frank Research
 Note: (e) estimate (f) forecast

(b) Future Supply

Supply Under Construction

Some 1.95 million sq ft is due for completion in 2010; about 47.0% (0.9 million sq ft) from KL City and another 53.0% (1.0 million sq ft) from KL Suburbs. In 2011, there is approximately 0.4 million sq ft of retail space from completion of two new centres. The table below shows the future supply of shopping centres in Kuala Lumpur between 2010 and 2012.

Table 6: Future Supply of Shopping Centres in Kuala Lumpur

Shopping centre	Location	NLA (sq.ft)	Expected Completion
Suria KLCC (Lot C)	KL City: KLCC	160,000	2010
Kenanga Wholesale City	KL City: Pudu Area	500,000	2010
The Intermark Retail Podium	KL City: Jalan Tun Razak - Jalan Ampang	264,600	2010
Festival Mall	KL Suburbans: Setapak	500,000	2010
1 Shamelin	KL Suburbans: Shamelin Perkasa	322,000	2010
Axis Atrium	KL Suburbans: Pandan Jaya	200,000	2010
Sub-total (2010)		1,946,600	
Southgate	KL City: Jalan Sungai Besi	145,800	2011
One Mont' Kiara	KL Suburbans: Mont' Kiara	250,000	2011
Sub-total (2011)		395,800	
KL Sentral (Lot G)	KL Suburbans: KL Sentral	700,000	2012
Vision City	KL City: Jalan Sultan Ismail	764,000	2012/2013
Damansara City	KL Suburbans: Damansara Heights	168,670	2012/2013
Sub-total (2012)		1,632,670	

Source: Knight Frank Research
 Note:-

- Supply under construction comprises units where physical construction works are in progress.

Proposed Supply

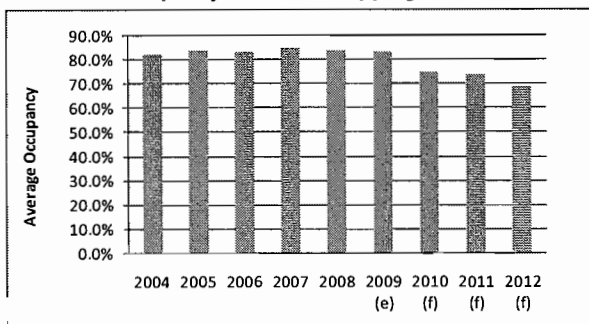
As for proposed supply, there is a proposed centre located along Jalan Ampang known as Ampang Mall (580,000 sq ft NLA) to be developed by the Asian Retail Mall Fund (ARMF). The other known proposed supply include Setia Eco City at Mid Valley and a proposed centre within Tamansari project.

(c) Demand Analysis

Generally, shopping centres in Kuala Lumpur recorded strong occupancy rates in 2008 at an average of 83.4%. By 2009, the average occupancy rate was estimated at 82.6% due to new completion of centres in the second half of 2009. Based on statistics from the Property and Valuation Services Department Malaysia, the average annual take-up over the last five years was analysed at 0.6 million sq ft. Take-up of retail space increased sharply in 2007 due to the opening of Pavilion KL and The Gardens Galleria, resulting in average occupancy of 84.6% in 2007.



Chart 26: Occupancy Trend of Shopping Centres in Kuala Lumpur (2004-2012f)



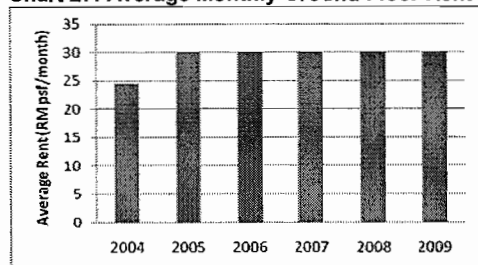
Our market research of prime shopping centres in KL City and KL Suburbs show that the average occupancies of these centres are still holding firm (> 85.0%) attributed to good tenant mix with many well-known international brands. The prime shopping centres in KLCC, Jalan Bukit Bintang and Mid Valley City are well frequented by shoppers due the continuous promotional activities by the centre managements in attracting local and tourist shoppers.

Source: Valuation and Property Services Department Malaysia/ Knight Frank Research
 Note: (e) estimate (f) forecast

(d) Gross Monthly Rental

The gross monthly rentals of shopping centres in KL City have remained stable over the past few years, with rental increase seen for well managed prime shopping centres located in strategic locations with good tenant mixes and supported by good accessibility and public transportation. The chart below illustrates the trend of average monthly ground floor rental of prime shopping centres in Kuala Lumpur between 2004 and 2009, which generally hovered at RM30 per sq ft per month.

Chart 27: Average Monthly Ground Floor Rent of Prime Shopping Centres in Kuala Lumpur (2004-2009)



Source: Valuation and Property Services Department Malaysia/ Knight Frank Research

In the 2009, Suria KLCC enjoyed high rentals with smaller units on the lower ground floor being rented at between RM55 and RM70 per sq ft per month. Suria KLCC commands high rents due to its association with the iconic Petronas Twin Towers, being a famous tourist attraction, that draws domestic and foreign tourists as well as having the advantage of a LRT station at its doorstep. However, rentals for prime first floor units within Pavilion KL superseded those at Suria KLCC and were recorded at RM90 per sq ft. The rental for speciality shops on the ground floor of Starhill Gallery which re-entered the market as an exclusive luxury niche retail centre after the refurbishment exercise is now at an average of RM40 per sq ft per month, reflecting an average annual growth of 6.0% from 2003. The shopping centres in the heart of Bukit Bintang Belt attract a large number of domestic and foreign tourists. These centres command good rentals of between RM25 per sq ft and RM45 per sq ft for ground floor and between RM15 per sq ft and RM35 per sq ft for upper levels depending on the location of the space (excludes space occupied by anchor and mini anchor tenants).

(e) Capital Values

The retail property market recorded four (4) transactions of shopping centres in 2007 with a total value of RM831.3 million. All of these centres were located in Kuala Lumpur namely KL Plaza, Campbell Complex, Vision City and Plaza Mont' Kiara. In year 2008, there was only one (1) transaction of shopping centre namely the sale of Sungei Wang Plaza at RM595.0 million to CapitaLand Limited. In 2009, there was no en-bloc sale recorded for shopping complexes. However, a notable transaction came from Starhill REIT with its proposed rationalisation exercise to reposition itself as a global hospitality REIT. The rationalisation exercise will see the disposal of Starhill Gallery and The Lot 10 to Starhill Global REIT at sale considerations of RM629.0 million (RM2,115 per sq ft on 297,354 NLA) and RM401.0 million (RM1,561 per sq ft on 256,811 NLA) respectively.



Table 7: Transactions of Shopping Centres in Kuala Lumpur (2007-2009)

Date of Transaction	Building Name	Location	NLA (sq ft)	Selling Price (RM)	Price (RM per sq ft)	Tenure	Purchaser
2009	Starhill Gallery	Jalan Bukit Bintang	297,354	RM629,000,000	RM2,115	Freehold	Starhill Global REIT
2009	Lot 10	Jalan Bukit Bintang	256,811	RM401,000,000	RM1,561	99-year leasehold expiring on 29 July 2076	Starhill Global REIT
2008	Sg Wang Plaza	Jalan Bukit Bintang	510,418	RM595,000,000	RM1,166	Freehold	Vast Winners Sdn Bhd, a special purpose vehicle under the asset backed securitisation structure of CapitalLand Limited (now held through CMA)
2007	Plaza Mont' Kiara	Jalan Kiara, Mont' Kiara	73,408	RM90,000,000	RM1,226 (inclusive 1,499 car park bays)	Freehold	Minat Mesra Sdn Bhd (wholly-owned subsidiary of Value Approach Sdn Bhd Corporation Bhd)
2007	Vision City	Jalan Sultan Ismail	*The project is halted	RM430,000,000	-	Freehold	Quill Retail Malls Sdn Bhd (Forward purchase of an integrated development)
2007	KL Plaza	Jalan Bukit Bintang	232,702	RM326,946,310	RM1,405	Freehold	Makna Mujur Sdn Bhd
2007	Campbell Complex	Jalan Dang Wangi	255,100	RM50,350,000	RM197	Freehold	Valentvest Sdn Bhd

Source: Knight Frank Research

(f) Market Outlook

KL City is envisioned to be a world class shopping city as outlined in the Draft Kuala Lumpur City Plan 2020. Prime shopping areas identified include the KLCC-Bukit Bintang belt which consists mainly of prime shopping centres such as Suria KLCC, Starhill Gallery, Sungei Wang Plaza and Pavilion KL. Other retail growth areas in the city centre are designated as 'sub-prime shopping' districts which include the traditional shopping areas of Jalan Tunku Abdul Rahman-Masjid India-Chow Kit area, Jalan Petaling and Jalan Pasar, which will be redeveloped. The policies outlined in the KL City Plan 2020 are expected to spur regeneration of older shopping precincts and refurbishment of secondary and older centres in prime locations within the city.

Prime shopping centres in KL City are anticipated to maintain their occupancy rates and rentals whilst occupancy of secondary centres may deteriorate with tenants relocating to new centres due to overlapping market catchment and the competitive retail market. The stiff competition in the retail market comes not only from newly completed centres but from newly refurbished centres as well. The market expects to see more refurbishment and repositioning exercise taking place for older shopping centres in prime locations within the city such as Fahrenheit 88 (formerly known as KL Plaza) and The Intermark Retail Podium (formerly known as City Square). Rentals and capital values are expected to remain stable in the short and medium term.

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4.2 SELANGOR

4.2.1 GENERAL DESCRIPTION

Genesis and development

Selangor is located on the west coast of Peninsular Malaysia and covers an area of approximately 8,000 square kilometres. Selangor is one of the larger states in Peninsular Malaysia and is bordered by Perak to the north, Pahang and Negeri Sembilan to the east, and the Straits of Malacca to the west. Kuala Lumpur, Malaysia's capital, and Putrajaya, the federal administrative capital, lie within the boundaries of Selangor state.

In 1896, Selangor united with Negri Sembilan, Perak and Pahang to form the Federated Malay States, with its capital in Kuala Lumpur. The Federated Malay States evolved into the Federation of Malaya in 1948 and the Federation of Malaysia in 1963. In 1 February 1974, the city of Kuala Lumpur and some of the surrounding areas were ceded to the Federal Government for the establishment of the Federal Territory of Kuala Lumpur. Putrajaya (the new federal administrative centre) located in Selangor became a Federal Territory on 1 February 2001. Selangor is also known as the gateway of Malaysia as it is an important industrial hub of Malaysia with the country's largest industrial site located in Shah Alam. It is also the most populous state in the country with a total population of 5.2 million (2009).

Infrastructure linkages and major connectivity to the city

Selangor is linked to the north to Thailand, to the south to Singapore and the rest of the peninsular by an extensive network of tolled highways. The main highways leading to the state include the PLUS North-South Highway and the Karak Expressway.

▪ Roads and Highways

The major roads and highways connecting the Selangor state and other areas in the Klang Valley are the Federal Highway, Puchong-Damansara Highway (LDP), Shah Alam Expressway (KESAS) and New Klang Valley Expressway (NKVE). The major road linkages in Selangor are listed in following table.

Table 8: Major Road Linkages in Selangor

Name of Highway	Description (connectivity)	Length
Highways linking East and West of Selangor		
Federal Highway	Klang - Seputeh	45 km
KESAS Expressway	Pandamaran in Klang - Sri Petaling	34.5 km
New Klang Valley Expressway	Bukit Raja - Jalan Duta	35 km
Highways linking North and South of Selangor		
Middle Ring Road 2	Sri Damansara-Kepong-Gombak-Ulu Klang-Ampang -Cheras-Sri Petaling	48.8 km
Damansara-Puchong Expressway	Damansara-Puchong	40 km
Sprint Expressway	Petaling Jaya-Damansara Utama-Mont' Kiara	26.5 km
KL-Putrajaya Expressway	Kuala Lumpur-Putrajaya-KLIA	26 km
Cheras-Kajang Expressway	Cheras-Kajang	11.5 km

The Federal Highway is the earliest intrastate highway in Klang Valley, connecting Klang in Selangor and stretches to Seputeh in Kuala Lumpur. The highway connects major cities within the Klang Valley (Klang, Shah Alam, Petaling Jaya and Kuala Lumpur). Following rapid urbanisation and population increase in the Klang Valley, more highways were built to alleviate the traffic congestion on the Federal Highway. These new highways include the New Klang Valley Expressway (NKVE) and Damansara-Puchong Expressway (LDP).

The Shah Alam Expressway (KESAS) also forms part of a comprehensive network of road links in Selangor. It is the third east-west-oriented expressway in the Klang Valley after the Federal Highway and New Klang Valley Expressway (NKVE). The Shah Alam Expressway connects Pandamaran in Klang, Selangor to Sri Petaling, Kuala Lumpur. Other significant highways built over the last decade are the Sprint Expressway and the Kuala Lumpur-Putrajaya Expressway. The Sprint Expressway (opened in 2001) provides linkages to the Petaling Jaya-Damansara Utama-Mont' Kiara localities whilst the Kuala Lumpur-Putrajaya Expressway (opened in 2007) links the Kuala Lumpur City Centre with the Kuala Lumpur International Airport (KLIA) in Sepang, Selangor.

▪ Public Transportation

Light Rail Transit (LRT)

In Selangor, the LRT line serves mainly prime urban areas. The Kelana Jaya LRT Line provides connection from major suburban areas in the Petaling Jaya region to the KL city centre. There are several proposed new rail and LRT lines in Selangor which will be connected to those in Kuala Lumpur. Among the proposals are the extension of the LRT lines and the new Kota Damansara-Cheras Line. The proposed LRT line extension may cover some 32 kilometres with the Kelana Jaya Line (formerly Putra LRT) being extended to Subang Jaya and USJ, while the Sri Petaling Line (formerly Star LRT) will cover Puchong with proposed stops at the IOI Mall, Tesco, Bandar Puteri, Puchong Perdana and Putra Heights.

On the other hand, the new Kota Damansara-Cheras Line will run through the northwest and southeast areas of Kuala Lumpur with proposed stations at Kota Damansara, Bangsar, KL Sentral, Pasar Seni, Masjid Jamek, Maluri and Cheras.



Commuter rail

The commuter rail lines in Selangor are operated by Keretapi Tanah Melayu Berhad (KTMB). KTMB operates three commuter rail lines namely the Sentul-Port Klang line, Rawang-Seremban line and Rawang-Kuala Kubu Bharu line. In addition, there is also a rail linkage to KLIA known as the KLIA Transit commuter rail line which shares the same track as the KLIA Express which links Kuala Lumpur city centre to the airport.

▪ **Airports**

The Kuala Lumpur International Airport (KLIA) is located 50 kilometres southwest of KL city in the Sepang district of Selangor. KLIA serves as the hub for nearly over 50 airline carriers. It won the coveted World's Best Airport title (under the 15-25 million passengers per annum category) in the Airport Council International's (ACI) Airport Services Quality Awards 2007. There is also a Low Cost Carrier Terminal (LCCT) in Sepang which was launched in March 2006 and is presently the primary terminal for Air Asia which operates domestic and international flights. In addition to Air Asia, Tiger Airways (Singapore Airline-owned low-cost carrier) also uses the LCCT facilities. KLIA will see the development of a new Low Cost Carrier Terminal (LCCT), next to the KLIA main terminal. The new LCCT which is due for completion in 2011 is expected to handle 25 million to 30 million passengers a year.

Selangor has another airport known as the Sultan Abdul Aziz Shah Airport in Subang (previously the international airport of Malaysia before KLIA came into operation in 1998) which is presently used for general aviation, chartered flights and a few turboprop domestic carriers in Selangor. The airport in Subang has undergone refurbishment works recently and is now known as Subang SkyPark Terminal.

Regional settings of Selangor

Selangor is located on the west coast of Peninsular Malaysia and covers an area of approximately 8,000 square kilometres. Selangor is one of the larger states in Peninsular Malaysia and is bordered by Perak to the north, Pahang and Negeri Sembilan to the east, and the Straits of Malacca to the west. Kuala Lumpur, Malaysia's capital, and Putrajaya, the federal administrative capital, lie within the boundaries of Selangor state.

The Selangor state capital is located in Shah Alam and the royal capital is located in Klang. The third city in Selangor is Petaling Jaya which was awarded the city status on 20 June 2006. Comparison by states showed that Selangor recorded the highest average annual GDP growth of 5.2% (2001-2005); higher than the national average (4.5%) and Kuala Lumpur (3.8%). Based on the projection stated in the 9MP, Selangor's annual GDP is projected to grow at 6.4% annually (2006-2010); higher than the annual growth rates of Malaysia (6.0%) and Kuala Lumpur (6.1%).

Selangor is home to the largest port in the country, Port Klang, which is located in the District of Klang. Owing to the country's emphasis on industrial development in the past decades, Selangor has emerged as a prominent industrial player in Malaysia. The manufacturing sector contributed approximately RM41,326 million (64.0%) to Selangor's total GDP in 2005 and this is projected to increase to RM58,661 million (2010) and RM82,151 million (2015) respectively. Many of the country's largest industrial companies such as Western Digital, Nestle, Dutch Lady, Carlsberg and Panasonic to name a few, can be found in various industrial estates in Selangor. Aside from manufacturing, growth has seen in the logistics & distribution sector in Selangor, which is attributed to its excellent road network, port and airport facilities. Selangor also offers several places of attractions for domestic and foreign tourists. Currently, the Selangor state is promoting three main types of tourism i.e. health tourism, education tourism and home stays.

4.2.2 THE ECONOMY OF SELANGOR

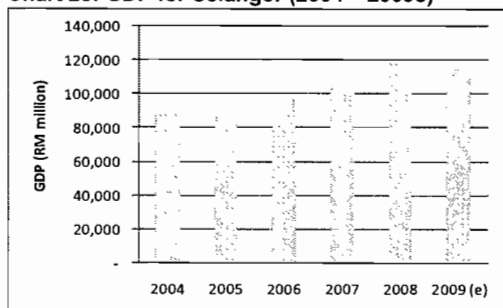
(a) **Economic growth**

According to the Selangor Government 2010 Budget report, the estimated GDP value in year 2009 for Selangor was at RM114.3 billion (5.6% per annum growth between 2004-2009). The higher economic growth was attributed to increased output for all sectors of the economy. Although there was a decline in the total GDP value in 2009, services and manufacturing sectors were the main drivers of growth, accounting for 61.4% and 37.7% of the GDP share. Despite the lower GDP growth in 2009, the Selangor State Government has estimated GDP for 2010 to be higher at RM116.8 billion. The healthy GDP growth in Selangor was attributed to higher government spending under the 9MP projects and increase in domestic consumption. In terms of annual growth rate for GDP per capita, Selangor recorded of RM29,778 in 2009 and estimated to reach RM30,479 in 2010.

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Chart 28: GDP for Selangor (2004 – 2009e)



Source: Laporan Ekonomi Negeri Selangor 2007/ 2008 and Selangor Budget 2010

(b) Economic activity

In 2009, the main drivers of the state's economic growth remained similar to previous year with services and manufacturing being major component driving the economic growth in Selangor. Services accounted for 61.4% to the GDP share in 2009 (2008: 58.8%) whilst manufacturing accounted for 37.7% (2008: 40.0%).

(c) Inflation

Historically, the inflation rate in Malaysia has remained below 3.0%. However, following the fuel hike in June 2008, the inflation rate surged to 8.5% in July and August 2008. It has since decreased significantly and cooled to 0.6% for the whole year of 2009, attributed to significant reduction in crude oil and commodities prices as well as the softened economic activities globally.

(d) Investment

Between 2001 and 2007, Selangor attracted nearly RM44.8 billion of investments in the manufacturing sector with FDI making up 48.9% of total investments. From January to September 2007, Selangor attracted RM6.1 billion worth of investment in the manufacturing sector and approximately 51.3% was derived from foreign direct investment (source: Malaysian Industrial Development Authority).

From January to May 2009, the state attracted 106 manufacturing projects with potential employment of 6,334 people. The 106 projects amount to total capital investment of RM1.7 billion, with most of the investments focusing in food manufacturing, machine & equipment as well as electrical & electronic products. Of the total investment of RM1.7 billion, approximately 39.0% are foreign investments with the rest being local investments.

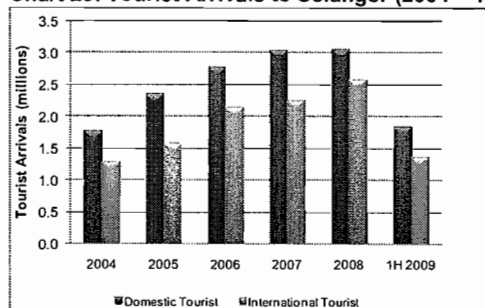
(e) Employment Trend

The unemployment rate in the state of Selangor has hovered around 3.5% since 2004. It is expected to remain stable between 3.4% and 3.5% for the next five years attributed to higher job creation from the services and manufacturing sectors, the main drivers for the state's economic growth.

(f) Tourism Indicators

Tourist arrivals in 2008 were recorded at about 5.7 million people, approximately 6.8% higher than the 5.3 million tourist arrivals in 2007. In the 1H2009, tourist arrivals were healthy and recorded at 3.2 million people despite the ongoing global economy turmoil and negative effects from the influenza A (H1N1) pandemic. Nevertheless, we note a drop in the number of international tourists which only made up 43.0% of the total tourist arrivals from 1H2009, a decline of 4.0% compared to the corresponding period in 2008.

Chart 29: Tourist Arrivals to Selangor (2004 – 1H2009)



Source: Majlis Tindakan Pelancongan Negeri Selangor 2004 - July 2009

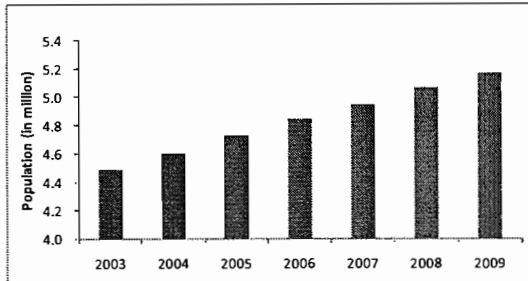
4.2.3 DEMOGRAPHIC INDICATORS OF SELANGOR

(a) Population growth

The Selangor population has increased from 4.5 million (2003) to 5.2 million (2009). The population growth was recorded at 2.4% per annum during the review period.



Chart 30: Selangor Population Trend (2003-2009)

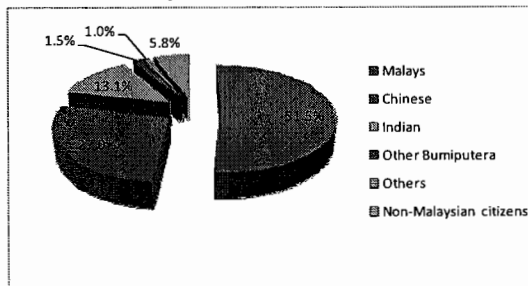


Source: Department of Statistics Malaysia

(b) Population by ethnic group

Bumiputera is the main ethnic group in Selangor, constituting 51.0% of the state's population. The other major ethnic groups are Chinese and Indian, constituting 27.0% and 13.0% of the state's population respectively. The major populated areas in Selangor are Petaling Jaya, Shah Alam, Klang and Subang Jaya-UEP Subang Jaya. Other major residential areas include Bangi, Banting, Cheras, Serdang, Seri Kembangan and Puchong.

Chart 31: Selangor Population Breakdown by Ethnic Group (2009)

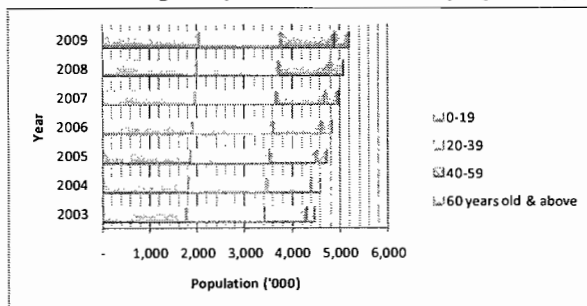


Source: Department of Statistics Malaysia

(c) Population by age group

The population of Selangor is relatively young with 39.8% of the total population in the 19 years old and below age group. The analysis of population by age group also revealed that there was a higher percentage of those aged between 40 and 60 years old in 2008 (27.0%) compared with 2003 (24.0%). The chart below illustrates the population by age group in 2008.

Chart 32: Selangor Population Breakdown by Age Group (2003-2009)



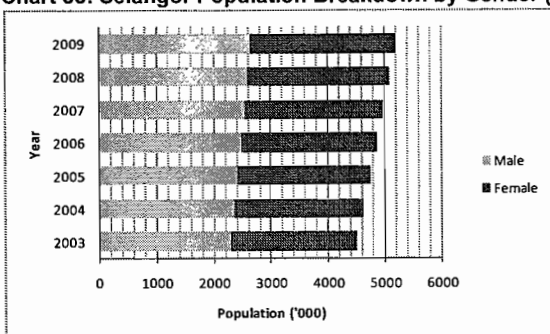
Source: Department of Statistics Malaysia

(d) Population by gender

The distribution of population by gender in Selangor shows a similar trend as the national breakdown. Male population constituted 51.0% of total Selangor population whilst the remainder 49.0% are female population.



Chart 33: Selangor Population Breakdown by Gender (2003-2009)



Source: Department of Statistics Malaysia

(e) Average monthly household income

The average household income in Selangor has increased from RM3,162 per month in 1995 to RM3,702 per month in 1999, with annual increment recorded at 4.0% per annum. During the period between 2000 and 2005, the monthly average household income increased at a higher rate of 4.3% per annum; from RM3,850 per month (2000) to RM4,684 per month (2005). The average monthly household income is expected to rise further to RM8,436 by 2020, analysed to an annual growth rate of 5.3%.

Table 9: Monthly Household Income in Selangor (1995 – 2020f)

Year	Monthly Household Income	Annual Increment
1995	RM3,162	4.0% (1995 - 2000)
1999	RM3,702	
2000	RM3,850	
2005	RM4,684	4.3% (2000 - 2005)
2020 (f)	RM8,436	5.3% (2005 - 2020)

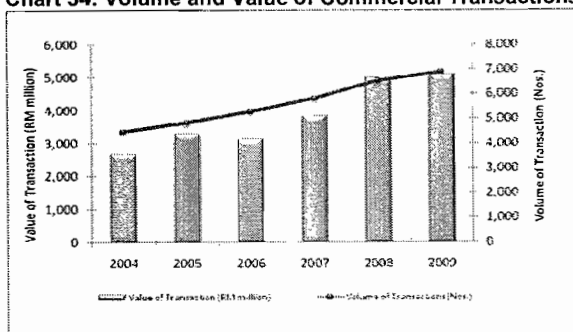
Source: Selangor Structure Plan 2020 / Laporan Ekonomi Negeri Selangor

4.2.4 OVERVIEW OF THE REAL ESTATE MARKET IN SELANGOR

(a) Volume and value of commercial transactions

Analysis of the volume of commercial transactions shows an increase over the last five years at an annual growth of 10.0% per annum. Value of commercial transactions, on the other hand, shows a stronger annual growth rate of 17.7% between 2004 and 2008. The chart below shows the trend of volume and value of transactions in Selangor.

Chart 34: Volume and Value of Commercial Transactions in Selangor (2004-2009)



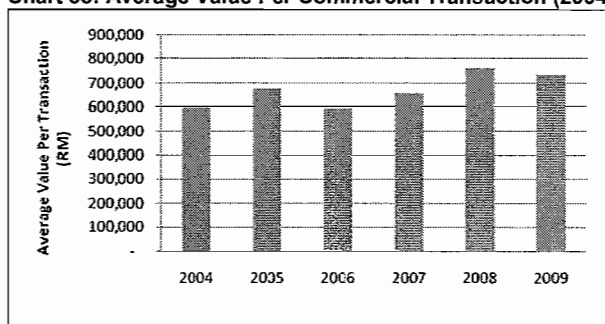
Source: Valuation and Property Services Department Malaysia

(b) Average value per transaction of commercial sector

The average value per transaction was RM597,963 in 2004 and increased significantly to RM762,104 in 2008 before declining marginally to RM737,936 in 2009. The average value per transaction in 2008 surpassed the RM700,000 mark for the first time as the average value per transaction has generally hovered between RM600,000 and RM680,000 between 2004 and 2008. A comparison of trends between Kuala Lumpur and Selangor indicates that although Selangor recorded strong growth in sales value and average value per transaction, the average value per transaction in Kuala Lumpur is still significantly higher than Selangor at RM896,000 in 2009. The following chart illustrates the average value per transaction for commercial properties in Selangor.



Chart 35: Average Value Per Commercial Transaction (2004-2009)



Source: Valuation and Property Services Department Malaysia

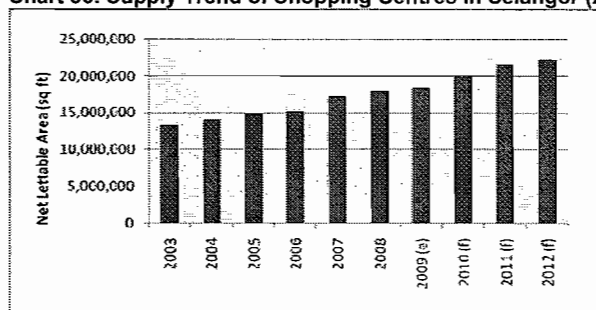
4.2.5 REVIEW OF THE RETAIL MARKET IN SELANGOR

The retail sector in Selangor has undergone a rapid transformation from the traditional way of retailing (sundry shops and wet markets) to modern lifestyle shopping centres. Today, Selangor has several established shopping centres and regional malls which include Sunway Pyramid, One Utama Shopping Centre and the 'power centres' at Mutiara Damansara. These 'one-stop' shopping centres are well received by shoppers as they offer convenience and a variety of brands under one roof. In addition to shopping centres, hypermarkets and AEON stores are also popular in the highly populated state of Selangor. These centres are noted to be on a rapid trail of expansion in Selangor, especially in well populated residential neighbourhoods such as Puchong, Subang Jaya, Petaling Jaya, Kota Damansara, Ampang, Kajang and Klang.

(a) Existing and Future Supply

The Selangor retail supply has been on an upward increase between 2003 and 2009 attributed to the entry of large regional malls (> 700,000 sq ft). The following chart indicates the supply trend for retail space.

Chart 36: Supply Trend of Shopping Centres in Selangor (2003-2012f)



Source: Valuation and Property Services Department Malaysia/ Knight Frank Research

Note: (e) estimate (f) forecast

Year 2007 saw the completion of AEON Bukit Tinggi, AEON Cheras Selatan and Sunway Pyramid Phase 2. In 2008, the extension of Mines Shopping Fair (Seri Kembangan) was completed and there were new openings at Tropicana Mall (Petaling Jaya) and Digital Mall (USJ19). This brought the cumulative retail supply of shopping complexes to 17.9 million sq ft by end of 2008. The first half of 2009 saw the addition of some 0.6 million sq ft from the completions of IOI Mall extension (Puchong) and Harbour Place Phase 1 (Klang).

Of the total supply of shopping centres in Selangor, prime retail space make up approximately half of the total supply attributed to the presence of several regional malls and large shopping centres in the state, such as One Utama Shopping Centre (1.8 million sq ft), Sunway Pyramid (Phases 1 & 2 at 1.7 million sq ft), IOI Mall (0.9 million sq ft) and AEON Bukit Tinggi (1.0 million sq ft).

(b) Future Supply

Supply Under Construction

Some of the significant shopping centres coming on stream in Selangor include the SSTwo Mall (SS2 Petaling Jaya), The Paradigm (Kelana Jaya) and Citta Mall (Ara Damansara). SSTwo Mall has an estimated net lettable area of 462,800 sq ft whilst The Paradigm is a RM1.3 billion mixed development comprising five office towers and a 700,000 sq ft shopping centre. Citta Mall, with a proposed net lettable area of 424,467 sq ft, is a neighbourhood mall in Ara Damansara. In November 2008, Puncakdana Sdn Bhd ventured into a partnership with SEB Asset Management (real estate fund manager from Germany) which took a 70.0% stake in the RM280 million Citta project.



About 1.7 million sq ft is expected to be completed by 2010 whilst two centres with a combined net lettable area of 1.4 million sq ft will enter the market in 2011. Identified supply under construction and to be completed in 2012/2013 is I-City mall. The following tabulates the shopping centres in Selangor which are due for completion in the next three years.

Table 10: Future Supply of Shopping Centres in Selangor

Shopping centre	Location	NLA (sq ft)	Expected Completion
SSTwo Mall	Petaling Jaya	462,800	2010
First Subang	Subang Jaya	150,000	2010
Empire Subang	Subang Jaya	200,000	2010
Citta Mall	Ara Damansara	424,467	2010
Setia Walk	Puchong	300,000	2010
Harbour Place (Phase 2)	Klang	150,000	2010
Sub-total (2010)		1,687,267	
Paradigm	Kelana Jaya	700,000	2011
Setia City (Phase 1)	Shah Alam	700,000	2011
Sub-total (2011)		1,400,000	
I-City	Shah Alam	700,000	2012/13
Sub-total (2012)		700,000	

Source: Knight Frank Research

Note:-

- Supply under construction comprises units where physical construction works are in progress.

Proposed Supply

Apart from the developments under construction, there are numerous proposed projects anticipated to enter the market in the next few years. However, most of the projects are still in early planning stage i.e. Sunrise's mixed development in Kajang, Selangor Turf Club's redevelopment (proposed mixed development) and Botanic Capital Retail in Bandar Botanic, Klang. The list of proposed supply is listed in the table below.

Table 11: Proposed Supply of Shopping Centres in Selangor

Proposed	Location	Remarks
Serdang Plaza	Seri Kembangan	Estimated NLA : 300,000 sq ft
One City (Phase 3)	United Subang Jaya (USJ)	Estimated NLA: 1 million sq ft
Setia City (Phase 2)	Shah Alam	Estimated NLA: 700,000 sq ft
Eksons Corp Bhd	Along LDP, Seri Kembangan	Mix of shop offices, office blocks, hotel, retail outlets, and a shopping mall
Botanic Capital Retail	Bandar Botanic, Klang	Estimated NLA : 1,000,000 sq ft
Sunway South Quay	Petaling Jaya (PJ)	Not available
Precinct 3 Putrajaya	Putrajaya	Estimated NLA : 40,000 sq ft
Lush by IOI Properties	Mukim of Dengkil, about 5km from Putrajaya	Estimated NLA : 1.7 million sq ft
Sunrise Mixed Development	Kajang	Still in early planning stage
Berjaya Land Bhd's Selangor Turf Club re-development	Seri Kembangan	
Metro Kajang mixed development	Kajang	

Source: Knight Frank Research

Note:-

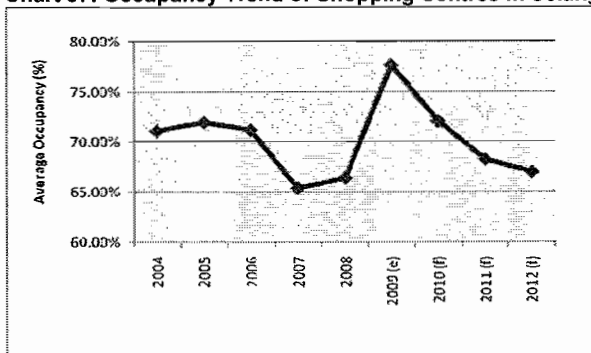
- Proposed supply comprises units with building plan approvals obtained and have not started physical construction works as well as newly identified proposed projects.

(c) Demand Analysis

In 2009, the average occupancy was estimated at 77.7%; higher than 66.4% in 2008. The average occupancy of above 70.0% reflected a healthy and sustained retail real estate market despite the ongoing economic crisis and reduced consumer confidence in the early months of 2009. The average take up during the review period (2004-2009) was analysed at approximately 0.9 million sq ft per annum.



Chart 37: Occupancy Trend of Shopping Centres in Selangor (2004-2012f)

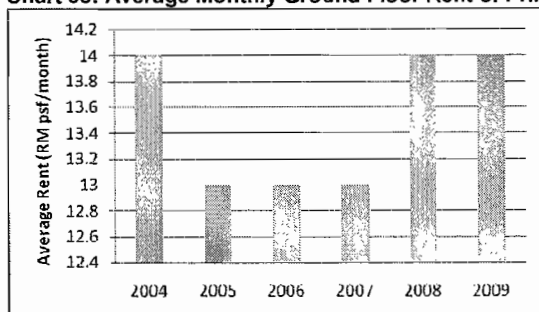


Source: Valuation and Property Services Department Malaysia/ Knight Frank Research
 Note: (e) estimate (f) forecast

(d) Gross Monthly Rental

The gross monthly rentals of shopping centres in Selangor vary between prime regional malls and neighbourhood centres. The following chart illustrates the average ground floor rent (excludes space occupied by anchor and mini anchor tenants) of prime centres in Selangor which hovered at RM14 per sq ft per month.

Chart 38: Average Monthly Ground Floor Rent of Prime Shopping Centres in Selangor (2004-2009)



Source: Valuation and Property Services Department Malaysia/ Knight Frank Research

The ground floor rents of prime centres vary depending on the size and location of the lots. Small kiosks in Sunway Pyramid and One Utama are able to command rentals as high as RM55 per sq ft per month whilst the bigger retail lots command rentals ranging from RM20 per sq ft per month to RM35 per sq ft per month. New neighbourhood centres such as AEON Cheras Selatan and AEON Taman Equine are commanding ground floor rentals of similar levels to those at IOI Mall and Sunway Pyramid attributed to the good tenant mix and good centre management that have drawn shoppers in the Cheras and Seri Kembangan localities. IOI Mall showed marginal increase in rental due to the completion of its extension which has attracted popular brand/franchise names such as TGIF restaurant, Padini Concept Store and Starbucks, amongst others.

(e) Capital Values

Capital values for shopping centres in Selangor are much lower when compared to centres in Kuala Lumpur. There were seven transactions recorded over the past five years; of which two centres i.e. Subang Parade and The Summit Subang USJ were sold to Real Estate Investment Trusts (REITs). There was no sale of en-bloc shopping centre in Selangor in 2009. The following tabulates the transactions of shopping centres in Selangor, from 2004 to 2007.

Table 12: Transactions of Shopping Centres in Selangor (2004-2007)

Date of Transaction	Building's Name	Location	Transaction Price	Analysis (RM per sq ft)
Year 2004				
August 2004	Klang Parade	Klang	RM107,651,000	RM155
Year 2006				
January 2006	Selayang Mall	Selayang	RM120,000,000	RM329
February 2006	Jaya Shopping Centre	Petaling Jaya	RM110,000,000	Transaction price includes Menara CSM (office component)
November 2006	Subang Parade	Subang Jaya	RM280,000,000	RM592
Year 2007				
March 2007	Atria Shopping Centre	Damansara Jaya	RM75,000,000	RM360
August 2007	The Summit Subang USJ	Subang USJ	RM260,000,000	Mixed development with office, hotel and retail components
August 2007	Mines Shopping Fair	Seri Kembangan	RM432,000,000	RM665

Source: Knight Frank Research

(f) **Market Outlook**

The retail property market in Selangor is expected to remain competitive with the completions of more small-scaled neighbourhood malls, shopping centres, hypermarkets and AEON stores. Due to strong urbanisation rate in Selangor, there are now many on-going township developments in the state which have spurred the rapid development of neighbourhood malls and shopping centres, hypermarkets and AEON stores in suburban areas. This will result in overlapping target market of these centres and shoppers will be spoilt for choice with choices aplenty in the next 5 years. Therefore, new retail centres need to be creatively conceptualised to fill a market niche that will provide them competitive edge against the others. Hence, we expect to see more innovation in the design and tenant mix of future shopping centres.

4.3 PENANG**4.3.1 GENERAL DESCRIPTION****Genesis and development**

The State of Penang is located at the north-western part of Peninsular Malaysia and comprises two separate portions, i.e. the island of Penang and Seberang Perai (Province Wellesley), a strip of land on mainland Peninsular Malaysia across the channel from the island. Historically, Penang Island was ceded to the British in 1786 by the Sultan of Kedah.

From its early days until the late sixties, Penang Island was dependent on trading and retail activities which enabled it to prosper. The withdrawal of its free port status in 1969 witnessed a decline of the flourishing wholesale and retail activities and a surge in the unemployment rate. This led to the government of the day shifting its focus onto manufacturing and the subsequent two decades saw the development of various free trade zones and non-free trade zones where industrial investments were aggressively promoted. This strategy led to the industrial sector being set up as the main driver of the economy in Penang.

Traditionally, retail development on Penang Island was focused on the city area of Georgetown and originally comprised mainly shophouses along "shopping streets" such as Penang Road, Campbell Street, Burmah Road and Bishop Street. These were the main shopping precincts until the early eighties when the modern day shopping complexes came into being, the first one being KOMTAR. By the mid-nineties more complexes were completed and growth has also started to move outwards from the city centre to areas such as Tanjung Tokong (to the north-west) and Bukit Jambul (to the south).

Infrastructure linkages and major connectivity to the city▪ **Roads and Highways**

In terms of transportation infrastructure, Penang Island is well-serviced by a good network of roads with radial roads spreading out from the city centre of Georgetown to link it with the north beach areas of Tanjung Bungah and Batu Ferringhi, the central area of Air Itam and the southern parts of the island. The latest addition is the Jelutong Expressway which runs from Weld Quay in the city and connects it to Batu Maung at the south-eastern part of the island.

A Penang Outer Ring Road (PORR) has been in an advanced stage of planning for sometime already and this PORR, when built, will connect the northern Tanjung Tokong area to Air Itam and thereon to the Gelugor area near the Penang Bridge in the south-east.

From the south-eastern part, Penang Island is linked to Prai on the mainland by the 13-kilometres Penang Bridge. From the Penang Bridge interchange at Prai, one can be linked onto the North-South Expressway as well as the old north-south trunk road, both of which will traverse the entire length of the west coast of Peninsular Malaysia from the Malaysia-Thai border to Johor Bahru.

Work has commenced on the 2nd Penang Bridge linking Batu Maung at the south-west tip of Penang Island to Batu Kawan on the mainland at the south of Seberang Perai and is scheduled for completion in 2011.

▪ **Public Transportation**

The main form of public transportation is by bus and taxi. Intra state buses operated by Rapid Penang, Transit Link and various other companies service all the major areas and residential neighbourhoods on the island as well as the major towns in Seberang Perai. They operate from three hubs, one at KOMTAR; another at the Penang Island Ferry Terminal and from Tanjung Bungah. Interstate buses operate out of the main interstate bus terminal at Sungai Nibong and from here the island is connected to various major towns and cities in the other west coast states.

There are no trains on Penang Island but rail passengers will end up at the Butterworth Railway Station which is connected by a walkway to the Butterworth Ferry Terminal. From here, one can take the ferry across to the Island. Penang Island is also served by an international airport located at Bayan Lepas at the south-eastern part of the island.

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From here, there are regular connections to Kuala Lumpur and Johor Bahru besides other domestic destinations such as Kota Bahru, Kota Kinabalu, Kuala Terengganu, Kuantan, Kuching and Langkawi. There are also flights to international destinations such as Bangkok, Hong Kong, Macau, Singapore, Xiamen, Guangzhou, Taipei, Medan, Phuket, Jakarta, etc.

Regional settings of Penang

Penang is located at the north-western part of Peninsular Malaysia. Lying to the north-east of Penang are the States of Perlis and Kedah whilst to the south-east is Perak. Together, the four states of Penang, Perlis, Kedah and Perak make up the Northern Corridor Economic Region (NCER).

Launched in July 2007, the NCER is one of four economic regions identified under the Ninth Malaysia Plan for the promotion of a balanced and equitable national economic development. The NCER project is intended to transform Penang into a modern, vibrant centre and a major logistics and transportation hub.

Penang is also one of the main focal points of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) which originally included the Aceh and Sumatera Utara provinces of Indonesia, the States of Penang, Kedah, Perlis and Perak in Malaysia and the provinces of Yala, Satun, Narathiwat, Songkhla and Pattani in Thailand. In 2005, the areas have been expanded to include many more states and provinces of the above three countries.

Penang has been and still is the most urbanised and commercially active area in the northern region and acts as the main centre for commerce and the service sector, manufacturing, education as well as tourism. It is the undisputed leader in the northern states of Penang, Perlis, Kedah and Perak.

Even from a global perspective, Penang is a well-known tourist destination drawing tourists from Asia, Europe, Australia and America. It is also an established electronic manufacturing hub attracting investments from Malaysian companies as well as those from overseas especially the US, Germany, Taiwan, Japan and Singapore. Penang is expected to remain as the natural focal point for further development and will continue to play a lead role in the economic, social and infrastructural development of the northern region.

4.3.2 THE ECONOMY OF PENANG

(a) Economic growth

From statistics obtained from the Socio-Economic & Environment Research Institute (SERI), it is noted that Penang had expanded at an average growth rate of 7.6% (based on 2000 – Constant Prices) between 2006 and 2008 but is projected to register a negative growth of 3.2% in 2009 and increase to 4.7% in 2010. According to the Penang Structure Plan 2020, Penang's GDP is projected to grow from RM31 billion (2010) to RM72 billion (2020) at an average annual rate of 7.0%. In terms of GDP per capita, Penang is projected to achieve RM23,583 (2010); an increase of 64.0% from RM14,349 (2005).

(b) Economic activity

The manufacturing and services sectors are the main drivers of Penang's economy and their significant contribution to Penang's GDP over the last three years were recorded at 54.5% (2005); 56.5% (2006); 54.8% (2007) and 41.1% (2005); 39.3% (2006) and 41.1% (2007) respectively (source: Department of Statistics, Malaysia). Both these sectors are anticipated to remain as major contributors to Penang's economy as Penang is a popular tourist destination and its free trade zones continue to attract both local and foreign investments.

(c) Inflation

Inflation rate in Penang is expected to be similar to the national level which is estimated to be at 1.3% for 2009, a decrease from 5.4% recorded in 2008 following the rising fuel and food prices then.

(d) Investment

In 2009, a total of 104 approved manufacturing projects in Penang were recorded at RM2.2 billion with foreign investments making up 66.9% (RM1.5 billion) of the total value. The total approved manufacturing projects for Penang (2001-2008) was 1,104 projects with a combined capital investment of RM35.1 billion, of which 68.9% of the total combined capital investment were foreign investments.

(e) Employment trend

In terms of unemployment, Penang recorded an average unemployment rate of 1.8% between 1995 and 2004, which was relatively low when compared to the national average unemployment rate of 3.5% during the same period. In terms of employment by industry, the manufacturing sector in Penang provided about 32.0% of the total employment in the state in 2009.

(f) Tourism indicators

Tourist arrivals have been increasing from 3.1 million (2005) to 3.4 million (2007) and were targeted to reach 4.7 million (2010) and 6.0 million (2020) projected by SERI and Penang Structural Plan 2020. However, the latest figures as released by the Ministry of Tourism shows about 6.0 million visitors for Year 2009, a slight decline of 5.5% from the record of 6.3 million visitors for Year 2008. Responding to the increase of tourist arrivals, an additional 857 hotel rooms came on stream in 2009. This was contributed by Hard Rock Hotel (formerly Casuarina Hotel), Flamingo by the Sea (formerly Crown Prince) and Eastin Hotel. Another two hotels are under construction / refurbishment with several other projects in various stages of planning / approval.



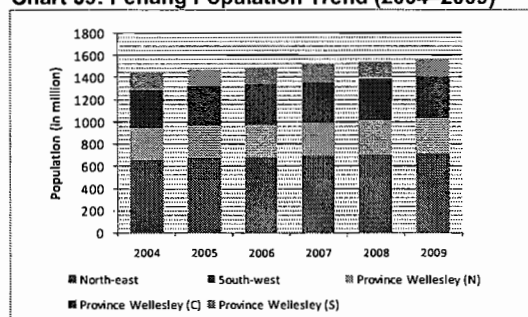
4.3.3 DEMOGRAPHIC INDICATORS OF PENANG

(a) Population growth

Penang State has an existing population of 1.6 million with an average annual growth rate of 1.8% for the past five years (2005-2009). Penang State covers an area of 1,048 square kilometres and has a population density of 1,505 persons per square kilometre which is ranked second in Malaysia after the Federal Territory of Kuala Lumpur. Penang State comprises two main areas, i.e. Penang Island and Province Wellesley (Seberang Perai). The highly populated areas are concentrated towards the North-East District in Penang Island and the district of Province Wellesley Central in Province Wellesley. The North-East District has the highest population contributing 32.0% to the total population of Penang state. However in terms of population growth, the South-West District recorded the highest increase. In comparison with Census 2000, the population in 2009 for the South-West District rose by 27.1%, followed by Province Wellesley South (26.2%), Province Wellesley Central (22.7%), Province Wellesley North (18.2%) and North-East District (14.9%).

The projected population for Penang state is 1.6 million by 2010 and approximately 2.0 million by 2020 (Penang Structure Plan 2020). The distribution of population between Penang Island and Province Wellesley was at the ratio of 46:54 (2009) and is projected to be at 45:55 (2010) and 40:60 (2020) in line with the anticipated higher population growth in Seberang Perai. The average household size for Penang state was 4.4 persons (2004), lower than the national average household size of 4.6 persons in the same year.

Chart 39: Penang Population Trend (2004–2009)



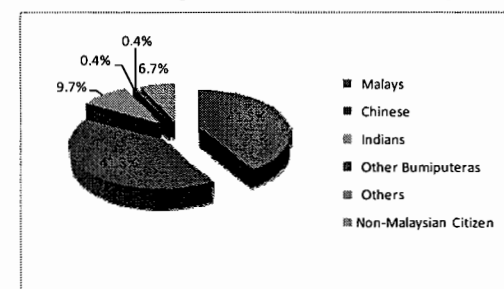
Source: Department of Statistics Malaysia

(b) Population by ethnic group

The chart below illustrates the estimated population breakdown according to ethnic groups in Penang state for 2009. The Malays and Chinese each constituted about 41.5% and 41.3% of the total population, followed by Indians (9.7%), Non-Malaysian Citizens (6.7%) and others (0.4%). In Penang Island, the Chinese ethnic group made up 51.0% of the total population and concentrates mainly in the North-East District.

The Non-Malaysian citizen group is estimated to increase by 34.8% from 78,200 in 2005 to 105,400 in 2009. This group also has the highest average annual growth rate of 7.7% over the past five years, followed by Other Bumiputeras (5.4%), Malays (2.2%), Others (1.3%), Indians (1.0%) and Chinese (0.8%).

Chart 40: Penang Population Breakdown by Ethnic Group (2009)



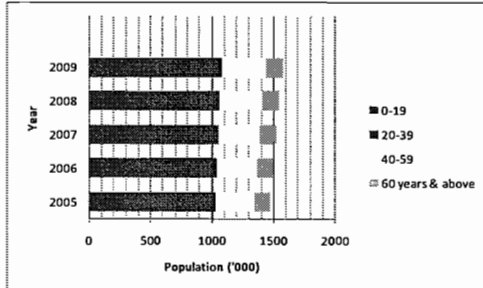
Source: Department of Statistics Malaysia

(c) Population by age group

35.4% of the total population in Penang State are between the ages of 0-19 years; 33.2% (20 to 39 years), 22.7% (40 to 59 years) and those aged 60 and above make 8.7%. Penang State has a high working population (20-59 years old) and constitutes about 56.0% (882,000 persons) of the total population.



Chart 41: Penang Population Breakdown by Age Group (2005-2009)

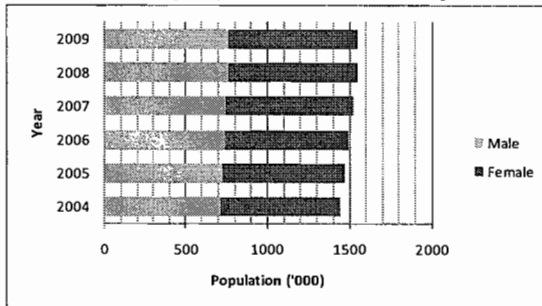


Source: Department of Statistics Malaysia

(d) Population by gender

As illustrated by the chart below, the distribution of male and female population was about equal since 2004. 2009 population statistics estimates that female population will constitute 50.7% whilst the male population constitutes about 49.3% of total population. Further analysis shows that the female population made up about 51.3% (452,600 persons) of the working population which totalled about 882,000 persons.

Chart 42: Penang Population Breakdown by Gender (2004-2009)



Source: Department of Statistics Malaysia

(e) Average monthly household income

The average monthly household income for Penang State was RM3,531 in 2004; approximately 8.7% higher than the national average monthly household income at RM3,249 (2004). From 2000 to 2004, there was an average annual growth rate of 2.5% and the monthly household income rose from RM3,128 (1999) to RM3,531 (2004).

4.3.4 OVERVIEW OF THE REAL ESTATE MARKET IN PENANG

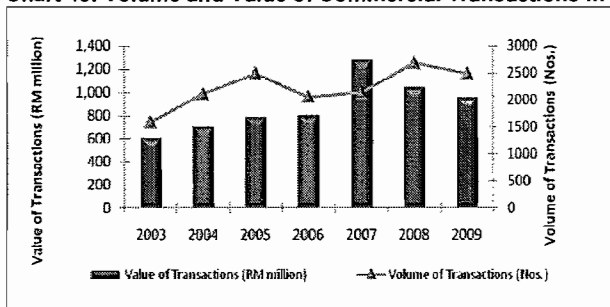
(a) Volume and Value of commercial transactions

Commercial property market activity in Penang over the last five years (2004 to 2008) grew at an average rate of 12.5% in terms of transaction volume and at 14.2% in terms of transaction value. The various components of commercial properties comprise shop house, retail lot, office lot, shopping centre, purpose-built office, hotel / serviced apartment, leisure as well as others. Volume of transactions in 2006 declined 17.0% as against a slight improvement of 3.9% in 2007 before it rebounded to 25.6% in 2008. However in terms of value, from 1.8% growth in 2006, it ballooned to 59.0% in 2007 (due to an active market of big value commercial transactions) before contracting to a negative 18.0% for 2008.

The first half of 2008 saw a total of 1,257 transactions with a total value of RM528.8 million as against 1,426 transactions worth RM512.5 million for 2H2008 and 2,476 transactions in 2009 for a total value of RM950.9 million. The volume of transactions decreased by 7.7% in 2009 as compared to 2008 whilst total value dropped by 8.7%.



Chart 43: Volume and Value of Commercial Transactions in Penang (2003-2009)

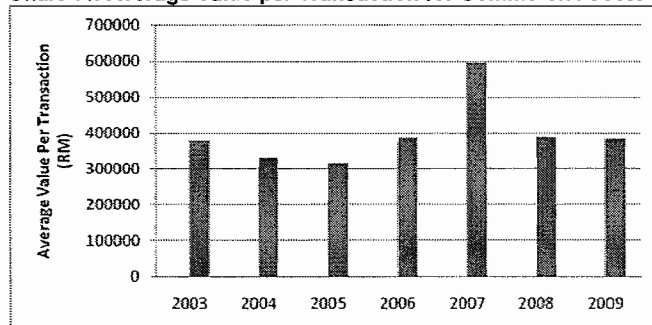


Source: Valuation and Property Services Department, Malaysia

(b) Average value per transaction for commercial sector

From an average value per transaction of RM380,207.55 recorded in 2003, there was negative growth of 13.0% and 4.7% for years 2004 and 2005 respectively followed by a positive 22.8% and 53.6% growth for 2006 and 2007 respectively before it decreased to a negative 34.7% in 2008. The average annual growth for the last five years from 2004 to 2008 was analyzed to 4.8% based on statistics from the Valuation and Property Services Department of Malaysia.

Chart 44: Average Value per Transaction for Commercial Sector in Penang (2003-2009)



Source: Valuation and Property Services Department, Malaysia

After Kuala Lumpur, commercial properties in Penang are also much sought after by both local and foreign investment funds. Commercial properties sold in 2008/2009 are fewer and also of much lesser value compared to 2007. Transactions in 2009 include Menara AHP2 (formerly Bangunan Mayban Trust), a 14-storey office block sold for RM10.0 million as against its Reserve Price of RM12.0 million whilst a 1.9 acre commercial site along Gurney Drive/ Kelawei Road with existing buildings and restricted use sold for RM18.3 million or RM227 per sq ft. However, transactions of redevelopment land suitable for commercial use have been recorded at prices ranging from RM300 to RM430 per sq ft in 2009.

4.3.5 REVIEW OF THE RETAIL MARKET IN PENANG

Retailing in the past was conducted in shophouses in shopping streets and this continued until the early seventies when medium-sized emporia came into the scene. The first 'modern' shopping complex, KOMTAR, was only opened in the early eighties. Because of the absence of any competition, it remained as the premier shopping complex for more than 15 years until the mid-nineties when the Bukit Jambul Complex, Midlands One-Stop Centre and Island Plaza were opened. The sudden surge in retail space provided the much needed competition and a much more vibrant environment ensued with better grade tenants and well-known brands being brought in. The recession during the late nineties affected the development of retail malls and some were abandoned. This created a lull in the incoming supply.

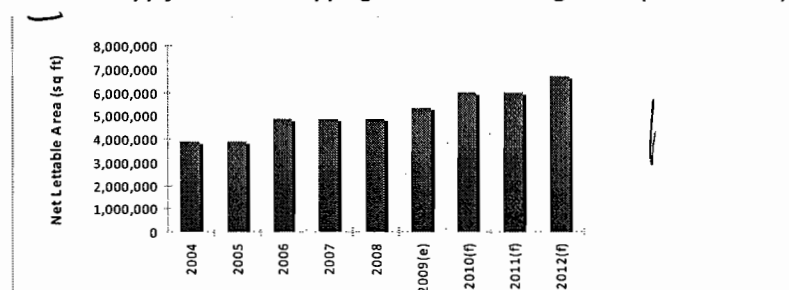
In 2000, Prangin Mall was opened with Gurney Plaza following suit in 2001; Queensbay Mall in 2006; the extension of Gurney Plaza in 2008 and the latest addition of Penang Times Square in 2009. These newer malls especially Gurney Plaza and Queensbay Mall are more modern and better designed "life style" malls with a variety of shopping, food & beverages and entertainment elements.

(a) Existing and Future Supply

The total net lettable area of purpose-built shopping malls in Penang Island as at 4Q2009 is approximately 5.3 million sq ft, of which 43.0% is located in the city. The average growth in supply over the past five years (2005 – 2009) was recorded at 5.9%. The existing supply saw an addition of 0.1 million sq ft following the completion of Gurney Plaza's extension in 2008 and another 0.3 million sq ft with the completion of Penang Times Square Phase 1 in 2009. Prime retail supply accounted for 34.0% (1.8 million sq ft) of total existing supply.



Chart 45: Supply Trend of Shopping Centres in Penang Island (2004 to 2012f)



Source: Valuation and Property Services Department, Malaysia / Knight Frank Research
 Note: (e) estimate (f) forecast

(b) Future Supply

Supply Under Construction

The anticipated completion of both Penang Times Square Phase 2 and 1st Avenue in 2010, both located within the city centre, will contribute an additional 659,000 sq ft to the existing supply of purpose-built shopping space. Come 2012/2013, another 700,000 sq ft will enter the market if Gurney Paragon gets completed as scheduled. Works on the retail mall has commenced. Gurney Paragon is an integrated development spread over 10.2 acres and comprises the retail mall, two blocks of high-end condominiums and a heritage building. The table below illustrates the incoming supply of shopping centres.

Table 13: Future Supply of Shopping Centres in Penang Island

Shopping Centre	Location	NLA (sq ft)	Expected Completion
Penang Times Square Phase 2	Jalan Dato Keramat	229,000	2010
1st Avenue (Komtar Phase 3)	Penang/Magazine Road	430,000	3Q2010
Subtotal (2010)		659,000	
Gurney Paragon	Gurney Drive / Kelawei Road	700,000	2012/2013
Subtotal (2012)		700,000	

Source: Knight Frank Research

Note:-

- Supply under construction comprises units where physical construction works are in progress.

Proposed Supply

Other than the developments under construction, there are several proposed projects anticipated to add on to the existing supply over the next few years. Three of the planned projects, namely Penang Times Square Phase 3, Tanjung Tourist Mall and Queensbay Mall extension, if completed will increase the existing supply of shopping centres on the island by another 0.9 million sq ft. The list of proposed supply is tabulated below.

Table 14: Proposed Supply of Shopping Centres in Penang Island

Shopping Centre	Location	NLA (sq ft)	Expected Completion
Penang Times Square Phase 3	Jalan Dato Keramat	290,000	2015
Tanjung Tourist Mall	Tanjung Tokong	230,000	NA
Queensway Mall extension	Bayan Baru	400,000	Development deferred
Sunshine Farim (former hypermarket site)	Bandar Baru Air Itam	NA	NA
Subtotal		920,000	

Source: Knight Frank Research

Note:-

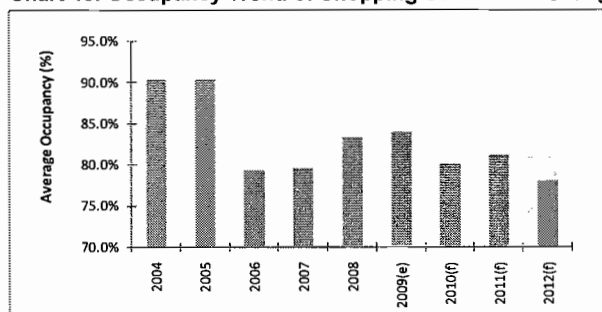
- Proposed supply comprises developments with building plans approved but have not started physical construction works as well as newly identified proposed projects.

(c) Demand Analysis

The average occupancy rate for shopping centres in Penang Island has generally remained constant at around or above 80.0% mark since 2004. Occupancy rates in 2004 and 2005 were at a high of 90.3% but declined to 79.3% in 2006 and subsequently increased to 79.6% in 2007 and 83.4% in 2008. In 2009, the occupancy rate is estimated at 84.0%. The average annual take up for shopping centres in Penang Island was estimated at 193,854 sq ft over the last five years. With the expected completion of another 660,000 sq ft of retail space in 2010 from two malls currently under construction, the average occupancy rate may dip to around 80.0% or so. The completion of Gurney Paragon scheduled in 2012/2013 may put more pressure on occupancy rates then.



Chart 46: Occupancy Trend of Shopping Centres in Penang Island (2004-2012f)



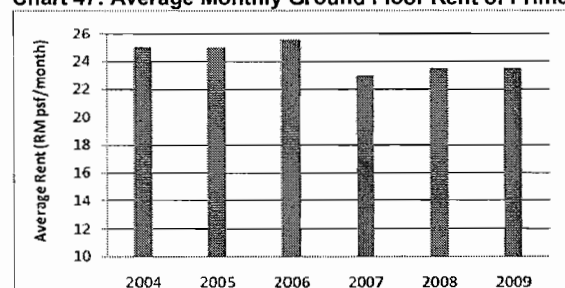
Source: Valuation and Property Services Department, Malaysia/ Knight Frank Research
 Note: (e) estimate (f) forecast

Based on our analysis, we noted that the prime purpose-built shopping centres for e.g. Gurney Plaza and Queensbay Mall recorded higher occupancy rates at 100.0% and 94.0% respectively while occupancy rates at the secondary complexes generally vary from 55.0% to 85.0%. The lower rates of some of the secondary complexes are attributed to the lack of strong anchor tenants and or crowd pullers that may be in the form of established entertainment centres/cinemas.

(d) Gross Monthly Rental

Rentals in prime malls have generally shown gradual increases as against little or no increase in rental movement within secondary complexes. Asking rentals for both categories of complexes were noted to be lower in view of the economic situation in late 2008 and early 2009. Ground floor rents of prime centres vary according to size and location of the shop lots. The chart below shows the average ground floor rent of prime centres in Penang Island currently at about RM23 per sq ft per month.

Chart 47: Average Monthly Ground Floor Rent of Prime Shopping Centres in Penang (2004-2009)



Source: Valuation and Property Services Department, Malaysia / Knight Frank Research

Note:-

Average ground floor rents of prime retail space for years 2004 to 2006 is based on that of Gurney Plaza only.

The scheduled completion of 1st Avenue and Penang Times Square Phase 2 in 2010 and subsequently Gurney Paragon in 2012/2013 will provide competition to the existing centres and mostly likely will push landlords to accept lower rents especially in the secondary centres.

(e) Capital Values

Since the last three transactions of retail complexes of Gurney Plaza, Island Plaza (major portion) and Tesco Hypermarket, Penang in Years 2007 and 2008, to date, there had been no other recorded transactions of shopping centres in Penang Island.

Table 15: Transactions of Shopping Centres, Penang (2007)

Date of Transaction	Building Name	Location	NLA (sq ft)	Selling Price (RM)	Price (RM per sq ft)	Tenure	Purchaser
2007	Gurney Plaza	Gurney Drive	698,739	RM770,000,000	RM1,102 inclusive of car parks	Freehold	CapitaRetail Gurney Sdn Bhd (formerly Front Winners Sdn Bhd)
2007	Island Plaza	Tanjung Tokong	326,800	RM120,000,000	Not Available	Freehold	Asian Retail Mall Fund / Pramerica Real Estate Investors (Asia) Pte Ltd

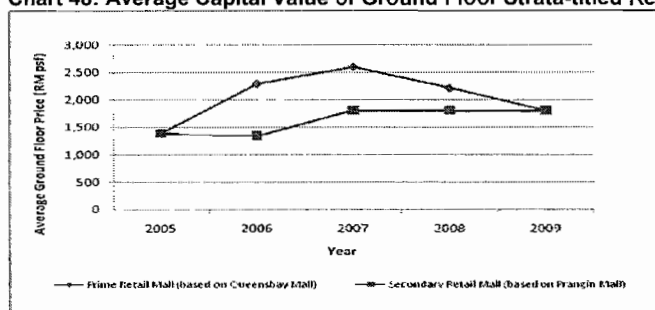


Most of the purpose-built shopping centres in Penang Island have been sold on strata basis and only a few have remained under single ownership for e.g. Gurney Plaza, Island Plaza (major portion) and Queensbay Mall (major portion). Some retail lots in Island Plaza and Queensbay Mall sold during the initial launch of the respective development in the 90's have remained in private ownership.

Transactions of ground floor retail lots (not belonging to the developer/management) in Queensbay Mall had been recorded at RM2700 per sq ft in 2007; from RM1800 to RM2200 per sq ft in 2008 and only one sale at RM1700 per sq ft in 2009. Ground floor lots at Prangin Mall have recorded prices of about RM1800 per sq ft in 2007 with no subsequent recorded sales for 2008 and 2009.

One of the three centres expected to add on to the existing supply from 2010 to 2012/2013 is for sale on strata basis. Capital values of such space can be expected to weaken.

Chart 48: Average Capital Value of Ground Floor Strata-titled Retail Space (2005-2009)



Source: Knight Frank Research

(f) Market Outlook

The existing supply of retail space will be increased not only from the anticipated completion of purpose-built shopping centres but also from other forms like hypermarkets and neighbourhood malls.

All these will contribute to a competitive retail property market as shoppers will have plenty of choice within the next five years. With shoppers being more discerning now, existing centres will need to constantly evolve to meet consumers' preferences and expectations in order to retain their target market failing which, they are likely to degenerate. Similarly, new centres will have to be more innovative in design and concept to have the competitive edge over the other centres. Emphasis need to be given to good complex management, practical, modern and tasteful design as well as "ideal tenant-mix" in order to draw the shoppers and maintain good occupancy and improve both rental and capital value levels.



5.0 REVIEW OF THE SUBJECT PROPERTIES

This section provides review of the subject properties i.e. Sungei Wang Plaza, The Mines and Gurney Plaza.

5.1 SUNGEI WANG PLAZA

5.1.1 LOCATION ANALYSIS

Sungei Wang Plaza, which is integrated with the adjacent Bukit Bintang Plaza, is strategically located at the crossing of Jalan Sultan Ismail and Jalan Bukit Bintang. The shopping centre is located within the established Bukit Bintang shopping district, which is popularly known as 'Bintang Walk' and famous for its broadwalk cafés and al-fresco dining.

There are several prime shopping centres located within a five-to-ten minute walk from Sungei Wang Plaza and they include Bukit Bintang Plaza, Lot 10, Starhill Gallery, KL Plaza, Pavilion KL (the latest shopping centre, which opened in September 2007), Low Yat Plaza and Berjaya Times Square. Sungei Wang Plaza is also surrounded by 5-star hotels, office buildings and food and beverage outlets.

Sungei Wang Plaza enjoys good accessibility and is supported by main arterial roads, namely Jalan Sultan Ismail, Jalan Bukit Bintang and Jalan Imbi. It is also served by the monorail which connects it to major nodal points in the city centre. The Bukit Bintang Monorail station is connected to the first level of Sungei Wang Plaza, making the centre convenient and easily accessible to shoppers. The Bukit Bintang area is also accessible via RapidKL buses with daily shuttle services available from the Kg. Baru and KLCC areas.

Kuala Lumpur City Centre (KLCC) is located to the north east of the Bukit Bintang area, approximately a five-minute drive from Sungei Wang Plaza via Jalan Sultan Ismail and Jalan P. Ramlee or alternatively via Jalan Bukit Bintang, Jalan Kia Peng and Jalan Binjai. The SMART Tunnel also provides easy access to the Bukit Bintang area from Jalan Sungei Besi and the KL-Seremban Highway.

5.1.2 DESCRIPTION OF THE CENTRE

Sungei Wang Plaza or "The River of Gold" is a well-established shopping centre which opened for business in 1977. This freehold shopping centre is more than 30 years old and has withstood the rapid change of the retail environment and stiff competition from newer and larger regional malls. The opening of new shopping centres in the Klang Valley has not affected the performance of Sungei Wang Plaza as it is located in the prime shopping district within Kuala Lumpur City. The success of the shopping centre is proven by its being awarded the First Prize in Tourism Malaysia Award 1996/1997 for the Best Shopping Complex, FIABCI Award of Distinction 1995 (Malaysian Chapter) for the Best Commercial Development, and FIABCI Prix d'Excellence (International Awards) 1996/1997 for Special Award (Retail Properties Category).

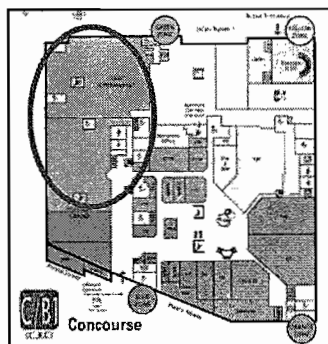
Sungei Wang Plaza is an 11-storey retail and entertainment centre inclusive of 2 basement levels and 2 elevated levels of car park with a retail floor area in excess of 820,000 sq ft. Of the total retail floor area, 61.9% (511,103 sq ft) is owned by Vast Winners Sdn Bhd and the remaining 38.1% is owned by multiple owners. Sungei Wang Plaza has been performing well despite having stratified retail space because Vast Winners Sdn Bhd owns large contiguous areas within the centre, which allows ease of asset enhancement works such as the reconfiguration of the Parkson concourse space into smaller specialty units. The success of the centre, evident from its consistently high occupancy and rental rates, is also attributed to its prime location, unique retail offerings as well having a professional centre management team.

The main entrance of the shopping centre fronts onto Jalan Sultan Ismail and there are also entrances from Jalan Bulan 1, the link bridge to the 1st floor from the Bukit Bintang monorail station and lateral access from the Lower Ground to the 3rd floor of Bukit Bintang Plaza. The centre is well equipped with good facilities, namely Auto Teller Machines (ATM), internet centres, surau (Muslim prayer room), post office, security escorts, service ambassadors, and wheel chairs as well as a security post near the escalators on every floor.

A total of 1,298 car parking bays are available within Sungei Wang Plaza (basement and upper level car parks). Access to the basement car park (basements 1, 2 and 3) is through Jalan Bulan 1 and Jalan Bulan 2 whilst access to the upper level car parks on the 4th and 5th levels of the building is through Jalan Bulan 1.



Key tenants

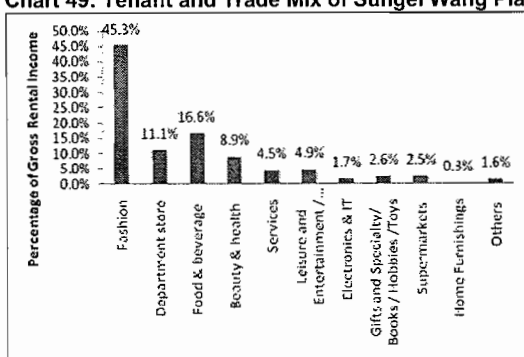


Key tenants of Sungei Wang Plaza include Parkson Grand and Giant Supermarket.

Tenant and Trade mix

The centre's trade mix is mainly made up of retail outlets comprising fashion stores (27.4% of total committed NLA), the department store (23.5%) and food & beverage outlets (13.8%). A wide variety of retail products from the low to mid range pricing can be found in the shopping centre. The tenant and trade mix of Sungei Wang Plaza is mainly focused and targeted at young and trendy shoppers. The occupancy rate for the net lettable area (450,470 sq ft) owned by Vast Winners Sdn Bhd (under CapitaMalls Asia) is approximately 98.8%.

Chart 49: Tenant and Trade Mix of Sungei Wang Plaza (by gross rent)



Source: CapitaMalls Asia Limited

Note: The tenant and trade mix is analysed based on the retail floor area owned by Vast Winners Sdn Bhd (under CapitaMalls Asia Limited)

The main tenants by contribution to total gross rental income of Sungei Wang Plaza are Parkson Grand (11.1%), Factory Outlet Store (F.O.S.)/F.O.S. Kids & Teens (3.1%), Giant Supermarket (2.5%), and KFC (2.4%), to name a few. The table below tabulates the top 10 tenants of Sungei Wang Plaza.

Table 16: Top 10 Largest Tenants (by gross rent)

Tenant	Trade	% Gross Rental Income
Parkson Grand	Department store	11.1%
Factory Outlet Store (F.O.S)/ F.O.S. Kids & Teens	Fashion	3.1%
Giant	Supermarket	2.5%
KFC	F&B	2.4%
McDonald's	F&B	1.8%
Airport	Leisure & Entertainment	1.6%
ROMP	Fashion	1.3%
Focus Point Optical City	Services	1.2%
Teppanyaki	F&B	1.1%
SEED	Fashion	1.0%
Other Tenants		72.9%
Total		100.0%

Source: CapitaMalls Asia Limited

Target Market

Sungei Wang Plaza draws the mass market crowd especially the young and trendy (15-25 years old) from the lower income to middle income groups with the majority from the Chinese ethnic group. In addition, the centre also draws strong patronage from domestic and foreign tourists especially on weekends and public holidays. Sungei Wang Plaza continues to be a leading established shopping centre even after more than 30 years and is well positioned to cater to young shoppers with its variety of fashionable and value-for-money labels.



5.1.3 TRADE AREA ANALYSIS

The main trade area and catchment of Sungei Wang Plaza is Kuala Lumpur Federal Territory with boundaries extending west to District of Petaling and east to District of Batu, north to Ulu Kelang and south to Cheras. However, due to Sungei Wang Plaza being a popular and established shopping centre, the trade area of Sungei Wang Plaza stretches out to the whole of Klang Valley with a population of approximately 6 million.

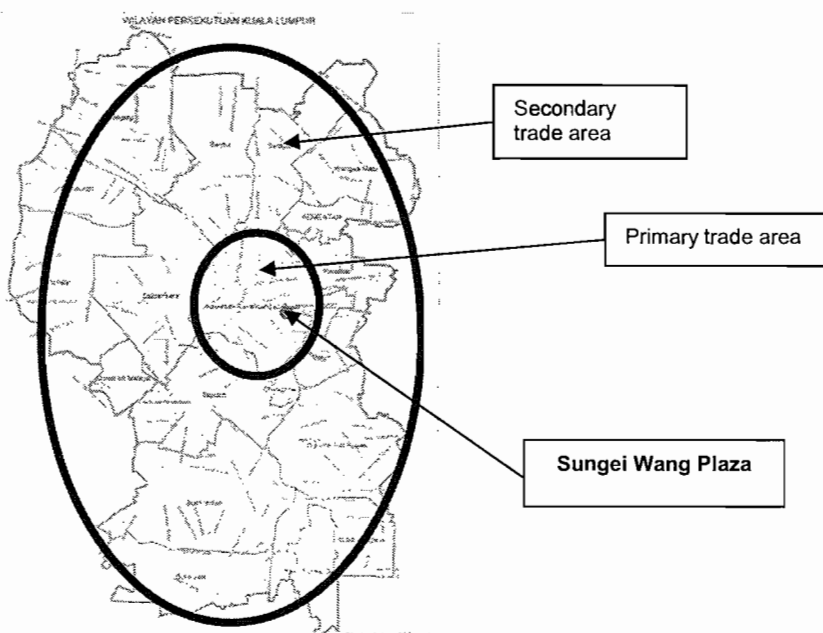
In 2009, the population of Federal Territory was approximately 1.66 million with a projected population of 1.68 million persons in 2010 (source: Department of Statistics Malaysia). The primary trade area includes the population within the city centre which accounted for 17.7% or 293,400 persons of the population within the Federal Territory in 2009. The population within the city centre is projected to rise to 298,100 persons by 2010 from the expected completion of approximately 1,150 units of condominiums in 2010. The secondary trade area covers a wider boundary of the Federal Territory, extending north to District of Batu and District of Setapak, west to District of Petaling and south to Cheras and District of Kuala Lumpur. Based on population information available from the Department of Statistics Malaysia, the current population within the secondary trade area is 1.36 million persons and it is expected to grow to 1.38 million persons by 2010 mainly due to migration, especially from other states. The following table and map illustrates the primary and secondary trade areas.

Table 17: Trade Area Analysis of Sungei Wang Plaza

District	2007	2008	2009	2010
Bandar Kuala Lumpur	284,400	288,800	293,400	298,100
Primary Area	284,400	288,800	293,400	298,100
Ampang	43,700	44,400	45,100	45,800
Kuala Lumpur	345,500	350,900	356,400	362,100
Cheras	14,600	14,800	15,000	15,300
Batu	307,000	311,800	316,700	321,700
Petaling	256,000	260,000	264,100	268,300
Setapak	318,300	323,300	328,400	333,700
Ulu Kelang	35,000	35,500	36,100	36,700
Secondary Area	1,320,100	1,340,700	1,361,800	1,383,600
Total Trade Area	1,604,500	1,629,500	1,655,200	1,681,700
Year-on-year change (%)	-	1.56%	1.58%	1.60%

Source: Department of Statistics, Malaysia

Map 1: Trade Area of Sungei Wang Plaza



In addition to the population analysis within the primary trade area, we have also analysed the working population within Kuala Lumpur Golden Triangle. In estimating the working population in the immediate surroundings of Sungei Wang Plaza, we have selected purpose-built office buildings along Jalan Sultan Ismail, Jalan Raja Chulan and Jalan Bukit Bintang which are served by the monorail stations thus providing convenient access to Sungei Wang Plaza.



Table 18: Working Population Catchment of Sungei Wang Plaza

Location	NLA (sq ft)	Occupied Space (sq ft)	Estimated Working Population
Jalan Sultan Ismail	5,953,024	4,805,634	20,100
Jalan Raja Chulan	3,899,463	3,015,897	20,100
Jalan Bukit Bintang	1,682,042	1,360,634	9,100
Total			49,300

Source: Valuation and Property Services Department Malaysia/ Knight Frank Research

Based on our analysis, the estimated working population within the surroundings of Sungei Wang Plaza is at 49,300 persons in 2009. The estimated figure represents approximately 80.0% of the total working population in the Golden Triangle of KL City.



Knight Frank

5.1.4 COMPETITION ANALYSIS

Existing Competition

Shopping Centre	Distance from Sungei Wang Plaza (radius)	Estimated Net Lettable Area (sq ft)	Description	Target Market	Main Trade Mix	Evaluation
Prime Centres Berjaya Times Square	0.10 km	1,700,000 (12 storey building including hotel and office towers)	Integrated development with retail, hotel and serviced apartment components. Completed in 2003.	Mass market of middle income level. Both local and foreign tourists.	Anchor tenants are GSC Cineplex and Cosmo's World; predominantly Fashion; Beauty & personal care and Food & beverage	The centre is currently about 80% occupied. Emphasis on leisure and entertainment activities. Vacant lots on upper floors. No tight control on tenant mix as shop lots on third to ninth floors are sold on strata basis.
Lot 10	0.06 km	256,811 (8 storey building and 7 storey annexe building)	Completed in 1990 and injected into Starhill REIT in 2005. Recent proposed rationalisation exercise in 2009 will see the disposal of Lot 10 (together with Starhill Gallery) to Starhill Global REIT.	Middle to middle upper income group and young population	Anchor tenants are Isetan and Debenhams. Predominant trade mix include Fashion; Beauty & personal care and Food & beverage	Currently about 94% occupied. The new food court, Hutong, boasts of popular hawkker fares. Debenhams which had its official launch on 14 th April 2010 occupies > 18,000 sq ft over 3 interconnected floors whilst the second National Geographic Store in the region (> 4,800 sq ft) opened on 7 th April 2010.
Starhill Gallery	0.30 km	297,354 (part of a 7 storey and 12 storey annexe building)	Completed in 1995 and refurbished in 2005. Starhill Gallery is linked to J.W Marriot Hotel. Injected into Starhill REIT in 2005. Recent proposed rationalisation exercise in 2009 will see the disposal of Starhill Gallery (together with Lot 10) to Starhill Global REIT.	Upper middle to high income group. Both local and foreign tourists	No anchor tenant Predominantly Designer fashion; Fashion; Timepieces and Food & beverage	Currently about 98% occupied. Caters for the niche and exclusive market with emphasis on food, fashion, living, beauty and art.

APPENDIX II - INDEPENDENT PROPERTY MARKET REPORT (Cont'd)



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Shopping Centre	Distance from Sungei Wang Plaza (radius)	Estimated Net Lettable Area (sq ft)	Description	Target Market	Main Trade Mix	Evaluation
Pavilion KL	0.32 km	1,370,000 (7 storey building)	Completed in September 2007. Integrated development with office, hotel and serviced apartment components.	Upper middle to high income group. Both local and foreign tourists	Anchor tenants are Parkson Grand and Tangs Studio; predominantly Fashion and beverage and Personal Care	Approximately 100% occupied. Impressive architecture and shop front design features. Draws office crowd from nearby prime offices.
Suria KLCC	1.22 km	1,000,000 (6 storey building)	Completed in 1998. Integrated development with Petronas Twin Towers, Menara Maxis, Menara ExxonMobil, Mandarin Oriental and Kuala Lumpur Convention Centre as well the KLCC LRT station.	Middle to upper income group. Both local and foreign tourists	Anchor tenants are Isetan, Parkson Grand, Cold Storage and TGV Cineplex. Other predominant trade mix are Fashion; Food & beverage and Leisure	Currently 100% occupied. Petronas Twin Towers is a famous tourist attraction that draws domestic and foreign tourists. High traffic even on weekdays (office crowd from surrounding prime offices).
Secondary Centres						
Bukit Bintang Plaza	0 km	432,000 (5 storey building)	Dated shopping centre which was completed in 1979. The centre is connected to Sungei Wang Plaza.	Lower to middle income group.	Anchor tenant is Metrojaya; predominantly Fashion; Food & beverage; and Beauty & personal care	Currently about 85% occupied. Lack of proper tenant and trade mix.
Low Yat Plaza	0.02 km	751,000 (10 storey building)	IT/computer centre. Completed in 1999.	Lower to middle income level. Mainly local young shoppers.	No anchor tenant. Mainly Computer/IT Communication and Food & beverage	Approximately 100% occupied. Successful computer/IT shopping centre.

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Being situated just off Jalan Bukit Bintang, Kuala Lumpur's premier shopping precinct, Sungei Wang Plaza faces existing competition from a significant number of shops and shopping centres in close proximity. The following shows the future competition coming from centres which are located in the city.



Table 19: Future Competition and Its Implication on Subject Property

Centre	Distance ¹ (km)	Estimated NLA (sq ft)	Estimated Year of Completion	Possible Market Positioning/ Target Market
Under Construction				
Suria KLCC (Phase 2)	1.27	140,000	2010	Upper middle and high income group
Kenanga Wholesale Centre	1.10	500,000	2010	Lower to middle income group
Fahrenheit 88 (formerly KL Plaza)	0.20	300,000	2010	Middle to upper middle income group
Proposed				
Vision City	2.1	750,000	Post 2010	Middle to upper middle income group
Plaza Rakyat	0.87	995,000	Post 2010	Lower to middle income group

¹ Distance in kilometres measured in a straight line from centre

In Kuala Lumpur City, the upcoming shopping centres are from the expansion of Suria KLCC (Phase 2), the refurbishment of KL Plaza (to be known as Fahrenheit 88) and Kenanga Wholesale City at Jalan Kenanga. These projects are due for completion in 2010 with accumulative space of 0.94 million sq ft.

A total of 1.75 million sq ft of retail space is being proposed from two projects in Kuala Lumpur City. Vision City, previously an abandoned project is currently being revived (sold to Quill Retail Malls, a subsidiary of Quill Group of Companies in July 2007) whilst Plaza Rakyat is still an abandoned project with no signs of construction work being resumed in the near future. Vision City is not viewed as a direct competitor as it targets a different market from Sungei Wang Plaza. Vision City is anticipated to target middle to upper middle shoppers in the sub-prime shopping areas i.e. Jalan Tunku Abdul Rahman and Jalan Raja Laut.

5.1.5 SWOT Analysis

Strengths

- **Prime location:** Located at Jalan Sultan Ismail and within the shopping district of Bukit Bintang, it is surrounded by Parkroyal Hotel, The Coronade Hotel and Berjaya Times Square Hotel and retail centres namely, Bukit Bintang Plaza, Lot 10, Low Yat Plaza and Pavilion KL.
- **Established shopping centre:** Sungei Wang Plaza continues to be a leading shopping centre despite being in the market for over 30 years. High traffic of shoppers is usually seen on weekends and public holidays and there is also considerable shopper traffic even on weekdays. The centre management team is active in conducting promotional activities and events such as launches of new products, to maintain high level of shopper traffic to stimulate spending.
- **Supported by public transportation:** The first floor of Sungei Wang Plaza is directly linked via a link bridge to the Bukit Bintang Monorail Station which enhances convenience for the shoppers. In addition, the shopping centre is also served by buses and taxis.
- **Easy accessibility:** The opening of the SMART tunnel and KL-Putrajaya Highway has enhanced the accessibility to Sungei Wang Plaza; reducing travelling time and providing alternative road access particularly during peak hours.
- **Tenant Mix:** Sungei Wang Plaza has its own target market with its unique tenant mix comprising many one-off retailers.

Weaknesses

- **Traffic congestion:** Congestion along Jalan Bukit Bintang and Jalan Sultan Ismail particularly during peak hours and festive seasons due to heavy shopper cum office traffic.
- **Floor layout:** The centre has secondary corridors and hidden shops, making it difficult for shoppers to locate the stores.
- **Strata ownership:** High individual strata ownership makes it more difficult to control the trade and tenant mix. There is duplication of similar product offerings throughout the entire centre. However, this weakness may be mitigated with Vast Winners Sdn Bhd's majority ownership of the shopping centre's aggregate retail floor area (61.9%) and the majority vote with respect to Sungei Wang Management Corporation. Moreover, Vast Winners Sdn Bhd also owns large contiguous spaces within the centre, which allows for asset enhancement initiatives within these areas.

Opportunities

- **High tourist arrivals and tourist spending:** Tourist arrivals to Malaysia are estimated to reach 24.6 million by 2010 with an annual growth rate of 8.4%. Tourist receipts are also expected to grow in tandem by 13.9% annually to RM60 billion within the same period and thus will have a positive effect on retail sales. Sungei Wang Plaza being located in a prominent shopping belt will gain advantage as tourists, both local and foreign, are usually familiar with the Bukit Bintang precinct and frequent the area for shopping.
- **Growing population in Kuala Lumpur City:** The population in Kuala Lumpur City is projected to grow at an average of 1.6% per annum to reach 298,100 by 2010. This consistent growth in population within the city coupled with the existing public transportation network will undoubtedly contribute to retail growth in Kuala Lumpur.

Threats

- **Stiff competition:** Sungei Wang Plaza may face competition from nearby shopping centres, particularly from Berjaya Times Square which has similar retail offerings especially in the fashion category.
- **Economic Uncertainties:** Although the economic situation has shown signs of improvement both globally and on a national basis, consumers may still be wary and continue to practice caution.

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5.2 THE MINES

5.2.1 LOCATION ANALYSIS

The Mines is located in the Seri Kembangan-Balakong locality and forms part of the successful Mines Resort City mixed development. The Mines Resort City consists of the following components:-

- retail (The Mines)
- exhibition (Mines International Exhibition & Convention Centre)
- resort hotel (Palace of The Golden Horses and Palace Beach & Spa)
- business centre (Mines Waterfront Business Park)
- golf course (Mines Resort & Golf Club)
- theme park (Mines Wonderland)
- bungalows precinct

It boasts the first-of-its-kind Venetian-styled canal in the South East Asia region. The Mines is surrounded by various well known landmarks such as the Mines Resort & Golf Club and The Palace of Golden Horses. The 18-hole world-class golf course is designed by world renowned Robert Trent Jones Jr. and played host to the World Cup Golf in 1999. The Palace of the Golden Horses is a 5-star luxury hotel set on the shores of the 150-acre lake and the hotel is distinctively known for its Moorish architecture.

The Mines is also within close proximity to the exclusive self-contained bungalow precinct which is part of the Mines Resort City (MRC) development. In addition to the bungalow community, there are also high end condominiums which include The Heritage Residence and the proposed Palace Residence Suites (affiliated with the exclusive Registry Collection which is the world's largest luxury exchange programme for high-end vacationers). The MRC community is also facilitated by an international school (Australian International School) which is located about five minutes drive from the shopping centre.

In addition, The Mines is surrounded by residential neighbourhoods namely Seri Kembangan, Serdang Perdana, Balakong, Serdang Lama, Taman Sungei Besi Indah and high rise residential schemes such as East Lake Residence, Fortune Park and Juta Mines. Apart from the housing areas, there are several established tertiary centres located within 10 to 20 minutes driving distance from the shopping centre which include Universiti Putra Malaysia, Universiti Tenaga Nasional and Universiti Kebangsaan Malaysia.

The shopping centre is strategically located within Klang Valley and accessible via several highways. The highways and main roads linking the shopping centre to other parts of Klang Valley are as follows:-

- Lebuhraya Sistem Lingkaran Kajang (SILK) : from Cheras Selatan / Sg Long / Kajang
- Lebuhraya Sg Besi (Besraya) : from Kuala Lumpur / Bandar Tasik Selatan / Serdang Lama / UPM
- KL-Seremban Highway : from Kuala Lumpur
- KESAS Highway and Middle Ring Road 2 : from Cheras, Puchong, Subang and Klang
- Jalan Besar Seri Kembangan : from Seri Kembangan
- Jalan Raya Utama : from Serdang Raya / Serdang Perdana

In addition to the road linkages, The Mines is also served by various types of public transportation which includes the KTM Komuter, Rapid KL bus service and taxis. The Serdang KTM Komuter station is the nearest to The Mines, located within 15 minutes walking distance. Within the MRC development, there are also water taxis available that connect the North and South Lakes cruising through the canal that runs into The Mines.

5.2.2 DESCRIPTION OF THE CENTRE

The Mines is located approximately a 30-minute drive away from the city of Kuala Lumpur. It is the only shopping centre in the country which has a canal flowing within. The canal links two lakes namely North Lake and South Lake and provides a cruise service for shoppers and residents within the MRC development.

The shopping centre spans over approximately 4.1 hectares of leasehold land and spreads over 719,563 sq ft of net lettable area. There are two entrances to the shopping centre, i.e. the L1 entrance (fronting SILK Highway / Jalan Balakong) and the L3 entrance (fronting Jalan Dulang). There are also drop off zones at these two entrances. The Mines is connected to the Mines International Exhibition and Convention Centre via a pedestrian bridge located on L4 of the shopping centre.

Facilities provided within The Mines include a nursery room, auto teller machines (ATMs), surau, security escort, public phones, and ample parking space. A total of 1,282 car parking bays are available and spread over four split levels. In addition to the car parking bays provided within the centre, shoppers can also park their cars in car park bays provided in the exhibition centre, which is located next to the shopping centre.

Key tenants

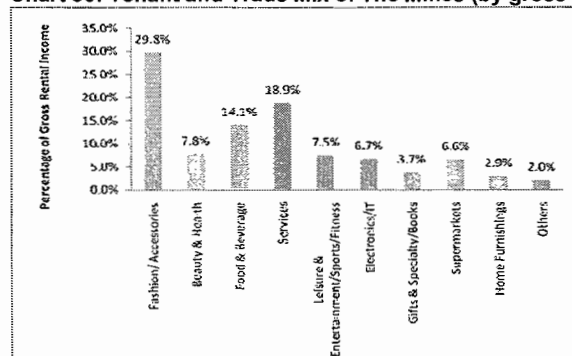
The main key tenant of The Mines is Giant Hypermarket whilst other junior key tenants include Tanjong Golden Village (TGV) cinema, AtHome, Cobay, Challenger and Mines Bowl.



Tenant and Trade mix

The shopping centre has presently approximately 97.5% occupancy. Of the total committed NLA, 21.8% is tenanted by fashion and accessories outlets, 16.0% is tenanted by the supermarket, and 13.7% is tenanted by leisure & entertainment/ sports/ fitness outlets. The Mines is also well-known as a telecommunication and IT centre with a variety of brand options available.

Chart 50: Tenant and Trade Mix of The Mines (by gross rent)



Source: CapitaMalls Asia Limited

The analysis of the ten largest tenants by their contribution to the total gross rental income revealed that Giant Hypermarket contributes the most to the centre, accounting for 6.6% of the total monthly gross rental income. Other top paying tenants include Challenger (2.2%) and Cobay (1.9%) in the IT trade and leisure and entertainment trade respectively. The following table shows the top ten largest tenants by monthly gross rent.

Table 20: Top 10 Largest Tenants (by gross rent)

Tenant	Trade	% Gross Rental Income
Giant Hypermarket	Supermarket	6.6%
Challenger	IT	2.2%
Cobay	Leisure & entertainment	1.9%
Spices of Malaysia	F&B	1.7%
Nichii	Fashion	1.6%
TGV Cinemas	Leisure & entertainment	1.5%
Effu	Fashion	1.2%
Mines Bowl	Leisure & entertainment	1.0%
AtHome	Houseware & Furnishings	0.9%
Kitschen	Fashion	0.9%
Other Tenants		80.5%
Total		100.0%

Source: CapitaMalls Asia Limited

Target Market

The Mines, which is complemented by the Mines Resort & Golf Club, The Palace of Golden Horses and Mines Beach Resort, draws primarily young shoppers (15 to 25 years old), students from nearby tertiary establishments as well as tourists with its unique canal and cruise concept. With Giant hypermarket as its anchor tenant and the newly completed Splash Park at Level 5, the centre has also attracted family shoppers, especially during weekends and school holidays.

5.2.3 TRADE AREA ANALYSIS

The primary trade area of The Mines is the population residing in the immediate vicinity of the shopping centre (approximately five kilometres radius from The Mines). Based on the population information from the Department of Statistics Malaysia, the primary trade area consists of the population residing in Balakong, Serdang Lama and Seri Kembangan which totalled approximately 271,400 (2009) and this is estimated to increase to 280,700 (2010). The secondary trade area of the shopping centre covers residential areas located further away from The Mines which includes part of Selangor and the Federal Territory of Kuala Lumpur.

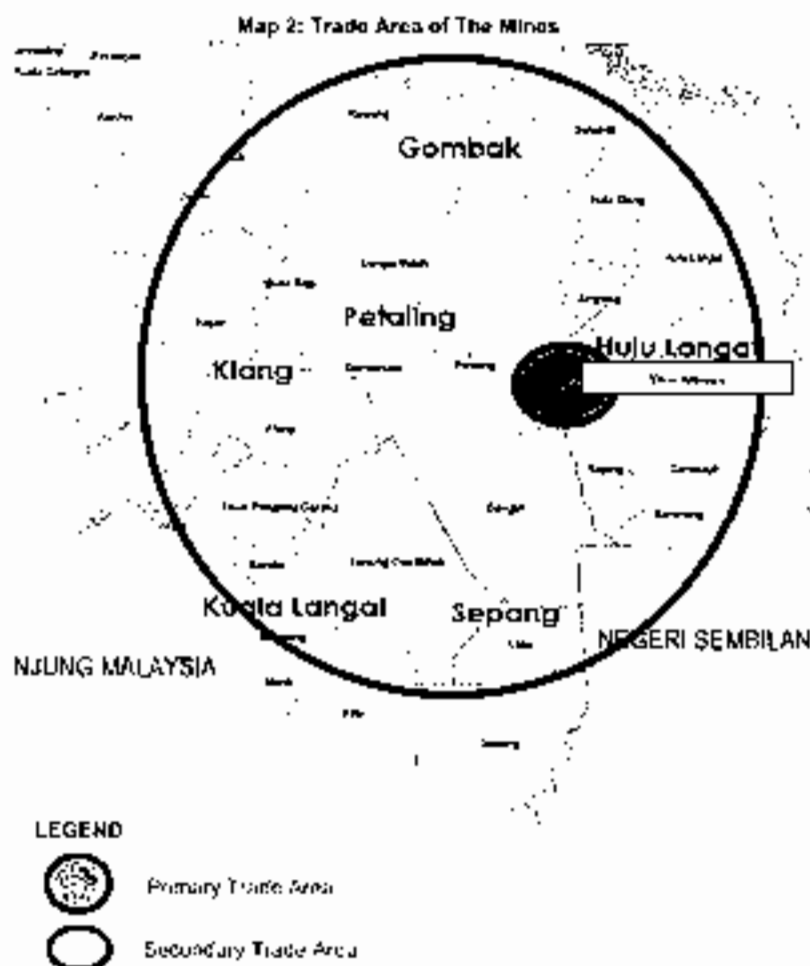


Table 21: Trade Area Analysis of The Mines

Dist/dep	2007	2008	2009	2010
5 km radius from The Mines	253,509	262,400	271,400	280,700
Primary Area	253,800	262,400	271,400	280,700
Gombak	462,300	675,600	680,700	731,800
Klang	839,450	875,100	843,700	956,700
Kuala Langat	235,300	239,700	244,100	248,500
Petaling	1,467,800	1,514,100	1,547,100	1,581,100
Selangor	142,200	146,400	150,500	154,700
Ulu Langat	1,113,900	1,142,500	1,173,900	1,200,200
Kuala Lumpur Federal Territory	1,601,500	1,629,100	1,655,100	1,681,700
Secondary Area	6,048,500	6,172,800	6,297,100	6,424,700
Total Trade Area	6,302,300	6,435,200	6,568,500	6,705,400
Year-on-year growth		2.11%	2.07%	2.08%

Source: Department of Statistics, Malaysia / Knight Frank Research

Based on latest population information available from the Department of Statistics Malaysia, the secondary trade area has a population estimated at approximately 6.3 million persons (2009) and projected to exceed 6.4 million persons (2010), indicating the potential demand for retail space in the near future.





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5.2.4 COMPETITION ANALYSIS Existing Competition

Shopping Centre	Distance from Mines Shopping Fair (radius)	Estimated Net Lettable Area (sq ft)	Description	Target Market	Main Trade Mix	Evaluation
Prime Centres						
Aeon Cheras Selatan	4.96 km	343,099	Stand alone neighbourhood shopping centre. Completed in 2007.	Mass market of middle income level from residents in Seri Kembangan, Serdang, Cheras Selatan and Kajang areas. Also target students from colleges and universities nearby.	Anchor tenants are Jusco, TGV cinema and Green Box Karaoke; predominantly Fashion; Food & beverage; and Accessories	Approximately 100% occupied. Trade mix consists of mainly F&B, fashion and entertainment. Insufficient car park bays, especially on weekends.
Aeon Taman Equine	5.76 km	291,992	Stand alone neighbourhood shopping centre. Completed in 2006.	Mass market of middle income level from residents in Seri Kembangan, Serdang and Taman Equine. Also target students from colleges and universities nearby.	Anchor tenants are Jusco and Green Box Karaoke; predominantly Fashion; Specialty; and Food & beverage	Approximately 100% occupied. Trade mix consists of mainly fashion and F&B.
Secondary Centres						
EduMail@SouthCity (formerly known as South City Plaza)	0.75 km	799,516	An integrated development consisting of a retail centre, SEGI College (Block A) and NEP HQ (Block B). Block A and Block B with a total NLA of 66,606 sq ft were injected into AmanahRaya REIT in 2007. Completed in 2003. Refurbishment and rebranding in 2009. Proposed development comprising 2 blocks of 13-storey apartments atop the shopping mall	Mass market of low and middle income level from residents in Seri Kembangan and Serdang areas. Also targets students from its major educational tenants such as SEGi College, International College of Health Science (ICHS), etc and other colleges and universities nearby.	Anchor tenant is Giant; Other major tenants are predominantly Educational	Current occupancy is approximately 50%. Many vacant lots on upper floors. The centre lacks proper trade and tenant mix.



The Mines faces competition from the other shops and shopping centres in Seri Kembangan and southern Klang Valley. Its closest competitors include AEON Cheras Selatan, AEON Taman Equine and EduMall@South City, although the former have NLAs less than half that of The Mines and EduMall has a much lower occupancy rate than The Mines.

Table 22: Future Competition and Its Implication on Subject Property

Centre	Distance ¹ (km)	Estimated NLA (sq ft)	Estimated Year of Completion	Possible Market Positioning/ Target Market
Under Construction				
Mines Shopping Fair (Phase 2)	0.1	300,000	Post 2010	Middle to middle upper income group
Precinct 3 Putrajaya	14	40,000	2011	Middle upper income group
IOI Resort City Mega Mall	11	1.7 million	2012/2013	Middle upper income group
Proposed				
Serdang Plaza	2.4	300,000	Post 2010	Lower to middle income group

Source: Knight Frank Research

¹ Distance in kilometres measured in a straight line from centre

Based on the list of future competitive centres, the nearest future competition to The Mines would be Mines 2. This mixed development comprising office and retail components is sited next to the subject property and is being developed by Country Heights Holdings Berhad. Mines 2 is currently undergoing construction and may only be completed 2010/2011. We were informed by the developer that Mines 2 will be targeting the middle and upper middle income shoppers. Based on enquiries with the developer of Mines 2, we understand that the centre has a proposed trade mix which includes a one-stop digital street, bowling centre, cinema, roof-top theme restaurants and F&B outlets, amongst others.

The two ongoing projects in Putrajaya (Precinct 3 Putrajaya and IOI Resort City Mega Mall) are not viewed as direct competitors as they are located a distance away from The Mines.

5.2.5 SWOT ANALYSIS

Strengths

- **Strategic location:** The Mines is strategically located in Seri Kembangan, approximately 30 minutes drive time from KL City and is accessible via major roads and highways within the Klang Valley. In addition, it has a large population catchment as it is surrounded by numerous residential neighbourhoods in the Seri Kembangan-Serdang locality as well as several institutions of higher learning.
- **Comprehensive mixed development:** The shopping centre forms part of the mixed development of Mines Resort City, complemented by the exhibition centre, the golf course and the hotels.
- **Unique feature 'water canal':** The Mines is the only shopping centre in Malaysia and the South East Asia region which has a water canal running through the centre. This unique feature is attractive not only to domestic shoppers but foreign tourists as well. The 1,054-metre long canal connects the North and South Lakes with cruise ride services provided.
- **Supported by good public transportation:** The Serdang KTM Station is located only within 15 minutes walking distance from The Mines. In addition, the centre is also well served by buses and taxis.
- **More variety in retail offer:** The Mines is now able to offer more variety of retail products due to improved retail trade mix and tenant mix following its extension of retail space and improved centre management.
- **Improvement in parking facility:** The car park facility has undergone upgrading works with improved lightings, signage, and automatic sensors to indicate the availability of parking bays.

Weaknesses

- **Road signage to the centre:** The placement of signage to the centre creates confusion to motorists travelling from Besraya Highway. Motorists who are unfamiliar with the location of the centre could easily take a wrong turn at the junction of Besraya-SILK Highway which will lead them onto the SILK Highway.

Opportunities

- **Klang Valley's Southern Corridor:** The synergy of development in Putrajaya, Cyberjaya, KL International Airport and Sepang International Circuit has contributed to the robust developments and population growth in the southern part of Klang Valley. We are of the opinion that the subject property being strategically located between Kuala Lumpur and the Klang Valley Southern Corridor will benefit in the long term from the potentially large population catchment in this southern corridor, which grew more rapidly than Selangor state's population growth rate which averages between 3.0% and 4.0% per annum.



Threats

- **New shopping centres:** New centres such as the under construction Phase 2 of The Mines and the abandoned Serdang Plaza when revived may draw similar target market as the subject property. The extent of the competition, however, depends on the market positioning, trade and tenant mix that these new centres will be offering.
- **Economic Uncertainties:** Although the economic situation has shown signs of improvement both globally and on a national basis, consumers may still be wary and continue to practice caution.

5.3 GURNEY PLAZA

5.3.1 LOCATION ANALYSIS

Gurney Plaza is strategically located along the southern side of Gurney Drive (Pesiaran Gurney), a promenade popular with both locals and tourists. It is situated approximately four kilometres and six kilometres due north-west of Kompleks Tun Abdul Razak (KOMTAR) and the Penang Ferry Terminal respectively. The Penang Bridge and Bayan Lepas International Airport are about 12 and 22.5 kilometres due south of Gurney Plaza.

It enjoys dual frontages onto Gurney Drive and Jalan Kelawei. It is easily accessible from KOMTAR via Jalan Burmah, Jalan Pangkor, Jalan Kelawei, Jalan Concordia and thence onto Gurney Drive. Alternatively, it is accessible from the Batu Ferringhi tourist belt via Jalan Batu Ferringhi, Jalan Tanjung Bungah, Jalan Tanjung Tokong and thence onto Jalan Kelawei or Gurney Drive.

This area is an upmarket residential area but also houses hotels and numerous hawker centres. Luxury condominiums located nearby include The Regency, Millennium Tower, Silverton Condominium, Gurney Palace, No. 11 Gurney Drive, The Palazzo and the newly completed LOOC Residence. Prominent landmarks in the immediate neighbourhood include the G Hotel, Gurney Plaza (the subject property), the popular Gurney Drive hawkers' centre and Gurney Paragon, a 10.2 acre to be developed with high end condominium / service apartments, a 700,000 sq. ft shopping complex and a heritage building. Other hotels nearby include Evergreen Laurel Hotel, Gurney Hotel and Good Hope Inn.

A stretch of the proposed 17-kilometre expressway, Penang Outer Ring Road (PORR) from Tanjung Tokong to Gelugor, will be built on reclaimed land off the shore of Gurney Drive and a new Gurney Drive is being planned that will include a 10-acre public park and two-kilometre promenade that will be beside the road, on the seafront. Shopping centres located within a five kilometre radius of Gurney Plaza include One-stop Midlands Park to the south-west, Island Plaza to the north-west and KOMTAR and Prangin Mall to the south-east. There are several tourist spots located within close proximity to Gurney Plaza and they include Dharmikarama Bumese Temple, Wat Chaiya Mangkalaram, Nattukkotai Temple, Youth Park and Botanical Gardens.

5.3.2 DESCRIPTION OF THE CENTRE

Gurney Plaza is a well-established shopping centre which opened for business in 2001. Since then, it has successfully re-defined the standards for shopping centres in Penang. Gurney Plaza, a freehold property, is nine years old, while the extension was completed at the end of 2008. It is the second newest and biggest shopping centre within Penang Island after Queensbay Mall, a revived project which opened for business in December 2006.

The first wing of Gurney Plaza is an eight-storey building with two basement levels and with a lettable floor area of 707,503 sq ft and gross floor area of 1,106,926 sq ft. The extension erected on the south-eastern portion to the building fronting Jalan Kelawei was completed and opened for business in November 2008. This extension with nine above-ground stories and one basement level has added approximately another 135,000 sq ft to the existing lettable area of the building.

The main entrance of the shopping centre fronts onto Persiaran Gurney (Gurney Drive). Other entrances are from Jalan Kelawei and the lateral access from G-Hotel. The centre is well equipped with good facilities, namely Auto Teller Machines (ATM), baby diaper changing stations, wireless internet service at certain areas, security escorts, service ambassadors and wheel chairs. The total number of car parking bays presently available within Gurney Plaza (basement and car park on upper levels) now numbers 1,075. Access to the basement car park (basement 1 and 2) and those on the upper levels (4th floor to and 8th floor) is through Gurney Drive and Jalan Kelawei. Outdoor surface car parking bays are also available along Gurney Drive and the service road which runs parallel to Jalan Kelawei. For convenience, car parking payments within the building is based on an auto-pay car park system.



Key tenants

The main key tenant of Gurney Plaza is Parkson, occupying three levels from ground floor up to the second floor at the old wing and four levels from ground to the third floor at the new wing. The other key tenants include Golden Screen Cinemas (GSC) on the seventh floor and Cold Storage at the basement level. Parkson is one of the leading departmental stores in Malaysia. It was established in 1987 and is currently one of the largest retail chains in Malaysia. The GSC operates the largest cinema circuit in the country with 22 locations. Its outlet at Gurney Plaza comprises 12 cineplexes and is one of the larger multiplexes operated by GSC in Malaysia.

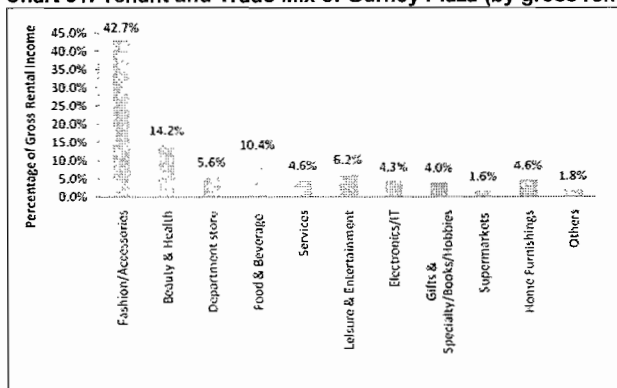
Tenant and Trade mix

The centre currently enjoys a 96.4% occupancy rate. Of the total committed NLA, fashion and accessories outlets occupy 23.0%, the department store occupies 16.7%, and leisure and entertainment outlets occupy 12.8%. A wide range of products can be found in the shopping centre from low priced retail products to high-end ones. The tenant and trade mix of Gurney Plaza is mainly focused on the shoppers from the middle to higher income groups as well as tourists.

Each floor of the centre is conceptualised with a theme as follows:-

Basement	The Market Place / Food Court
Ground Floor	International Collections and Regional Brands / Alfresco Dining Area
First Floor	Home Grown and Regional Brands
Second Floor	Active Wear and Sports
Third Floor	Music / Children's Precinct / Bookstores and IT Products
Fourth Floor	Home Furnishing / Beauty / Slimming and Hair Salon
Seventh Floor	Entertainment City / Food Outlets / Fitness

Chart 51: Tenant and Trade Mix of Gurney Plaza (by gross rent)



Source: CapitaMalls Asia Limited



The top three tenants by contribution to total gross rental income in Gurney Plaza are Parkson (5.6%), Padini Concept Store (2.6%) and Esprit/Red Earth (1.8%).

Table 23 below tabulates the list of top 10 tenants in relation to the contribution to the total monthly gross rent in Gurney Plaza.

Table 23: Top 10 Largest Tenants (by gross rent)

Tenant	Trade	% Gross Rental Income
Parkson	Department Store	5.6%
Padini Concept Store	Fashion	2.6%
Esprit/Red Earth	Fashion	1.8%
Cold Storage	Supermarket	1.6%
Nichii	Fashion	1.4%
Reject Shop	Fashion	1.4%
Golden Screen Cinemas	Leisure & entertainment	1.4%
G2000	Fashion	1.4%
Quiksilver	Fashion	1.4%
Celebrity Fitness	Beauty & health	1.3%
Other Tenants		80.1%
Total		100.0%

Source: CapitaMalls Asia Limited

Target Market

The target market for Gurney Plaza encompasses mainly those in the middle-income to high-income brackets. The targeted groups are also a mixture of families as well as teenagers and young adults. As it is also a "regional centre", it will naturally tap on the domestic and foreign tourists as another significant segment of its market. The tenants of Gurney Plaza comprise a mixture of international and regional brands, up market home grown labels as well as upper middle and mid-market merchandise tenants.

5.3.3 TRADE AREA ANALYSIS

The main trade area comprises all the areas within the state of Penang which currently has a total population of 1.6 million. This population is projected to grow to 2.0 million in 2020. The population for Penang Island itself is 0.7 million. However, the primary trade area includes the entire North-East District (Daerah Timur Laut) of Penang Island as well as part of the South-West District (Daerah Barat Daya). These areas currently have a total estimated population of 530,400 with an average annual growth rate of about 1.4% for the past five years. The secondary trade area includes the remaining areas of the South-West District and the entire Province Wellesley on the mainland. Currently, the total estimated population of the trade area stands at 1,609,800 and with an average annual growth rate of about 2.0% for the past five years. Other than the above, the trade area also extends to the States of Perlis and Kedah and the northern part of Perak albeit to a lesser extent.

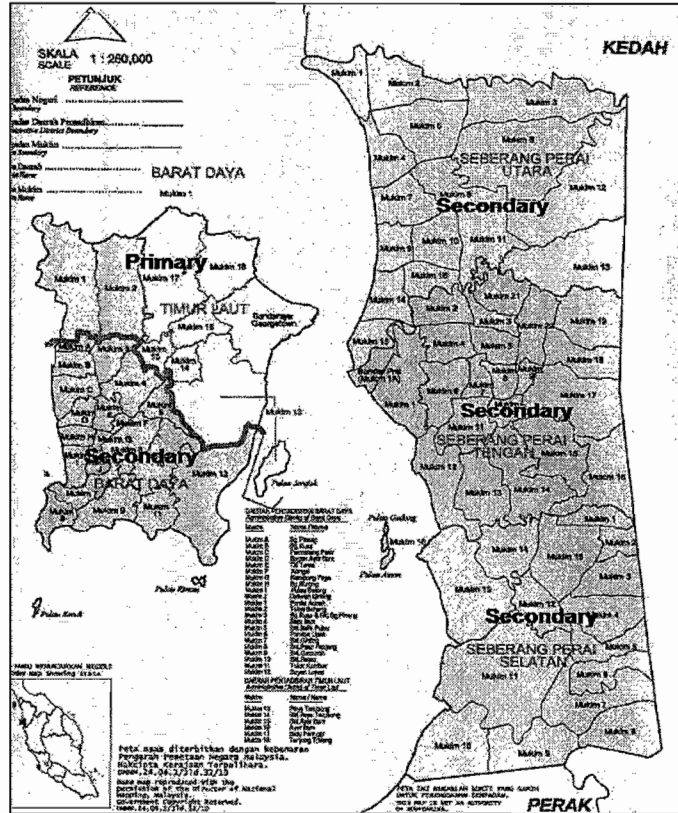
Table 24: Trade Area Analysis of Gurney Plaza

District	2007	2008	2009	2010
North-east	494,000	502,300	511,300	520,900
South-west (N)	9,100	9,200	9,300	9,500
Primary Area	503,100	511,500	520,600	530,400
South-west (S)	196,800	201,300	206,000	210,900
Province Wellesley North	297,200	302,000	307,200	312,900
Province Wellesley Central	369,400	377,000	384,900	393,400
Province Wellesley South	152,000	155,000	158,600	162,200
Secondary Area	1,015,400	1,035,300	1,056,700	1,079,400
Total Trade Area	1,518,500	1,546,800	1,577,300	1,609,800
Year-on-year growth	-	1.86%	1.97%	2.06%

Source: Department of Statistics, Malaysia / Knight Frank Research



Map 3: Catchment Area of Gurney Plaza



APPENDIX II – INDEPENDENT PROPERTY MARKET REPORT (Cont'd)

Knight Frank

5.3.4 Competition Analysis
Existing Competition

Shopping Centre	Estimated Net Lettable Area (sq ft)	Description	Target Market	Main Trade Mix	Evaluation
Prime Centres					
Queensbay Mall	1,000,000	5-storey mall with both basement and upper levels car parking. Part of a 73 acre water front development. Opened on 1 st December 2006	Locals; population from the industrial parks of both Penang Island and mainland; tourists; also targeting middle –income to upper-middle and higher income groups	Major Anchor: Jusco (25%) Junior Anchors: Golden Screen; Central Park; Harvey Norman; Borders	Occupancy at about 90%; A minor portion of building sold on strata basis; Some hidden lots; Mall too elongated and not able to see all shops at a glance; Shopper access from the internal parking bays to the mall not too good
Secondary Centres					
Prangin Mall	590,000	6-storey mall with 2 basement and 2 upper levels of car parking and 2 atriums	Low to middle income; Locals and tourists; Young crowd	Major Anchor: Parkson Grand; Junior: Giant Supermarket; Cathay Cineplex; Popular Book Store	Occupancy has since dropped to about 80%; strategic location but sold on strata basis; no tenant-mix control; repeated trades leading to competition among traders e.g. hair salons
Island Plaza	330,000	6-storey retail podium with 2 basement levels with an 8-storey office block; Opened in 1997	Middle income to upper income groups	Metrojaya as main anchor tenant; Mini Anchors:-Fitness First; HSL; Cold Storage Supermarket	Occupancy still low at about 55%; Not optimum size; Entertainment facilities & food court since closed; lack of variety; Plans are afoot for refurbishment in 1H2010
Bukit Jambul Kompleks	590,000	6-storey building with basement and upper levels of car parking; Opened in 1997	Residents of Bandar Bayan Baru / Relau / Sg Ara; Low to middle income group	Anchor: Kamdar; Mydin;-predominantly IT and mobile phone outlets as well as fashion	Occupancy is now at about 85%; Popular with locals and foreign workers; No tenant-mix control as it has been sold on strata basis; Former skating rink area converted to retail space; 6 cineplexes which had closed is now reopened under a new operator
One Stop Midlands	520,000	Integrated development with retail, hotel and office components; 8-storey retail together with basement car park; Completed in 1996	Visiting family members of foreign patients "medical tourism" at Adventist Hospital; young crowd buying IT stuff; low to middle income groups	Recently secured Adventist College of Nursing as mini anchor. No crowd puller anchor tenants; Big Cinema Lotus 5 Star; predominantly IT and mobile phone outlets as well as hair salons	Occupancy rate increased to 66%. No control on tenant-mix as all units are sold on strata basis; hop scotch retailers; Previous attractions and recreational facilities of bowling alley; roof top water theme park are no longer operating.
Penang Times Square – Phase 1	337,000	Integrated development with 20-storey apartment block on 4-storey retail podium Completed in 2009		Anchor: Sunshine City; others – mainly F & B; Fashion; Electrical / electronic outlets	Occupancy rate at about 60%. Sold on strata basis; Developer working hand in hand with strata unit owners to establish a good tenant-mix-whether successful or not is yet to be seen





Although situated closer to other malls, the most relevant competitor to Gurney Plaza is Queensbay Mall, a one million sq ft NLA mall located in the southern part of Penang Island. Immediate new supply of retail space that will come on-stream within five years is as per table below.

Table 25: Future Competition and its Implication on Subject Property

Centre	Distance ¹ (km)	Estimated NLA (sq ft)	Estimated Year of Completion	Possible Market Positioning/ Target Market
Under Construction				
Penang Times Square (Phase 2)	3.30	229,000	2010	Middle to upper middle income group
1 st Avenue (Komtar Phase 3)	3.70	430,000	3Q2010	Middle to upper middle income group
Gurney Paragon Mall	0.1	700,000	2012/2013	Middle to upper middle income group
Proposed				
Penang Times Square Phase 3	3.30	290,000	2015	Middle to upper middle income group
Tanjung Tourist Mall	1.5	230,000	Post 2010	Middle to upper middle income group

Source: Knight Frank Research

1 Distance in kilometres measured in a straight line from centre

Other proposed supply include a mixed development by the Sunshine Group for a 30-story building incorporating four levels of shopping and with either a hotel or service apartments above on their former hypermarket site in Bandar Baru Air Itam have been approved by the local authorities but the group will not be building as yet.

Plans for a 250,000 sq ft retail complex under the former Penang International City since renamed to "One Residence" and originally scheduled to be launched in late 2010/early 2011 by Ideal Group has since been shelved. We were given to understand that the commercial component will be replaced with a smaller scale shop office development. The planned extension of Queensbay Mall with net lettable area of 400,000 sq ft has been deferred.

5.3.5 SWOT ANALYSIS

Strengths

- **Prime location:** Gurney Plaza is located along Gurney Drive, a popular sea front promenade frequented by both locals and tourists. It also fronts onto Kelawei Road and is sited at the fringe of Pulau Tikus, home to mainly the middle and upper income groups and a large section of the expatriate population. This location is also within easy reach from the city and the hotel and tourist belt of Batu Ferringhi as well as the middle and upper class residential areas of Tg Tokong and Tg Bungah.
- **Complementary users in surrounding areas:** G Hotel, a chic and stylish 5 star hotel, is located right next door and the Gurney Drive hawkers centre, a popular tourist destination for local food is within walking distance. Two other hotels, Evergreen Laurel and Gurney hotel are also located nearby.
- **Established Shopping Centre:** Going into its 9th year, Gurney Plaza is now entrenched as the premier lifestyle mall in Penang as well as the northern region. Completion of the extension has also brought on more outlets and variety of choice for the consumers.
- **Upmarket Tenant Mix:** This is the only purpose-built shopping mall that is 100% not sold on strata making it easy to exercise strong control over the tenant-mix; theme and management policies. Many upscale retailers previously based only in KL have taken up space here, offering more variety and caters to many people who otherwise would have to travel out of Penang / northern region to shop.
- **Well designed:** Good modern design and equipped with a good range of facilities promoting easy and comfortable shopping.
- **Quality management:** Overall management and management control is good with a high level of excellent promotional activities.
- **Good range of F&B outlets:** The wide range of F&B outlets at Gurney Place and at new extension caters to and attracts all sectors of the market and is a choice meeting place for business and leisure at various times of the day.
- **Easy Accessibility:** Approachable from both Gurney Drive and Kelawei Road enjoying two frontages. There is also easy shopper access into the mall from the car parks both within the building and externally.

Knight Frank



Weaknesses

- **Traffic congestion:** Congestion occurs every day at peak hours and it becomes worse during festive periods and weekends due to high shopper traffic.
- **Inadequate public transport:** Apart from taxis and Rapid Penang, there are no other buses plying along Gurney Drive or Kelawei Road.

Opportunities

- **Increasing tourist arrivals:** Tourists arrivals had been increasing from 3.1 million in 2006 to 3.4 million in 2007 and were projected to reach 4.7 million by 2010 and 6 million in 2020. Recent figures released by the Ministry of Tourism were better than projected with tourist arrivals already hitting 6.3 million in 2008 and about 6 million in 2009.
- **Gurney Drive hawkers centre:** This hawker centre, located within walking distance from Gurney Plaza, is well frequented by both tourists and locals who generally also make Gurney Plaza a destination stop either before or after their meals.
- **Easy accessibility:** The anticipated improvements to the road infrastructure and impending growth of Penang as a transportation hub will lead to easy access to Gurney Plaza.

Threats

- **New competition:** The entry of more modern and trendy malls with up market lifestyle concept to cater to the changing trend of shoppers will mean that the older malls will have to constantly reinvent and reposition themselves to appeal to shoppers.
- **Economic Uncertainties:** Although the economic situation has shown signs of improvement both globally and on a national basis, consumers may still be wary and continue to practice caution.



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The Board of Directors
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Malaysia

10 June 2010

Dear Sirs

Re: Taxation of the CapitaMalls Malaysia Trust (“CMMT”) and unit holders

This letter has been prepared at the request of CapitaMalls Malaysia REIT Management Sdn Bhd (f.k.a. CapitaRetail Malaysia REIT Management Sdn Bhd) (hereinafter referred to as “the Manager”) for inclusion in the Prospectus for CMMT dated 28 June 2010 to be issued in connection with the offer of units in CMMT.

The purpose of this letter is to provide prospective purchasers of units in CMMT with an overview of the Malaysian tax consequences of acquisition, ownership and disposal of these units. This letter principally addresses unit holders who hold the units as investment assets. Unit holders who hold or acquire the units for dealing purposes should consult their own tax advisers concerning the tax consequences of their particular situations.

The Malaysian tax position is based on the interpretation of the Malaysian tax laws and provisions as they stand at present. Please note that these interpretations of the Malaysian tax laws and provisions may be subject to change, possibly with a retrospective effect.

All prospective investors should not treat the contents of this letter as advice relating to taxation matters and are advised to consult their own professional advisers concerning their respective investments. Particularly, prospective purchasers that are not Malaysian tax residents should take into account the tax laws of their respective countries of residence, the existence of any tax treaty which their country of residence may have with Malaysia and the provisions of the applicable tax treaty.



Taxation of CMMT

Income Tax

CMMT is treated as a unit trust for Malaysian tax purposes. The taxation of CMMT is therefore governed principally by Sections 61, 61A and 63C of the Malaysian Income Tax Act, 1967 (“the Act”).

Income of CMMT, where subject to income tax, will be subject to tax at the prevailing tax rate of 25% with effect from Year of Assessment (“YA”) 2009 onwards.

Currently, income of CMMT for a YA will be exempted from tax pursuant to Section 61A of the Act, provided that at least 90% of its total income (as defined in the Act) is distributed to the investors in the basis period of CMMT for that YA. Note however that based on the Guidelines on REITs or Property Trust Funds issued by the Inland Revenue Board (“IRB”), the IRB has given a concession for such distribution of the REIT’s total income to be made within two months after the close of the financial year which forms the basis period for a YA of the REIT to be exempt under Section 61A of the Act. Briefly, total income comprises gross taxable income reduced by tax allowable expenses and other deductible allowances.

If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of CMMT’s financial year which forms the basis period for a YA of CMMT, CMMT will be subject to income tax at the prevailing tax rate on its total income.

Income which is undistributed and taxed in the previous years is also taxable at the unit holders’ level but the tax paid by CMMT is imputed to be the tax paid by the unit holders (“imputed tax”).

Taxable dividend income earned by CMMT would have suffered a tax deduction at source at the prevailing rate. The tax deducted will be available for set off either wholly or partly against the tax liability of CMMT (if any). Any excess over the tax liability will be refundable to CMMT.

As CMMT is also a unit trust, gains from the realisation of investments (including but not limited to sale of properties) by CMMT will not be subject to income tax pursuant to Section 61(1)(b) of the Act.

The following income earned by CMMT is exempt from tax:-

- interest or discount in respect of securities or bonds issued or guaranteed by the Government; or
- interest or discount in respect of debentures or Islamic Securities, other than convertible loan stock, approved by the Securities Commission (“SC”); or
- interest or discount in respect of Bon Simpanan Malaysia issued by the Central Bank of Malaysia; or



- interest derived from Malaysia and paid or credited by any bank or financial institution licensed under the Banking and Financial Institutions Act 1989 or Islamic Banking Act 1983; or
- interest in respect of Islamic securities originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved by the SC or the Labuan Financial Services Authority; or
- discount or profit received from the sale of bonds or securities issued by Pengurusan Danaharta Nasional Berhad or Danaharta Urus Sdn Bhd within and outside Malaysia (subject to conditions); or
- interest derived from bonds other than convertible loan stock paid or credited by any company listed in Malaysia Exchange of Securities Dealing and Automation Quotation Berhad.

Income received by CMMT from sources outside Malaysia will be exempt from tax.

Real Property Gains Tax (“RPGT”)

There is no capital gains tax in Malaysia except for RPGT. RPGT has been reactivated effective from 1 January 2010 at a rate of 5% in respect of chargeable gains from any disposal of interests in Malaysian real property or shares in Real Property Companies (“RPCs”), where the holding period of the chargeable asset is less than 5 years. The above has been gazetted by way of the Real Property Gains Tax (Exemption) Order 2009.

For the purpose of RPGT, a “RPC” means:

- a) A controlled company which, as at 21 October 1988, owns real property or shares or both, the defined value of which is not less than 75% of the value of its total tangible assets; or
- b) A controlled company to which subparagraph (a) is not applicable, but which, at any date after 21 October 1988, acquires real property or shares or both whereby the defined value of real property or shares or both owned at that date is not less than 75% of the value of its total tangible assets.

Pursuant to the Real Property Gains Tax (Exemption)(No. 4) Order 2003 – PU (A) 451, any chargeable gains accruing on the disposal of any chargeable asset to a REIT or Property Trust Fund (“PTF”) which is approved by the SC is exempted from RPGT.

Stamp Duty

Pursuant to the Stamp Duty (Exemption) (No. 4) Order 2004 – PU (A) 21, all instruments of transfer of real property to a REIT or PTF approved by the SC are exempted from stamp duty. In addition, all instruments of deed of assignment executed between a REIT or a PTF approved by the SC and the disposer relating to the purchase of real property are also exempted from stamp duty under the Stamp Duty (Exemption) (No. 27) Order 2005.



Based on the above Orders, where CMMT (as a REIT approved by the SC) acquires real property, CMMT will be exempted from stamp duty in respect of all instruments of transfer of real property to the CMMT.

Taxation of unit holders

Income of CMMT distributed to unit holders in the basis period for a YA

With effect from 1 January 2009, the applicable final withholding tax on distributions of income which is exempt pursuant to Section 61A of the Act from a REIT to unit holders may be summarised as follows:-

<i>Unit Holders</i>	<i>Current withholding Tax Rate (%)</i>
Non-corporate investor (including but not limited to resident or non-resident individuals and Malaysian unit trusts)	10**
Non-resident company (i.e. a body corporate and includes any body of persons established with a separate legal identity by or under the laws of a territory outside Malaysia which is not a Malaysian tax resident)	25 *
Foreign institutional investor ^ (including but not limited to foreign unit trusts)	10**
Resident company #	N/A

** With effect from 1 January 2009 to 31 December 2011. The Government has yet to announce the withholding tax rate that would apply from 1 January 2012 onwards. As such, we would highlight that the withholding tax rate may be revised upwards or downwards after 31 December 2011.

* The prevailing corporate tax rate is applicable for distributions to a non-resident corporate unit holder. The prevailing corporate tax rate is 25% from YA 2009 onwards.

^ Institutional investor means “a pension fund, collective investment scheme or such other person approved by the Minister”.

Note: Generally, where the unitholders have been subject to withholding tax on distributions by CMMT, there will be no further Malaysian tax imposed on the same income.

Corporate unit holders, resident in Malaysia, would be taxed at the prevailing corporate tax rate of 25% on distribution of income from CMMT to the extent of an amount equivalent to their share of the total taxable income of CMMT.



From YA 2004, resident corporate unit holders with a paid-up capital in the form of ordinary shares of RM2.5 million and below at the beginning of a the basis period for a year of assessment will be subject to a tax rate of 20% on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the prevailing corporate tax rate is applicable. Note that from YA 2009 onwards, a resident corporate unit holder may enjoy the scaled tax rate only if the following conditions are met:-

- (i) 50% of the paid up capital of the resident corporate unit holder is not directly or indirectly owned by a related company;*
- (ii) The resident corporate unit holder does not directly or indirectly own 50% of the paid up capital of the related company; or*
- (iii) 50% of the paid up capital of the resident corporate unit holder and related company are not directly or indirectly owned by another company,*

where the related company means a company which has a paid up capital of more than RM2.5 million at the beginning of the basis period for a YA.

Resident unit holders

As a general rule, companies are tax resident in Malaysia where the management and control of its business or any of its businesses are exercised in Malaysia at anytime during a basis year. A company will be viewed as a Malaysian tax resident if at any time during the basis year the management and control of its affairs are exercised in Malaysia by its directors or other controlling authority.

An individual is resident in Malaysia for a particular basis year of assessment if he or she is in Malaysia for a period of 182 days or more. An individual could still be tax resident if he or she is in Malaysia for less than 182 days subject to he or she meeting the other tests within the Act.

The tests of residency mentioned above may be subject to modifications by articles on residency in double taxation agreements, where applicable.

Unit holders are taxed on an amount equivalent to their share of the total taxable income of CMMT, to the extent that this is distributed to them.

Non-Resident unit holders

Unit holders who are not resident in Malaysia, for tax purposes, will be subject to Malaysian withholding tax (i.e. a final tax) at the above rates depending on the profile of the investor. Where the unitholders have been subject to withholding tax on the distributions by CMMT, there will generally be no further Malaysian tax imposed on the same income.

Non-resident unit holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.



Income of CMMT which has been subject to income tax at CMMT’s level

Resident and Non-Resident Unit holders

As mentioned above, where the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of CMMT’s financial year which forms the basis period for a YA of CMMT, the total income of CMMT will be subject to tax at CMMT level.

Where the income distributed has been subjected to income tax at CMMT level at the rate of 25% from YA 2009 onwards, the income distribution from CMMT will carry with it a tax credit proportionate to each unit holder’s share of the total taxable income in respect of the tax paid by CMMT.

Both resident and non-resident unit holders will be entitled to utilise the tax credit as a set off against the Malaysian tax payable by them, if any.

No other withholding tax will be imposed on the income distribution of CMMT which has been subjected to income tax at CMMT’s level.

Tax Exempt Income and Capital Gain

The distribution of tax-exempt income (e.g. tax exempt dividends and dividends declared under the Single-Tier System) and capital gains received by CMMT (other than income exempted at CMMT level due to distributions of profits in the same basis period) will not be subject to tax in the hands of the unit holders.

Any gains realised by the unit holders (other than financial institutions, insurance companies and those dealing in securities) from the transfers or redemptions of the units are generally treated as capital gains which are not subject to income tax in Malaysia.

Stamp Duty

The transfer of units of a unit trust is exempt from stamp duty pursuant to Item 32 Exemption Para (c), First Schedule of the Stamp Act 1949.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chew Theam Hock'.

Chew Theam Hock
Executive Director



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10 June 2010

Dear Sirs

**CapitaMalls Malaysia Trust (“CMMT”)
Reporting accountants’ letter on the proforma balance sheets at 9 June 2010 (date of establishment)**

We have reviewed the presentation of the proforma balance sheets of CapitaMalls Malaysia Trust (“CMMT”) as at 9 June 2010 (date of establishment), which have been prepared for illustrative purposes only, for which the Directors of CapitaMalls Malaysia REIT Management Sdn. Bhd. (formerly known as CapitaRetail Malaysia REIT Management Sdn. Bhd. (“CMRM” or “the Manager”)) are solely responsible, as set out in the attachment for inclusion in the prospectus in connection with the public offering of units in CMMT and should not be relied upon for any other purposes.

The proposed listing scheme entails the following transactions:-

- i. Proposed acquisition of the following subject properties by AmTrustee Berhad (“the Trustee”), who shall enter into the acquisition transaction as trustee for CMMT, for a total purchase consideration of RM2,054,000,000 (“Proposed Acquisition”).

<i>Vendors</i>	<i>Subject Properties</i>	<i>Purchase Consideration RM’000</i>
CapitaRetail Gurney Sdn. Bhd. (“CGSB”)	Gurney Plaza	800,000
Mutual Streams Sdn. Bhd. (“MSSB”)	The Mines	530,000
Vast Winners Sdn. Bhd. (“VWSB”)	Sungei Wang Plaza Property*	724,000
		2,054,000

* certain strata units and car park only



*CapitaMalls Malaysia Trust (“CMMT”)
Reporting accountants’ letter on the proforma balance sheets
at 9 June 2010 (date of establishment)
10 June 2010*

The acquisition of the Subject Properties will be financed as follows:-

(a) Acquisition of Gurney Plaza

CMMT to acquire Gurney Plaza from CGSB for a total consideration of RM800,000,000 to be satisfied by:-

- (i) 483,742,000 units to be issued by CMMT (“Consideration Units”) at the approximate price of RM0.98 per unit; and
- (ii) Cash consideration of RM325,000,000 raised from five (5) to seven (7) years credit facilities (“REIT Financing”).

(b) Acquisition of The Mines

CMMT to acquire The Mines from MSSB for a total consideration of RM530,000,000 to be satisfied by:-

- (i) 361,534,000 Consideration Units at the approximate price of RM0.98 per unit; and
- (ii) Cash consideration of RM175,000,000 raised from REIT Financing.

(c) Acquisition of Sungei Wang Plaza Property

CMMT to acquire Sungei Wang Plaza Property from VWSB for a total consideration of RM724,000,000 to be satisfied by:-

- (i) 482,724,000 Consideration Units at the approximate price of RM0.98 per unit; and
- (ii) Cash consideration of RM250,000,000 raised from REIT Financing.

ii. Credit facilities (“REIT Financing”)

CMMT will obtain a five (5) to seven (7) years credit facilities amounting to RM811,000,000. CMMT will draw down RM750,000,000 to part finance the Proposed Acquisition of the Subject Properties.

iii. Proposed Initial Public Offering (“IPO”) Units in CMMT

(a) Conditional Offer for Sale

The offeror will undertake a conditional offer for sale of 764,522,000 new units made available in the following manner:-



*CapitaMalls Malaysia Trust (“CMMT”)
Reporting accountants’ letter on the proforma balance sheets
at 9 June 2010 (date of establishment)
10 June 2010*

- 719,022,000 new units to the Malaysian and Foreign Institutional and selected investors at the institutional price to be determined by way of bookbuilding; and
- 45,500,000 new units to Malaysian Public, the eligible directors of the Manager and eligible employees of CapitaLand Retail Malaysia Sdn. Bhd. at the retail price of RM1.08 per unit pursuant to the retail offering.

(b) Public Issue

CMMT will issue 22,000,000 new units to the Malaysian Public at the retail price of RM1.08 per unit.

(c) Listing and quotation of the entire 1,350,000,000 units on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Responsibilities

It is the responsibility solely of the Manager to prepare the proforma balance sheets in accordance with the requirements of the Securities Commission’s *Prospectus Guidelines* in respect of an initial public offering (“Guidelines”). Our responsibility is to form an opinion as required by the Guidelines on the proforma balance sheets and to report our opinion to you based on our work.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the proforma balance sheets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of our opinion

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing evidence supporting the adjustments, and discussing the proforma balance sheets with the Manager.

The proforma balance sheets, because of its nature, may not reflect CMMT’s actual financial position had the transactions or events occurred at 9 June 2010 (date of establishment). Further, such information does not purport to predict CMMT’s financial position.



*CapitaMalls Malaysia Trust ("CMMT")
Reporting accountants' letter on the proforma balance sheets
at 9 June 2010 (date of establishment)
10 June 2010*

In our opinion,

- the proforma balance sheets have been properly compiled on the basis of preparation stated in Note 1 of Appendix A;
- such basis is consistent with the accounting policies to be adopted by CMMT as disclosed in Note 1 of Appendix A; and
- each material adjustment made to the information used in the preparation of the proforma balance sheets is appropriate for the purpose of preparing the proforma balance sheets.

Yours faithfully

KPMG
Firm Number: AF 0758
Chartered Accountants

Foong Mun Kong
Partner
Approval Number: 2613/12/10(J)

APPENDIX IV – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA BALANCE SHEETS (Cont’d)

Appendix A

**CapitaMalls Malaysia Trust (“CMMT”)
Proforma balance sheets at 9 June 2010 (date of establishment)**

The proforma balance sheets of CMMT as set out below are provided for illustrative purpose only and to show the effects of the transactions referred to in the notes as if they were effected on 9 June 2010 (date of establishment).

	Note	Proforma I As at 9 June 2010 (date of establishment) (unaudited) RM’000	Proforma II RM’000	Proforma III RM’000	Proforma IV RM’000
Assets					
Plant and equipment	3	-	2,297	2,297	2,297
Investment properties	4	-	2,054,000	2,130,000	2,130,000
Total non-current assets		-	2,056,297	2,132,297	2,132,297
Cash and bank balances	5	-	49,308	49,308	53,068
Total current assets		-	49,308	49,308	53,068
Total assets		-	2,105,605	2,181,605	2,185,365
Equity					
Unitholders’ fund	6	-	1,304,000	1,380,000	1,389,760
Total equity		-	1,304,000	1,380,000	1,389,760
Liabilities					
Borrowings	7	-	744,000	744,000	744,000
Other payables	8	-	31,164	31,164	31,164
Total non-current liabilities		-	775,164	775,164	775,164
Other payables	8	-	26,441	26,441	20,441
Total current liabilities		-	26,441	26,441	20,441
Total liabilities		-	801,605	801,605	795,605
Total equity and liabilities		-	2,105,605	2,181,605	2,185,365
Net asset value (“NAV”)		-	1,304,000	1,380,000	1,389,760
Units in issue (‘000)		-	1,328,000	1,328,000	1,350,000
Net asset value per unit (RM)		-	0.98	1.04	1.03



**CapitaMalls Malaysia Trust (“CMMT”)
Proforma balance sheets at 9 June 2010 (date of establishment)**

1. Basis of preparation

The proforma balance sheets of CMMT have been prepared based on the balance sheet as at 9 June 2010 (date of establishment). The proforma balance sheets are prepared for illustrative purposes and on a basis consistent with Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the following accounting policies to be adopted by CMMT:-

(i) Basis of accounting

The financial statements of CMMT will be prepared on the historical cost basis except as explained in (vi) – “Investment properties” and (vii) – “Financial instruments” and in compliance with the provisions of the Trust Deed, Securities Commission’s Guidelines on Real Estate Investment Trust and Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

(ii) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is CMMT’s functional currency. All financial information has been rounded to the nearest thousand.

(iii) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(iv) Foreign currency

Transactions in foreign currencies are translated to the functional currency of CMMT at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those measured at fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.



(v) Plant and equipment

(a) *Recognition and measurement*

Items of plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gain and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within “other income” or “other expense” respectively in the income statement.

(b) *Subsequent costs*

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to CMMT and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the income statement as incurred.

(c) *Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives for the plant and equipment are as follows:

- | | |
|--------------------------|-------------|
| • equipment | 3 years |
| • computers and software | 2 – 3 years |

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.



(vi) Investment properties

Investment properties are stated at fair value based on valuations performed by an independent professional valuer. In determining the fair value, the valuer has used valuation techniques which involve certain estimates. In relying on the valuation report, management has exercised its judgement and is satisfied that the valuation methods and estimates reflect that of current market conditions.

Investment properties are properties held under leasehold/freehold interests either to earn rental income or for capital appreciation or for both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are initially recognised at cost, including transaction costs, and subsequently at fair values with any change therein recognised in the income statement. The fair value is determined semi-annually based on an internal valuation or an independent professional valuation. Independent professional valuation is obtained at least once every three years.

When an investment property is disposed of, the resulting gain or loss recognised in the income statement is the difference between net disposal proceeds and the carrying amount of the property.

(vii) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise receivables, deposits and prepayments, cash and cash equivalents, borrowings and payables and accruals.

Receivables, deposits and prepayments

Receivables, deposits and prepayments are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.



(vii) Financial instruments (continued)

Payables and accruals

Payables and accruals are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

A financial instrument is recognised if CMMT becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if CMMT’s contractual rights to the cash flows from the financial assets expire or if CMMT transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that CMMT commits itself to purchase or sell the asset. Financial liabilities are derecognised if CMMT’s obligations specified in the contract expire or are discharged or cancelled.

(viii) Impairment of assets

(a) *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

(b) *Non-financial assets*

The carrying amounts of CMMT’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash flows of other assets or groups of assets (the “cash generating unit”).



(viii) Impairment of assets (continued)

(b) *Non-financial assets (continued)*

An impairment loss is recognised if the carrying amount of an asset or its cash generating units exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(ix) Leases

When CMMT is the lessee of an operating lease

Where CMMT has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

When CMMT is the lessor of an operating lease

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated.

(x) Revenue recognition

(a) *Rental income*

Rental income from letting out of shopping mall lots and space comprise base rent, service charges, advertising and promotion fee and gross turnover rent. Base rent, service charges and advertising and promotion fee are recognised in the income statement on an accrual basis over the term of the lease while gross turnover rent are recognised upon receipt of monthly turnover statement from tenants.

(b) *Car park income*

Car park income is recognised based on receipts basis.



(xi) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are expensed in the income statements in the period using effective interest method, in the period in which they are incurred.

(xii) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



2. Proforma balance sheets

2.1 Proforma I

Proforma I illustrates the balance sheet as at 9 June 2010 (date of establishment).

2.2 Proforma II

Proforma II illustrates the effects of Proforma I and Proposed Acquisition of Subject Properties.

(i) Acquisition of Subject Properties

Proposed acquisition of the following subject properties by AmTrustee Berhad (“the Trustee”), who shall enter into the acquisition transaction as trustee for CMMT, for a total purchase consideration of RM2,054,000,000 (“Proposed Acquisition”).

<i>Vendors</i>	<i>Subject Properties</i>	<i>Purchase Consideration RM’000</i>
CapitaRetail Gurney Sdn. Bhd. (“CGSB”)	Gurney Plaza	800,000
Mutual Streams Sdn. Bhd. (“MSSB”)	The Mines	530,000
Vast Winners Sdn. Bhd. (“VWSB”)	Sungei Wang Plaza Property*	724,000
		2,054,000

* certain strata units and car park only

The Proposed Acquisition will be financed as follows:-

(a) Acquisition of Gurney Plaza

- I. 483,742,000 units to be issued by CMMT (“Consideration Units”) at the approximate price of RM0.98 per unit; and
- II. Cash consideration of RM325,000,000 raised from five (5) to seven (7) years credit facilities (“REIT Financing”).

(b) Acquisition of The Mines

- I. 361,534,000 Consideration Units at the approximate price of RM0.98 per unit; and
- II. Cash consideration of RM175,000,000 raised from REIT Financing.



(c) Acquisition of Sungei Wang Plaza Property

- I. 482,724,000 Consideration Units at the approximate price of RM0.98 per unit; and
- II. Cash consideration of RM250,000,000 raised from REIT Financing.

All other fixed assets and rental deposits related to Subject Properties amounting to RM2,297,000 and RM51,605,000 respectively, will be transferred to CMMT upon completion of the Proposed Acquisition.

(ii) Credit facilities (“REIT Financing”)

CMMT will obtain a five (5) to seven (7) years credit facilities amounting to RM811,000,000. CMMT will draw down RM750,000,000 to part finance the Proposed Acquisition of the Subject Properties.

2.3 Proforma III

Proforma III illustrates the effects of Proforma I, Proforma II and:

- (a) the fair value adjustment of the Subject Properties to RM2,130,000,000 based on valuations performed by the Independent Property Valuers; and
- (b) the recognition of the revaluation gain of RM76,000,000 being the difference between the aggregate consideration paid for the Subject Properties and the aggregate valuation of the Subject Properties.

2.4 Proforma IV

Proforma IV illustrates the effects of Proforma I, Proforma II, Proforma III and the Proposed IPO:-

(a) Conditional Offer for Sale

The offeror will undertake a conditional offer for sale of 764,522,000 new units made available in the following manner:-

- 719,022,000 new units to the Malaysian and Foreign Institutional and selected investors at the institutional price to be determined by way of bookbuilding; and
- 45,500,000 new units to Malaysian Public, the eligible directors of the Manager and eligible employees of CapitalLand Retail Malaysia Sdn. Bhd. at the retail price of RM1.08 per unit pursuant to the retail offering.



(b) Public Issue

CMMT will issue 22,000,000 new units to the Malaysian Public at the retail price of RM1.08 per unit.

(c) Listing and quotation of the entire 1,350,000,000 units on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

(d) Utilisation of proceeds from the Public Issue

The proceeds from the Public Issue of RM23,760,000 will be utilised as follows:-

	RM’000
Estimated listing expenses	14,000
Estimated expenses for REIT Financing	6,000
Estimated working capital	3,760
	<u>23,760</u>

3. Plant and equipment

	Proforma I RM’000	Proforma II RM’000	Proforma III RM’000	Proforma IV RM’000
Plant and equipment acquired at cost	-	2,297	2,297	2,297

4. Investment properties

Investment properties comprise of the Gurney Plaza, The Mines and Sungei Wang Plaza Property. The Subject Properties are measured initially at cost. Subsequent to initial recognition, the Subject Properties are stated at fair value, which reflects the market conditions at the balance sheet date.

It is assumed that the current charges on the investment properties will be discharged.

	Proforma I RM’000	Proforma II RM’000	Proforma III RM’000	Proforma IV RM’000
Subject Properties acquired at cost	-	2,054,000	2,054,000	2,054,000
Fair value gain on investment properties	-	-	76,000	76,000
	<u>-</u>	<u>2,054,000</u>	<u>2,130,000</u>	<u>2,130,000</u>



APPENDIX IV – REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA BALANCE SHEETS (Cont'd)

Appendix A

5. Cash and bank balances

	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
Rental deposits	-	51,605	51,605	51,605
Proceeds from REIT Financing	-	750,000	750,000	750,000
Acquisition of:				
- plant and equipment	-	(2,297)	(2,297)	(2,297)
- investment properties	-	(750,000)	(750,000)	(750,000)
IPO proceeds	-	-	-	23,760
Less: Estimated listing expenses	-	-	-	(14,000)
Estimated expenses for REIT Financing	-	-	-	(6,000)
	<u>-</u>	<u>49,308</u>	<u>49,308</u>	<u>53,068</u>

6. Unitholders' fund

	Note	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
Unitholders' capital	6(i)	-	1,304,000	1,304,000	1,327,760
Retained earnings	6(ii)	-	-	76,000	62,000
		<u>-</u>	<u>1,304,000</u>	<u>1,380,000</u>	<u>1,389,760</u>

(i) Unitholders' capital

	Retail price RM per unit	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
Units issued as Consideration Units					
- 1,328,000,000 new units	0.98*	-	1,304,000	1,304,000	1,304,000
Units issued as Public Issue					
- 22,000,000 new units	1.08	-	-	-	23,760
		<u>-</u>	<u>1,304,000</u>	<u>1,304,000</u>	<u>1,327,760</u>

* approximately RM0.98



(ii) Retained earnings

	Proforma I RM’000	Proforma II RM’000	Proforma III RM’000	Proforma IV RM’000
Fair value gain on investment properties	-	-	76,000	76,000
Estimated listing expenses (Note (a))	-	-	-	(14,000)
	<u>-</u>	<u>-</u>	<u>76,000</u>	<u>62,000</u>

(a) The estimated listing expenses comprise of the following:-

	RM’000
Fees to authorities	155
Professional fees	8,594
Underwriting and brokerage fees	711
Printing, marketing and advertising expenses	4,540
	<u>14,000</u>

7. Borrowings

CMMT will obtain a five (5) to seven (7) years credit facilities amounting to RM811,000,000. CMMT will draw down RM750,000,000 to part finance the Proposed Acquisition of the Subject Properties.

The borrowings are recorded net of transaction costs. The transaction costs will be amortised over five (5) years.

	Proforma I RM’000	Proforma II RM’000	Proforma III RM’000	Proforma IV RM’000
Borrowings	-	750,000	750,000	750,000
Less: Estimated expenses for REIT Financing	-	(6,000)	(6,000)	(6,000)
	<u>-</u>	<u>744,000</u>	<u>744,000</u>	<u>744,000</u>



APPENDIX IV – REPORTING ACCOUNTANTS’ LETTER ON THE PRO FORMA BALANCE SHEETS (Cont’d)

Appendix A

8. Other payables

	Proforma I RM’000	Proforma II RM’000	Proforma III RM’000	Proforma IV RM’000
<i>Non current</i>				
Rental deposits	-	31,164	31,164	31,164
	<u>-</u>	<u>31,164</u>	<u>31,164</u>	<u>31,164</u>
	-----	-----	-----	-----
<i>Current</i>				
Rental deposits	-	20,441	20,441	20,441
Accrued estimated expenses for REIT Financing	-	6,000	6,000	-
	<u>-</u>	<u>26,441</u>	<u>26,441</u>	<u>20,441</u>
	-----	-----	-----	-----
	<u>-</u>	<u>57,605</u>	<u>57,605</u>	<u>51,605</u>
	=====	=====	=====	=====





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Strictly private and confidential

The Board of Directors
 CapitaMalls Malaysia REIT Management Sdn. Bhd.
 (formerly known as CapitaRetail Malaysia REIT
 Management Sdn. Bhd.)
 Suite 11.02, Menara Citibank
 No.165, Jalan Ampang
 50450 Kuala Lumpur
 Malaysia

10 June 2010

Dear Sirs

**CapitaMalls Malaysia Trust (“CMMT”)
 Reporting accountants’ letter on the profit forecasts for the 8 month period ending 31
 December 2010 and 12 month period ending 31 December 2011**

We have reviewed the profit forecasts of CapitaMalls Malaysia Trust (“CMMT”) for the 8 month period ending 31 December 2010 (“Forecast Period 2010”) and 12 month period ending 31 December 2011 (“Forecast Year 2011”), as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (AI 3400: The Examination of Prospective Financial Information) applicable to the review of forecasts. The profit forecasts have been prepared for inclusion in the prospectus in connection with the public offering of units in CMMT and should not be relied upon for any other purposes.

The proposed listing scheme entails the following transactions:-

- i. Proposed acquisition of the following subject properties by AmTrustee Berhad (“the Trustee”), who shall enter into the acquisition transaction as trustee for CMMT, for a total purchase consideration of RM2,054,000,000 (“Proposed Acquisition”).

<i>Vendors</i>	<i>Subject Properties</i>	<i>Purchase Consideration RM’000</i>
CapitaRetail Gurney Sdn. Bhd. (“CGSB”)	Gurney Plaza	800,000
Mutual Streams Sdn. Bhd. (“MSSB”)	The Mines	530,000
Vast Winners Sdn. Bhd. (“VWSB”)	Sungei Wang Plaza Property*	724,000
		2,054,000

* certain strata units and car park only



*CapitaMalls Malaysia Trust ("CMMT")
Reporting accountants' letter on the profit forecasts for the
8 month period ending 31 December 2010 and 12 month period ending 31 December 2011
10 June 2010*

The acquisition of the Subject Properties will be financed as follows:-

(a) Acquisition of Gurney Plaza

CMMT to acquire Gurney Plaza from CGSB for a total consideration of RM800,000,000 to be satisfied by:-

- (i) 483,742,000 units to be issued by CMMT ("Consideration Units") at the approximate price of RM0.98 per unit; and
- (ii) Cash consideration of RM325,000,000 raised from five (5) to seven (7) years credit facilities ("REIT Financing").

(b) Acquisition of The Mines

CMMT to acquire The Mines from MSSB for a total consideration of RM530,000,000 to be satisfied by:-

- (i) 361,534,000 Consideration Units at the approximate price of RM0.98 per unit; and
- (ii) Cash consideration of RM175,000,000 raised from REIT Financing.

(c) Acquisition of Sungei Wang Plaza Property

CMMT to acquire Sungei Wang Plaza Property from VWSB for a total consideration of RM724,000,000 to be satisfied by:-

- (i) 482,724,000 Consideration Units at the approximate price of RM0.98 per unit; and
- (ii) Cash consideration of RM250,000,000 raised from REIT Financing.

ii. Credit facilities ("REIT Financing")

CMMT will obtain a five (5) to seven (7) years credit facilities amounting to RM811,000,000. CMMT will draw down RM750,000,000 to part finance the Proposed Acquisition of the Subject Properties.

iii. Proposed Initial Public Offering ("IPO") Units in CMMT

(a) Conditional Offer for Sale

The offeror will undertake a conditional offer for sale of 764,522,000 new units made available in the following manner:-

- 719,022,000 new units to the Malaysian and Foreign Institutional and selected investors at the institutional price to be determined by way of bookbuilding; and



CapitaMalls Malaysia Trust ("CMMT")
Reporting accountants' letter on the profit forecasts for the
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- 45,500,000 new units to Malaysian Public, the eligible directors of CapitaMalls Malaysia REIT Management Sdn. Bhd. (formerly known as CapitaRetail Malaysia REIT Management Sdn. Bhd. ("CMRM" or "the Manager")) and eligible employees of CapitaLand Retail Malaysia Sdn. Bhd. at the retail price of RM1.08 per unit pursuant to the retail offering.

(b) Public Issue

CMMT will issue 22,000,000 new units to the Malaysian Public at the retail price of RM1.08 per unit.

(c) Listing and quotation of the entire 1,350,000,000 units on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

It is assumed that the Proposed Acquisition, REIT Financing and issuance of IPO Units will be completed on 1 May 2010.

Our review has been undertaken to enable us to form an opinion as to whether the profit forecasts are, in all material aspects, properly prepared on the basis of the assumptions made by the Directors of the Manager as detailed in Section 6.5.3 – Bases and Assumptions under Section 6 – Financial Information of the Prospectus and are presented on a basis consistent with the format and accounting policies to be adopted by CMMT and comply with Financial Reporting Standards issued by the Malaysian Accounting Standards Board. The Manager is solely responsible for the preparation and presentation of the profit forecasts and assumptions on which the profit forecasts are based.

We draw attention to the following key assumptions made by the Manager in preparing the profit forecasts:-

- (i) The profit forecast for the Forecast Period 2010 includes the fair value gain of RM76 million arising from the potential fair value adjustments to the Subject Properties during the Forecast Period 2010. Any fair value adjustments will have a corresponding impact on the profit forecast and will be adjusted in the computation of distributable income for the Forecast Period 2010.
- (ii) The profit forecast for the Forecast Year 2011 excludes the effect of any potential fair value adjustments to the Subject Properties and have assumed that the fair value of the Subject Properties as at the end of Forecast Year 2011 to be equivalent to the forecasted fair value as at the end of Forecast Period 2010 and subsequent planned capital expenditure to be incurred on the Subject Properties in Forecast Year 2011. Any fair value adjustments will have a corresponding impact on the profit forecast and will be adjusted in the computation of distributable income for the Forecast Year 2011.
- (iii) It is assumed that the approval for the Asset Enhancement Initiatives for Gurney Plaza will be obtained from relevant authorities and that works will be successfully carried out.

The Asset Enhancement Initiatives for Gurney Plaza are expected to commence by the second half of Forecast Period 2010 and will be completed by second quarter of Forecast Year 2011. The Forecast Period 2010 and Forecast Year 2011 have taken into account the



CapitaMalls Malaysia Trust ("CMMT")
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10 June 2010

potential rental loss during the period when the Asset Enhancement Initiatives are being carried out as well as the additional revenue to be generated after completion of the Asset Enhancement Initiatives.

Regular capital expenditure works in Subject Properties will be carried out and completed according to the Manager's plan during the Forecast Period 2010 and Forecast Year 2011. No potential rental loss is anticipated during the period when regular capital expenditure works are being carried out.

Forecasts, in this context, mean prospective financial information prepared on the basis of assumptions (including the above key assumptions) as to future events which the Manager expects to take place and the actions which CMMT expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecasts are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecasts since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention, which causes us to believe that the assumptions made by the Manager, as set out in Section 6.5.3 – Bases and Assumptions under Section 6 – Financial Information of the Prospectus, do not provide a reasonable basis for the preparation of the profit forecasts; and
- (ii) in our opinion, the profit forecasts, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Manager and are presented on a basis consistent with Financial Reporting Standards issued by the Malaysian Accounting Standards Board to be adopted by the Manager.

Yours faithfully

KPMG
Firm Number: AF 0758
Chartered Accountants

Foong Mun Kong
Partner
Approval Number: 2613/12/10(J)

APPENDIX V – REPORTING ACCOUNTANTS' LETTER ON THE PROFIT FORECASTS
(Cont'd)

Appendix A

CapitaMalls Malaysia Trust ("CMMT")
Profit forecasts for the 8 month period ending
31 December 2010 and 12 month period ending 31 December 2011

The Directors of CapitaMalls Malaysia REIT Management Sdn. Bhd. (formerly known as CapitaRetail Malaysia REIT Management Sdn. Bhd.) ("CMRM" or "the Manager") forecasted that in the absence of unforeseen circumstances, the profit after tax of CMMT for the 8 month period ending 31 December 2010 ("Forecast Period 2010") and 12 month period ending 31 December 2011 ("Forecast Year 2011") will be as follows:-

	Forecast Period 2010 ⁽¹⁾ 1 May to 31 December 2010 RM'000	Forecast Year 2011 1 January to 31 December 2011 RM'000
Gross rental income	114,491	179,934
Car park income	9,087	14,319
Other income	11,042	17,035
Gross revenue	134,620	211,288
Maintenance expenses	(12,289)	(18,986)
Utilities	(15,438)	(23,852)
Other operating expenses	(13,013)	(20,054)
Property operating expenses	(40,740)	(62,892)
Net property income	93,880	148,396
Interest income	267	426
Other income ⁽²⁾	76,000	-
Net investment income	170,147	148,822
Manager's Management Fee	(9,128)	(14,318)
Trust expenses	(992)	(1,506)
Borrowing costs	(25,588)	(41,460)
Other ⁽³⁾	(14,000)	-
	(49,708)	(57,284)
Profit before tax	120,439	91,538
Taxation	-	-
Profit after tax	120,439	91,538
(Less)/Add: Non-cash items (net) ⁽⁴⁾	(55,744)	9,744
Distributable income available for distribution to holders of CMMT units	64,695	101,282
MER (%)	1.1	1.2
Number of units in issue (million) ⁽⁵⁾	1,354.1	1,360.9
Distribution rate (%)	100.0	100.0
Distribution covers (time)	1.0	1.0
DPU(sen) ⁽⁶⁾	7.16	7.45
Retail Price (RM)	1.08	1.08
Distribution yield (%) on Retail Price	6.6	6.9
Cornerstone price (RM) ⁽⁷⁾	1.10	1.10
Distribution yield (%) on cornerstone price	6.5	6.8

Notes:

- (1) Eight-month period ending 31 December 2010.
- (2) Other income comprises fair value gain of the Subject Properties.
- (3) Other expenses comprise estimated listing expenses amounting to RM14 million.
- (4) Non-cash item comprise fair value gain of the Subject Properties, Manager's Management Fee payable in units, estimated listing expenses, depreciation and amortisation of REIT Financing's transaction cost.
- (5) The increase in the number of units in issue is a result of the assumed payment of the Manager's performance fee for the relevant period in the form of units issued at an assumed issue price per unit of RM1.03 (See Section 6.5.3.4(ii)).
- (6) For Forecast Period 2010, the DPU is computed based on annualised distributable income of the Forecast Period 2010 for comparative purposes.
- (7) Actual price to be paid by Cornerstone Investors is RM1.10 per unit or Institutional Price whichever is lower.

Percentage changes in the table above have been calculated on the basis of relevant figures before rounding.



1. OPENING AND CLOSING OF APPLICATIONS

Applications for the IPO Units under the Retail Offering will open at 10.00 a.m. on 28 June 2010 and will remain open until 5.00 p.m. on 5 July 2010, or for such other date or dates as the Manager may decide at its absolute discretion. Where the closing date of application is extended from the original closing date, the notice of such extension(s) will be advertised in at least one widely circulated national Bahasa Malaysia language newspaper and at least one widely circulated English language daily newspaper. Late applications will not be accepted. Should there be an extension of the closing date, the price determination, balloting, allotment of IPO Units, and listing of CMMT may be extended accordingly.

2. METHODS OF APPLICATION

Applications for the IPO Units from the Malaysian Public portion may be made using either of the following ways:

- (i) Application Forms;
- (ii) Electronic Applications; or
- (iii) Internet Applications.

3. PROCEDURES FOR APPLICATION

Applications shall be made in relation with and subject to the terms of this Prospectus and the Deed.

- (i) **Application by the eligible Directors of the Manager and eligible employees of CMA Malaysia**

Applications for 2,000,000 IPO Units reserved for the eligible Directors of the Manager and eligible employees of CMA Malaysia must be made only through the Pink Application Forms provided and not any other Application Form, by way of Electronic Application or by way of Internet Application. The amount payable in full on application is RM1.08 per IPO Unit.

- (ii) **Application by the Malaysian Public**

Applications for 65,500,000 IPO Units made available for applications by the Malaysian Public must be made through the White Application Forms provided, by way of Electronic Applications through Participating Financial Institutions or by way of Internet Application through an Internet Participating Financial Institution's website. The amount payable in full on application is RM1.08 per IPO Unit.

Persons submitting applications may only submit applications through one of the three methods of application above. A corporation or institution cannot apply for the IPO Units from the Malaysian Public portion by way of Electronic Application or Internet Application.

Persons submitting applications by way of Application Forms, by way of Electronic Applications or by way of Internet Applications MUST have a CDS Account.

Directors and employees of MIDFCCS and their immediate family members are strictly prohibited from applying for the IPO Units from the Malaysian Public portion in this exercise.

4. APPLICATIONS USING APPLICATION FORM

4.1 Application Forms

The following relevant Application Forms issued with the notes and instructions printed therein, are accompanied with this Prospectus:

- (i) **Pink** Application Forms for applications by the eligible Directors of the Manager and eligible employees of CMA Malaysia; and
- (ii) **White** Application Forms for applications by Malaysian Public.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability from CIMB, Maybank IB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIDFCCS.

Only one Application Form from each Applicant will be considered and each application must be for 100 Units or multiples thereof. **Multiple applications will not be accepted. A person who submits multiple applications in his own name or by using the name of others, with or without their consents, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten years under Section 182 of the CMSA.**

In the case of an individual applicant other than a member of the armed forces or police, the name and national registration identity card number of the applicant must be exactly the same as stated in the:

- (i) (a) Applicant's National Registration Identity Card ("NRIC"); or
- (b) "Resit Pengenalan Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; or
- (c) any valid temporary identity document as issued by the National Registration Department from time to time; and
- (ii) the Records of Bursa Depository.

Where the applicant is a member of the armed forces or police, the name and the armed forces or police personnel number (as the case may be) of the applicant must be exactly the same as that stated in his authority card.

In the case of a corporate/institutional applicant, the name and the certificate of incorporation number of the applicant must be exactly the same as that stated in the applicant's certificate of incorporation.

No acknowledgement of the receipt of the Application Form or application monies will be made by the Manager and/or MIDFCCS.

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4.2 Terms and Conditions for Applications using Application Form

Applications by way of Application Forms shall be made on, and subject to the terms and conditions set out below:

- (i) An Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with Malaysian address and with CDS Account.
- (ii) Applicants which are corporations/institutions incorporated in Malaysia must have CDS Accounts and subject to the following requirements:
 - (a) If the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - (b) There is a majority of Malaysian citizens on the board of directors/trustee.
- (iii) An Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and with a CDS Account.
- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations/institutions referred to in items (ii) and (iii) above or the trustees thereof.
- (v) Application for the IPO Units from the Malaysian Public portion must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, a form for application of securities must be accompanied by this prospectus, which has been registered by the SC under Section 233 of the CMSA. Accordingly, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not STRICTLY conform to the terms of this Prospectus or the Application Form or notes and instructions printed therein or which are illegible will not be accepted.
- (vi) Each completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:
 - (a) BANKER'S DRAFT or CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputra applicants); or
 - (b) MONEY ORDER or POSTAL ORDER (for applicants from Sabah and Sarawak only); or
 - (c) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputra applicants); or

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(d) ATM STATEMENT obtained from any of the following financial institutions:

- Affin Bank Berhad (25046-T);
- Alliance Bank Malaysia Berhad (88103-W);
- AmBank (M) Berhad (8515-D);
- CIMB Bank Berhad (13491-P);
- EON Bank Berhad (92351-V);
- Hong Leong Bank Berhad (97141-X);
- Malayan Banking Berhad (3813-K);
- Public Bank Berhad (6463-H); or
- RHB Bank Berhad (6171-M);

and must be made out in favour of “MIDF UNIT ISSUE ACCOUNT NO. 634” and crossed “A/C PAYEE ONLY” (excluding ATM statements) and endorsed on the reverse side with the NAME AND ADDRESS OF THE APPLICANT. Applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker’s draft, cashier’s order, GGO, money order, postal order or ATM statement will not be accepted. Details of the remittance must be completed in the appropriate boxes provided in the Application Forms.

- (vii) An applicant **MUST** state his CDS Account number in the space provided in the Application Form and he shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS Account to the Manager and/or MIDFCCS.
- (viii) The name and address of the applicant must be written on the reverse side of the banker’s draft, cashier’s order, ATM statement, money order, postal order, or GGO from Bank Simpanan Nasional Malaysia Berhad.
- (ix) The Manager and/or the Offeror reserve the right to require any successful applicant to appear in person at the registered office of MIDFCCS within 14 days of the date of the notice issued to such successful applicant to ascertain the regularity or propriety of the application. The Manager and/or the Offeror shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (x) MIDFCCS, acting under the authority of the Manager and/or the Offeror reserves the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (xi) MIDFCCS, acting under the authority of the Manager and/or the Offeror reserves the right not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Units from the Malaysian Public portion to a reasonable number of applicants with a view to establish an adequate market for the IPO Units.
- (xii) Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to the applicant within ten Market Days from the date of the final ballot of the applications by registered post to the applicant’s address last maintained with Bursa Depository, or where the application is not accepted due to the applicant not having provided a CDS Account, to the address per the NRIC or “Resit Pengenalan Sementara (KPPK 09)” or any valid temporary identity document as issued by the National Registration Department from time to time or the Authority Card in the case of armed forces/police personnel, at the applicant’s own risk.

- (xiii) The applicant shall ensure that his personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (xiv) MIDFCCS, acting under the authority of the Manager and/or the Offeror reserve the right to bank in all application monies from unsuccessful Bumiputra applicants and partially successful Bumiputra applicants, which would subsequently be refunded without interest and shall be despatched to the applicant within ten Market Days from the date of the final ballot of the applications by registered post to the applicant's address last maintained with Bursa Depository, at the applicant's own risk.
- (xv) Completed Application Forms accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

MIDF Consultancy and Corporate Services Sendirian Berhad
Level 8, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur
P.O. Box 11122
50736 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the Ground Floor of Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur so as to arrive not later than 5.00 p.m. on 5 July 2010 or for such other date or dates as the Manager may decide at its absolute discretion.

- (xvi) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIDFCCS.**

5. APPLICATIONS USING ELECTRONIC APPLICATION

5.1 Steps for Electronic Applications through a Participating Financial Institution's ATM

- (i) Applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (ii) Applicant **MUST** have a CDS Account; and
- (iii) Applicant is to apply for the IPO Units from the Malaysian Public portion via the ATM of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are set out in the terms and conditions for Electronic Applications (please refer to Section 5.3 below). Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Application requires him to do so:
- Personal Identification Number ("PIN");
 - MIDF Unit Issue Account No. 634;
 - CDS Account Number;
 - Number of IPO Units from the Malaysian Public portion applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

Note:

Applicants of the IPO Units from the Malaysian Public portion should take note that the word 'share' or 'shares' appearing on the ATM screen should be taken to represent 'Unit(s)' in the application process.

5.2 Participating Financial Institutions

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- Affin Bank Berhad;
- AmBank (M) Berhad;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

5.3 Terms and Conditions of Electronic Applications

The procedures for Electronic Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (“Steps”). The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to the “applicant” in the terms and conditions for Electronic Applications and the Steps shall mean the applicant who applies for the Units from the Malaysian Public portion through an ATM of any of the Participating Financial Institutions.

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Application at an ATM of the Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for Units from the Malaysian Public portion at an ATM belonging to other Participating Financial Institutions. Upon the completion of his Electronic Application transaction, the applicant will receive a computer-generated transaction slip (“Transaction Record”), confirming the details of his Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by the Manager or MIDFCCS. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the IPO for the application for the IPO Units from the Malaysian Public portion on 5 July 2010 at 5.00 p.m. (the “Closing Date and Time”), the Participating Financial Institutions shall submit magnetic tapes containing their respective customers’ applications for the Units from the Malaysian Public portion to MIDFCCS as soon as practicable but not later than 12.00 p.m. of the second business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Application for Units from the Malaysian Public portion via an ATM that accepts the ATM card of the Participating Financial Institution of which he has an account and its branches, subject to the applicant making only one application.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTIONS MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING CONDITIONS.

The Electronic Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (i) The Electronic Application shall be made in relation with and subject to the terms of this Prospectus and the Deed.
- (ii) The applicant is required to confirm the following statements (by pressing pre-designated keys (or buttons) on the ATM keyboard) and undertake that the following information given by him is true and correct:
 - he has attained 18 years of age as at the closing date of the application of the Units from the Malaysian Public portion;
 - he is a Malaysian citizen residing in Malaysia;
 - he has read this Prospectus and understood and agreed with the terms and conditions of the application;
 - this is the only application that he is submitting; and
 - he thereby gives consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to him and his account with the Participating Financial Institution and Bursa Depository to MIDFCCS and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving his consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the applicant's particulars to MIDFCCS, or any relevant regulatory bodies.

- (iii) **THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR THE IPO UNITS FROM THE MALAYSIAN PUBLIC PORTION AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE UNITS FROM THE MALAYSIAN PUBLIC PORTION, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTIONS, ON THE PRESCRIBED APPLICATION FORMS, OR BY WAY OF INTERNET APPLICATION.**
- (iv) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is being made, will be rejected.

- (v) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of IPO Units from the Malaysian Public portion applied for as stated on the Transaction Record or any lesser number of the aforesaid Units that may be allotted or allocated to him in respect of his Electronic Application. In the event that the Manager decides to allot or allocate any lesser number of the aforesaid IPO Units or not to allot or allocate any IPO Units from the Malaysian Public portion to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Application is successful, his confirmation (by his action of pressing the designated key on the ATM) of the number of IPO Units from the Malaysian Public portion applied for shall signify and shall be treated as, his acceptance of the number of IPO Units from the Malaysian Public portion that may be allotted or allocated to him and to be bound by the Deed.
- (vi) MIDFCCS, acting under the authority of the the Manager and/or the Offeror reserve the right to reject any Electronic Application or accept any Electronic Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Units from the Malaysian Public portion to a reasonable number of applicants with a view to establish an adequate market for the aforesaid IPO Units.
- (vii) Where an Electronic Application is not successful or successful in part only, the relevant Participating Financial Institutions will be informed of the non-successful or partially successful applications. Where an Electronic Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within two Market Days after the receipt of confirmation from MIDFCCS. MIDFCCS shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two Market Days after the balloting date. The applicants may check their accounts on the fifth Market Day from the balloting day.

Where an Electronic Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two Market Days after the receipt of confirmation from MIDFCCS. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to the applicants by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to the applicants not later than 10 Market Days from the day of the final ballot of the application.

Should applicants encounter any problems in their applications, they may refer to the Participating Financial Institutions.

- (viii) The applicant requests and authorises the Manager:
 - (a) to credit the IPO Units from the Malaysian Public portion allotted or allocated to the applicant into the CDS Account of the applicant; and
 - (b) to issue unit certificate(s) representing such IPO Units from the Malaysian Public portion allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and sends the same to Bursa Depository.

- (ix) The applicant, acknowledging that his Electronic Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of the Manager, MIDFCCS or the Participating Financial Institutions, irrevocably agrees that if:
- (a) the Manager or MIDFCCS does not receive the applicant's Electronic Application; and
 - (b) Data relating to the applicant's Electronic Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to the Manager or MIDFCCS,
- the applicant shall be deemed not to have made an Electronic Application and the applicant shall not claim whatsoever against the Manager, MIDFCCS or the Participating Financial Institutions for the IPO Units from the Malaysian Public portion applied for or for any compensation, loss or damage.
- (x) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Application shall be deemed to be true and correct and the Manager, MIDFCCS and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) The applicant shall ensure that his personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Application, the applicant agrees that:
- (a) in consideration of the Manager agreeing to allow and accept the making of any application for the IPO Units from the Malaysian Public portion via the Electronic Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Application is irrevocable;
 - (b) the Manager, the Participating Financial Institutions, Bursa Depository and MIDFCCS shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Application to the Manager due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of the Manager, the acceptance of the offer made by the applicant to subscribe for and purchase the IPO Units from the Malaysian Public portion for which the applicant's Electronic Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Units;
 - (d) the applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the IPO Units from the Malaysian Public portion allocated to the applicant; and

- (e) the Manager agrees that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that the Manager irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) The Manager and/or the Offerors reserve the right to require any successful applicant to appear in person at the registered office of MIDFCCS within 14 days of the date of the notice issued to such successful applicant to ascertain the regularity or propriety of the application. The Manager and/or the Offeror shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (xiv) MIDFCCS, acting under the authority of the Manager reserves the rights to reject any application, which does not conform to these instructions.
- (xv) Except for Affin Bank Berhad, a surcharge of RM2.50 per Electronic Application will be charged by the respective Participating Financial Institutions.

6. APPLICATIONS USING INTERNET APPLICATION

6.1 Steps for Internet Application

The exact steps for an Internet Application in respect of the IPO Units from the Malaysian Public portion are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the IPO Units from the Malaysian Public portion via Internet Application may be as set out below. The steps set out the actions that the applicant must take at the internet financial services website of the Internet Participating Financial Institutions to complete an Internet Application.

AN APPLICANT MUST HAVE A CDS ACCOUNT BEFORE HE CAN MAKE ANY APPLICATION FOR THE UNITS FROM THE MALAYSIAN PUBLIC PORTION. PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institutions with which the applicant has an account.
- (ii) Login to the Internet financial services facility by entering the applicant's user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of IPOs.
- (iv) Select the counter in respect of the IPO Units from the Malaysian Public portion to launch the Electronic Prospectus and the terms and conditions of the Internet Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.

- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form such as the IPO Units counter, NRIC number, CDS account number, number of IPO Units from the Malaysian Public portion applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form. By confirming such information, the applicant also undertakes that information set out under Section 6.2 (iii) of this Prospectus is true and correct.
- (viii) Upon submission of the online application form, the applicant will be linked to the website of the Internet Participating Financial Institution to effect the online payment of the application money for the Units from the Malaysian Public portion.
- (ix) As soon as the transaction is completed, a message from the Internet Participating Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (x) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website.
- (xi) The applicant is advised to print out the Confirmation Screen for reference and retention.

Note:

Applicants for the IPO Units from the Malaysian Public portion should take note that the word 'share' or 'shares' appearing on the Internet financial services website of the Internet Participating Financial Institutions should be taken to represent 'Unit(s)' in the application process.

6.2 Terms And Conditions For Internet Application

Applications for the IPO Units from the Malaysian Public portion may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE IPO UNITS FROM THE MALAYSIAN PUBLIC PORTION THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institutions:

- Affin Bank Berhad at www.affinOnline.com;
- CIMB Investment Bank Berhad at www.eipocimb.com;
- CIMB Bank Berhad at www.cimbclicks.com.my;
- Malayan Banking Berhad at www.maybank2u.com.my; or
- RHB Bank Berhad at www.rhb.com.my

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET APPLICATIONS AND THE STEPS FOR INTERNET APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET APPLICATIONS IN RESPECT OF THE IPO UNITS FROM THE MALAYSIAN PUBLIC PORTION ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Application shall be made on and shall be subject to the terms and conditions set out herein:

- (i) An applicant making an Internet Application shall:
 - (a) be an individual with a CDS Account;
 - (b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification (“User ID”) and PIN/password for the relevant Internet financial services facilities; and
 - (c) be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the IPO Units from the Malaysian Public portion at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Application shall be made upon and shall be subject to the terms of this Prospectus and the Deed.
- (iii) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
 - (a) The applicant has attained 18 years of age as at the date of the application for the Units from the Malaysian Public portion;
 - (b) The applicant is a Malaysian citizen residing in Malaysia;
 - (c) The applicant has, prior to making the Internet Application, received and/or has had access to a printed/electronic copy of the Prospectus, the contents of which the applicant has read and understood;
 - (d) The applicant agrees to all the terms and conditions of the Internet Application as set out in the Prospectus and has carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making the Internet Application for the Units from the Malaysian Public portion;
 - (e) The Internet Application is the only application that the applicant is submitting for the IPO Units from the Malaysian Public portion;
 - (f) The applicant authorises the Internet Participating Financial Institutions (the “Authorised Financial Institution”) to deduct the full amount payable for the IPO Units from the Malaysian Public portion from the applicant’s account with the Authorised Financial Institution;

- (g) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act) to the disclosure by the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Application made by the applicant or the applicant's account with the Authorised Financial Institution, to MIDFCCS, the SC and any other relevant authority;
 - (h) The applicant is not applying for the IPO Units from the Malaysian Public portion as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (i) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, the Manager or other relevant parties in connection with this initial public offering, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with this initial public offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Application services.
- (iv) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Application has been completed and states the details of the applicant's Internet Application, including the number of IPO Units from the Malaysian Public portion applied for which can be printed out by the applicant for his records.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 6.2 (iii) herein.

- (v) The applicant must have sufficient funds in the applicant's account with the Authorised Financial Institution at the time of making the Internet Application, to cover and pay for the IPO Units from the Malaysian Public portion and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Application is made shall be rejected.

- (vi) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of IPO Units from the Malaysian Public portion applied for as stated on the Confirmation Screen or any lesser number of the aforesaid IPO Units that may be allotted to the applicant in respect of the Internet Application. In the event that the Manager decides to allot any lesser number of such IPO Units from the Malaysian Public portion or not to allot any said IPO Units to the applicant, the applicant agrees to accept any such decision of the Manager and/or the Offeror as final.

In the course of completing the Internet Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Units from the Malaysian Public portion applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (a) acceptance by the applicant of the number of IPO Units from the Malaysian Public portion that may be allotted or allocated to the applicant in the event that the applicant's Internet Application is successful or successful in part, as the case may be; and
- (b) the applicant's agreement to be bound by the Deed.
- (vii) The applicant is fully aware that multiple or suspected multiple Internet Applications for the Units from the Malaysian Public portion will be rejected. MIDFCCS, acting under the authority of the Manager and/or the Offerors reserve the right to reject any Internet Application or accept any Internet Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Units from the Malaysian Public portion to a reasonable number of applicants with a view to establishing an adequate market for the IPO Units.
- (viii) Where an Internet Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Application. If an Internet Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in RM (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Authorised Financial Institution within two Market Days after receipt of written confirmation from MIDFCCS.

MIDFCCS shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two Market Days from the balloting date.

Where the Internet Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in RM (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within two Market Days after receipt of written confirmation from MIDFCCS. A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to the applicants within 10 Market Days from the day of the final ballot of the applications lists.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom within 10 Market Days from the day of the final ballot of the applications lists.

Except where MIDFCCS is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Application in order to determine the status or exact number of Units from the Malaysian Public portion allotted, if any, before trading the IPO Units from the Malaysian Public portion on Bursa Securities.

- (ix) Internet Applications will be closed at 5.00 p.m. on 5 July 2010 or for such other date or dates as the Manager may decide at its absolute discretion. An Internet Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Applications will not be accepted.
- (x) The applicant irrevocably agrees and acknowledges that the Internet Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Authorised Financial Institution and the Manager. If, in any such event, the Manager, MIDFCCS and/or the Authorised Financial Institution do not receive the applicant's Internet Application and/or the payment therefor, or in the event that any data relating to the Internet Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Application and the applicant shall have no claim whatsoever against the Manager, MIDFCCS or the Authorised Financial Institution in relation to the IPO Units from the Malaysian Public portion applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (xi) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Application shall be deemed to be true and correct, and the Manager, the Internet Participating Financial Institution, MIDFCCS and all other persons who are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

- (xii) By making and completing an Internet Application, the applicant is deemed to have agreed that:
- (a) in consideration of the Manager making available the Internet Application facility to the applicant, through the Internet Participating Financial Institutions acting as agents of the Manager, the Internet Application is irrevocable;
 - (b) the applicant has irrevocably requested and authorised the Manager to register the IPO Units from the Malaysian Public portion allotted to the applicant for deposit into the applicant's CDS account;
 - (c) neither the Manager nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Application to MIDFCCS or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or any cause beyond their control;
 - (d) the applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Application by MIDFCCS, the Manager and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (e) The acceptance of the offer made by the applicant to subscribe for the IPO Units from the Malaysian Public portion for which the applicant's Internet Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of the Manager and not otherwise, notwithstanding the receipt of any payment by or on behalf of the Manager;
 - (f) The applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Application by the Manager;
 - (g) In making the Internet Application, the applicant has relied solely on the information contained in this Prospectus. the Manager, the Joint Underwriters for the Retail Offering, the Adviser and any other person involved in this exercise shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Application;
 - (h) The acceptance of an applicant's Internet Application by the Manager and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (xiii) The following processing fee per Internet Application will be charged by the respective Internet Participating Financial Institutions:
- CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
 - CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with the CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00; and

- RHB Bank Berhad (www.rhbbank.com.my) – RM2.50;

No fee will be charged by Affin Bank Berhad for applications by their account holders.

7. APPLICATION AND ACCEPTANCE

MIDFCCS, acting under the authority of the Manager and/or the Offeror together with the Joint Underwriters for the Retail Offering, reserves the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason therefor.

The submission of an application form does not necessarily mean that the application will be successful.

ALL APPLICATIONS MUST BE FOR 100 UNITS OR MULTIPLES THEREOF

In the event of an over-subscription, acceptance of applications by the Malaysian Public shall be subject to ballot to be conducted in a fair and equitable manner as approved by the Manager and/or the Offeror. Due consideration will be given to the desirability of distributing the IPO Units from the Malaysian Public portion to a reasonable number of applicants with a view to broaden the unitholding base of CMMT and to establish an adequate market in trading of the IPO Units from the Malaysian Public portion.

Pursuant to the Listing Requirements of Bursa Securities, at least 25.0% of the enlarged Units in circulation of CMMT must be held by a minimum number of 1,000 public Unitholders holding not less than 100 Units from the Malaysian Public portion each. CMMT is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to the IPO, CMMT may not be allowed to proceed with the listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

In the event of an under-subscription for the IPO Units from the Malaysian Public portion by the Malaysian Public (subject to the Clawback and Reallocation Provision highlighted in Section 2.5.3 of the Prospectus), all the IPO Units from the Malaysian Public portion not applied for will be made available for subscription by the Joint Underwriters for the Retail Offering.

7.1 Refund Mechanism

The refunds for applications made via Application Forms, Electronic Applications or Internet Applications will be effected via remittances in the form of cheques, which will be despatched by registered post to the addresses of the successful applicants as stated in Bursa Depository records at their own risks within 10 Market Days from the final ballot of applications for the IPO Units from the Malaysian Public portion.

WHERE A SUCCESSFULLY BALLOTTED APPLICATION IS SUBSEQUENTLY NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATIONS BY REGISTERED POST, TO THE APPLICANT'S ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

MIDFCCS, ACTING UNDER THE AUTHORITY OF THE MANAGER AND/OR THE OFFEROR, RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WHICH WOULD SUBSEQUENTLY BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST TO THE APPLICANT'S ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE HAVING BEEN PRESENTED FOR PAYMENT.

8. CDS ACCOUNT

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securitites has prescribed the Units as Prescribed Securities. In consequence thereof, the IPO Units issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Units will be carried out in accordance with the Central Depositories Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Central Depositories Act, all dealings in the Units including Units from the Malaysian Public portion will be by book entries through CDS Accounts. No unit certificates will be issued to successful applicants.

Only an applicant who has a CDS Account can make an application by way of Application Form. An applicant should state his CDS Account number in the space provided in the Application Form and he shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS Account to MIDFCCS or the Manager. Where an applicant does not presently have a CDS Account, he should open a CDS Account at an ADA prior to making an application for the Units from the Malaysian Public portion.

In the case of an application by way of Electronic Application, only an applicant who has a CDS Account can make an Electronic Application and the applicant shall furnish his CDS Account number to the Participating Financial Institution by way of keying in his CDS Account number if the instructions on the ATM screen at which he enters his Electronic Application requires him to do so.

In the case of an application by way of an Internet Application, only an applicant who has a CDS account can make an Internet Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

MIDFCCS, on the authority of the Manager and/or the Offeror, reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Applications or in the case of Internet Applications, if the records of the Internet Participating Financial Institutions at the time of making the Internet Applications, differ from those in Bursa Depository's records, such as the NRIC number, name and nationality.

9. NOTICE OF ALLOTMENT

Units under the Malaysian Public portion allotted to all successful or partially successful applicants will be credited to their respective CDS Accounts. A notice of allotment will be despatched to the successful or partially successful applicants at the applicant's address last maintained with Bursa Depository at the applicant's own risk prior to the Listing. This is the only acknowledgement of acceptance of the application.

All applicants must inform Bursa Depository of their updated addresses promptly by adhering to the certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to the applicants' registered or correspondence addresses last maintained with Bursa Depository.

Applicants may also check the status of their applications by logging on to MIDFCCS's website, www.midf.com.my or by calling their respective ADAs at the telephone number as stated in Section 10 herein or MIDFCCS Enquiry Services at 03-2173 8657/58/59, between five to 10 Market Days (during office hours only) after the final balloting date.

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Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

10. LIST OF ADAs

A list of the ADAs and their respective Broker Codes are as follows:

Name	Address and telephone number	Broker code
KUALA LUMPUR		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6201 1155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground, Mezzanine and 3rd Floor Chulan Tower No.3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor Menara Multi-Purpose Capital Square, 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2697 6333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2078 2788	086-001
BIMB SECURITIES SDN BHD	1st & 2nd Floor, Podium Block AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No.: 03-4043 3533	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	3rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1888	052-001
ECM LIBRA INVESTMENT BANK BERHAD	Level 1, Avenue Building Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 1800	052-009
HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as HLG Securities Sdn Bhd)</i>	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5th Mile Cheras 56100 Kuala Lumpur Tel No.: 03-9130 3399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7th, 22 nd & 23rd Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2711 6888	068-014
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No.: 03-7981 8811	054-005
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th - 14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2168 8800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD	No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No.: 03-2287 1799	073-015

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
MAYBAN INVESTMENT BANK BERHAD <i>(formerly known as Aseambankers Malaysia Berhad)</i>	5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-2692 8899	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	056-001
OSK INVESTMENT BANK BERHAD	No 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-6257 5869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	056-054
PM SECURITIES SDN BHD	Ground & Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
RHB INVESTMENT BANK BERHAD	Level 9, Tower Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 TA One Tower No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as HLG Securities Sdn Bhd)</i>	1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.:03-7724 6888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
INTER-PACIFIC SECURITIES SDN BHD	No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh, Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No.: 03-6137 1888	054-006
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	13th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7956 2169	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1682	073-006
KENANGA INVESTMENT BANK BERHAD	Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3005 7550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	056-011

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	056-048
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak 40200 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-289 8880	065-006

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-288 1720	052-008
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No.: 06-337 1533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	056-003
PM SECURITIES SDN BHD	No. 11 & 13 Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-286 6008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No.: 06-283 3622	087-002
PERAK DARUL RIDZUAN		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 2328	078-009
ALLIANCE INVESTMENT BANK BERHAD	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-691 0910	076-008
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	052-002

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-622 2828	052-006
HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as HLG Securities Sdn Bhd)</i>	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 6688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001
MAYBAN INVESTMENT BANK BERHAD <i>(formerly known as Aseambankers Malaysia Berhad)</i>	B-G-04 (Ground Floor) Level 1 & 2. No. 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-245 3400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 6498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-692 1228	056-016

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
OSK INVESTMENT BANK BERHAD	Ground Floor No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-808 8229	056-034
OSK INVESTMENT BANK BERHAD	No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-465 1261	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	056-052
TA SECURITIES HOLDINGS BHD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-253 1313	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1st, 2nd & 3rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-229 9318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-554 1388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuhraya 10200 Penang Tel No.: 04-261 1688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-226 1818	086-004

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-238 5900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-228 1833	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-228 3355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-263 6996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-537 2882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No.: 04-269 0888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-210 6666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Perai Pulau Pinang Tel No.: 04-332 2123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No.: 04-263 4222	056-004

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No.: 04-390 0022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015
OSK INVESTMENT BANK BERHAD	No. 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-640 4888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-227 3000	064-004
PERLIS INDRA KAYANGAN		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No.: 04-976 5200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No.: 04-979 3388	056-061

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
KEDAH DARUL AMAN		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alar Setar Kedah Darul Aman Tel No.: 04-732 2111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017
OSK INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-496 4888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-720 9888	056-021
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1 C-1 & 1 D-1, 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-765 5998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-761 2288	068-007

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-764 1641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-442 1000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 71200 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3014	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-646 1234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-762 3131	064-002
JOHOR DARUL TAKZIM		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7 Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-333 2000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-663 7398	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3218	078-006

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-512 1633	078-008
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
AMINVESTMENT BANK BERHAD	2 nd , 3 rd & 4 th Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-434 2282	086-002
AMINVESTMENT BANK BERHAD	18th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor, No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-467 8885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 2692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-333 3600	073-004

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 06-954 2711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-777 1161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 2292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-331 6992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah.Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 7388	061-002
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-278 8821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-438 0288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1 st & 2 nd Floor, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 8262	056-025

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-557 7628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-932 1543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17, Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-776 9655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-662 6288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 7180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-925 6881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 1 & 1-01, Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-352 2293	056-043
PM SECURITIES SDN BHD	No. 41 Jalan Molek 2/4 Taman Molek 81100 Johor Bharu Johor Darul Takzim Tel No.: 07-351 3232	064-005

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-433 3608	064-008
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-566 0800	076-002
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19 Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 1698	052-007
OSK INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 3811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-491 4913	056-041
KELANTAN DARUL NAIM		
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 2288	058-004

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-631 7922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-858 3109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-626 1816	056-055
SABAH		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	052-012
HWANGDBS INVESTMENT BERHAD	Suite 1-9-E1, 9th Floor CPS Tower, Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-229 286	056-057
SARAWAK		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-236 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002

Appendix VI -- PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Level 1-5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No.: 084-313 855	073-012
OSK INVESTMENT BANK BERHAD	Ground, & 1st Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-422 252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No.: 084-329 100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No.: 086-311 770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I, Jalan Kampung Datu 96000 Sibul Sarawak Tel No.: 084-319 998	058-002

Appendix VI – PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

Name	Address and telephone number	Broker code
TA SECURITIES HOLDINGS BERHAD	2 nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006

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