

**Knight Frank**



**PRIVATE & CONFIDENTIAL**

**Pavilion REIT Management Sdn Bhd**

(On behalf of AmTrustee Berhad, as the proposed Trustee of Pavilion REIT)

Suite 802, 8<sup>th</sup> Floor

Wisma Lim Foo Yong

86, Jalan Raja Chulan

50200 Kuala Lumpur

Date: 19<sup>th</sup> October 2011

Reference No.: V/11/0118/ohy/cth

Dear Sir,

**VALUATION CERTIFICATE FOR PAVILION KUALA LUMPUR MALL AND OFFICE TOWER  
(PROPOSED TO BE NAMED AS PAVILION TOWER)  
(HEREINAFTER REFERRED TO AS "THE SUBJECT PROPERTIES")**

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We were instructed by Pavilion REIT Management Sdn Bhd, on behalf of AmTrustee Berhad, as the proposed Trustee of Pavilion REIT to conduct a Valuation of the Subject Properties and details of the Valuation are contained in our Valuation Report bearing Reference No. V/11/0118/ohy/cth dated 29<sup>th</sup> June 2011.

This Valuation Certificate is prepared for the inclusion in the Prospectus of Pavilion Real Estate Investment Trust to be dated 14 NOV 2011 in relation to the proposed establishment and listing of the units of Pavilion Real Estate Investment Trust on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Valuation was prepared in conformity with the Asset Valuation Guidelines issued by Securities Commission and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers and Estate Agents.

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

Brief summary of the Subject Properties are attached overleaf.



For the purpose of this valuation, we have adopted the Investment and Comparison Methods of Valuation.

**i) Investment Method**

This approach considers income and expense data relating to the Subject Properties being valued and estimates value through a capitalization process. Capitalization relates income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (known as *capitalization rates*), *yield* or *discount rates* (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces the highest return commensurate with a given level of risk leads to the most probable value figure.

In undertaking our assessment of value under the capitalization approach, we have generally adopted the current passing rental in their existing tenancy as a means of deriving the income and value for the Subject Properties. Our assessment of the market rent of the Subject Properties under the reversionary term is based on the historical passing rental of the Subject Properties and rental evidences of other comparable properties in the surrounding vicinity.

Under the reversionary term, we have generally allocated 3% and 5% of the gross annual rental for voids, vacancy periods between rent reviews, which include the rent free and fitting out periods.

**ii) Comparison Method**

This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued (Subject Properties) is compared with sales of similar properties that have been transacted in the open market. Listings and offerings may also be considered.

**Reconciliation**

Taking into consideration that the Subject Properties are commercial and income generating properties, we have adopted the Market Value as derived from the Investment Method of Valuation as a fair representation of the Subject Properties supported by the Market Value derived from the Comparison Method.

In a valuation of a homogeneous real estate such as vacant lands and residential homes, the Comparison Method is the most appropriate method of valuation as there are less adjustments and analysis on comparables. However, in the case of more complex real estate such as shopping complexes, office buildings and other income generating or investment properties, qualitative and quantitative adjustments are more difficult to compute or gauge to reflect the differences of the comparables and the property being valued. Therefore, we have considered the Investment Method as the most reliable and appropriate method of valuation in our final opinion of Market Value of the Subject Properties.



We wish to draw attention that the Parent Lot No. 374 of the Subject Properties carries a restriction in interest which stipulates that 'Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur'. In this regard, our valuation is on the basis that written consent from the State Authority in respect of the aforesaid restriction in interest will not be unreasonably withheld.

**INDIVIDUAL BLOCK STRATA TITLES IN RESPECT OF THE SUBJECT PROPERTIES HAVE NOT BEEN ISSUED. OUR VALUATION IS ON THE BASIS / ASSUMPTION THAT INDIVIDUAL BLOCK STRATA TITLES IN RESPECT OF THE SUBJECT PROPERTIES ARE FORTHCOMING AND WHEN ISSUED, WILL BE FREE FROM ALL ENCUMBRANCES AND WILL CONVEY THE APPROVED EXTENDED 99-YEAR LEASEHOLD INTEREST EXPIRING ON 26<sup>TH</sup> OCTOBER 2109 OVER THE RESPECTIVE FLOOR AREAS.**

Having regard to the foregoing, our opinion of the **Market Value** of the unexpired leasehold interests in the Subject Properties, held under Parent Lot Nos. 374 and 377 with remaining unexpired terms of about 94 years and 88 years respectively, with Certificates of Fitness for Occupation issued, subject to the existing tenancies and the forthcoming individual block strata titles when issued being free from all encumbrances (including the existing charges to Alliance Investment Bank Berhad on the Parent Lots), good, marketable and registrable, as at 1<sup>st</sup> June 2011 are as follows:-

Identification of Property	Market Value (RM)
1. Pavilion Kuala Lumpur Mall (Including 2,427 car parking bays)	RM 3,415,000,000 (Ringgit Malaysia Three Billion And Four Hundred Fifteen Million Only)
2. Office Tower (Proposed to be named as Pavilion Tower)	RM 128,000,000 (Ringgit Malaysia One Hundred And Twenty Eight Million Only)

For and on behalf of  
**KNIGHT FRANK**

**Ooi Yew Hock**  
Registered Valuer, V-273  
FISM, MRICS

Date: 29<sup>th</sup> June 2011



**1.0 GENERAL IDENTIFICATION OF THE SUBJECT PROPERTIES**

**Interests Valued / Type of Property** Unexpired leasehold interests in a seven (7)-storey shopping mall [including four (4) split-levels of car parking bays] together with a three (3)-storey retail office block sited atop and annexed with a four (4)-storey retail / entertainment connection block and three (3) levels of basement car parks known as Pavilion Kuala Lumpur Mall and a twenty (20)-storey office building together with six (6) mechanical / electrical levels known as Office Tower (proposed to be named as Pavilion Tower), both forming part of a substantial portion of an integrated mixed-use commercial development known as Pavilion Kuala Lumpur, erected on Parent Lot Nos. 374 and 377, Section 63, held under Master Title Nos. Pajakan Negeri (WP) 45861 and Pajakan Negeri (WP) 43401 respectively, both within Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

**Name and Address** Pavilion Kuala Lumpur Mall, No. 168, Jalan Bukit Bintang, 55100 Kuala Lumpur.  
Office Tower (proposed to be named as Pavilion Tower), No. 75, Jalan Raja Chulan, 50200 Kuala Lumpur.

**Location** Strategically located in the heart of the Golden Triangle of Kuala Lumpur, the city's main commercial precinct and located within the popular Bukit Bintang shopping district.

**Title Particulars** The following table outlines the master title particulars of the Subject Properties.

**Summary of Master Title Particulars**

Parent Lot Nos. :	374 and 377, Section 63, held under Master Title Nos. Pajakan Negeri (WP) 45861 and Pajakan Negeri (WP) 43401 respectively, both within Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	
Total Land Area :	48,606.00 square metres (523,191 square feet)	
Tenure :	Lot No. 374	Leasehold interest for a term of 99 years, expiring on 1 <sup>st</sup> January 2105.
	Lot No. 377	Leasehold interest for a term of 99 years, expiring on 7 <sup>th</sup> December 2099.
Registered Proprietors :	Urusharta Cemerlang Sdn. Bhd, in respect of both titles.	
Category of Land Use :	Building, in respect of both titles.	

We have been informed by the Client that the Parent Lot Nos. 374 and 377 have been amalgamated to form a new individual parent lot. The new amalgamated parent lot is identified as Lot No. PT 71 Section 63, held under Master Title No. HS(D) 118129, Town and District of Kuala Lumpur conveying 99-year leasehold interest expiring on 26<sup>th</sup> October 2109.

We further noted that Urusharta Cemerlang Sdn Bhd has irrevocably granted rights and / or easements to Harmoni Perkasa Sdn Bhd and Urusharta Cemerlang (KL) Sdn Bhd vide deeds of grant dated 27<sup>th</sup> March 2011 and to Lumayan Indah Sdn Bhd vide a deed of grant dated 14<sup>th</sup> June 2011 with regards to the proposed serviced suites, Pavilion Extension and a proposed overhead bridge to be constructed to connect to Pavilion Kuala Lumpur Mall, respectively.

**Planning Approvals** The Subject Properties are designated for commercial use and was issued with a Certificate of Fitness for Occupation issued by Kuala Lumpur City Hall dated 30<sup>th</sup> September 2009.



**2.0 PAVILION KUALA LUMPUR MALL**

**2.1 PROPERTY DESCRIPTION**

**Property Description** Pavilion Kuala Lumpur Mall is a premier seven (7)-storey shopping mall which offers six distinguished shopping precincts and a row of street-front duplexes housing flagship boutiques with approximately 450 retail tenancies (as at 1<sup>st</sup> June 2011) and approximately 1.34 million square feet of net lettable area (NLA) together with multi-storey and basement parking facilities with more than 2,400 car parking bays.

Since its completion in 2007, Pavilion Kuala Lumpur Mall has been an award winning retail development and remains a prime shopping destination in the Klang Valley. As a whole, the Mall is intended to provide a one stop shopping and entertainment experience featuring a wide variety of dining, fashion, specialty offerings and entertainment, including a 13-hall GSC Cinemas complex.

**Year of Completion** September 2007.

**Occupancy Status** About 98% as of 1<sup>st</sup> June 2011 based on commenced tenancies.

**Gross Floor Area**

<b>Main Building</b> (Includes Retail, Connection Block and Retail Office Block)	204,624.23 square metres (2,202,557 square feet)
<b>Car Park</b>	138,129.20 square metres (1,486,810 square feet)

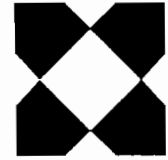
**Net Lettable Area (NLA)** 124,036.61 square metres (1,335,119 square feet).

[Exclude additional kiosks area measuring approximately 965.91 square metres (10,397 square feet) created along passageways / walkways within Pavilion Kuala Lumpur Mall which does not form part of the delineated lettable areas in the Approved Building Plans].

We were informed by the Client that an application has been submitted to the relevant authority for the proposed amendment to the Development Order bearing Reference No. DBKL.JPR.5084/2001 dated 18<sup>th</sup> April 2007 for the approval of change of usages, renovations, common and net lettable area extensions and conversions [including the additional kiosks area measuring about 965.91 square metres (10,397 square feet)].

**No. of Car Parks** 2,427 car parking bays (inclusive of 18 bays which are currently being used as car wash area).

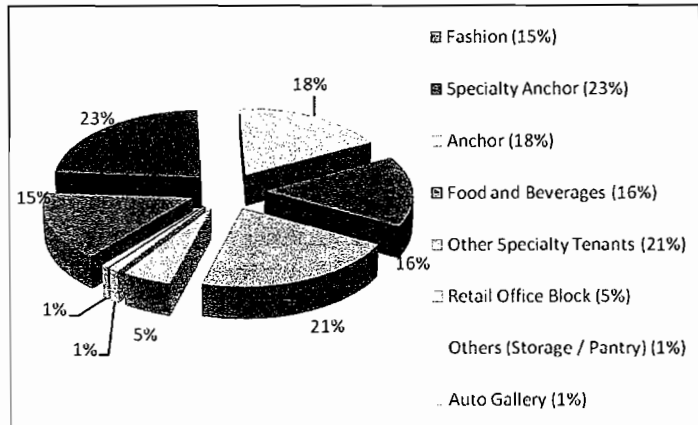
(Exclude 150 bays allocated for propose hotel / serviced suites development and 12 bays converted to other usage).



**2.1 PROPERTY DESCRIPTION (CONT'D)**

**Tenancy Profile**

As at the date of valuation, Pavilion Kuala Lumpur Mall is almost fully tenanted by various types of retailers such as F&B and entertainment outlets, cinema, specialty shops and fashion, supermarkets and so on.



Specialty anchor and specialty tenants represent approximately 23% and 58% respectively of the overall retail mix of the shopping mall (over occupied net lettable area).

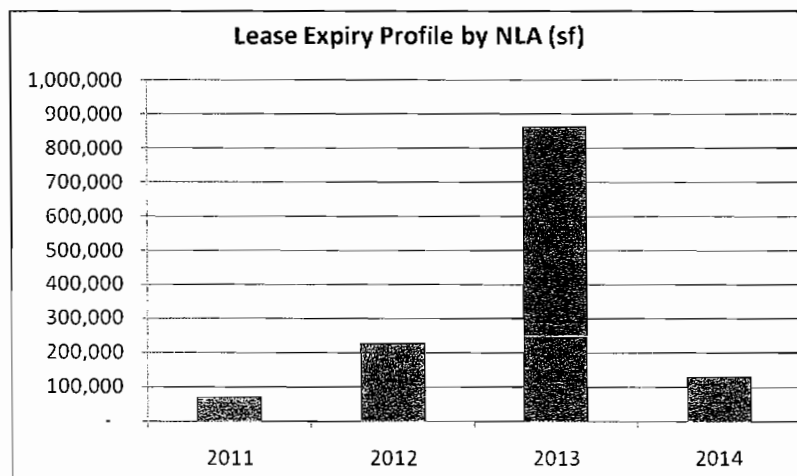
Anchor tenant is Parkson whilst the specialty anchor tenants include Food Republic, Forever 21, Golden Screen Cinemas, Red Box Plus, Harvey Norman, Tangs, Stadium, Pan-Asia, Mercato, Grand Palace, Times Bookstore, Esprit and Padini Concept Store. Specialty tenants consist of fashion, food and beverages outlets, retail office block, auto gallery and other specialty tenants.

Other specialty tenants comprise of jewellery and timepieces, accessories, beauty and personal care, urban leisure, gifts and souvenirs, IT and digital, shoes, bags and leather, services, home decorations and furnishing and others (about 21% of the occupied net lettable area).

Most tenancies have been agreed for 2-year and 3-year terms, with an option to renew thereafter. Some of the tenancies have a fixed increasing step up rental rates whilst some tenancies have a fixed rental rate throughout. Majority of the tenancies are further subject to sales turnover rent.

The service charges applicable to retail office block tenants is RM2.00 psf per month and retail tenants is RM3.60 psf per month whilst the promotional charges is RM0.40 psf per month with the exception for the anchor and some of the specialty anchor tenants.

The lease expiry profile of the Pavilion Kuala Lumpur Mall is as follow:-





## 2.1 PROPERTY DESCRIPTION (CONT'D)

**Property Performance** The following table outlines the historical operating performance of Pavilion Kuala Lumpur Mall as extracted from the proforma income statements provided to us by the Client.

Historical Operating Performance, Pavilion Kuala Lumpur Mall (Extracted from the Proforma Income Statements)				
	FYE 2008	FYE 2009	FYE 2010	Jan – March 2011 (as at 1 <sup>st</sup> June 2011)
Average Occupancy	98%	99%	97%	98%
<i>(RM'000)</i>				
Gross Rental Receivable	RM 230,586	RM 242,224	RM 254,821	RM 65,900
Total Other Income*	RM 15,673	RM 22,675	RM 34,479	RM 8,300
<b>Total Gross Income</b>	<b>RM 246,259</b>	<b>RM 264,899</b>	<b>RM 289,300</b>	<b>RM 74,200</b>
<b>Total Outgoings**</b>	<b>(RM 73,640)</b>	<b>(RM 77,999)</b>	<b>(RM 79,800)</b>	<b>(RM 18,700)</b>
<b>Net Income</b>	<b>RM 172,619</b>	<b>RM 186,900</b>	<b>RM 209,500</b>	<b>RM 55,500</b>

**Notes:-**

\* Other income consists of car park income, income derived from push carts, advertisements, events, sales turnover rent, electricity and water charges less rental rebates.

\*\* Total outgoings includes car park expenses and excludes property manager's fees, depreciation, bad / doubtful debts, tenant fit out expenses and property enhancements.

Source: Urusharta Cemerlang Sdn. Bhd.

## 2.2 MARKET VALUE

**Date of Valuation** 1<sup>st</sup> June 2011.

**Valuation Methodology** For the purpose of this valuation, we have adopted the Investment and Comparison Methods of Valuation.

**Reconciliation of Values**

Method of Valuation	Derivation of Values
Investment Method	RM3,415,000,000
Comparison Method	RM3,410,000,000

Taking into consideration that Pavilion Kuala Lumpur Mall is a commercial and income generating property, we have adopted the Market Value as derived from the Investment Method of Valuation as a fair representation of the Subject Property supported by the Market Value derived from the Comparison Method.

**Market Value** RM3,415,000,000.



**2.2 MARKET VALUE (CONT'D)**

**2.2.1 Investment Method of Valuation**

A summary of parameters adopted in the Investment Method of Valuation is scheduled as follows:-

**Term**

Average Gross Rental	: <b>RM16.74 psf</b> per month over prevailing occupied NLA (excluding car park income and other income). This is based on current passing rental receivable by the Mall on contractual basis (unexpired and signed tenancies with commenced rental payment)
Outgoings	: <b>RM4.04 psf</b> per month over occupied NLA (RM4.20 over total NLA)
Capitalisation Rates	: <b>6.25% - 6.75%</b> adopted for current term / <b>6.5% - 7.00%</b> for future terms

**Reversionary**

Average Gross Rental	: <b>RM18.54 psf</b> per month on fully leased basis (excluding car park income and other income). The rents are based on rental comparison, tenancy profile, location and existing passing rents of the Mall.
Void Allowance	: <b>3.0%</b>
Gross Rental After Void	: <b>RM17.98 psf</b> per month (excluding car park income and other income)
Outgoings	: <b>RM4.30 psf</b> per month over total NLA
Capitalisation Rate	: <b>6.75%</b>

**Car Park Income**

Term	: <b>RM326 per bay</b> per month (based on 2011 estimate, payable by Car Park Operator in the form of gross rental income)
Reversionary	: <b>RM380 per bay</b> per month (based on gross income collection by car park operator)
Outgoings	: Term – <b>3%</b> of Gross Rental Payable (based on 2011 estimate) Reversion – <b>15%</b> of Gross Income
Capitalisation Rate	: <b>6.25%</b> under Term and <b>6.75%</b> for Reversionary period

**Other Income & Rental Rebate**

(Includes income derived from promotion kiosks, sales turnover rent, advertisement, events and push carts less rental rebate)

Gross Income	: <b>RM0.77 psf</b> per month based on total NLA
Outgoings	: <b>RM0.06 psf</b> per month based on total NLA for both term and reversionary periods
Rental Rebate	: <b>RM7,300,000</b> per annum (RM0.46 psf per month over total NLA)
Capitalisation Rate	: <b>8.00%</b>

**Present Value**

A rate of return of 6.25% is adopted for discounting the future income into the present level for future term and 6.75% under the reversionary period.





**2.2 MARKET VALUE (CONT'D)**

The following table outlines the average rental rates and yield analysis of comparable shopping / retail centre:-  
**Rental Comparison & Yield Analysis of Selected Shopping / Retail Centre**

Property	The Gardens Mall	Sungei Wang Plaza	Sunway Pyramid	Lot 10 Shopping Centre	Starhill Gallery	Suria KLCC
Location	Mid Valley City	Golden Triangle, KL	Bandar Sunway	Golden Triangle, KL	Golden Triangle, KL	Golden Triangle, KL
NLA	821,887 sf	450,470 sf	1,685,568 sf	256,811 sf	297,354 sf	1,042,858 sf
Average Gross Rental (psf)	RM9.81 psf	RM10.90 psf	RM10.00 psf	RM12.00 psf (based on master lease)	RM15.00 psf (based on master lease)	Estimated RM23.00 psf (based on revaluation dated March 2011 and estimated yield of 6.5%)
Consideration / Valuation	RM820,000,000 (based on valuation dated 25 <sup>th</sup> April 2011)	RM724,000,000	RM2,132,025,000	RM401,000,000	RM629,000,000	-
Net Income (includes car park & other income)	RM58,978,611 (based on outgoings of about RM3.83 psf / month)	RM49,956,000	RM146,000,000	About RM 27,250,000 (Based on Master Tenancy Agreement dated 2010)	About RM 42,800,000	-
Year of Transaction	2011	2010	2010	2009 / 2010	2009 / 2010	-
Analyzed Yield	7.19% (based on valuation) Acquisition of 100% equity interest in Mid Valley City Gardens Sdn Bhd (MVCG) by Krisasets Holdings Bhd from IGB Corporation Bhd for a cash consideration of RM215,710,000.	6.90%	6.85%	6.80%	6.80%	-
Remarks						Revaluation of Suria KLCC for Accounting purposes pursuant to Amendment to FRS 140: Investment Property. Date of valuation is 1 <sup>st</sup> March 2011.

Source: Bursa Malaysia Securities Berhad / SGX website / Knight Frank Research

The yields of individual retail centre are dependent on many factors including location, tenant mix, catchment population, occupancy rate and the size of the complexes. From our yield analysis, we have noted that the analyzed yields of shopping complexes transacted over the last two years in Kuala Lumpur are in the region of about 6.80% to 6.90% (excluding The Gardens Mall). We have thus adopted a yield of 6.25% - 7.00% for current and future terms (a range of yields are used to reflect whether the current and future terms are under, over or at market rent) and 6.75% under the reversionary period, to be fair after having taking into consideration of the location, building design and finishes and current tenancy profiles of the Mall.



**2.2.2 Comparison Method of Valuation**

We have identified and analyzed the recent transactions of retail centre in Kuala Lumpur and have summarized the details and our valuation approach in the following table. In our analysis and comparison, we have used the recent transactions of Sungai Wang Plaza, Starhill Gallery and Lot 10 Shopping Centre.

<b>Sales Comparison and Analysis of Retail Centre in Kuala Lumpur</b>			
	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
<b>Property</b>	Sungei Wang Plaza, Jln Bukit Bintang, Kuala Lumpur	Starhill Gallery, Jalan Bkt Bintang, Kuala Lumpur	Lot 10 Shopping Centre, Jalan Sultan Ismail, Kuala Lumpur
<b>Tenure</b>	Interest in perpetuity	Interest in perpetuity	Leasehold interest for 99 years expiring on 29 <sup>th</sup> July 2076
<b>Age</b>	About 34 years	About 15 years	About 20 years
<b>NLA</b>	450,470 sf	297,354 sf	256,811 sf
<b>Consideration</b>	RM 724,000,000	RM629,000,000	RM401,000,000
<b>Date</b>	10 <sup>th</sup> June 2010	18 <sup>th</sup> November 2009 / 16 <sup>th</sup> April 2010	18 <sup>th</sup> November 2009 / 16 <sup>th</sup> April 2010
<b>Vendor</b>	Vast Winners Sdn Bhd	Mayban Trustees Berhad, the trustee of Starhill REIT	Mayban Trustees Berhad, the trustee of Starhill REIT
<b>Purchaser</b>	AmTrustee Berhad, the trustee of CapitaMalls Malaysia Trust (CMMT)	HSBC Institutional Trust Services (Singapore) Limited, the trustee of Starhill Global REIT	HSBC Institutional Trust Services (Singapore) Limited, the trustee of Starhill Global REIT
<b>Source</b>	Bursa Malaysia Securities Berhad	Bursa Malaysia Securities Berhad / SGX Announcement	Bursa Malaysia Securities Berhad / SGX Announcement
<b>Analysis</b>	RM1,607 psf	RM2,115 psf	RM1,561 psf
<b>Adjustments</b>	Upward adjustment is made for time, exposure, accessibility, tenants mix, building design, age, integrated development and single ownership. Downward adjustment is made for tenure as the subject comparable is freehold.	Upward adjustment is made for time, exposure, accessibility, building design, age and integrated development. Downward adjustment is made for tenure as subject comparable is freehold.	Upward adjustment is made for time, better tenants mix, building design, age and integrated development, tenure and single ownership.
<b>Effective Adjusted Value</b>	RM2,784 psf	RM2,554 psf	RM2,377 psf

**Valuation Rational**  
 In regards to size, we have considered making an upward adjustment as the mall is closer to the optimum size for a shopping centre compared to the sale evidences used due to the economies of scale that can be derived. However, this is not reflected in the outgoings of the mall and on the balance we felt that no adjustment were necessary to be made for size. In addition, we have not made any adjustment for master lease arrangement in Comparables 2 and 3 because in our opinion, the expected rental growth for the Pavilion KL Mall is comparable to the fixed rental increases under the master lease arrangement of Comparables 2 and 3. From the abovementioned adjusted values, we note that the adjusted values range from RM2,377 psf to RM2,784 psf. In reconciling our opinion of Market Value, we have placed greater emphasis on Comparable No. 2 (Starhill Gallery) as it has significant similarities after making the necessary adjustments.

As such, a reasonable sum of RM2,554 psf is adopted as a fair representation of the Pavilion Kuala Lumpur Mall which translates to a Market Value of RM3,410,000,000.



**3.0 OFFICE TOWER (PROPOSED TO BE NAMED AS PAVILION TOWER)**

**3.1 PROPERTY DESCRIPTION**

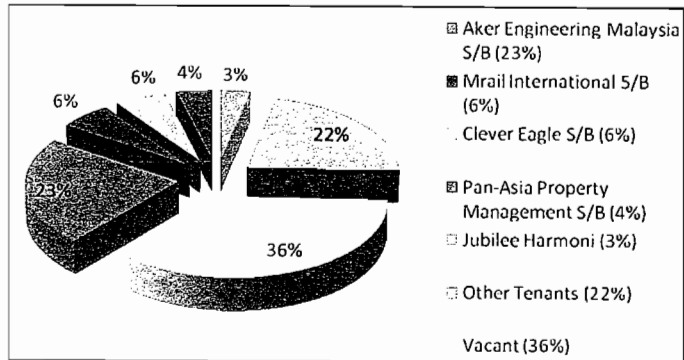
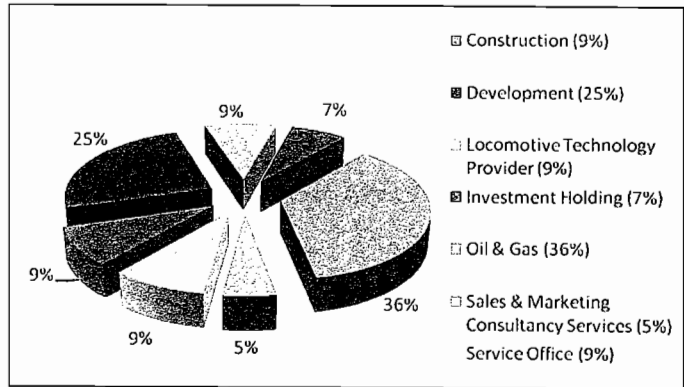
<b>Building Description</b>	The Office Tower (proposed to be named as Pavilion Tower) is annexed to the Pavilion Kuala Lumpur Mall and strategically located in the Golden Triangle of Kuala Lumpur. The Office Tower is suitable to house corporate headquarters and major multinational corporations in the region.
<b>Year of Completion</b>	September 2007.
<b>Occupancy Status</b>	About 41% as of 1 <sup>st</sup> June 2011 based on commenced tenancies.
<b>Gross Floor Area</b>	22,602.19 square metres (243,288 square feet).
<b>Net Lettable Area (NLA)</b>	15,552.62 square metres (167,407 square feet).
<b>No. of Car Parks</b>	Without ownership of car parks but car parking facilities are readily available within Pavilion Kuala Lumpur Mall.

**Tenancy Profile** The Office Tower has a total of 16 committed tenancies as of 1<sup>st</sup> June 2011. Major tenants include Aker Engineering International Sdn Bhd, Mrailes International Sdn Bhd, Clever Eagle Sdn Bhd and Malton Berhad group of companies to name a few.

Most tenancies have been agreed for 3-year terms with fixed rental rate throughout with the exception of one tenancy having fixed increasing step up rental rates.

Oil & Gas is the largest trade sector followed by the development trade sector which is occupying about 36% and 25% respectively. Construction,

locomotive technology provider and service office occupy 9% each, investment holding at 7% and lastly sales and marketing consultancy services at 5% of the total occupied area.



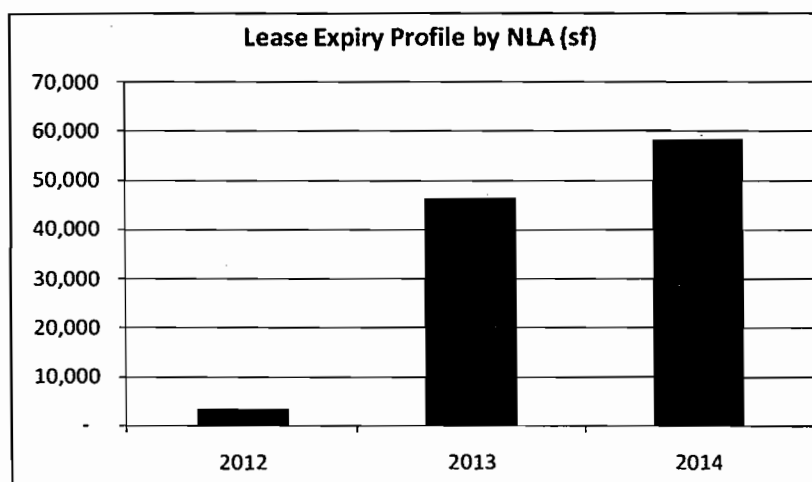
**Note:- Aker Engineering Malaysia Sdn Bhd's tenancy will commence on 1<sup>st</sup> July 2011**



**3.1 PROPERTY DESCRIPTION (CONT'D)**

**Tenant Profile (Cont'd)** The service charge applicable to tenants for the Office Tower is RM1.50 psf per month.

The lease expiry profile of Office Tower is tabulated as follow:-



**Property Performance**

The following table outlines the historical operating performance of the Office Tower as extracted from the proforma income statements provided to us by the Client.

<b>Historical Operating Performance, Office Tower (proposed to be named as Pavilion Tower) (Extracted from the Proforma Income Statements)</b>		
	<b>FYE 2010**</b>	<b>Jan – March 2011</b>
Average Occupancy Rate	30%	64%*** (as at 1 <sup>st</sup> June 2011)
<b>(RM'000)</b>		
Gross Rental Receivable	RM1,878	RM 820
Other Income*	RM 2	RM 73
<b>Total Gross Income</b>	<b>RM1,880</b>	<b>RM 893</b>
<b>Total Outgoings****</b>	<b>(RM2,317)</b>	<b>(RM 685)</b>
<b>Net Income</b>	<b>(RM 437)</b>	<b>RM 208</b>

**Notes:-**

- \* Other income includes reimbursable electricity charges.
- \*\* The Office Tower was purchased by Capital Flagship Sdn Bhd in 2010 and leasing of vacant space commenced in the same year.
- \*\*\* Occupancy of about 64% based on committed and / or yet to commence tenancies (41% occupancy based on committed and commenced tenancies)
- \*\*\*\* Total outgoings excludes property manager's fees, depreciation and bad / doubtful debts.

Source: Capital Flagship Sdn Bhd



**3.2 MARKET VALUE**

**Date of Valuation** 1<sup>st</sup> June 2011.

**Valuation Methodology** For the purpose of this valuation, we have adopted the **Investment and Comparison Methods of Valuation.**

<b>Reconciliation of Values</b>	<b>Method of Valuation</b>	<b>Derivation of Values</b>
	Investment Method	RM128,000,000
	Comparison Method	RM124,000,000

Taking into consideration that the Office Tower is a commercial and income generating property, we have adopted the Market Value as derived from the Investment Method of Valuation as a fair representation supported by the Market Value derived from the Comparison Method.

**Market Value** RM128,000,000.

**3.2.1 Investment Method of Valuation**

A summary of parameters adopted in the Investment Method of Valuation is scheduled as follows:-

**Term**

- Average Gross Rental** : **RM5.77 psf** per month over prevailing occupied NLA. This is based on current passing rent receivable by the Office Tower on contractual basis (unexpired and signed tenancies) or **RM3.80 psf** per month over prevailing occupied NLA (based on unexpired and signed tenancies with commenced rental payment)
- Outgoings** : **RM0.97 psf** per month over occupied NLA (RM1.50 over total NLA)
- Capitalisation Rates** : **6.25% - 6.50%** adopted for current term

**Reversionary**

- Gross Rental** : **RM6.00 psf** per month on fully leased basis
- Void Allowance** : **5.0%**
- Gross Rental After Void** : **RM5.70 psf** per month
- Outgoings** : **RM1.50 psf** per month over total NLA
- Capitalisation Rate** : **6.50%**

**Rent Loss Adjustment**

Estimated total rental loss amounting to RM1,426,851 based on 5% vacancy absorption rate per month at RM6.00 psf per month for a period of seven months beginning from July 2011 until January 2012.

**Present Value**

A rate of return of 6.50% is adopted for discounting the future income into the present level for future term and under the reversionary period.



### 3.2 MARKET VALUE (CONT'D)

Under the reversionary valuation, we have adopted the above rates, which in our opinion to be fair after having taking into consideration of our rental comparison, location and existing current passing rentals.

The following table outlines the average rental rates and yield analysis of comparable of en-bloc offices:-

Rental Comparison & Yield Analysis of Selected En-Bloc Office Sales			
<b>Property</b>	Sunway Tower	The Icon @ Tun Razak (East Wing)	Menara Citibank
<b>Location</b>	Jalan Ampang	Jalan Tun Razak	Jalan Ampang
<b>NLA</b>	268,412 sf	278,183 sf	733,634 sf
<b>Average Gross Rental psf</b>	RM5.00	RM6.00 – RM6.50	RM6.00 – 6.50
<b>Consideration</b>	RM171,489,000	RM226,514,800	RM607,448,952 (Sale and purchase of shares in Inverfin Sdn Bhd from CapitaLand Ltd and Amsteel Corporation Bhd's entire shareholding of 5,000,001 shares)
<b>Net Income (includes car park &amp; other income)</b>	RM11,595,400 (estimated based on outgoings of about RM1.40 psf per month over NLA)	RM15,355,700 (estimated based on outgoings of about RM1.40 psf per month over NLA)	RM40,496,600 (estimated based on outgoings of about RM1.40 psf per month over NLA)
<b>Year of Transaction</b>	2010	2009	2009
<b>Analyzed Yield</b>	6.70%	6.80%	6.67% (based on sale and purchase of shares)

Source: Bursa Malaysia Securities Berhad / Knight Frank Research

From our yield analysis, we have noted the yields of prime office buildings in Kuala Lumpur transacted earlier i.e. year 2009 and 2010 at about 6.70% to 6.80% (excluding Menara Citibank). However, we are of the opinion that the current yield of prime office buildings in Kuala Lumpur is lower than the above due to the yield compression situation for all the properties at the current moment. Furthermore, our investigation revealed that recent transacted en-bloc office sales (purchases by N2N Connect Bhd and AmFIRST REIT) after the date of valuation command yields ranging from 5.80% to 6.50%. Hence, for the Office Tower (proposed to be named as Pavilion Tower), we have adopted yields of 6.25% - 6.50% for current term (a range of yields are used to reflect whether the current term is under or at market rent) and 6.50% under the reversionary period, to be fair after having taking into consideration of the tenure, location, condition and size.

#### 3.2.2 Comparison Method of Valuation

We have identified and analyzed the recent transactions of en-bloc offices in Kuala Lumpur and have summarized the details and our valuation approach in the following table. In our analysis and comparison, we have used the recent transactions of Wisma KLIH, Sunway Tower and The Icon.

Sales Comparison and Analysis of En-Bloc Offices in Kuala Lumpur			
	Comparable 1	Comparable 2	Comparable 3
<b>Property</b>	Wisma KLIH, No. 126, Jalan Bukit Bintang, 55100 Kuala Lumpur	Sunway Tower, No. 86, Jalan Ampang, 50450 Kuala Lumpur	The Icon (East Wing), Jalan Tun Razak
<b>Tenure</b>	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
<b>Age</b>	About 35 years	15 years (Refurbished in Year 2009)	About 2 years
<b>NLA</b>	55,208 sf	268,412 sf	278,182 sf
<b>No. of Car Parks</b>	8 bays	293 bays	301 bays



## 3.2 MARKET VALUE (CONT'D)

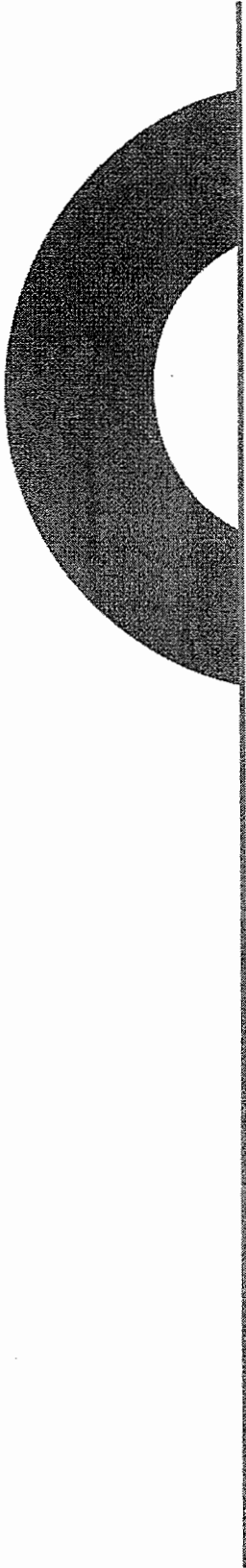
<i>Consideration</i>	RM 48,000,000	RM171,489,000	RM226,514,800
<i>Estimated Car Park Value Per Bay</i>	RM60,000 per bay	RM25,000 per bay	RM60,302 per bay
<i>Total Estimated Car Park Value</i>	(RM480,000)	(RM7,325,000)	(RM18,151,000) (reported sale)
<i>Estimated Consideration of the Main Building</i>	RM47,520,000	RM164,164,000	RM208,363,800
<i>Date</i>	26 <sup>th</sup> October 2010	8 <sup>th</sup> July 2010	24 <sup>th</sup> December 2009
<i>Vendor</i>	Kuala Lumpur Industries Berhad, a wholly owned subsidiary of Equine Capital Berhad	Sunway Tower 2 Sdn Bhd	Mah Sing Group Berhad
<i>Purchaser</i>	Wonderful Vantage Sdn Bhd	OSK Trustees Berhad, the trustee of Sunway REIT	T.S.Law Realty Sdn Bhd
<i>Source</i>	Bursa Malaysia Securities Bhd	Bursa Malaysia Securities Bhd	Bursa Malaysia Securities Bhd
<i>Analysis</i>	RM861 psf	RM612 psf	RM749 psf
<i>Adjustments</i>	Upward adjustment is made in terms of building design, age, occupancy and integrated development. Downward adjustment is made for tenure, lack of car park ownership, location and availability of retail component on the ground floor.	Upward adjustment is made in terms of location, accessibility, building design, age and integrated development. Downward adjustment is made for tenure, lack of car park ownership, occupancy and availability of retail component on the ground floor.	Upward adjustment is made in terms of time, location and integrated development. Downward adjustment is made for tenure, lack of car park ownership and availability of retail component on the ground floor.
<i>Effective Value</i>	RM861 psf	RM706 psf	RM742 psf

**Valuation Rational**

In analyzing and comparing the sale transactions of office buildings against the subject property, we have excluded the car park values before further qualitative adjustments are made. Out of the three comparables, only Comparable 3 (The Icon) reported its sale of car parks for about RM60,302 per bay. For the other two comparables, we have estimated the values of car parks based on readily available information. From our analysis and research, we note that value of car park per bay for Comparable 1 and 2 is about RM60,000 and RM25,000 per bay respectively. The higher value per bay analyzed for Comparable 1 is due to its retail and commercially orientated location of Bukit Bintang.

From the adjusted values, we note that the values derived range from RM706 psf to RM861 psf. In reconciling our opinion of Market Value, we have placed greater emphasis on Comparable 3 (The Icon) as it has significant similarities with the Office Tower after making the necessary adjustments for differences in location, tenure, being part of an integrated development, availability of car park ownership and retail component on the ground floor.

Having regards to the foregoing, we have adopted the analysed value of about RM742 psf in our Valuation as a fair representation which translates to a Market Value of RM124,000,000.



# **INDEPENDENT PROPERTY MARKET REPORT**

October 2011

Prepared for:  
Pavilion REIT Management Sdn Bhd



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## Chapter 1 Terms of Reference

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### 1.0 TERMS OF REFERENCE

CB Richard Ellis ("CBRE") was commissioned by Pavilion REIT Management Sdn Bhd to provide an Independent Property Market Report ("Report") for the purpose of Pavilion REIT Management Sdn Bhd's Initial Public Offering ("IPO") and listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Report aims to satisfy the following scope of work:

(A) **Economic Overview and Outlook:** An overview of the Malaysian and Kuala Lumpur economy focusing on macroeconomic indicators will be presented in this section.

(B) **Property Market Overview and Outlook:** CBRE will carry out an assessment of the retail property market in Klang Valley (i.e. Kuala Lumpur and selected districts of Selangor) and office property market in Kuala Lumpur. This includes an overview of demand and supply as well as outlook of the retail and office property markets in general.

(C) **Review on REIT Portfolio and Outlook:** This section of the report provides a review on the portfolio under the REIT from the perspectives of location, trade area, and performance analysis, as well as SWOT and comparative analysis. Subsequently, outlook commentary on the assets is also provided based on market findings.

This Report is subject to the following limiting conditions:

- Neither the whole nor any part of this Report or any reference to it may be included in any published document, circular to statement nor published in any way without CBRE's prior written approval of the form and context in which it may appear (other than in respect of any documents / information necessary to facilitate the IPO);
- Where it is stated in the Report that information has been supplied to CBRE by another party, this information is believed to be reliable by CBRE. Other information is derived from sources which we believe to be reliable to the best of our ability. We can accept no responsibility if this should prove not to be so;
- Our Report is made solely for the use of the party to whom it is addressed and to their professional advisors for the specific purpose to which it refers. CBRE disclaims all responsibility and will accept no liability to any other party.
- Any plan or map in this Report is included to assist the reader in visualising the property. We have made no survey of the property and assume no responsibility in connection with such matters.

**Chapter 2**  
**Malaysia Economic Overview and Outlook**

**2.0 MALAYSIA ECONOMIC OVERVIEW AND OUTLOOK**

**2.1 Key Economic Indicators**

**Table 2.1: Malaysia Economic Data Overview, 2000 – 2012<sup>1</sup>**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 <sup>2</sup>
Real GDP at Constant 2000 Prices (mil)	356,401	358,246	377,559	399,414	426,508	449,250	475,526	506,341	530,181	521,095*	558,382*	n.a.	n.a.
Real GDP Growth (%)	8.8%	0.5%	5.4%	5.8%	6.8%	5.3%	5.8%	6.5%	4.7%	-1.7%	7.2%	5.0-5.5%	5.0-6.0%
Consumer Price Index (2000=100)	100.0	101.4	103.2	104.4	105.9	109.1	113.0	115.3	121.6	122.3	124.4	128.4 <sup>3</sup>	131.6 <sup>3</sup>
Inflation Rate (%)	1.5%	1.4%	1.8%	1.2%	1.4%	3.0%	3.6%	2.0%	5.4%	0.6%	1.7%	3.2%	2.3%
MIER Consumer Sentiment Index	115.6	93.8	112.8	115.5	113.9	116.1	110.9	110.7	71.4	109.6	117.2	n.a.	n.a.
Overnight Policy Rate	n.a.	n.a.	n.a.	n.a.	2.70%	3.00%	3.50%	3.50%	3.25%	2.00%	2.75%	3.25%*	3.50%*
Exchange Rate, RM/100 US\$	0.2632	0.2632	0.2632	0.2632	0.2632	0.2646	0.2632	0.3024	0.2887	0.2920	0.3043	n.a.	n.a.
Unemployment													
Labour Force (000 person)	9,556.1	9,699.4	9,886.2	10,239.6	10,346.2	10,413.4	10,628.9	10,889.5	11,028.1	11,315.3	12,059.7	n.a.	n.a.
Employed (000 person)	9,269.2	9,357.0	9,542.6	9,869.7	9,979.5	10,045.4	10,275.4	10,538.1	10,659.6	10,897.3	11,668.2	n.a.	n.a.
Unemployed (000 person)	286.9	342.4	343.5	369.8	366.6	368.1	353.6	351.4	368.5	418.0	391.4	n.a.	n.a.
Unemployment Rate (%)	3.0%	3.5%	3.5%	3.6%	3.5%	3.5%	3.3%	3.2%	3.3%	3.7%	3.2%	3.2%	3.1%
Domestic Aggregate Demand (mil)													
Private Consumption	RM 155,941	RM 162,618	RM 172,485	RM 186,674	RM 208,571	RM 234,234	RM 256,280	RM 293,040	RM 334,712	RM 338,894	RM 358,994	RM 378,801	RM 398,801
Private Investment	RM 47,792	RM 40,509	RM 30,939	RM 33,798	RM 50,592	RM 53,705	RM 62,139	RM 76,577	RM 79,801	RM 65,155	RM 68,609	RM 71,670	RM 71,670
Public Consumption	RM 36,229	RM 42,448	RM 49,656	RM 54,306	RM 59,635	RM 64,516	RM 68,609	RM 78,396	RM 92,531	RM 95,918	RM 104,834	RM 111,682	RM 116,834
Public Investment	RM 42,349	RM 48,071	RM 59,056	RM 60,066	RM 48,744	RM 53,480	RM 57,074	RM 61,816	RM 64,834	RM 71,670	RM 71,670	RM 71,670	RM 71,670
Gross FD Inflows (mil)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Manufacturing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mining and Quarrying including oil and gas	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Construction	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Agriculture, Forestry and Fishing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Department of Statistics, Bank Negara Malaysia, JPPH (Ministry of Finance), Malaysia Institute of Economic Research (MIER)

Note : e – estimates; p – preliminary, by Department of Statistics

<sup>1</sup> Forecast by Malaysian Government

<sup>2</sup> Growth rate based on constant 1987 prices

<sup>3</sup> Forecast by International Monetary Fund (IMF)

<sup>4</sup> Forecast by Malaysia Institute of Economic Research (MIER)

■ The Malaysian economy recorded a compounded annual growth rate (CAGR) of 4.59% over a 10-year period as real GDP grew from RM356,401 million in 2000 to RM558,382 million in 2010 in constant terms.

■ In 1H 2011, Malaysian economy registered stable growth of 4.4%.

■ The Malaysian government estimates GDP growth in 2011 and 2012 to be at the range of 5.0% to 5.5% and 5.0% to 6.0% respectively, whilst International Monetary Fund (IMF) estimates inflation to be at 3.2% and 2.5% in the same period in view of rising global commodity and energy prices.

## Chapter 2 Malaysia Economic Overview and Outlook

### 2.2 Income and Spending Trends

#### 2.2.1 Mean Gross Monthly Household Income

Table 2.2a: Malaysia Gross Monthly Household Income, 1999 - 2009

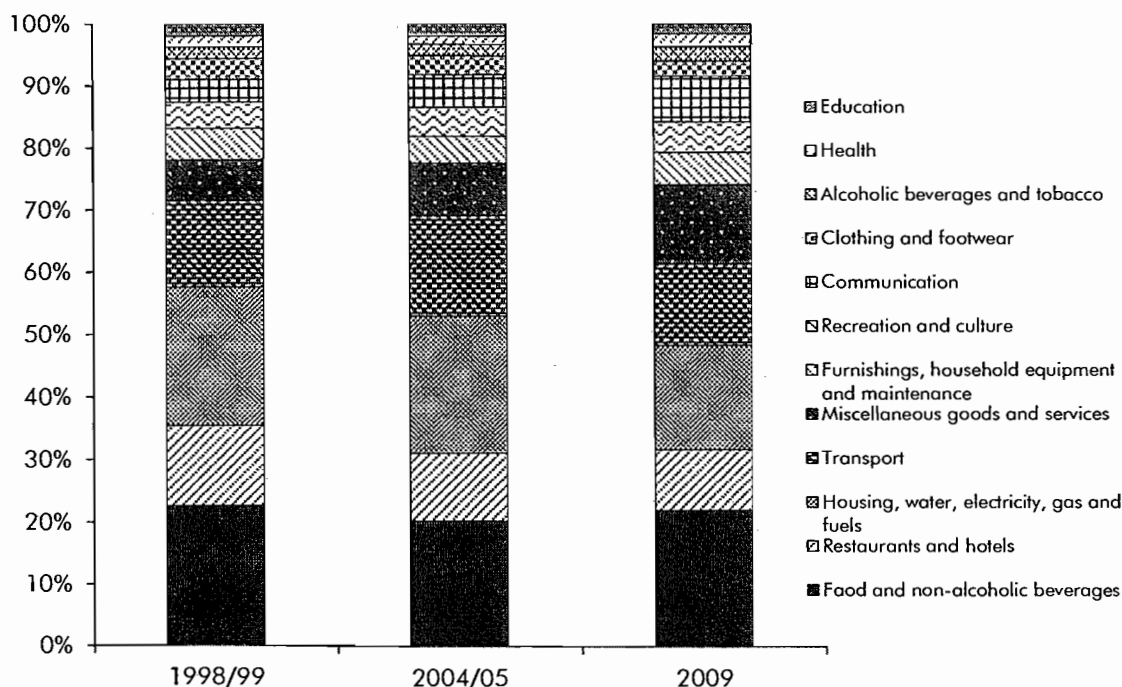
State / RM	1999	2004	2007	2009	Compounded Annual Growth Rate (1999 - 2009)
Malaysia	2,472	3,249	3,686	4,025	5.00%
Kuala Lumpur	4,105	5,011	5,322	5,488	2.95%
Selangor	3,702	5,175	5,580	5,962	4.88%

Source: Economic Planning Unit and Department of Statistics Malaysia, Household Income Survey

- The national mean gross monthly household income increased from RM2,472 in 1999 to RM4,025 in 2009 at a compounded annual growth rate (CAGR) of 5.00%.
- The mean gross monthly household incomes in Kuala Lumpur and Selangor were RM5,488 and RM5,962, respectively, in 2009, both of which were higher than the national average of RM4,025. Kuala Lumpur's mean gross monthly household income grew by a CAGR of 2.95% from 1999 to 2009, while that of Selangor grew by a CAGR of 4.88% during the same period.

#### 2.2.2 Household Expenditure

Chart 2.2b: Malaysia Composition of Household Expenditure, 1998/99 - 2009



Source: Department of Statistics Malaysia and Bank Negara Malaysia

- Based on the most recent Household Expenditure Survey carried out by the Department of Statistics and reported by Bank Negara Malaysia in 2009, Malaysian households spend, on average, 51.6% of their total expenditure on a few key items, including food and non-alcoholic beverages (21.8%), housing, water, electricity, gas and fuels (16.7%) and transport (13.1%). The total percentage of spending on these core items was reported to

## Chapter 2 Malaysia Economic Overview and Outlook

be lower in this latest survey than in previous surveys (58.2% in 2004/05 and 58.7% in 1998/99).

- Components of expense that have grown in importance as a percentage of total expenditure over the past ten years from 1998/99 to 2009 include communication (+105.6%), miscellaneous goods and services (+95.4%), alcoholic beverages and tobacco (+21.1%), health (+16.7%), recreation (+14.0%) and furnishings, household equipment and maintenance (+2.0%). This is characteristic of income growth in emerging economies. As household income increases, the percentage of expenditure on discretionary items e.g. mobile devices, beauty services, travelling increases while the percentage of expenditure on essential items decreases.

### 2.2.3 Consumer Spending Behaviour and Preference

- Malaysia's retail industry has matured over the years and is ahead of that in Indonesia, Vietnam and Cambodia in terms of its presentation and retail offers, and is similar to markets in Bangkok and Singapore. Currently, new malls are mainly in under-served suburban locations and are usually of the smaller niche or neighbourhood mall variety.
- A mature retail industry implies segmentation of demographics in terms of incomes and behavioural patterns. Certainly, mini theme parks on roof tops of malls are no longer in vogue both in Bangkok and Kuala Lumpur. In their place, cineplexes are becoming main anchor tenants of malls.
- The food and beverages sector has likewise become a major draw as lifestyles change to the extent where consumers are now eating out more than twice a week, as opposed to cooking at home. This has resulted in food and beverages content surging past 15% of trade mix in most successful malls worldwide and even more so in Kuala Lumpur.
- Fashion has also segmented into different price point categories and major malls now need to have a complete range of these to offer sufficient comparison shopping. Now fashion must include not only department stores but fast fashion (young and trendy streetwear), premium brands and edgy independent boutiques.
- Consumers are now more savvy and discerning as a result of information technology (IT) and new methods of communication such as Facebook™, Apple iPhone™ and BlackBerry™. A recent private survey suggests that online shopping, even in Kuala Lumpur, has increased significantly amongst 20 to 40-year olds, whilst brick-and-mortar shopping by the young and trendy is frequently preceded by research on the internet on a particular brand.
- With such shifts taking place in shopping preferences and behaviour, there are implications for retail destinations. These trends observed on the consumer spending behavior and preference in Malaysia can be summarized as follows:-
  - Shoppers seek to accomplish more in less time;
  - Shopping is evolving into an experience, beyond functionality alone; it now frequently has to be a good / satisfactory experience;
  - Aspirational brands are becoming more important;
  - Food and beverages is a major part of the shopping trip;
  - In larger malls, average time spent is longer at 3½ hours, as shoppers combine meals, groceries, services and households with comparison shopping in one trip;
  - Internet shopping is fast gaining recognition; youths aged 20 to 24 spend an average of 22.3 hours online per week and this could possibly result in greater online spending when they join the work force.

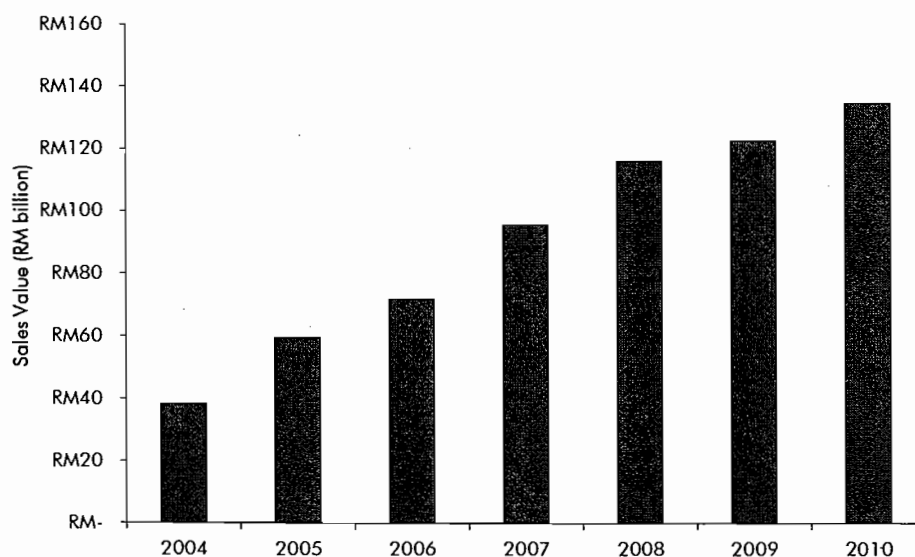
## Chapter 2 Malaysia Economic Overview and Outlook

- There are clearly three price associated trends in the country's demographics. Like those of most middle income countries, Malaysia's middle income groups have been affected by rising inflation with purchasing power shrinking as petrol and utility price increases have grown faster than salary growth. This has resulted in price elasticity becoming more pronounced and mainstream and fast fashion brands have been more severely affected in the aftermath of the US subprime crisis, even in Malaysia. Middle income consumers are now driven by value-for-money merchandise. In 2008 particularly, mainstream brands saw more than 30% drops in their gross sales turnover throughout the country. Fine dining was likewise affected. Conversely, the hypermarkets and fast food chains experienced growth in that same period as middle income families shifted their spending a notch downwards to cheaper but quality products. Thirdly, the luxury segment, although slightly affected, continued to thrive throughout the US subprime crisis as the upper income groups were less affected. Regional tourism also increased although fuel prices increased, resulting in better performance for the luxury segment. Going forward the retail industry will witness new fashion influences from the region as Chinese and Korean fashion dominate the region with their competitive pricing and attractive merchandise. This will pander to the middle income bracket even more and will impact on the tenant mix of larger malls in the next decade.

### 2.2.4 Retail Performance

#### 2.2.4.1 Malaysia Retail Trade Sector Sales Value

Chart 2.2c: Malaysia Retail Trade Sector Sales Value, 2004 – 2010



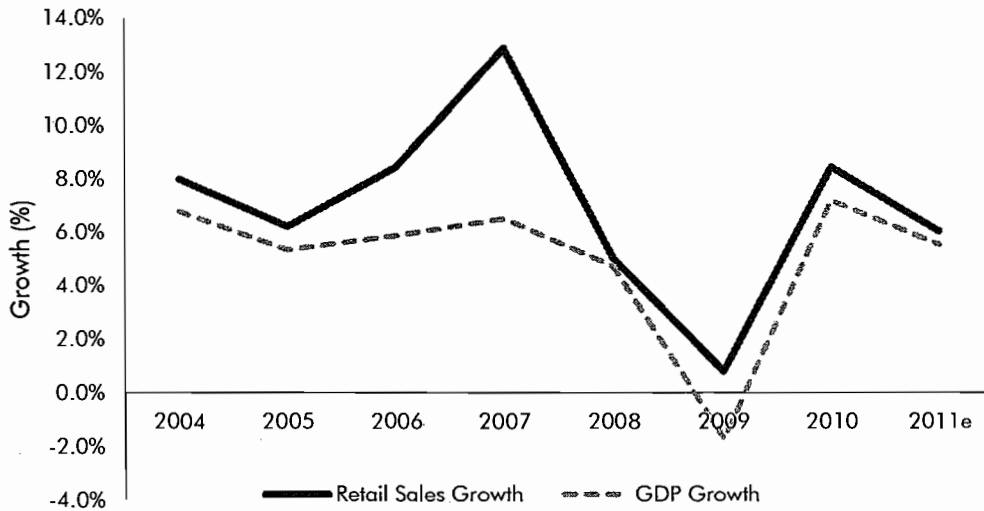
Source: Department of Statistics Malaysia

- Total retail sales in 2010 was reported to be RM134.66 billion, up 9.9% compared to 2009.
- The retail trade sector has recorded robust growth since 2004, surging by 250% from RM38.44 billion in 2004 to RM134.66 billion in 2010, at a CAGR of 23%.
- The Tenth Malaysia Plan (10MP) targets an annual growth of 8.30% during its five year period (2011-2015) for the distributive trade sector which comprises of the wholesale trade, retail trade and motor vehicles trade.

## Chapter 2 Malaysia Economic Overview and Outlook

### 2.2.4.2 Malaysia Retailers' Sales Growth

Chart 2.2d: Malaysia Retailer's Sales Growth vs GDP Growth, 2004 – 2011e



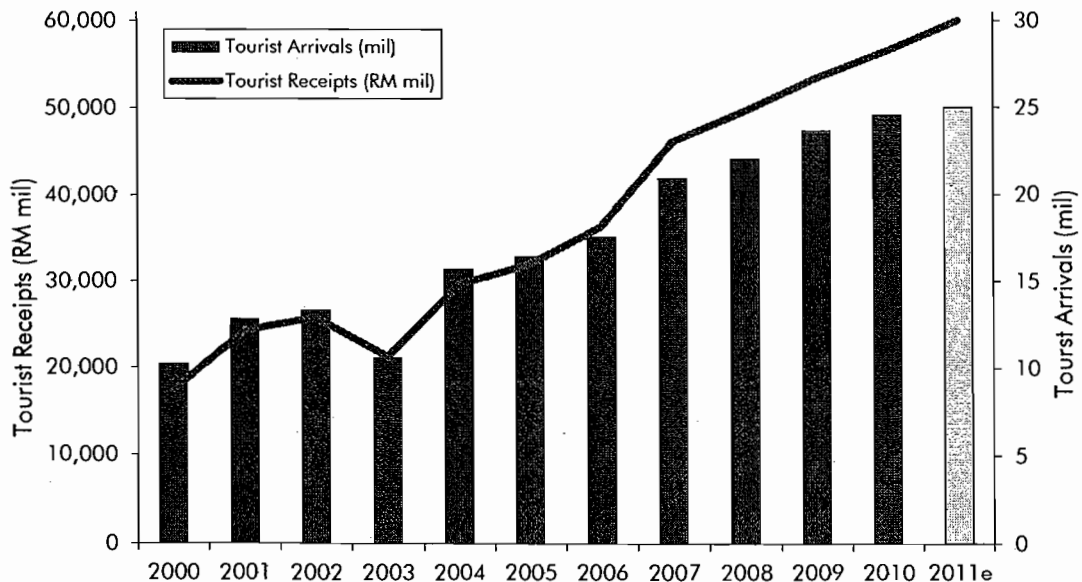
Source: Department of Statistics Malaysia, Bank Negara Malaysia, Malaysia Retailers Association (MRA)

- According to Malaysia Retailers Association, which reports the sales performance of retailers under its membership, retail sales growth has achieved a higher growth rate than the national GDP growth rate since 2004.
- Retail sales registered 8.4% growth in 2010 while GDP improved by 7.2%. In view of inflationary pressure and continual removal of government subsidies, the Malaysia Retailers Association forecast retail sales growth of 6.0% in 2011.

## 2.3 Tourism Indicators

### 2.3.1 Tourist Arrivals and Receipts

Chart 2.3a: Malaysia Tourist Arrivals and Tourist Receipts, 2000 – 2011e



Source: Tourism Malaysia



## Chapter 2

### Malaysia Economic Overview and Outlook

- Tourist arrivals and receipts have been generally on an uptrend over the last 10 years, with the exception of 2003, when the SARS outbreak affected Malaysia's tourism industry.
- The tourism sector, the largest contributor to GDP in the services sector, witnessed rapid growth in 2007 following the success of the 'Visit Malaysia 2007' campaign.
- Recovering from the global economic downturn in the 2009, tourist arrivals reached a new record in 2010, at 24.58 million, while tourist receipts were also at an all-time high of RM56.5 billion.
- The targets for 2011 are 25 million tourist arrivals and RM60 billion in tourism receipts.

#### 2.3.2 Component of Tourist Expenditure

Table 2.3b: Breakdown of Tourist Expenditure, 2005 – 2009.

Items	2005		2006		2007		2008		2009	
	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Accommodation	RM 10,704.6	33.5%	RM 12,840.2	35.4%	RM 14,235.6	30.9%	RM 15,463.1	31.2%	RM 16,573.8	31.0%
Shopping	RM 6,646.5	20.8%	RM 9,321.8	25.7%	RM 12,254.6	26.6%	RM 13,282.4	26.8%	RM 15,103.1	28.3%
Food & Beverages	RM 6,358.9	19.9%	RM 6,782.8	18.7%	RM 8,338.7	18.1%	RM 8,772.3	17.7%	RM 9,290.5	17.4%
Local Transportation	RM 3,706.7	11.6%	RM 3,663.4	10.1%	RM 4,607.0	10.0%	RM 5,154.4	10.4%	RM 5,253.1	9.8%
Entertainment	RM 1,278.2	4.0%	RM 1,342.1	3.7%	RM 1,428.2	3.1%	RM 1,486.8	3.0%	RM 1,594.0	3.0%
Domestic Airfares	RM 1,246.2	3.9%	RM 1,124.5	3.1%	RM 2,257.4	4.9%	RM 2,428.5	4.9%	RM 2,274.7	4.3%
Organised Tour	RM 1,022.5	3.2%	RM 725.4	2.0%	RM 2,027.1	4.4%	RM 2,032.0	4.1%	RM 2,271.0	4.3%
Miscellaneous	RM 990.5	3.1%	RM 471.5	1.3%	RM 921.4	2.0%	RM 941.7	1.9%	RM 1,007.5	1.9%
	<b>RM 31,954.1</b>		<b>RM 36,271.7</b>		<b>RM 46,070.0</b>		<b>RM 49,561.2</b>		<b>RM 53,367.7</b>	

Source: Tourism Malaysia

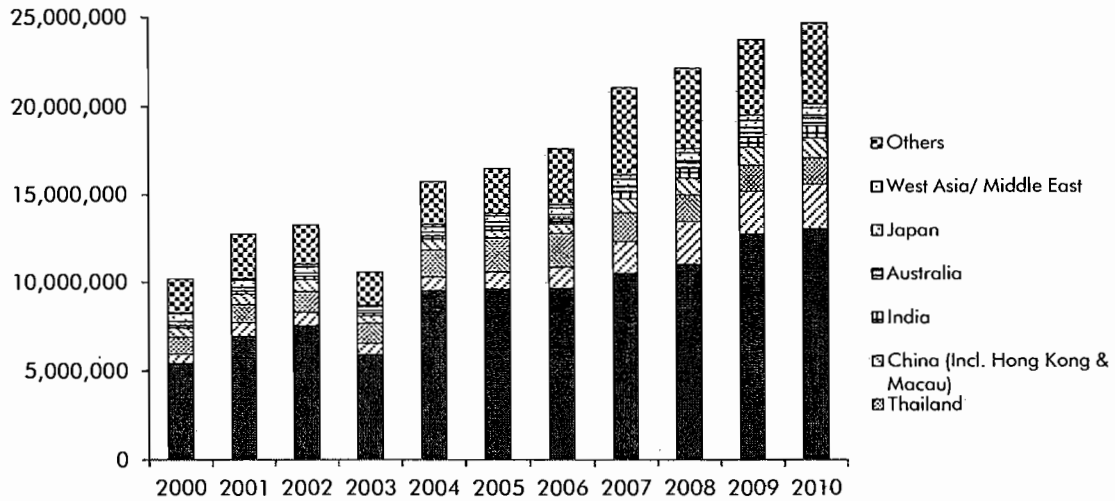
- Tourist expenditure in 2009 was mainly focused on Accommodation (31.0%), Shopping (28.3%) and Food & Beverages (17.4%).
- High-growth components include the Shopping and Organised Tour components, which recorded double digit growth of 13.7% and 11.8%, respectively, in 2009, followed by Accommodation (+7.2%), Entertainment (+7.2%), Miscellaneous (+7.0%), Food & Beverages (+5.9%) and Local Transportation (+1.9%).
- Shopping has become increasingly significant in terms of total expenditure by tourists and increased from 21% of total tourist expenditure in 2005 to 28% in 2009.

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## Chapter 2 Malaysia Economic Overview and Outlook

### 2.3.3 Tourist Arrivals by Country of Origin

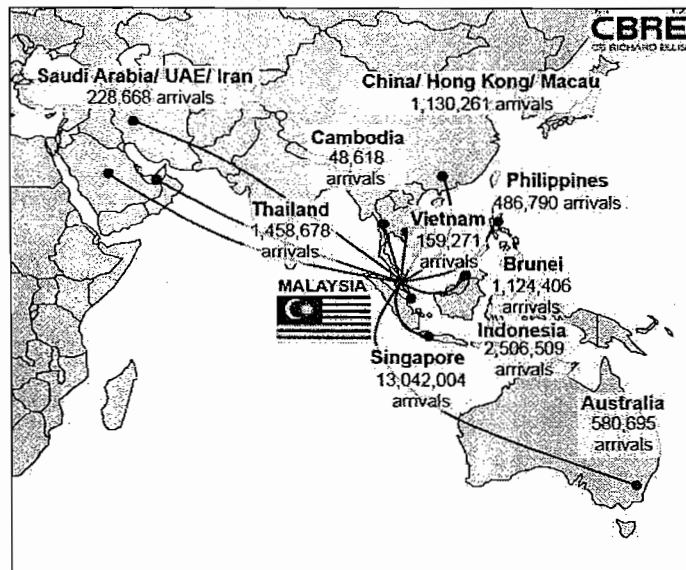
Chart 2.3c: Malaysia Tourist Arrivals by Country of Origin, 2000 - 2010



Source: Tourism Malaysia

- Key international source markets for Malaysia have traditionally been Australia, Japan, Korea and Europe, in particular United Kingdom, France and Germany.
- Within the ASEAN region, Singapore - by virtue of its historical links with Malaysia and its physical proximity - has been the primary source of tourists to Malaysia with a share of more than 50% of total tourist arrivals over the 10-year period. Indonesia, on the other hand, accounts for approximately 10% of total tourist arrivals in 2010.
- However, changing trends and increasing globalisation and travel have opened up some new key markets, most notably China, India and the Middle East.
- The map below shows the selected major tourist markets of Malaysia in 2010 with arrival statistics.

Map 2.3d: Selected Major Tourist Markets of Malaysia and Arrivals Statistics 2010



Source: CBRE Research, Tourism Malaysia

## Chapter 2

### Malaysia Economic Overview and Outlook

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#### 2.4 Federal Government Initiatives

- 2009 marked significant changes in the history of Malaysia's economic development with the government's unveiling of a comprehensive package of economic liberalisation measures. The new policies are wide in scope and will have a significant impact on the real estate sector as they have removed a large number of restrictions on the purchase of properties by foreign investors. Other measures will widen and diversify the base of the nation's economy by encouraging the growth of the service and financial sectors whilst also creating new opportunities for international investment.
- Repeal of the Foreign Investment Committee (FIC) Guidelines: Effective 30 June 2009, the former Foreign Investment Committee (FIC) guidelines were repealed, resulting in the abolition of a large number of restrictions on the purchase of properties by foreign investors. Previously under the FIC all property acquisitions by a foreign investor were subject to FIC approval. Some minor restrictions remain however; approval from the Economic Planning Unit (EPU) is required where a direct or indirect property transaction involves the dilution of Bumiputera (indigenous and ethnic Malay) or government interest for properties valued at RM20 million and above, while foreign investors are only allowed to purchase properties priced above RM500,000 per unit. These measures are designed to increase the volume of transactions by attracting more foreign investors who are considering entering the Malaysian real estate market for the first time or further expanding their existing foothold.
- Liberalisation Measures on Services and Financial Sector: Other measures have focused on the service and financial sectors. The government aims to increase the service sector's contribution to Malaysia's GDP from 55% to 60% and intends to achieve this by progressively liberalising various service sub-sectors. Its first step has been to remove the 30% Bumiputera equity condition in 27 sub-sectors of the service sector including business services, computer and related services, health and social services, sporting and other recreational services, tourism services and transport services. The financial liberalisation measures which were and will be implemented over the period from 2009 to 2012, include the issuance of Islamic and commercial banking licences to allow more foreign companies to operate in the Malaysian financial services sector, a step which should provide the impetus to create new demand in the office sector as economic conditions improve. By 2012, seven new foreign banks, including two mega-Islamic institutions, will be permitted to commence operation. In addition to the removal of the former FIC guidelines covering property acquisition by foreigners, those relating to the acquisition of equity stakes, mergers and takeovers were also repealed, meaning that, with a few exceptions, there will no longer be a general 30% Bumiputera equity condition imposed by the FIC, although regulators of certain strategic sectors will still be able to continue to impose equity conditions on companies operating within them. The new measures are expected to have a positive medium term impact and spur interest on the part of foreign and local institutional property funds and REITs in entering the Malaysian real estate market. The removal of the 30% Bumiputera equity condition in certain sectors of the economy is particularly significant; the existence of this regulation had formerly deterred many foreign institutional investors from investing in Malaysia but its repeal puts the country's policies on an even footing with those found in Hong Kong and Singapore and sets Malaysia apart from some of the still emerging economies elsewhere in Southeast Asia.

## Chapter 2 Malaysia Economic Overview and Outlook

- **Multimedia Super Corridor (MSC) Status Office Buildings:** MSC Status office buildings were first introduced in 1996, being designated physical areas and environments that catalyse and support the growth of information communication technology (ICT) industries. Among such MSC status office buildings in Klang Valley include Technology Park Malaysia (TPM), UPM-MTDC Technology Centre at UPM, KLCC Tower 2; Plaza Sentral, Quill 7 and 1 Sentral at KL Sentral; Menara TM, The Gardens at Mid Valley (North & South Tower), CityPark at i-City; IBM & KPMG Tower, 1 Tech Park, and 1 First Avenue at Bandar Utama; The Horizon in Bangsar South City, and GTower. These, as well as multimedia faculties located in institutions of higher learning outside the cybercities, are eligible for the following incentives/facilities and benefits:

- Pioneer Status with income tax exemption of 100% of statutory income for a period of ten years or an Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of five years to be offset against 100% of statutory income for each year of assessment
- Eligibility for research and development grants (for majority Malaysian-owned MSC status companies)
- Duty-free import of multimedia equipment
- Intellectual property protection and a comprehensive framework of cyberlaws
- No censorship of the internet
- World-class physical and IT infrastructure
- Globally competitive telecommunication tariffs and services
- Consultancy and assistance by the Multimedia Development Corporation to companies within the MSC status buildings
- High quality, planned urban development
- Excellent research and development facilities
- Green and protected environment
- Import duty, excise duty and sales tax exemption on machinery, equipment and materials

- **Incentives for Green Building Development:** The launch of Malaysia's green building rating system, The Green Building Index (GBI), in May 2009 has been heralded as a major step towards promoting the construction of environmentally-friendly buildings in the country. The GBI rates buildings according to six key criteria: energy efficiency; indoor environmental quality; sustainable site planning and management; material and resources; water efficiency; and innovation. According to the GBI assessment framework, achieving points in these categories will mean that the building is likely be more environmentally-friendly than those that do not address such issues. The GBI methodology involves an assessment at the design stage leading to the award of the provisional GBI rating. The final award is not issued until one year after the building is first occupied. The scheme requires buildings to be re-assessed every three years in order to maintain their GBI rating so as to ensure they are properly managed and well-maintained. Buildings are awarded Platinum, Gold, Silver or Certified ratings depending on the results they attain in the six categories. The Malaysian government has swung its weight behind the drive towards green buildings and green technology and its Budget 2010 was the first one ever to give priority to the procurement of goods and services that are environmentally friendly. The budget contained the pledge to create a fund of no less than RM1.50 billion to be given as soft loans to companies that supply and utilise green technology. The scheme commenced on 1 January 2010 and is expected to benefit 140 companies. The government has also granted tax breaks and stamp duty exemptions respectively to building owners obtaining GBI certificates and buyers purchasing buildings with GBI certificates. Building owners obtaining GBI certificates between 24 October 2009 and 31 December 2014 are entitled to income tax exemption equivalent to the additional capital expenditure incurred in obtaining the certificates, while buyers purchasing buildings with GBI Certificates from developers are entitled to be given stamp duty exemption on instruments of transfer of ownership. The exemption amount will be equivalent to the additional cost incurred in obtaining the GBI certificates, and is given to buyers who successfully execute sales and

## Chapter 2

### Malaysia Economic Overview and Outlook

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purchase agreements from 24 October 2009 until 31 December 2014. The GBI has already gained significant momentum in the months since its introduction and the development industry in Malaysia has responded rapidly and favourably to the call for more environmentally-friendly buildings.

- **New Economic Model (NEM):** The first quarter of 2010 ended on a positive note with the announcement by Malaysia's Prime Minister on the NEM, a framework that is expected to set the course for Malaysia's path towards becoming a high-income economy by the year 2020. One of the key strategies targeted under NEM to improve the financial services sector is promoting the country as a hub for integrated financial services. The Malaysian government has recently unveiled its plans to build an international financial district in the capital city known as the Kuala Lumpur International Financial District (KLIFD).
- **Tenth Malaysia Plan (10MP):** The Prime Minister tabled the 10MP for the period of 2011 to 2015, which highlights the country's approaches towards becoming a high income and high productivity economy. Among the property-related highlights of the 10MP includes:-
  - Redevelopment of pockets of land in Kuala Lumpur, which includes land in the vicinity of Kampung Baru and Sungai Besi airport, the latter of which will be a mixed development known as Bandar Malaysia and has been entrusted to a consortium of companies which includes 1Malaysia Development Berhad (1MDB), Lembaga Tabung Angkatan Tentera (LTAT) and Qatar Investment Authority;
  - The development of the RM26 billion KLIFD via a joint venture between 1MDB and Mubadala Development Company (an Abu Dhabi government investment vehicle); and
  - The creation of a Facilitation Fund worth RM20 billion to help the private sector finance projects such as land reclamation in Westport, Port Klang, the Malaysia Truly Asia Tourism Centre in Kuala Lumpur and Senai High Technology Park in Iskandar Malaysia, Johor.
- **Malaysia Budget 2012:** The 54<sup>th</sup> budget of Malaysia was tabled by the Prime Minister on 7th October 2011 which include real estate related policies as below:-
  - Implementation of the Second Rolling Plan (RP2) of the 10<sup>th</sup> Malaysia Plan with total allocation of RM98.4 billion for 2012 and 2013. The main projects to be implemented are the Gemas-Johor Bahru double-tracking rail project; the Jabor-Kuala Terengganu stretch of the East Coast Expressway; the Banting-Taiping West Coast Expressway; the Segamat-Tangkak Expressway; the Central Spine Expressway; the Kota Marudu-Ranau Road; and redevelopment of the Sungai Besi Kuala Lumpur Air Base.
  - Tax incentives to companies in order to boost the development of KLIFD: Among the incentives include 100% income tax exemption for a period of 10 years and stamp duty exemption on loan and service agreements to KLIFD Status companies; industrial building allowance and accelerated capital allowance to KLIFD Marquee Status companies; and 70% income tax exemption for five years to KLIFD developers.
  - Incentives for first-time home buyers:-
    - My First House Scheme (Skim Rumah Pertamaku) which was introduced in Malaysia Budget 2011 to allow first-time home buyers to obtain 100% financing with guarantee from Cagamas Berhad will see the ceiling price to be raised to RM400,000 from RM220,000.
    - Introduction of PR1MA (Perumahan Rakyat 1Malaysia) to act as an individual agency to develop and maintain affordable housing to cater for middle income earners. The government has identified the Sungai Besi Kuala Lumpur Air Base and the Sungai

## Chapter 2 Malaysia Economic Overview and Outlook

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Buloh Rubber Research Institute as the sites for development of affordable housing priced of RM300,000 and below.

- Full stamp duty exemption for loan agreement instruments to finance purchasers of affordable housing under the PRIMA scheme for Sales and Purchase Agreements executed between 1 January 2012 and 31 December 2016.
  - Extension of the withholding tax rate of 10% on dividend received from Real Estate Investment Trusts (REITs) on individual and non-corporate institutional investors up to 31 December 2016.
  - Real Property Gains Tax (RPGT) to be raised to 10% for residential and commercial properties disposed within two years from their purchase. The rate will remain at the current rate of 5% for disposals within three to five years of purchase. Properties disposed of after five years of purchase will be exempted.
- Abolishment of import duty on tourism products: It was announced in the Malaysia Budget 2011 that with the initiative to further boost the tourism industry and to render Malaysia as the leading shopping destination, it is proposed by the Malaysia government that import duty on the following goods that are preferred by tourists and locals will be abolished. These items include:
- Handbags, wallets, suitcases, briefcases, apparel, footwear and hats (with duty of between 5% and 20%);
  - Jewellery, costume jewellery and ornaments (with duty of between 5% and 20%); and
  - Toys such as dolls and small scale recreational models (with duty of between 5% and 20%).

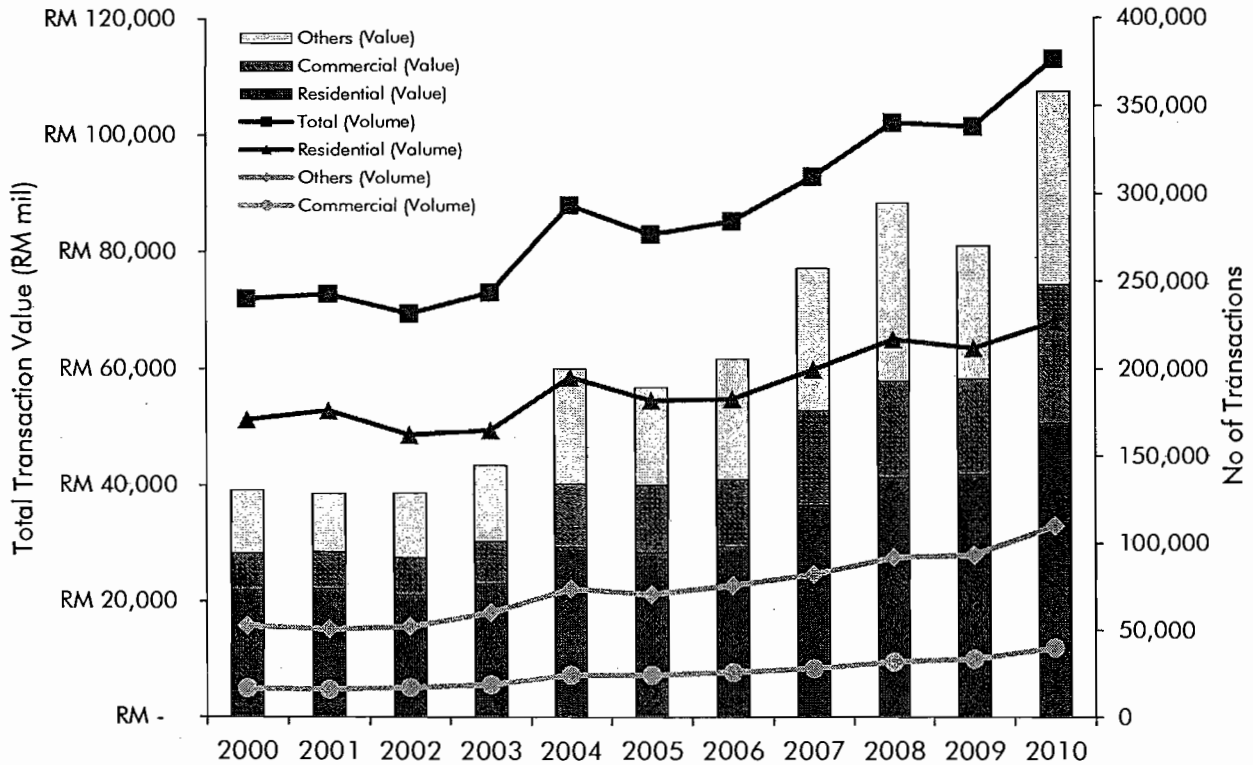
The net result of this will be increased retail sales turnover in the short term, not only from increased domestic consumer spending on these items but also from increased tourist spending on these items.

- Overall, the federal government's initiatives have caused direct or spill-over effects onto both the retail and office property sectors in the nation. The redevelopment of 4 main locations in the Klang Valley (i.e. the proposed KLIFD, Bandar Malaysia, the Malaysian Rubber Research Institute Land in Sungai Buloh as well as the Cochrane mixed development site which is anticipated to house Malaysia's 2<sup>nd</sup> IKEA furniture store) bodes well for the retail sector as the catchment area will augment with increased population, thereby creating potential demand for retail goods and services. Improved infrastructure works such as the proposed MRT is also anticipated to enlarge retail catchment areas due to increased mobility of the population (e.g. future residents in Sungai Buloh may easily take a train to the Bukit Bintang shopping belt for shopping trips).

## Chapter 2 Malaysia Economic Overview and Outlook

### 2.5 Performance of the Real Estate Market

Chart 2.5: Malaysia Property Transaction Volume and Value, 2000 - 2010



Source: Valuation and Property Services Department, Ministry of Finance Malaysia

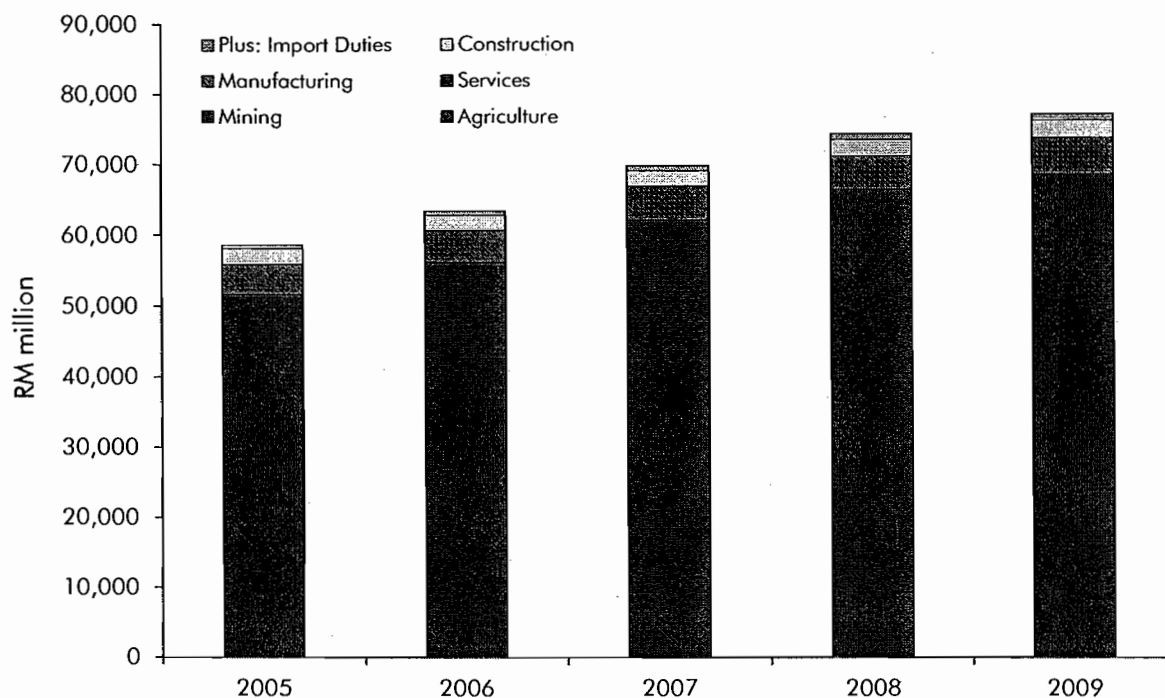
- A total of 376,583 property transactions, for a total value of RM107.44 billion, were recorded in Malaysia in 2010. Both the volume and value of property transactions in 2010 represent all-time highs and are considerably higher than the 338,089 transactions, for a total value of RM81.02 billion, recorded in 2009.
- 39,798 transactions (+19.4% y-o-y) worth RM23.84 billion (+45.5% y-o-y) involving commercial properties were concluded in 2010, again at historic highs. Total transaction values for commercial properties had never exceeded RM20.00 billion in any year before 2010.
- The encouraging growth recorded in 2010 was mainly due to the recovering economy further supported by the stimulus packages by the federal government, as reported by the Valuation and Property Services Department. This was in spite of the re-introduction of the Real Property Gains Tax that came into effect on 1<sup>st</sup> January 2010.

## Chapter 3 Kuala Lumpur Economic Overview and Outlook

### 3.0 KUALA LUMPUR ECONOMIC OVERVIEW AND OUTLOOK

#### 3.1 Gross Domestic Product (GDP)

Chart 3.1: Kuala Lumpur Gross Domestic Product, 2005 – 2009



Source: Department of Statistics Malaysia

- Kuala Lumpur was the second largest contributor after Selangor state to the national GDP with 14.8% share in 2009. The economy recorded modest growth of 3.8% in 2009 due to the economic slowdown as compared to 6.5% in 2008 and 9.9% in 2007.
- Being the capital city of Malaysia, Kuala Lumpur is a service-based economy, where 88.9% of its GDP is contributed by the services sector. This is primarily formed by the finance, insurance, real estate and business services (37.0% of total GDP) and wholesale and retail trade, accommodation and restaurants (26.9% of total GDP) sub-sectors.

#### 3.2 Population and Demographics in Kuala Lumpur

Table 3.2a: Kuala Lumpur Population, Household Number and Size, 2000 and 2010

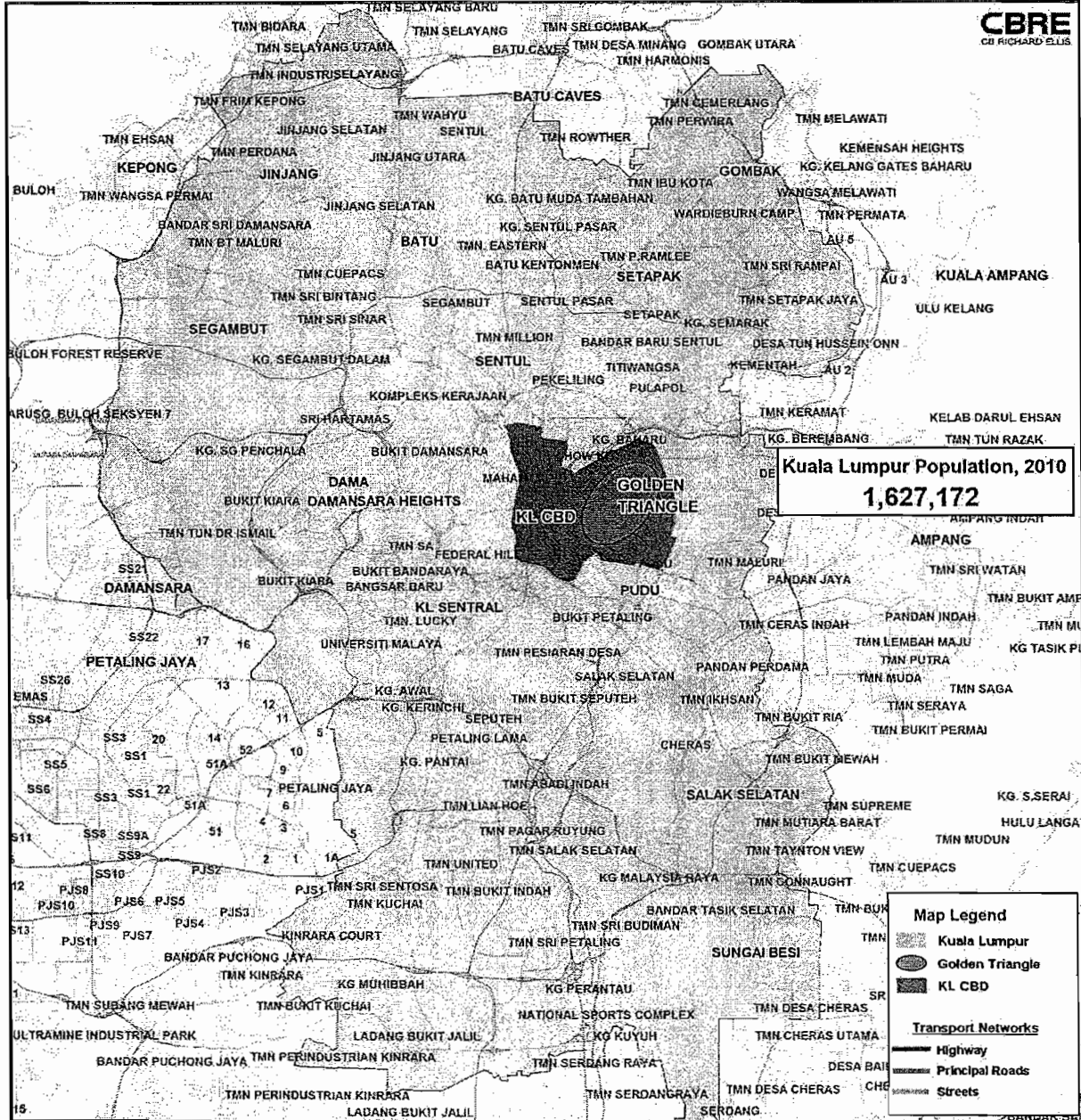
Description	Census 2000	Census 2010
Population in Kuala Lumpur	1,305,792	1,627,172
Male	659,163	824,600
Female	646,629	802,572
Household No	308,006	436,865
Average Household Size	4.24	3.72

Source: Population and Housing Census of Malaysia Preliminary Count Report 2010, Department of Statistics Malaysia



## Chapter 3 Kuala Lumpur Economic Overview and Outlook

Map 3.2b: Kuala Lumpur (KL), Golden Triangle (GT) and Central Business District (CBD)



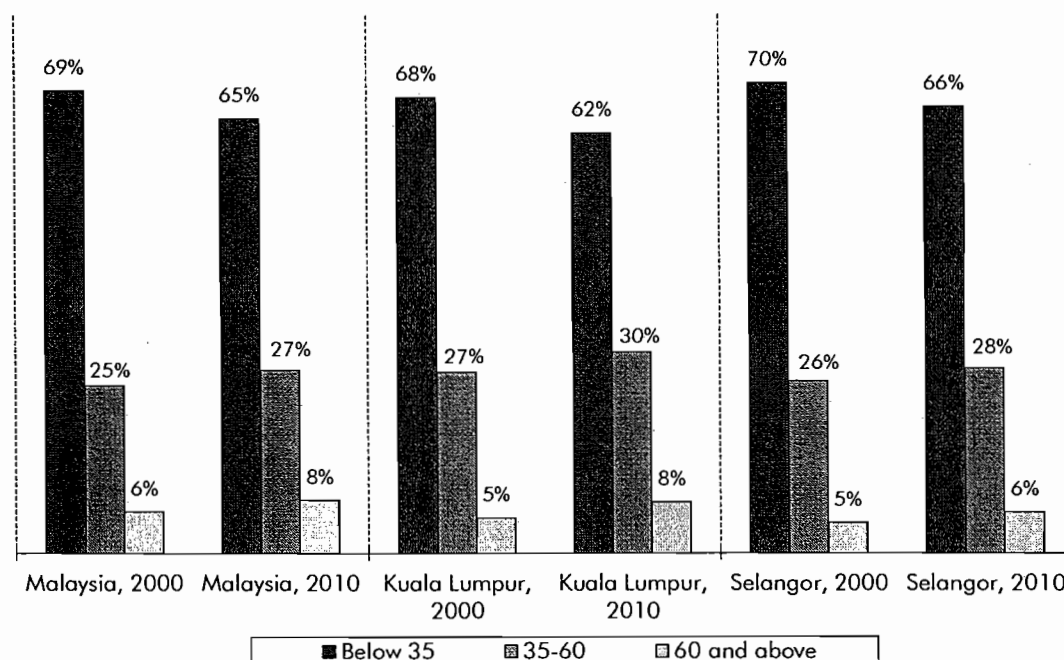
Source: CBRE Research

- Notes: 1. The Golden Triangle is generally defined as the area between Jalan Tun Razak, Jalan Conlay – Raja Chulan, Jalan Sultan Ismail and Jalan Ampang which includes the popular Bukit Bintang and Kuala Lumpur City Centre areas. The Golden Triangle is essentially Kuala Lumpur's main commercial and tourist hub as well as the prime retail shopping district in the country.
2. The CBD makes up the older commercial area in the heart of Kuala Lumpur city. This area was historically the financial district of Kuala Lumpur and is still home to a number of banks and financial institutions.

## Chapter 3 Kuala Lumpur Economic Overview and Outlook

- **Total Population:** The population in Kuala Lumpur grew at an average rate of 2.20% annually over 2000 to 2010, slightly higher than the national average at 2.17%. The capital city forms 5.90% of the national population with a population of 1,627,172, and is the most densely populated city in Malaysia with an average of 6,696 persons per sq km.
- **Gender Segregation:** Kuala Lumpur's male and female population ratio is almost equal with 50.7% male and 49.3% female in 2010, compared to 50.5% male and 49.5% female in 2000.
- **Average Household Size:** The average population per household in the country is 4.31 according to the Census 2010 Preliminary Count Report from the Department of Statistics Malaysia. Kuala Lumpur has an average population per household of 3.72 whilst Selangor has an average of 3.93 persons per household.

Chart 3.2c: Kuala Lumpur Population by Age Group, 2000 and 2010



Source: Department of Statistics Malaysia

- **Population by Age Group:** The composition of the Malaysian population by age group has been consistent over the past ten years. As at 2010, about 65% of the Malaysian total population age below 35 years. About 27% are between 35 to 60 years whilst only 8% are at 60 years and above. These figures are almost similar to the Kuala Lumpur and Selangor population by age group, where 62%-66% are aged below 35 years, 28%-30% are between 35 to 60 years, and 6%-8% are at 60 years and above.
- **Median Age:** Malaysia has a very young population with the median age of 26.2 years. Kuala Lumpur, a serviced-based economy, has a population with median age of 28.6 years which is the second highest among other states in the country after Penang (29.6 years).
- **Urbanisation:** Kuala Lumpur as the capital city is defined as a fully urbanized city in Malaysia by Department of Statistics in 2010, whilst Selangor is 91.4% urbanized by population.

## Chapter 3

### Kuala Lumpur Economic Overview and Outlook

#### 3.3 Unemployment Rate

Table 3.3: Kuala Lumpur Labour Force and Unemployment Rate, 2000 – 2010

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Labour Force ('000 person)	680.4	723.2	816.9	740.3	691.6	691.4	696.1	702.4	701.0	698.3	717.4
Employed ('000 person)	662.8	703.7	794.1	715.1	671.7	675.2	676.6	682.1	682.2	678.1	698.1
Unemployed ('000 person)	17.6	19.5	22.7	25.2	19.9	16.1	19.5	20.3	18.8	20.2	19.3
Unemployment Rates (%)	2.6%	2.7%	2.8%	3.4%	2.9%	2.3%	2.8%	2.9%	2.7%	2.9%	2.7%

Source: Department of Statistics Malaysia

- Labour force in Kuala Lumpur contributes 5.9% to the national aggregate in 2010, with the unemployment rate lower than the national level (3.2%) at 2.7%.

#### 3.4 Government Initiatives

- The government announced the Economic Transformation Programme (ETP) in 2010, which covers 12 National Key Economic Areas (NKEAs) including the Greater Kuala Lumpur/ Klang Valley, which envisions to grow annual Gross National Income contribution from RM258 billion to RM650 billion per year, to increase total employment from 2.5 million in 2010 to 4.2 million by 2020, to lift gross national income per capita from RM40,000 to RM70,000 per year, to grow the population from 6 to 10 million and other similar aspirations. A total of 9 entry point projects (EPP) have been identified in respect of the Greater Kuala Lumpur / Klang Valley area:

Table 3.4: Greater Kuala Lumpur (KL)/ Klang Valley (KV), Economic Transformation Programme

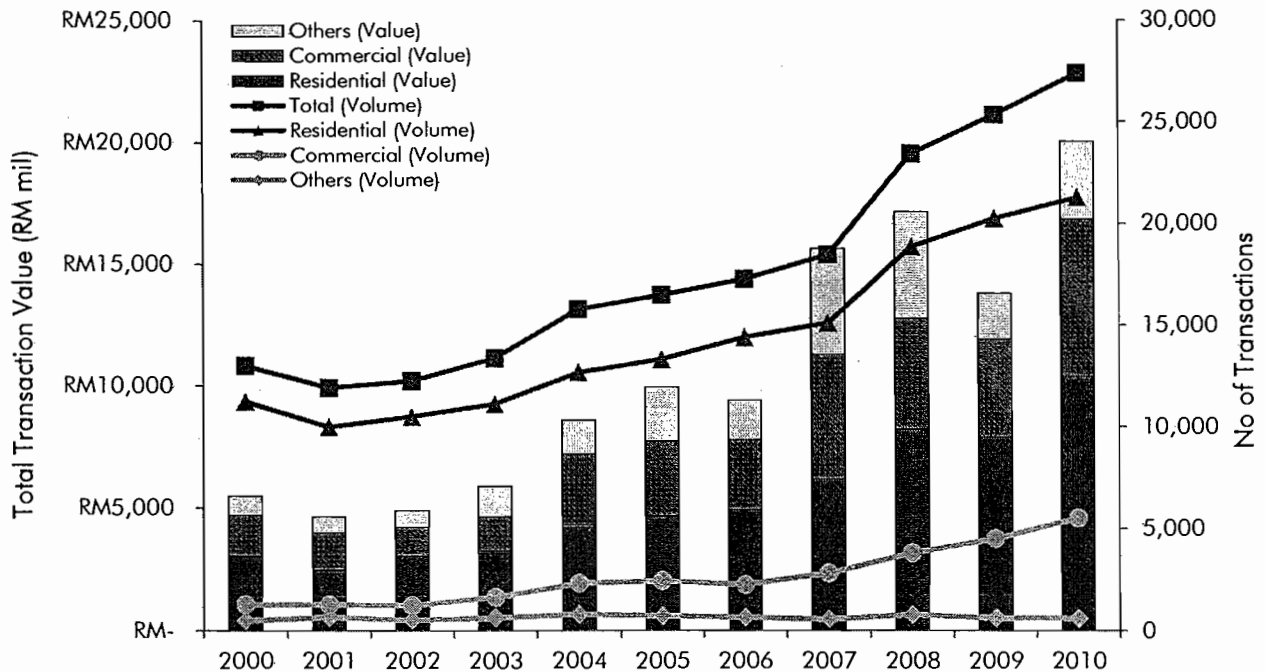
Greater Kuala Lumpur/ Klang Valley
<p><b>EPP 1: Attracting 100 of the world's most dynamic firms within priority sectors</b></p> <ul style="list-style-type: none"> <li>i. Establish an attractive incentive package for multinational corporations (MNC) headquarters</li> <li>ii. Proactively market Greater Kuala Lumpur /Klang Valley to priority headquarters</li> <li>iii. Strengthen the local talent base with an emphasis on up-skilling and re-skilling</li> <li>iv. Reduce the cost of doing business</li> </ul>
<p><b>EPP 2: Attracting the right mix of internal and external talent</b></p> <ul style="list-style-type: none"> <li>i. Establish Malaysia Halls</li> <li>ii. Leverage leading personages in Malaysia</li> <li>iii. Track and engage with the top 5,000 most interesting Malaysian diaspora individuals</li> <li>iv. Upgrade consular services in priority cities</li> <li>v. Establish awards to recognise world-class Malaysians</li> <li>vi. Establish an on-line job search engine</li> <li>vii. Leverage top universities to reinvigorate alumni relations</li> <li>viii. Extend Permanent Resident status</li> <li>ix. Extend foreign graduate student visas</li> </ul>
<p><b>EPP 3: Connecting to Singapore via a high speed rail system</b></p>
<p><b>EPP 4: Building an integrated urban mass rapid transit system</b></p> <ul style="list-style-type: none"> <li>i. Mass Rapid Transit system spanning 141 kilometres with three major routes, estimated to carry up to 2 million riders by 2020.</li> </ul>
<p><b>EPP 5: Revitalising the Klang River into a heritage and commercial centre for Greater KL/KV</b></p> <ul style="list-style-type: none"> <li>i. Upgrade existing sewage systems to reduce pollutants from entering into the river</li> <li>ii. Enforce the zero squatter policy through local authorities to prevent squatter waste</li> <li>iii. Upgrade drainage systems to prevent flooding and maintain water quantity</li> <li>iv. Enforce water waste guidelines for residents, factories and commercial outlets through local authorities</li> </ul>
<p><b>EPP 6: Greening Greater KL/KV to ensure every resident enjoys sufficient green space</b></p> <ul style="list-style-type: none"> <li>i. Adopt a green-focussed development policy</li> <li>ii. Employ creative landscaping methods</li> </ul>

## Chapter 3 Kuala Lumpur Economic Overview and Outlook

- EPP 7: Creating iconic places and attractions**
- i. Heritage triangle walking museum
  - ii. Central Market building will be transformed and redesigned into a complex with live art studios.
  - iii. Pudu Jail to be transformed into a mixed development of residential, office and retail components, lined with cultural and recreational attractions.
- EPP 8: Creating a comprehensive pedestrian network**
- i. Approximately 2km priority walkways for the near term
  - ii. Approximately 42km comprehensive walkways for the long term
- EPP 9: Developing an Efficient Solid Waste Management Ecosystem**
- i. Revamp solid waste management fees
  - ii. Increase implementation of reduce, reuse and recycle (3R)
  - iii. Explore options for solid waste treatment
  - iv. Ensure performance of waste management and public cleansing concessionaires

### 3.5 Performance of Real Estate Market

Chart 3.5: Kuala Lumpur Property Transaction Volume and Value, 2000 – 2010



Source: Valuation and Property Services Department, Ministry of Finance Malaysia

- The Kuala Lumpur property market rebounded in 2010 with 27,373 transactions worth RM20.03 billion, this set a new historical record in terms of total transactions value and volume. The growth was mainly driven by the recovering economy and several federal government initiatives to stimulate the economy.
- The residential sector remained the biggest component in 2010 with 21,265 housing units transacted at RM10.39 billion.
- The commercial sector was also active with 5,507 transactions worth RM6,434 million, which was an improvement of 59.9% in terms of total transaction value compared with 2009 (RM4,025 million).

## Chapter 4

### Klang Valley Retail Property Market

#### 4.0 KLANG VALLEY RETAIL PROPERTY MARKET

##### 4.1 Retail Formats

- Over the last 4 decades, the retail industry in Malaysia has caught up fast with global fashion trends. Because of globalization and the presence of most brands here, plus the internet and social dynamics, what comes out of Milan's runways can be out in the Malaysian streets in a matter of a few short weeks. In the past this would have taken 6 months as the trends slowly filtered down from Hong Kong via Singapore.
- In a similar way, developers have been fast to adopt new trends in mall formats. This has compressed the evolution of mall concepts and formats into a very short span of time. In less than 2 decades, at least 4 new generations of mall concepts have been spawned.
- From the early days of the first generation arcades of Ampang Park, the industry is now witnessing the 6<sup>th</sup> generation open air retail parks like the Curve and Desa Park City's Waterfront. In that period, sizes have increased as well.
- Ampang Park and its generation of malls were on 2 or 3 acres of land and later models became larger at about 5 acres. The mega malls of today are on at least 15 acres. First generation malls were only 200,000 sq ft net lettable area in size, whilst today's mega malls are at least a million sq ft in size.
- During this period, stand alone retail attractions like the emporiums of the 70's were replaced by malls, which specialize in both the fashion category as well as food. Today, there are thousands more retail brands than there were 30 years ago. As a result, the number of shops has also increased rapidly. There are now at least 500 Grade A (international, regional and top quality local retail chains) and more than 4,000 other grades of retail brands in Malaysia malls. Malaysia now has approximately 60% of most international and regional brands in the world represented in its malls.
- Another trend has been the entry of bulk retail into the country, while Carrefour introduced the hypermarket to Malaysia. These stand alone formats are also significant in that combined, the hypermarkets take up about 10% of the market share of trade across all categories. They affect the viability of supermarkets in the country and in the cities.
- Today, as a result of the intense competition of malls in the Klang Valley, malls have themselves had to specialize and this is done by differentiation in merchandise mix and in concepts.
- For the purpose of this review, we have differentiated different types of mall as follows:
  - Premium fashion malls
  - Mass market malls

##### 4.1.1 Premium Fashion Malls

- As the country's capital, Kuala Lumpur is often associated with a shopping and dining experience and as such, premium fashion malls have developed to meet the needs of its affluent population and tourists from across the globe. Premium fashion malls are positioned at the upper mid to upper income level. There is a significant presence of international designer labels like Gucci, Prada, Burberry, Hermes and the like. Example of malls within this category includes Pavilion Kuala Lumpur Mall, Suria KLCC, Starhill Gallery and The Gardens.

## Chapter 4

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#### 4.1.2 Mass Market Malls

- Mass market malls are positioned squarely in the middle income band and offer a wide range of brands and variety of merchandise. There is a predominance of established local brands, including local household and family trades, in its mix. Mid Valley Megamall, One Utama, Sungei Wang Plaza, Berjaya Times Square are examples of malls within this category.
  
- Under the major categories as mentioned above, there are sub-categories that are defined as follows:
  - Regional malls
  - Neighbourhood malls
  - Lifestyle or niche malls

#### 4.1.3 Regional Malls

- These are usually in the range of 500,000 to 700,000 sq ft in size and capture cross catchment targets due to their size. Regional malls are mainly positioned for the middle to lower middle market depending on their location. Their typical trade mix is similar to mass market malls but variety is less as a result of their smaller size.

#### 4.1.4 Neighbourhood Malls

- Neighbourhood malls are increasingly dominating the suburbs as the Klang Valley grows. These serve a smaller, 10 minute drive catchment, are usually limited in their range of merchandise offer, and are mainly anchored by supermarkets, or in some cases, hypermarkets.

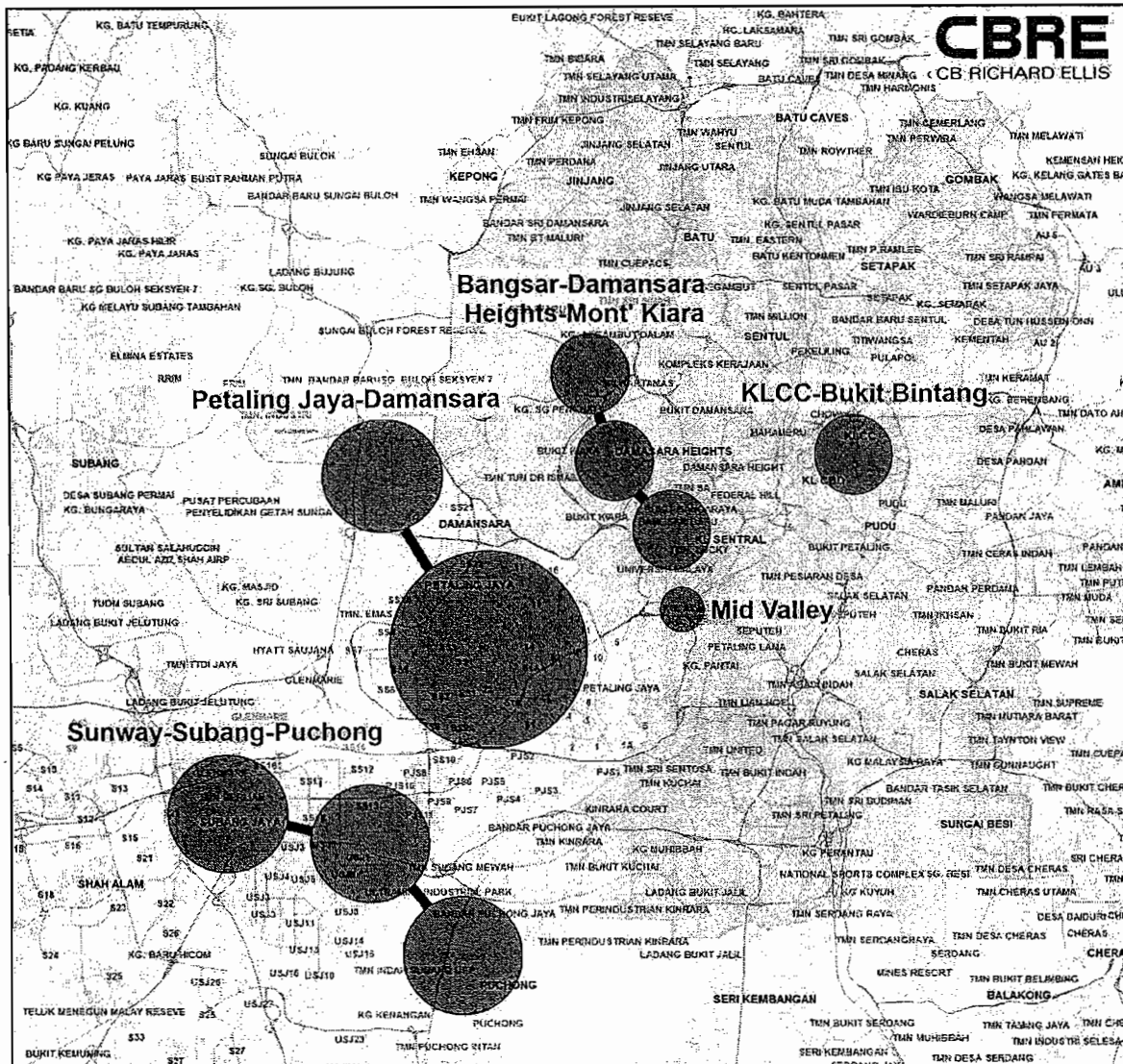
#### 4.1.5 Lifestyle or niche malls

- As a result of the increased competition for shoppers' pockets, lifestyle malls are the new generation of malls to expect in the country. Many are hybrids of shophouses and the conventional enclosed malls. Most are open air like the Curve and most have a strong skew towards food & beverage offers and entertainment activities.

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### 4.2 Key Retail Areas

Map 4.2: Key Retail Areas in Klang Valley



Source: CBRE Research

#### 4.2.1 KLCC-Bukit Bintang

- This is located within the Golden Triangle and is the prime retail axis in the country. This is where city centre retail occurs, where fashion and entertainment dominate and where flagship stores vie for market presence or dominance. Bukit Bintang has been the historical shopping and entertainment destination of Kuala Lumpur since the 50's. Today some of the more popular malls including Pavilion Kuala Lumpur Mall, Suria KLCC, Sungei Wang Plaza, Lot 10, Starhill Gallery and Berjaya Times Square can be found in the KLCC-Bukit Bintang area. Bukit Bintang addresses a catchment area across the whole of the Klang Valley.



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#### 4.2.2 Mid Valley

- This area is at the midpoint between the city and the suburbs. Although traditionally locations like these suffer from the lack of neither the pull of the city nor the proximity of the catchments in the suburbs, the Mid Valley area is strategically located next to the Federal Highway, which is the main arterial road into and out of the city. Its good network of links into the highway allows the location to benefit from the large volume of daily traffic coming from all of the Klang Valley. Major malls situated within this locality include Mid Valley Megamall and The Gardens. It attracts Bangsar, Petaling Jaya and Cheras shoppers, i.e., shoppers from some of the more affluent suburbs.

#### 4.2.3 Bangsar-Damansara Heights-Mont' Kiara

- This is the most affluent suburban in the country and has the highest concentration of expatriates as well. The area has many international schools and good amenities plus proximity to railway stations highways and the city centre itself. It is served by a few neighbourhood malls such as Bangsar Shopping Centre, Bangsar Village and 1 Mont' Kiara. The area is generally popular for its gourmet grocery stores, its food and beverage offerings and its lifestyle and street retail.

#### 4.2.4 Petaling Jaya-Damansara

- Petaling Jaya-Damansara area is the largest and second most affluent suburb in the Klang Valley. Major malls located within this area include One Utama, The Curve, IPC Shopping Centre, IKEA, Tropicana City Mall and SSTwo Mall.

#### 4.2.5 Sunway-Subang-Puchong

- This is a very large region south of the Federal Highway and represents the other half of the Klang Valley's suburbs. Its massive catchment supports some very successful malls. Sunway-Subang area houses the Sunway Pyramid, IOI Mall, Subang Parade and Empire Subang. This is a mature area but is still expanding as major developments stretch this area further outwards towards the south and west. The area has a substantial content of upper middle income groups and benefits from a good network of roads and highways that allow cross catchment shopping.

### 4.3 Key Retail Operators and Brands

#### 4.3.1 Department Stores

- Department stores are usually the anchor tenants in malls in Malaysia. Key department store operators include Parkson, Metrojaya, C K TANGS, Isetan, Robinsons, Debenhams, Marks & Spencer and Jaya Jusco.

#### 4.3.2 Fashion

- The fashion trade is synonymous with shopping. Local brands have to contend not just with premium brands but also with the fast fashion new entries like Uniqlo, Cotton On, Mango, Zara, Pull and Bear, Esprit and Forever 21.

#### 4.3.3 Food and Beverages

- The growth of the hospitality industry in Asia in the recent past has created a new layer of professional chefs and back of house logistics that were almost nonexistent 20 years ago. This has allowed not only specialization in the fashion trades but also the growth



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of several new but powerful regional and local brands that have taken major market share from the coffee and fast food players. Whereas in the past, fast food names were almost compulsory in a trade mix plan, today they are no longer must haves and maintaining variety of food and beverage outlets is key for malls.

- The content of food and beverages sector in a typical trade mix has therefore grown and specialized malls like the Curve have at least 30% of shops in this category. A good critical mass is at least 50 food and beverages outlets these days.
- From the Madam Kwan, Delicious and Papparich to the Dragon-i, Malaysia is witnessing a renaissance in this trade in terms of quality chains. The entry of regional and international names like Il Divo, Din Tai Fung and Food Republic is adding on another dimension and depth to this otherwise secondary category of trade in a mall.

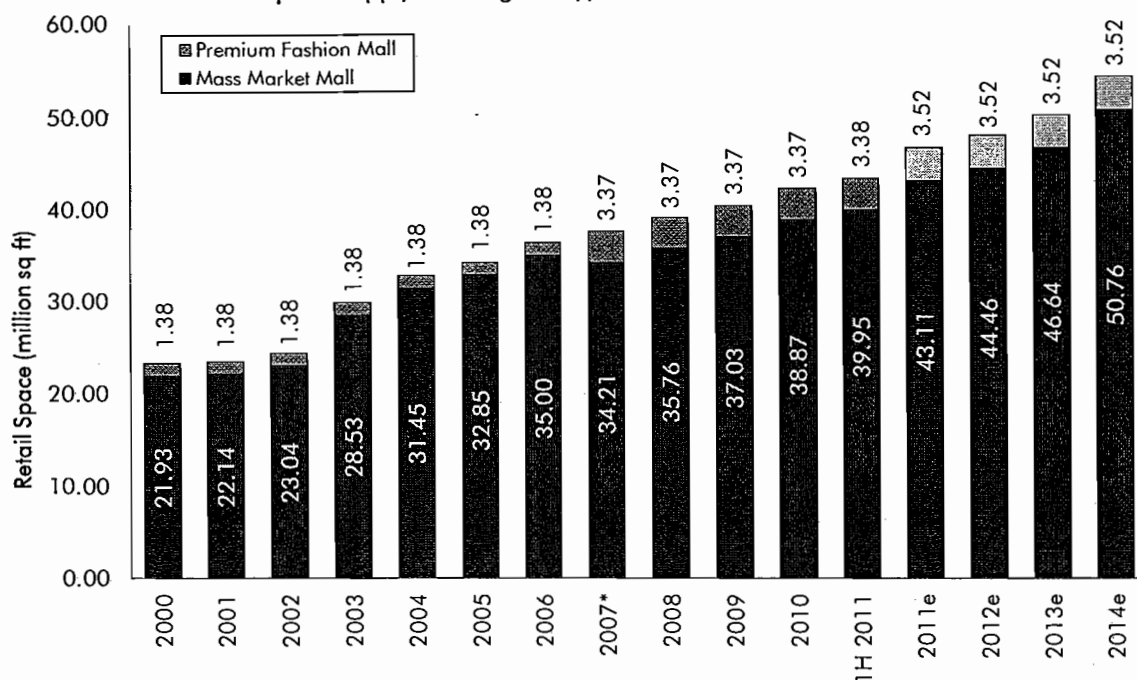
#### 4.4 Cumulative Supply

- CBRE Research reports 131 significant malls in the Klang Valley. Of this total, 58 malls are located in Kuala Lumpur, while the rest are in Selangor. This amount of space suggests market maturity and some areas with a high concentration of malls are facing intense competition especially in the groceries category. However, performing malls are dominant and continue to grow in terms of total sales turnover and rental values.
- Of the 43.33 million sq ft of retail space in the Klang Valley as at 1H 2011, 3.38 million sq ft are attributable to premium fashion malls, which include Pavilion Kuala Lumpur Mall, Starhill Gallery, Suria KLCC and The Gardens.
- The nine malls that are under development in Klang Valley and scheduled to be completed by end-2011 are estimated to account for another 4.00 million sq ft, although none of these, with the exception of the small extension to Suria KLCC being built, can be considered additional supply to the premium fashion mall segment and this is the only additional supply expected in the prime KLCC-Bukit Bintang area through 2014.
- The sudden increase in the supply of premium fashion malls seen in 2007 was due to the opening of Pavilion Kuala Lumpur Mall and The Gardens.

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Chart 4.4: Retail Space Supply in Klang Valley, 2000 – 2014e



Note: Premium fashion malls are defined by Pavilion Kuala Lumpur Mall, Suria KLCC, Starhill Gallery and The Gardens.  
 e - Estimation  
 \* - Underperforming malls were taken out from database in 2007  
 Source: CBRE Research

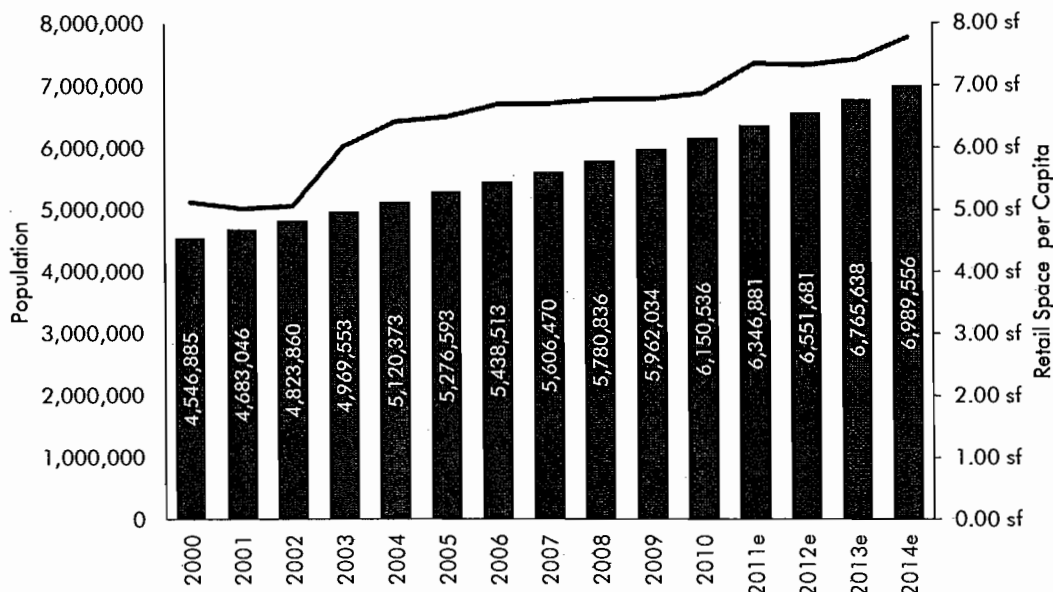
### 4.4.1 Selected Major Malls

- **Suria KLCC.** Opened in 1998 and located within the KLCC development, Suria KLCC has in excess of one million sq ft of net lettable area spanning across six levels of retail floor.
- **Berjaya Time Square.** Berjaya Time Square is by far the largest mall in the Klang Valley region with 2.1 million sq ft of net lettable area. It is located along Jalan Imbi and is a landmark retail development by Berjaya Group and is partly strata-titled.
- **Mid Valley Megamall.** Mid Valley Megamall is the first retail component in the Mid Valley City development and was first opened in 1999. This mass market mall is sizeable at 1.65 million sq ft of net lettable area and is linked to The Gardens, which is a premium fashion mall.
- **The Gardens.** The Gardens is located within Mid Valley City and is linked to Mid Valley Megamall. It was opened in 2007 with over 800,000 sq ft of net lettable area over six levels of retail floors.
- **One Utama.** One Utama Phase 1 development was initially opened in 1995. Subsequently in 2003, the mall was expanded to 1.55 million sq ft after the completion of Phase 2 development. This large-sized mass market mall is located in the more residential area of Petaling Jaya-Damansara belt to cater to the suburban population.
- **Sunway Pyramid.** Sunway Pyramid is a two-phase retail development located in Bandar Sunway, a suburban city in Klang Valley. It is a mass market mall with 1.41 million sq ft of net lettable area with an Egyptian theme.

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### 4.5 Population and Retail Space Supply per Capita

Chart 4.5: Population and Retail Space Supply in Klang Valley, 2000 – 2014e



Note: e – Estimation of population based on 3.1% average growth rate for Kuala Lumpur, Putrajaya, district of Gombak, district of Petaling, district of Klang and district of Ulu Langat.

Source: Department of Statistics Malaysia & CBRE Research

- For the purpose of this review, CBRE Research defines Klang Valley as the combined area of Kuala Lumpur, Putrajaya, district of Petaling, district of Gombak, district of Klang and district of Ulu Langat.
- The Klang Valley population has grown at an annual average of 3.1% since 2000. Assuming the same growth rate, the population in Klang Valley is projected to reach 6.99 million in 2014.
- The Klang Valley retail space per capita in 2011 is expected to reach 7.35 sq ft by end-2011 and is estimated to remain at around 7.32 sq ft to 7.77sq ft per person until 2014.
- Regionally, selected markets' retail space per capita are as follows:
  - Hong Kong – 16.36 sq ft per capita (gross)
  - Tokyo – 9.85 sq ft per capita (net)
  - Sydney – 9.69 sq ft per capita (net)
  - Singapore – 7.23 sq ft per capita (net)
  - Bangkok – 5.34 sq ft per capita (net)
- The Klang Valley market suggests a mature market and ranks the Klang Valley on par with Singapore. In some ways it reflects the overall segmentation of the market in that there are many malls here but only a few performing malls. Retail is about drawing shoppers into a domain, about attracting via merchandise, activity and lifestyle offers. Not all the 43.33 million sq ft in the Klang Valley does this job effectively. In most cases the malls themselves are ill-conceived or poorly located and retail trade is not significant in these venues.
- In fact only 49 malls and hypermarkets, including Pavilion Kuala Lumpur Mall, are performing according to CBRE Research, representing less than 60% of total retail space supply or approximately 4.00 sq ft per capita. Many of the rest are either underperforming or in decline. Although there is dilution in the sector, performing malls nevertheless continue to draw crowds by virtue of their size, merchandise offer and quality of ambience.

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#### 4.6 Future Supply of Malls

- A total of nine malls with a total net lettable area of 4.73 million sq ft are scheduled to be opened in Kuala Lumpur from now until 2014. Of this total, Suria KLCC Phase 2 (140,000 sq ft) is expected to be the only additional supply to the premium fashion malls segment while the remainder will be mass market malls.
- Four other malls, while not likely to be premium, will be significant in terms of size at over 500,000 sq ft each - Kenanga Wholesale City (500,000 sq ft), Nu Sentral (650,000 sq ft), Sunway Velocity Lifestyle Mall (850,000 sq ft) and Boustead Retail @ Jalan Cochrane (1,200,000sq ft).
- Of the nine malls, only Suria KLCC Phase 2 and Kenanga Wholesale City, a one-stop wholesale centre of mainly fashion and accessories, are within or close to the Golden Triangle.
- Selangor will see the completion of at least 11 mass market malls from now until 2014, with an estimation of another 6.22 million sq ft added to the market.

Table 4.6: Future Malls in Klang Valley, 2011-2014

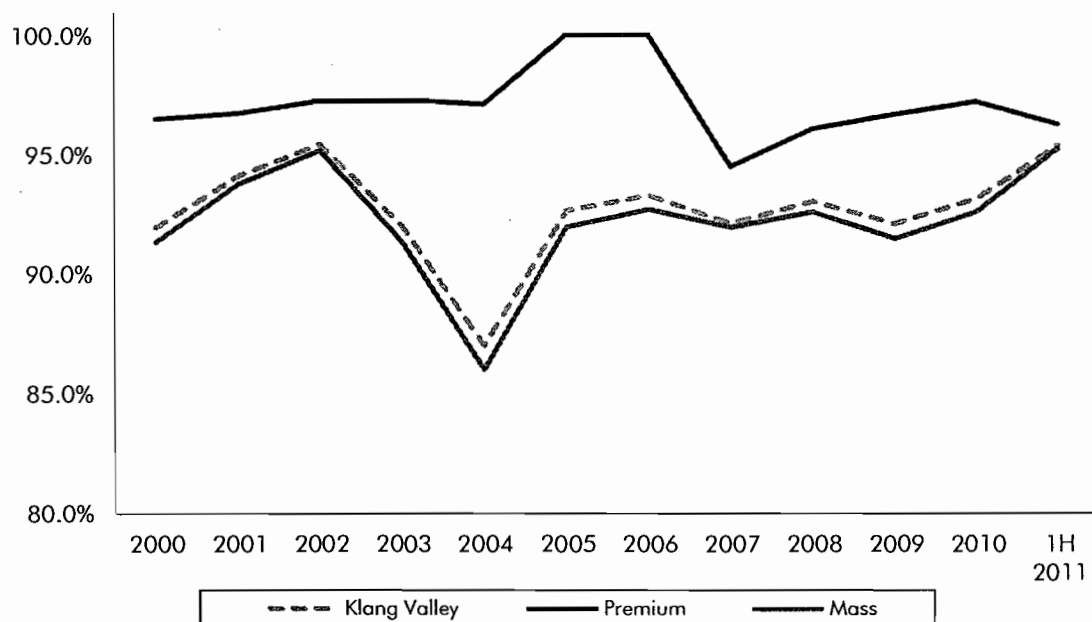
No.	Name of Mall	Location	Category	Net Lettable Area (sq ft)	Expected Completion
<b>Kuala Lumpur</b>					
1	T Shamelin	Cheras	Mass	420,000	2011
2	Kenanga Wholesale City	Pudu	Mass	500,000	2011
3	Kuala Lumpur Festival City	Setapak	Mass	450,000	2011
4	Publika @ Solaris Dutamas	Hartamas	Mass	335,000	2011
5	Suria KLCC Phase 2 (Lot C)	KLCC	Premium	140,000	2011
6	Nu Sentral	KL Sentral	Mass	650,000	2012
7	Damansara City Mall	Damansara Heights	Mass	188,000	2013
8	Sunway Velocity Shopping Mall	Cheras	Mass	850,000	2014
9	Boustead Retail Development	Jalan Cochrane	Mass	1,200,000	2014
<b>Selangor</b>					
1	First Subang	Subang Jaya	Mass	140,000	2011
2	Space U8	Shah Alam	Mass	619,280	2011
3	Setia City Mall	Setia Alam	Mass	700,000	2011
4	Paradigm	Kelana Jaya	Mass	700,000	2012
5	The Strand Mall	Kota Damansara	Mass	308,800	2013
6	M Square Shopping Centre	Puchong Perdana	Mass	380,000	2013
7	IOI City Mall	Putrajaya	Mass	1,300,000	2013
8	Empire City Mall	Damansara Perdana	Mass	1,000,000	2014
9	damén	USJ	Mass	400,000	2014
10	Jaya Shopping Centre	Petaling Jaya	Mass	300,000	2014
11	Avenue Street Mall	Sungai Buloh	Mass	370,000	2014

Source: CBRE Research

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### 4.7 Occupancy Rate Trends

Chart 4.7: Occupancy Rate for Klang Valley Malls, 2000-1H 2011



Note: Premium fashion malls are defined by Pavilion Kuala Lumpur Mall, Suria KLCC, Starhill Gallery and The Gardens.

Source: CBRE Research

- The average occupancy rate of malls in Klang Valley was estimated at 95.4% as at 1H 2011, which is an improvement against 2008 and 2009, although it must be noted that occupancy rates have generally been high.
- Premium fashion malls in general outperformed mass market malls in terms of occupancy, as evidenced by the former's average occupancy rates of over 95% since 2000, with the exception of 2007 (94.5%). Currently, the average occupancy rate for premium fashion malls is 96.3%.
- The slight drop in premium fashion malls' occupancy rate in 1H 2011 against 2010 (97.2%) was due to the transition period of Suria KLCC to make way for the expansion at Lot C, and closure of Home precinct in Pavilion Kuala Lumpur Mall for the new retail area of Tokyo Street.

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#### 4.7.1 Factors Influencing Retail Demand

- Population growth in Greater Kuala Lumpur/ Klang Valley. Under the ETP, population in the Greater Kuala Lumpur/ Klang Valley region\* is expected to expand to 10 million by 2020, from approximately 6 million in 2010. This will be the biggest driver for retail demand in the next 10 years.
- Economic factors. Consumer confidence, a critical factor in retail spending, generally moves in tandem with economic conditions, growth in nominal GDP per capita of 6.8% annually from 2004 to 2009 and average household monthly income from RM3,249 in 2004 to RM4,025 in 2009 has created higher household disposable income, which in turn has led to growth in retail spending.
- Government policies – tax / import duties. The abolishment of duties and other tariffs allows products to reach final consumers at a lower price, thereby creating higher demand. However, cost savings are not always passed on in their entirety to end purchasers, as seen with the recent abolishment of import duties on 300 retail products (where it appears that some of the savings is being kept by retailers to bolster their margins).
- Ease of credit. As reported by Bank Negara Malaysia, credit disbursed for consumption, which consists of loans for personal uses, credit card spending and the purchase of consumer durable goods, expanded by 20.5% annually between 2000 and 2009. In the same period private consumption rose accordingly.
- Tourism. Some of the major malls in the city can have 30% of their footfall from the tourist sector.
- Infrastructural development. Easy access to malls creates convenience for shoppers. Projects such as the proposed Mass Rapid Transit (MRT) system will benefit malls located near stations by the higher resultant footfall.
- Development facilities. In the absence of good public transportation facilities, the availability of car park space will go a long way towards determining footfall of the mall. In general, the average number of occupants per car is three, and a greater number of turns per car park space invariably increases footfall.

Note: \* - Greater Kuala Lumpur/Klang Valley's boundary is defined under the Economic Transformation Program as the area covered by 10 municipalities, each governed by local authorities: Dewan Bandaraya Kuala Lumpur (DBKL), Perbadanan Putrajaya, MB Shah Alam (MBSA), MB Petaling Jaya (MBPJ), MP Klang (MPK), MP Kajang, MP Subang Jaya (MPSJ), MP Selayang, MP Ampang Jaya (MPAJ) and MD Sepang.

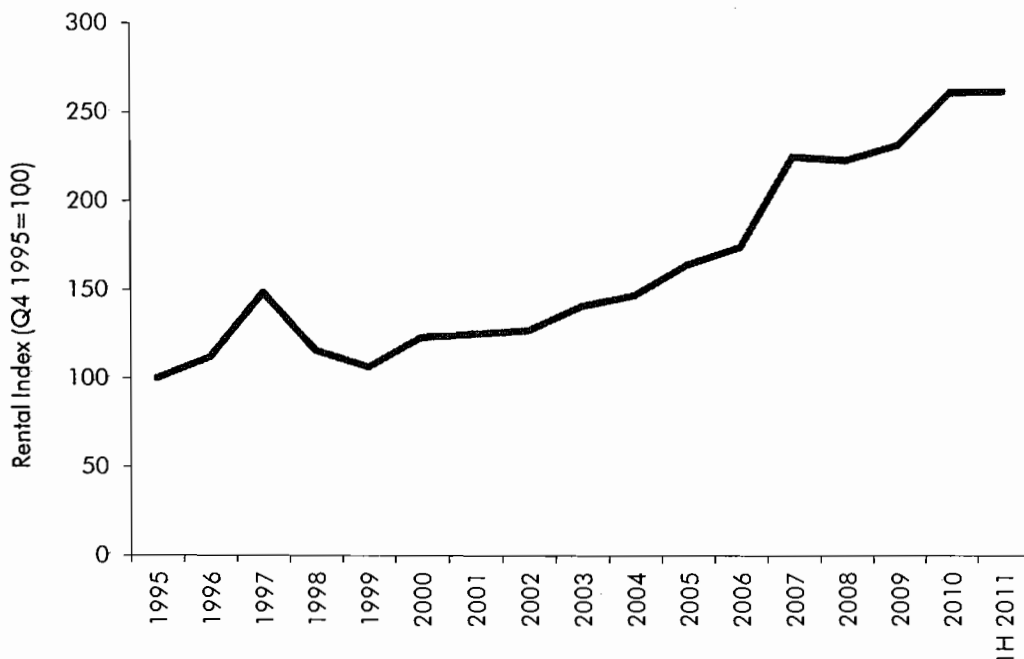
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### 4.8 Rents

- The top performing malls in the city centre and Golden Triangle are the market leaders in the Klang Valley in terms of rentals for ground floor shops, ranging as high as from RM60-100 per sq ft per month in some cases. In older malls with strata-titled units, rents for similar space have exceeded RM200 per sq ft per month in a few instances. Outside of the city centre, the highest rents being achieved for ground floor shops range from RM30-80 per sq ft per month.
- The prime rental index for a basket of 11 prime malls in Klang Valley is shown in the following chart and table.

#### 4.8.1 Prime Retail Rental Index

Chart 4.8a: Klang Valley Prime Retail Rental Index, 1995-1H 2011



Source: CBRE Research

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Table 4.8b: Average Prime Retail Rents of Selected Malls in the Klang Valley

Year	Rental index (Q4 1995 = 100)	Average Prime Rent (RM per sq ft)	Change (y-o-y)
1995	100	15.03	-
1996	112	16.79	11.69%
1997	148	22.24	32.46%
1998	115	17.34	-22.01%
1999	106	15.93	-8.17%
2000	123	18.43	15.69%
2001	125	18.72	1.59%
2002	127	19.03	1.64%
2003	140	21.11	10.94%
2004	146	22.02	4.32%
2005	164	24.61	11.77%
2006	174	26.08	5.98%
2007	224	33.73	29.31%
2008	222	33.42	-0.91%
2009	231	34.71	3.86%
2010	260	39.11	12.69%
1H 2011	261	39.23	1.60%*

Note: \* quarter-on-quarter basis

Source: CBRE Research

- Prime rent is defined as the rental rate for retail lots locating on the ground or concourse floor, receiving the highest level of traffic within the mall.
- Average prime rents have been on the rise since 2000. In 2007, average prime rents breached RM30 per sq ft per month to a high of RM33.73 per sq ft per month.
- Average prime rents have remained steady at around RM33.40 per sq ft since 4Q 2008 throughout the global financial crisis primarily because there were fewer rent reviews during that period.
- By 2Q 2009, average prime rents rose to RM34.10 per sq ft as rent reviews in some leading malls began around the same time and consumer sentiment, measured by the Malaysian Institute of Economic Research's (MIER) Consumer Sentiment Index, improved significantly, rising by 26.9 points to 105.8 points in the first half of 2009. The economy also began to recover, as GDP growth registered 4.5% in 4Q 2009 after three consecutive quarters of retraction.
- In 2010, average prime rents increased to RM39.11 per sq ft, accompanied by a further increase in consumer sentiments during the period.
- While it can be argued that the market has sizeable supply purely in terms of total floor space and number of malls (101) and hypermarkets (30) in the Klang Valley, the fact remains that retail is an industry predicated on the ability to distinguish one mall from another, and there are 35-40 malls and hypermarkets in the Klang Valley that have strong sustainability in terms of turnover and rents.
- In fact, whilst underperforming older malls and some new ones are experiencing rental pressures, successful malls have enjoyed rental increases from the late 90's until now. The last rent review in 2010 witnessed rents for a few select shops breaching the RM100 per sq ft barrier in the best performing malls. In contrast, the poorer malls have not seen rental increases at reviews, which suggest that with an increasing population, salary increases, inflation, increased tourist arrivals and the requisite feel-good factor, the better malls will continue to enjoy rental escalation for the foreseeable future.



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### 4.9 Major Retail Property Transactions in Klang Valley

Table 4.9: Major Retail Property Transactions in Klang Valley, 2008 – 1H 2011

Year	Buildings	Location	NLA (sq ft)	Consideration		Buyer	Seller
				RM mil	RM per sq ft		
2008	Citta	Ara Damansara	424,000	280	670	SEB Asset Management	Puncak Dana SB
	Part of Sg Wang Plaza	Jalan Sultan Ismail	510,418	595	1,166	CapitaLand Ltd	Landmarks Bhd
2009	Lot 10	Jalan Sultan Ismail	256,811	401	1,561	Starhill Global REIT	Starhill REIT
	Starhill Gallery	Jalan Bukit Bintang	297,354	629	2,115	Starhill Global REIT	Starhill REIT
2010	Selayang Mall	Selayang	GFA: 861,530	128	-	Amanahraya REIT	Kumpulan Wang Bersama
	Sunway Pyramid	Bandar Sunway	1,685,568 <sup>1</sup>	2,132 <sup>1</sup>	1,265 <sup>1</sup>	Sunway REIT	Sunway Group
	Part of Sg Wang Plaza	Jalan Sultan Ismail	450,470	724	1,607	CMMT REIT	CapitaLand Ltd
	Mines Shopping Fair	Seri Kembangan	719,563	530	737	CMMT REIT	CapitaLand Ltd
	SACC Mall	Shah Alam	185,178	90	486	Amanahraya REIT	PKNS
	1 Mont' Kiara <sup>2</sup> (Office/Retail)	Mont Kiara	Retail only: 225,920	333	-	ARA Asia Dragon Fund	Aseana Properties Ltd
1H 2011	Putra Place <sup>3</sup> (Office/Retail/Hotel)	Jalan Putra	Retail only: 501,000	514	-	Sunway REIT	Public Auction

Notes: <sup>1</sup> Sunway Pyramid sales consist of 1,542,101 sq ft retail space and 143,467 sq ft convention centre

<sup>2</sup> The 1 Mont' Kiara properties were sold for RM333 million, consisting of a 20-storey office tower block (185,405 sq ft) and a 5-storey retail mall, inclusive of carpark.

<sup>3</sup> The sale of Putra Place consist of The Mall (retail), 100 Putra Place (office), The Legend Hotel (hotel) and 1,323 car parking bays.

Source: CBRE Research

- There were a total of 11 transactions of major retail properties in Kuala Lumpur over the last three years.
- In 2008, Singapore-based CapitaLand Ltd purchased part of Sg Wang Plaza for RM595 million, which was later injected into CapitaMalls Malaysia Trust (CMMT) in 2010 for RM724 million, together with The Mines Shopping Fair for RM530 million.
- In an exercise to reposition itself as a hospitality REIT, Starhill REIT sold its two retail properties in Kuala Lumpur in 2009, Lot 10 (RM401 million) and Starhill Gallery (RM629 million) to Starhill Global REIT, which owns retail properties in Singapore, Malaysia, China, Australia and Japan.
- Sunway Pyramid was also injected into Sunway REIT in 2010, for the consideration of RM2,132 million.
- In 2010, 1 Mont' Kiara was sold to ARA Asia Dragon Fund for RM333 million. The 1 Mont' Kiara transaction consists of a 20-storey office tower and the 1 Mont' Kiara mall.
- The most recent transaction was the purchase of The Mall at Jalan Putra in an auction by Sunway REIT for RM513.9 million. The price includes retail, office and hotel properties.
- Another notable equity transaction involving retail properties in 2011 was the proposal by KrisAssets Holding Berhad to acquire 100% equity in Mid Valley City Gardens Sdn Bhd for

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RM215.7 million. Mid Valley City Gardens Sdn Bhd is the owner and operator of The Gardens, which carries a market value of RM820 million based on a recent valuation exercise.

#### 4.10 Klang Valley Retail Market Snapshot and Outlook

- CBRE Research defines Klang Valley as the combined area of Kuala Lumpur, Putrajaya, district of Petaling, district of Gombak, district of Klang and district of Ulu Langat. This provides a total of 6.15 million population which can be considered as the Klang Valley's total catchment for retail.
- As at 1H 2011, the cumulative supply of retail space in Klang Valley stands at 43.33 million sq ft.
- Two malls located in Kuala Lumpur, both being mass market malls, were completed in 2010: Axis Atrium opened in the first quarter with 218,000 sq ft, whilst 1 Mont' Kiara mall opened later in the first quarter with 225,920 sq ft. In 1H 2011, Viva Mall (660,000sq ft) and CITTA Mall (424,467sq ft) opened in Kuala Lumpur and Selangor respectively.
- 5 new malls are expected to open by end-2011 in Kuala Lumpur with an estimated combined net lettable area of 1.85 million sq ft, namely 1 Shamelin, Kuala Lumpur Festival City, Kenanga Wholesale City, Suria KLCC Phase 2 and Publika, with the extension to Suria KLCC being the only additional supply to premium fashion mall and also the only additional supply in the Golden Triangle.
- The overall occupancy rate of retail space in Klang Valley remained stable at 95.4% as at 1H 2011.
- Average prime rents continued its uptrend in 2010, with an increase of 12.69% at selected prime malls in Klang Valley. As at 1H 2011, average prime rents increased by 1.60% on quarter-on-quarter basis to RM39.23 per sq ft per month.
- With the growth of REITs in the country, the focus on malls is now shifting towards sustained performance. The result will be higher standards and perhaps more competitive developments.
- However, the pressure on rents and the yield compression that we are witnessing right now will affect the overall market performance. Good malls will now have to consider a compromise between good tenancy covenants / tenant mix and high rents.
- 1H 2011 has been softer than expected and this has been attributed to the shorter festive season in the quarter. Overall year 2011 is expected to garner 5% growth in the retail industry, which is in line with the GDP growth.
- It is foreseeable that with the improvement in public transport, that the Bukit Bintang area will be the ultimate beneficiary of the proposed Mass Rapid Transit when it comes into operation. At the moment, most retail demand in the area is from the east, south and the north-eastern side of the Klang Valley; and the Mass Rapid Transit is expected to contribute higher turnover performance thereby higher rents and market share to malls in Bukit Bintang.
- The next rent review for most malls will be in 2013 and there appears to be room for growth in all the malls where rents have still not reached their peak, save for the exception of some shops in some strata-titled buildings. Currently fashion is segmented between luxury, fast fashion and price-driven boutique merchandise. Most brands in these categories have yet to reach their top level performance on a per sq ft basis because of the limitations in the public transport in the area. We anticipate that fashion will be a top performer when the Mass Rapid Transit is completed.
- Currently yields are already compressed to below 6% in some cases and it is possible that for prime assets, retail yields can drop to below 6% in the Bukit Bintang area as funds continue to acquire such assets.

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- Based on the current performance benchmarks and on the potential build-up in demand in the next 10 years, there is room for yet more retail development in the Klang Valley. However, this will have to be well-conceived and top quality malls will have to be competitive and well positioned.
- Although 2008 was undoubtedly a bad year, the retail landscape has increasingly become very active in the region because of the growth of the Asian economies in total. This has resulted in more European and American brands seeking to expand into Asia. One of the major beneficiaries of this new trend is Kuala Lumpur. Brands like H&M and Pret-a-Manger are already making forays into the market, with preference towards higher volume malls in KLCC-Bukit Bintang area. It is foreseeable that this will impact in terms of both total demand as well as segmentation in the market for years to come. Some of the fast retailing brands are also changing retail formats in terms of size and again will impact on how malls work in the future in that they may become the true anchor tenants of the future for fashion malls. Such retailers are also crowd pullers along street frontages and this would also result in new opportunities for malls along high street levels.

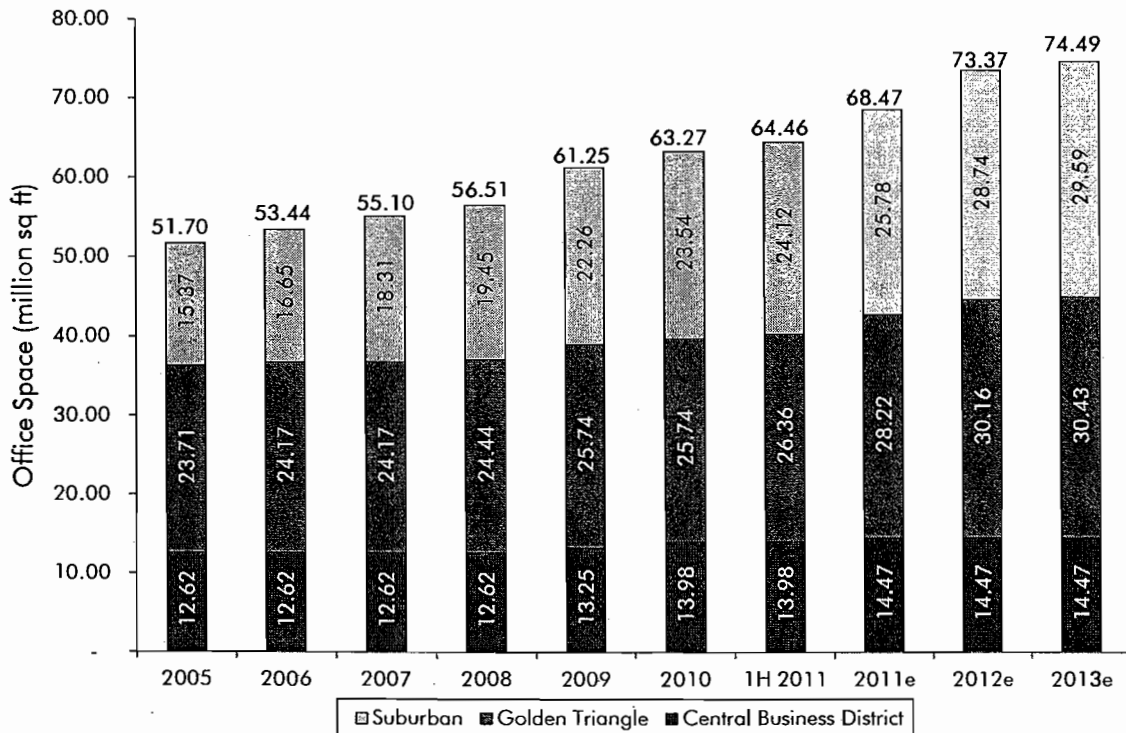
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## Chapter 5 Kuala Lumpur Office Property Market

### 5.0 KUALA LUMPUR OFFICE PROPERTY MARKET

#### 5.1 Cumulative Supply

Chart 5.1: Cumulative Supply of Office Space in Kuala Lumpur, 2005 – 2013e



Source: CBRE Research

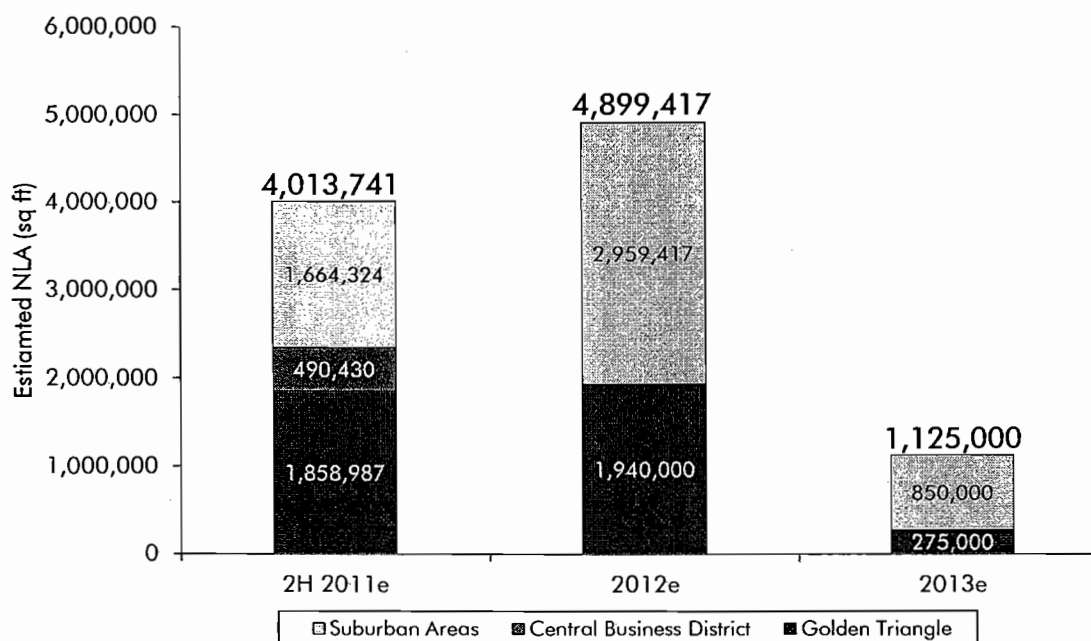
- Key office locations in Kuala Lumpur include the Golden Triangle (GT), Central Business District (CBD), and Suburban Areas (which refers to Kuala Lumpur city fringe areas such as Damansara Heights, Bangsar, KL Sentral/Brickfields, Mid Valley, Pantai/Kerinchi, Mont Kiara and KL North). The term Kuala Lumpur city centre (KLC) refers to the GT and CBD combined.
- Since 2005 there has been a steady increase in the supply of office space in Kuala Lumpur at an annual average of 2.3 million sq ft of net lettable area. As at 1H 2011, there are a total of 231 purpose-built office developments in Kuala Lumpur, together offering a cumulative supply of approximately 64.46 million sq ft of net lettable office space, of which 26.36 million sq ft (41% of the total) is located within 93 developments in the Golden Triangle (GT). 85 developments in Suburban Areas account for 24.12 million sq ft (37% of the total), with the remaining 13.98 million sq ft (22% of the total) being located within 53 developments in the CBD.
- Since the start of 2010, four buildings have been completed in the city centre. These are Quill 6 and Cap Square Office Tower 2 in the CBD, Hampshire Place and Menara Bank Islam in GT, which are the most recent addition to total supply, having been completed in 1H 2011.

## Chapter 5

### Kuala Lumpur Office Property Market

#### 5.2 Future Supply

Chart 5.2a: Future Supply of Office Space in Kuala Lumpur, 2H 2011e – 2013e



Note: e - Estimation  
Source: CBRE Research

- Based on current future supply projections, as much as 4.01 million sq ft of office space in 10 projects may be added to the Kuala Lumpur office market by end-2011, equal to a further 6.2% supply growth. Of this total new supply, 46.3% will be located in Golden Triangle, 12.2% in CBD and 41.5% in Suburban Areas. Among the larger projects scheduled for completion this year are Menara 3 Petronas (840,000 sq ft), the newest addition to the Petronas Twin Towers, and The Horizon Phase 2 Block 7 - 10 (747,200 sq ft) of UOA Bangsar South.
- In 2012, nine projects, totaling 4.90 million sq ft, are scheduled to be completed, thereby increasing total office supply by 7.3%. 39.6% of this additional supply is located in Golden Triangle, with the remainder in Suburban Areas. Benchmark developments set to be completed in 2012 include Integra Tower (736,000 sq ft) and Menara Felda (689,000 sq ft) in Golden Triangle, and 4 office developments totaling 2.26 million sq ft at the KL Sentral integrated development in Suburban Areas.
- 2013 is scheduled to see the completion of 1.13 million sq ft of office space, the bulk (75.6%) of which will be located in Suburban Areas, including the latest office tower (600,000 sq ft) at Mid Valley City. Menara Hap Seng (275,000 sq ft) is scheduled for completion in Golden Triangle during the period.
- Although it is anticipated that the office market may tip into oversupply at the end of the year, the government's efforts in the Economic Transformation Programme and the various Entry Point Projects to attract multinational corporations to set up regional offices in the country is expected to create new demand for office space in the capital city.

## Chapter 5

### Kuala Lumpur Office Property Market

Table 5.2b: Breakdown of Future Supply of Office Space in Kuala Lumpur, 2011e – 2013e

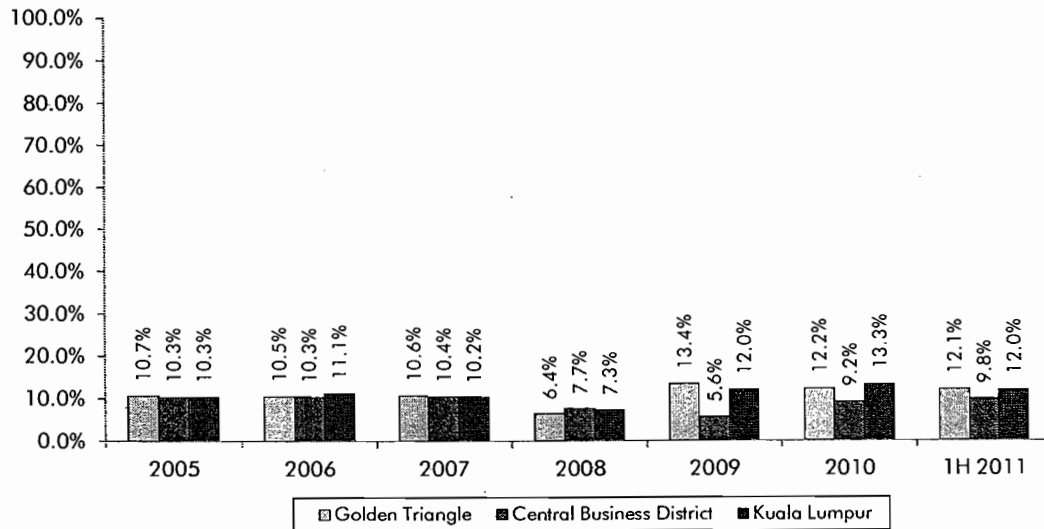
No.	Project name	Location	Estimated NLA (sq ft)
<b>By End-2011</b>			
<b>Kuala Lumpur city centre (KLC) - GT</b>			
1	Menara 3 Petronas	KLCC	840,000
2	Menara Worldwide	Jalan Bukit Bintang	273,000
3	Menara Binjai	Jalan Binjai	330,000
4	Menara Darussalam	Jalan Pinang	266,000
5	Dijaya Plaza	Jalan Tun Razak	149,987
		GT – Subtotal =	1,858,987
<b>Kuala Lumpur city centre (KLC) – CBD</b>			
6	The Crest	Off Jalan Sultan Ismail	190,430
7	Persada Putra	Jalan Tuanku Abdul Rahman	300,000
		CBD – Subtotal =	490,430
		KLC – Total =	2,349,417
<b>Suburban Areas (SA)</b>			
8	KL Sentral Park	KL Sentral	487,124
9	The Horizon Phase 2 Block 7 -10	Bangsar South City	747,200
10	Dua Sentral Office Tower	Jalan Tun Sambathan	430,000
		SA – Total =	1,664,324
		<b>By end-2011 Total =</b>	<b>4,013,741 sq ft</b>
<b>2012</b>			
<b>Kuala Lumpur city centre (KLC) - GT</b>			
1	Glomac Tower	Jalan Pinang	515,000
2	Integra Tower	Jalan Tun Perak	736,000
3	Menara Felda@Platinum Park	KLCC	689,000
		GT – Subtotal =	1,940,000
		KLC – Total =	1,940,000
<b>Suburban Areas (SA)</b>			
4	Oval Damansara	Jalan Damansara	450,000
5	Glomac Damansara Tower D	Jalan Damansara	254,000
6	CIMB Headquarters	KL Sentral	600,000
7	348 Sentral	KL Sentral	538,617
8	KL Sentral – Parcel B, Lot G	KL Sentral	440,000
9	KL Sentral – Parcel C, Lot G	KL Sentral	676,800
		SA – Total =	2,959,417
		<b>2012 Total =</b>	<b>4,899,417 sq ft</b>
<b>2013</b>			
<b>Kuala Lumpur city centre (KLC) - GT</b>			
1	Menara Hap Seng	Jalan Sultan Ismail	275,000
		GT – Subtotal =	275,000
		KLC – Total =	275,000
<b>Suburban Areas (SA)</b>			
2	Sentral Vista	Brickfield	250,000
3	Mid Valley City Office Tower	Mid Valley City	600,000
		SA – Total =	850,000
		<b>2013 Total =</b>	<b>1,125,000 sq ft</b>

Source: CBRE Research

## Chapter 5 Kuala Lumpur Office Property Market

### 5.3 Vacancy Rates and Absorption Rate

Chart 5.3a: Vacancy Rates of High-grade Office Space in Kuala Lumpur, 2005 – 1H 2011



Source: CBRE Research

- Since the start of 2011, vacancy rates for Kuala Lumpur have declined to 12.0% from 13.3% in 2010, driven mainly by improved occupancy levels in suburban buildings. Vacancy rates in the city centre have generally remained unchanged during this period.
- Average vacancy rates of high-grade office space in Kuala Lumpur trended downwards as the economic recovery from the 1997/98 Asian crisis took hold, falling to as low as 7.0% in 4Q 2008.
- Thereafter, in 2009, the completion of a number of new buildings combined with weaker demand resulting from the global economic downturn, raised vacancy rates in the Golden Triangle to 13.4%; although vacancy rates in the CBD, where the supply of office space is limited compared to the GT, declined to as low as 5.6% in 2010. For the most part, vacancy rates have remained stable over the past year and are in line with historical trends.
- Absorption of office space in Kuala Lumpur and Selangor averaged at slightly less than two million sq ft annually for the past five years.
- Based on CBRE in-house research, the total additional office space (in private purpose-built office buildings) in Kuala Lumpur from 2006 to 2010 was about 11.56 million sq ft. The statistics from Valuation and Property Services Department showed a reasonably good absorption rate of about 63.35% during the same period, which is equivalent to a total of about 7.33 million sq ft. The table below shows the new supply and absorption of office space in the Kuala Lumpur.

Table 5.3b: Absorption of Office Space in Kuala Lumpur, 2006-2010

Year	New Supply (sq ft)	Absorption (sq ft)
2006	1,735,268	562,347
2007	1,663,843	1,525,554
2008	1,407,641	1,141,851
2009	4,743,000	2,923,229
2010	2,014,379	1,173,283
Total	11,564,131	7,326,265

Source: CBRE Research, Valuation and Property Services Department, Ministry of Finance Malaysia

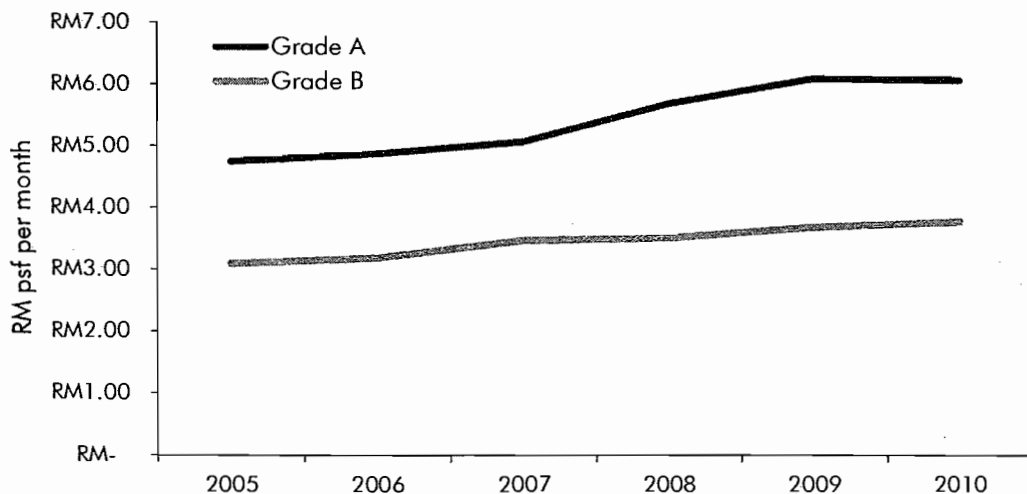
## Chapter 5 Kuala Lumpur Office Property Market

### 5.3.1 Factors Influencing Office Demand

- The Kuala Lumpur economy is heavily service-based, with 88.9% of GDP contributed by the services sector, primarily formed of the finance, insurance, real estate and business services sub-sectors.
- As such, overall demand for office space is largely influenced by business sentiment, economic conditions and future prospects.
- Towards this end, the government has unveiled a series of plans, most notably the Economic Transformation Plan (ETP) and Government Transformation Plan (GTP), designed to carry Malaysia to middle-income nation status by 2020. The first initiatives and projects from these plans are already underway.
- Malaysia's demographics are also very positive, as the country boasts a young population that has one of the highest rates of English language fluency in the region, making it ideally suited to accommodate business demand resulting from economic growth.

### 5.4 Rents

Chart 5.4: Average Rents for Office Space in Kuala Lumpur, 2005 – 2010



Source: Valuation and Property Services Department, Ministry of Finance Malaysia

- Average rents for selected office buildings in Kuala Lumpur stood at RM6.05 and RM3.76 per sq ft per month respectively for grade A and B office space in 2010. Grade A office average rents reduced slightly by 0.3% compared to the previous year (2009: RM6.07 per sq ft per month) whilst grade B office average rents increased by 2.5% (2009: RM3.67 per sq ft per month) on the back of improved, but not exceptional demand, and the office market remains a tenants' market at the moment with the exception of a few selected buildings.
- Grade A office average rents trended steadily upwards between 2002 – 2007 before rising sharply in 2008 at the height of the economic boom. Since 2009, rents have generally remained flat.

### 5.5 Property Investment Deals

- Since 2006, the Klang Valley has been witnessing a high level of interest from local and overseas investors for good quality office investments, partly due to the following reasons:



## Chapter 5

### Kuala Lumpur Office Property Market

- A complete revision of the Securities Commission (SC) guidelines for the establishment of REITs in 2005. This almost immediately led to strong demand for investment property from those wishing to set up REITs under the new liberalised tax regime.
- A shift in policy whereby government institutions such as the Employees Provident Fund (EPF), the civil servants pension/ cooperative fund and others decided to invest in commercial property. Interest from these funds has been constant even in slower market conditions, such as those seen in 2009.
- Increased global liquidity, which led to increased demand from overseas REITs and opportunistic funds.
- Significant office building transactions in the Klang Valley have risen substantially over the last decade, from two buildings with an aggregate value of RM285 million in 2000 to a peak of 15 buildings totaling RM5 billion in 2008. Office buildings transacted in Kuala Lumpur during 2009 recorded a total of RM1.26 billion, while those transacted during 2010 totaled RM 1.04 billion.
- Some of the major office building transactions in Kuala Lumpur since 2008 are shown in the following table.

Table 5.5: Major Office Property Transactions in Kuala Lumpur, 2008 – 1H 2011

Year	Buildings	Location	NLA (sq ft)	Consideration	
				RM mil	RM per sq ft
2008	Capital Square's Office Tower 2	Jalan Munshi Abdullah	600,000	439.00	734
	Menara YNH	Jalan Sultan Ismail	1,200,000	920.00	1,258
	Menara Felda at Platinum Park	Jalan Stonor/ Jalan Kuda	689,000	641.00	930
	Wisma Angkasa Raya	Jalan Ampang	167,728	179.00	1,067
	Menara TM, Wisma TM, Menara Celcom and Cyberjaya Complex	Kuala Lumpur, Cyberjaya	-	1,000.00	-
	Menara Standard Chartered	Jalan Sultan Ismail	345,000	328.00	950
	Menara Citibank (50% equity)	Jalan Ampang	731,945	303.50	828
	Southgate Corporate Office Tower*	Jalan Sungei Besi	-	226.00	-
2009	Darul Takaful	Jalan Sultan Ismail	99,021	63.00	636
	Tower D Glomac Damansara	Jalan Damansara	254,000	170.73	672
	The Icon@Jalan Tun Razak – East Wing	Jalan Tun Razak	278,182	226.51	814
	Wisma Genting (100% of equity interest)	Jalan Sultan Ismail	409,033	212.71	520
	Southgate - Apex Tower*	Jalan Sungei Besi	-	63.09	-
2010	Menara UOA Bangsar	Jalan Bangsar Utama	312,298	289.00	938
	Wisma UOA Damansara II	Jalan Changkat Semantan	296,850	211.00	710
	Wisma Time	Jalan Tun Razak	171,611	78.00	455
	Menara Olympia	Jalan Raja Chulan	454,828	200.00	440
	Menara PanGlobal Office/Hotel Complex	Lorong P. Ramlee	250,000	160.00	-
	Wisma Volkswagen	Off Jalan Bangsar	43,743	40.00	914
1H 2011	Wisma KLIH	Jln Bukit Bintang	55,200	58.00	1,051
	Dua Sentral Office Tower*	Jalan Tun Sambathan	430,000	232.00	-
	100 Putra Place*	Jalan Putra	311,000	513.95	-
	Block 6, The Horizon (Phase 1), Bangsar South	Bangsar South	46,100	36.00	780
Wisma Gold Hill	Jalan Raja Chulan	266,750	174.50	654	

Note: \*Transaction includes other components such as land, retail, hotel and carpark bays  
Source: CBRE Research

## Chapter 5

### Kuala Lumpur Office Property Market

#### 5.6 Kuala Lumpur Office Market Snapshot and Outlook

- The cumulative supply of office space in Kuala Lumpur as at 1H 2011 stood at approximately 64.46 million sq ft. In the period between 2010 – 1H 2011, 11 office developments with a combined net lettable area (NLA) of 3.2 million sq ft were completed in Kuala Lumpur.
- Our most recent projections show that another 4.01 million sq ft of office space is scheduled to be completed in Kuala Lumpur by end-2011, with five developments (1.86 million sq ft) in the Golden Triangle, two developments in Central Business District (0.49 million sq ft) and three developments (1.66 million sq ft) in Suburban Areas. We estimate another 4.90 million sq ft of Kuala Lumpur office space to be completed in 2012, of which 1.94 million sq ft (40% of total) is within three developments in the Golden Triangle.
- The overall office vacancy in Kuala Lumpur has remained stable in 1H 2011 at 12.0%. This includes levels of 9.8% in the Central Business District and 12.1% in the Golden Triangle.
- As at 2010, average gross rents for grade A and grade B office space stood at RM6.05 and RM3.76 per sq ft per month, respectively.
- The office market in Kuala Lumpur has shown its resiliency in overcoming the weak rental demand and considerable supply growth seen in 2009. Occupancy rates in the city centre are improved from a year ago, with most of the top buildings boasting occupancy levels of over 90%. This is reinforced by the fact that it is difficult to find large, continuous space for new tenants; companies with these types of requirements have to wait for the completion of buildings still under development.
- The government has pushed ahead with a number of strategic projects intended to generate both domestic and foreign demand and most economists project GDP growth of between 5.0-5.5% for full-year 2011, following on from 7.2% GDP growth in 2010. The first wave of programs under the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP) has already begun, and the expected increase in economic growth and foreign investment bodes well for the office market.
- While as much as 2.35 million sq ft of office space is scheduled to be completed in second half this year in the Golden Triangle and Central Business District, the most significant completions, such as Menara 3 Petronas, are expected to have healthy pre-commitment levels by the time they are completed, thereby reducing stress on the overall tenancy market.
- Rents have remained flat for some time and will likely continue to do so. With the exception of a few buildings, landlords do not appear to have substantial leverage to increase rents significantly. At the same time, office rents in Kuala Lumpur are among the lowest in the Asia region, suggesting that rental rates are not a major factor in the decisions of most multinational corporation (MNC) tenants to move to newer premises.
- Unlike Singapore and Hong Kong, Kuala Lumpur's office market is not primarily reliant on the financial services industry. Demand from the oil & gas industry (O&G) and government sector are significant support factors for the local office market, and there is unlikely to be any reduction in demand from these sectors. Investor confidence in the local office market can be seen by the level of investor interest when good quality assets become available. Office property yields in Kuala Lumpur are generally higher than those in Singapore, Hong Kong and many other regional cities, and the foreign ownership liberalization policies put into place in mid-2009 have drawn the interest of a number of foreign funds in addition to the domestic REITs and funds who drove the investment market during the economic downturn.

## Chapter 6

### Review On REIT Portfolio

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#### 6.0 REVIEW ON REIT PORTFOLIO

##### 6.1 Pavilion Kuala Lumpur Mall

###### 6.1.1 Description

- Pavilion Kuala Lumpur Mall is the largest premium fashion mall in Malaysia. It has set new standards for fashion retailing and lifestyle in Kuala Lumpur and is on par with the best retail malls in the region, if not the world. Besides playing host to many international luxury brands such as Bentley, Jaguar, Versace, Burberry, Hermes, Prada and Marc by Marc Jacobs, the mall supports approximately 450 retail tenants with Parkson as anchor tenant and Food Republic, Forever 21, Golden Screen Cinemas, Red Box Plus, Harvey Norman, Tangs, Times Bookstore and Padini Concept Store as specialty anchor tenants.
- Located strategically at the heart of Jalan Bukit Bintang – Malaysia’s prime retail street equivalent to the likes of Singapore’s Orchard Road, Hong Kong’s Central, Tokyo’s Ginza and New York’s Fifth Avenue – Pavilion Kuala Lumpur Mall is primely sited in Malaysia’s shopping paradise and is arguably the most successful mall along Jalan Bukit Bintang. This is evident from its ability to record improved performance despite the economic impact from the recent global financial crisis, a period in which Pavilion Kuala Lumpur Mall has managed to increase its rents as well as register higher turnover for its tenants. This is due to the fact that the mall not only caters to tourists, but also to local shoppers with strong purchasing power.
- Pavilion Kuala Lumpur Mall benefits from dual frontages onto both Jalan Bukit Bintang and Jalan Raja Chulan, as well as constant pedestrian and car traffic exposure. Together with Starhill Gallery and fahrenheit88 it draws at least 2.5 million visitors to the area each month.
- The mall is part of an integrated mixed development consisting of the Office Tower (proposed to be named as Pavilion Tower) and Pavilion Residences. The retail component is amongst the largest in the country and in the region, providing 1,255,217 sq ft of net lettable area (exclusive of retail office block and storage space) spanning across a seven (7) storeys retail podium (including four (4) levels of car parks) with three (3) levels of basement car parks and a four (4) levels connection block annexed to it.
- Pavilion Kuala Lumpur Mall is an award winning retail development and has received a respectable number of awards both locally and internationally.

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### Review On REIT Portfolio

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#### Accolades & Awards

##### 2011 Awards:

- '2011 VIVA Best-of-the-Best Award Honoree (Design and Development)' by International Council Shopping Centre VIVA Best-of-the-Best Awards
- 'Award for Outstanding Achievement (Shopping Mall Category)' by Kuala Lumpur Mayor's Tourism Awards 2011

##### 2010 Awards:

- 'Retail Merchant of the Year' by MasterCard Worldwide for MasterCard Hall of Fame Awards 2010
- 'Marketing' by International Council of Shopping Centres in Asia Shopping Centre Awards 2010
- 'Innovative Design & Development of a New Retail Project' by International Council of Shopping Centres in Asia Shopping Centre Awards 2010
- 'Best Thematic Decoration' by Tourism Malaysia Shopping Centre Awards for Malaysia Mega Sale Carnival 2010
- 'Best Promotions and Events' by Tourism Malaysia Shopping Centre Awards for Malaysia Mega Sale Carnival 2010
- 'The Architecture Award (Retail) – Asia Pacific' by International Property Awards in association with Bloomberg Television 2010
- 'The Architecture Award (Retail) – Malaysia' by International Property Awards in association with Bloomberg Television 2010
- 'Best Retail Development – Malaysia' by International Property Awards in association with Bloomberg Television 2010
- 'Best Indoor Fun' by Expatriate Lifestyle Awards 2010

##### 2009 Awards:

- 'Best Thematic Decoration' by Tourism Malaysia Shopping Centre Awards for Malaysia Year End Sale Carnival 2009
- 'Innovative Shopping Complex' by Malaysia Tourism Awards 2008/2009
- 'Best Shopping Mall' by LIBUR Tourism Awards 2009
- 'Best Indoor Fun' by Expatriate Lifestyle Awards 2009
- 'World Best Retail Centre' by International Real Estate Federation (FIABCI) Prix d'Excellence Awards 2009

##### 2008 Awards:

- 'Best Thematic Decoration' by Tourism Malaysia Shopping Centre Awards for Malaysia Mega Sale Carnival 2008
- 'Best Retail Development' by International Real Estate Federation (FIABCI) Malaysia Property Awards 2008
- 'Premier Retail Centre' by Brand Laureate Awards 2008
- 'Best Shopping Mall' by LIBUR Tourism Awards 2008
- 'Silver Awards, Favorite Shopping Complex', Diplomatic Tourism Awards 2008

##### 2007 Award:

- 'Most Magical Mall Award' by Ministry of Tourism Malaysia 2007

## Chapter 6

### Review On REIT Portfolio

#### 6.1.2 Location Analysis

##### 6.1.2.1 Macro analysis

- Regionally, the Jalan Bukit Bintang area is a major shopping destination for shoppers from neighbouring ASEAN countries such as Singapore, Indonesia, Thailand, Vietnam, Brunei and the Philippines as well as Hong Kong. Undoubtedly, this means that Pavilion Kuala Lumpur Mall will be able to capture a sizeable share of shoppers travelling to Kuala Lumpur as it is strategically sited along the shopper's paradise of Jalan Bukit Bintang. The following are among the various reasons Kuala Lumpur is a shopping destination for tourists:
  - Being neighbouring countries, Singaporeans like to shop in Kuala Lumpur due to the favourable exchange rates.
  - Thais, Bruneians, Indonesians, Vietnamese, Philipinos and Cambodians shop in Kuala Lumpur as the city offers a huge variety of choices and good quality goods. Additionally, Kuala Lumpur offers better purchasing power for their money in terms of accommodation and food, if compared to Singapore and Hong Kong.
  - The same applies for Hong Kong shoppers, for which Kuala Lumpur offers good quality products at cheap prices and an overall better holiday experience due to cheaper hotels and food.

##### 6.1.2.2 Micro analysis

- Pavilion Kuala Lumpur Mall is strategically located at the heart of Jalan Bukit Bintang, the premier retail axis and entertainment district of Kuala Lumpur. The Bukit Bintang area is dotted with many hotels, retail centres, al-fresco cafés and commercial buildings. This area is popular with tourists as well as locals. Within the 500 meters radius from Pavilion Kuala Lumpur Mall, there are a total of twelve 4- and 5-star hotels including Grand Millenium Hotel, JW Marriott, Ritz Carlton, Westin Kuala Lumpur, Royale Chulan Hotel, Piccolo Hotel, Coronade Hotel, Hotel Istana, Novotel, Crowne Plaza, Park Royal and Prince Hotel & Residence. Established malls in the 'Bintang Walk' vicinity include fahrenheit88, Starhill Gallery, Berjaya Times Square, Lot 10 and Sungei Wang Plaza. Map 6.1a below shows the location of Pavilion Kuala Lumpur in relation to the office buildings, hotels and malls in Kuala Lumpur city centre.
- Pavilion Kuala Lumpur Mall is linked to the KLCC and other commercial buildings along the way via a covered walkway known as the 'Pavilion skybridge'. This allows pedestrian friendly access for shoppers in the busy thoroughfare and will improve shopper traffic between the very popular Suria KLCC and Pavilion Kuala Lumpur Mall. This will create a cluster effect for both malls, thereby increasing shopper traffic between them.
- Although the Bukit Bintang area suffers from Kuala Lumpur's heavy traffic and jams, it is accessible to the entire Klang Valley through the latter's good network of highways. Pavilion Kuala Lumpur benefits from being in the centre of the commercial precinct and indirect access via SMART (Stormwater Management And Road Tunnel), Ampang-Kuala Lumpur Elevated Highway (AKLEH), North-South Expressway (NSE) & Central Link, Sprint Expressway

## Chapter 6 Review On REIT Portfolio

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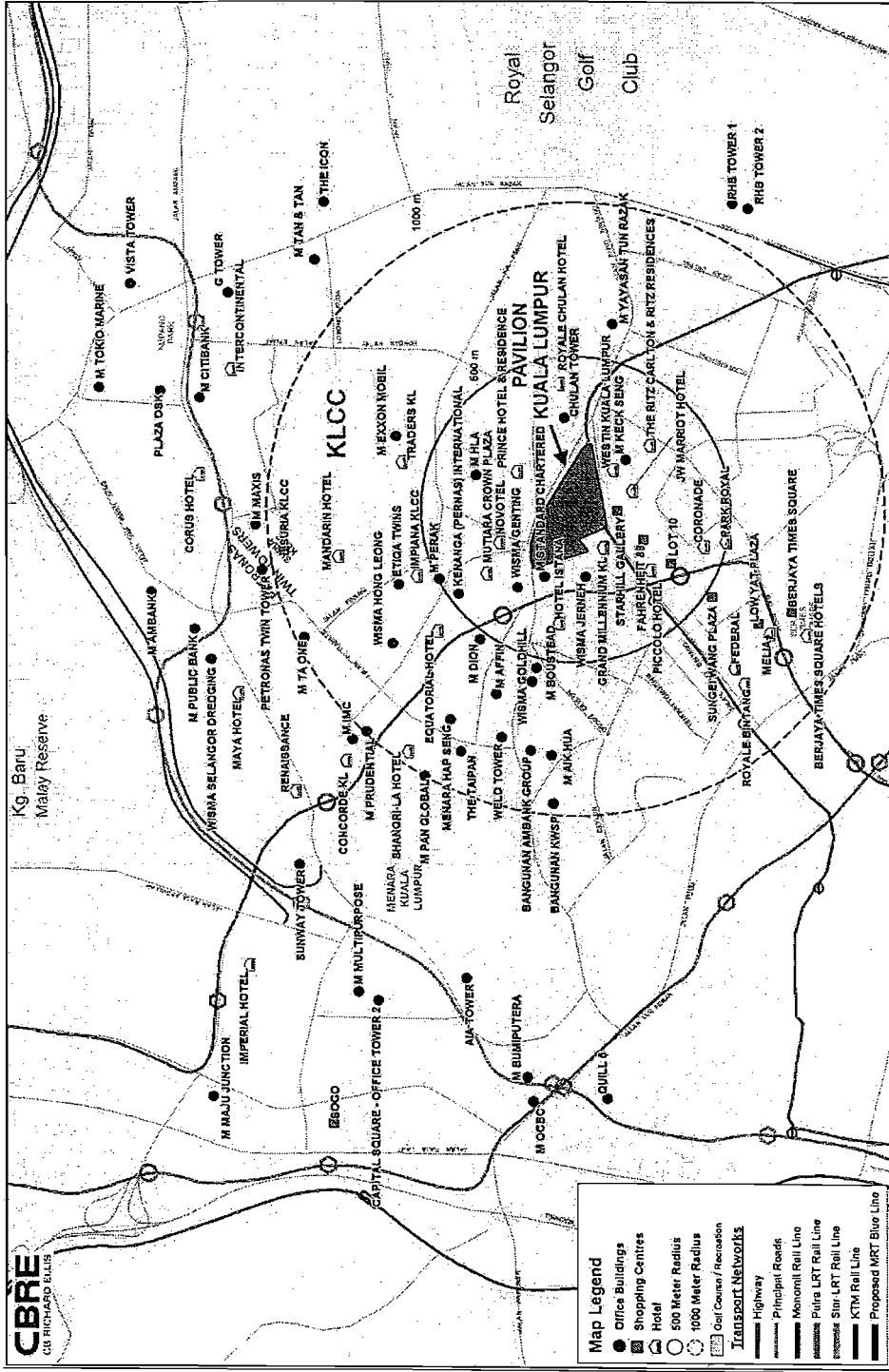
comprising the Damansara, Kerinchi and Penchala Links, New Pantai Expressway (NPE), Middle Ring Roads I & II (MRR I & II), Duta-Ulu Klang Expressway (DUKE) and Federal Highway.

- There is adequate public transport in terms of bus and taxi services in the area. Pavilion Kuala Lumpur Mall also benefits from its proximity to the KL Monorail Stations at Jalan Bukit Bintang and Jalan Raja Chulan which are a short walking distance away. Another notable major infrastructural development that will have direct influence on Pavilion Kuala Lumpur Mall will be the proposed Mass Rapid Transit (MRT) system, in which a proposed station known as Bukit Bintang Central is expected to be situated along Jalan Bukit Bintang close to Pavilion Kuala Lumpur. Map 6.1b below illustrates the Light Rapid Transit (LRT), Monorail line and the proposed MRT line in relation to Pavilion Kuala Lumpur.

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Review On REIT Portfolio

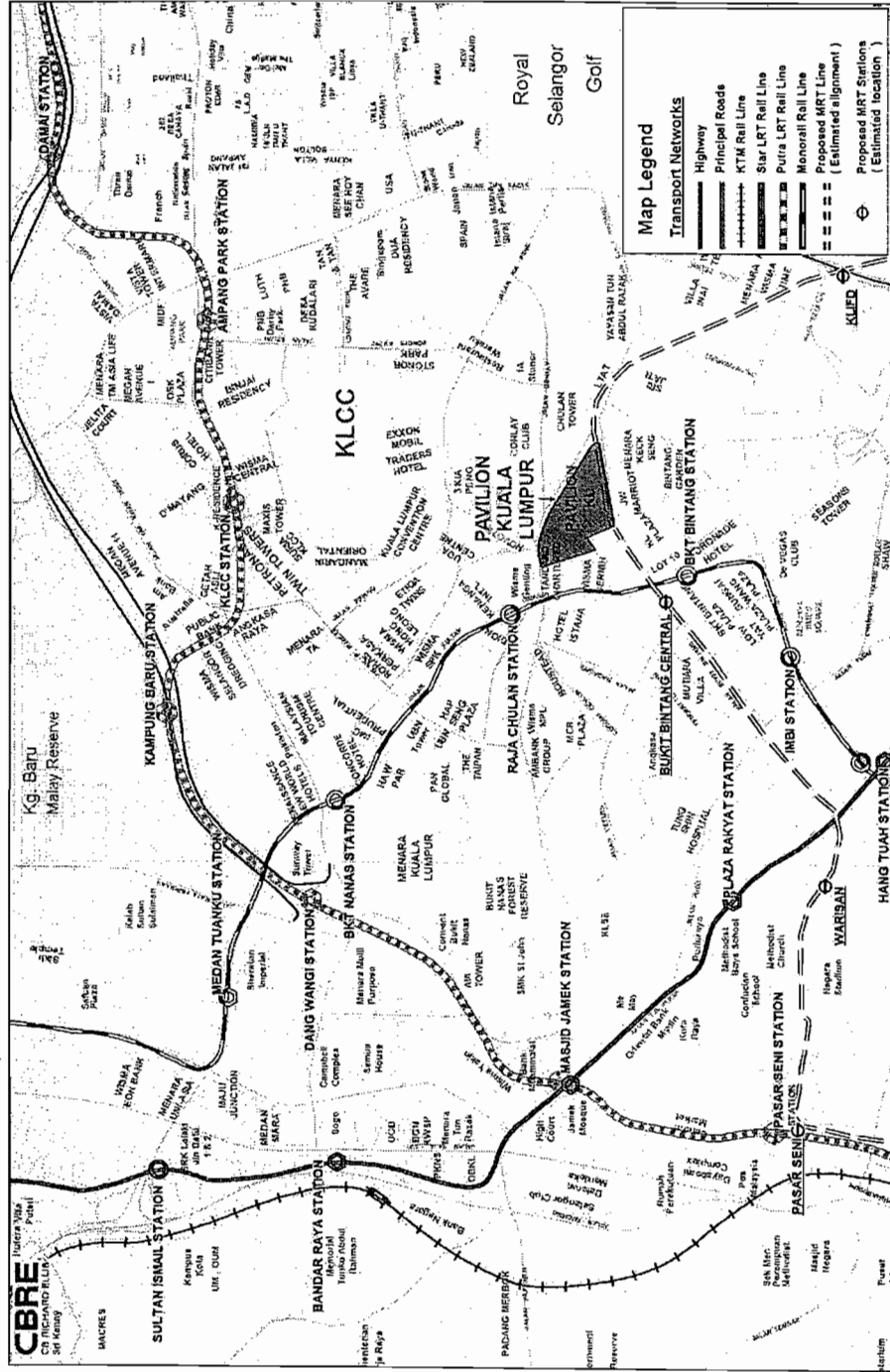
Map 6.1a: Selected Major Office Buildings, Malls and Hotels in relation to Pavilion Kuala Lumpur



Source: CBRE Research

**Chapter 6  
Review On REIT Portfolio**

Map 6.1b: Light Rapid Transit (LRT) Lines, Monorail Line, KTM Rail Line and proposed Mass Rapid Transit (MRT) Line in relation to Pavilion Kuala Lumpur



Source: CBRE Research

Rsh/11/17  
Independent Property Market Report  
Pavilion REIT Management Sdn Bhd  
October 2011





## Chapter 6

### Review On REIT Portfolio

#### 6.1.3 Trade Area Analysis

Table 6.1c: Trade Area Analysis - Residential

Area	Census 2010
Primary – Kuala Lumpur	1,627,172
Secondary –	
Putrajaya	67,964
District of Petaling	1,782,375
District of Gombak	682,996
District of Klang	848,149
District of Ulu Langat	1,141,880
Klang Valley Total	6,150,536

Source: Department of Statistics

- Although most suburban and niche malls would have well defined catchments that sit within a drive time distance of 10 to 15 minutes, city centre malls tend to attract all and sundry and from a wider drive distance. Customer exit studies will show that most of Bukit Bintang's customers come from the east to south east and the north. The distance from the west and the heavy traffic in the city centre discourage regular visits from Petaling Jaya and the western part of the Klang Valley.
- The fact that some of the regional malls and suburban megamalls also offer a good selection of merchandise means that Bukit Bintang is not the ideal location for shopping on a regular basis.
- Thus, although Pavilion Kuala Lumpur Mall could potentially capture a wide catchment traversing the entire Klang Valley, it is currently appealing to only a portion of the population in Petaling Jaya and western part of the Klang Valley.
- Kuala Lumpur has a total population of 1,627,172, and the secondary area as defined above has a total of 4,523,364, in combination the total potential catchment is around 6.15 million.
- Pavilion Kuala Lumpur Mall would possibly capture about 40% of that, or 2.46 million a month as shoppers.
- This is large, considering that the population within a 10-minute drive from some popular suburban malls would not exceed 500,000 people.
- In the longer term this means however that the latent potential of Pavilion Kuala Lumpur Mall is excellent as the MRT will bring a large portion of the affluent west Klang Valley population directly into Bukit Bintang as well as the rest of the affluent Cheras crowd, which is not well served by the present LRT system.

Table 6.1d: Trade Area Analysis – Office Population

Location	NLA (sq ft)	Occupied Space, 1H 2011 (sq ft)	Estimated Office Population
Golden Triangle	26.4 million	23.2 million (88%)	154,438*
Central Business District	14.0 million	12.6 million (90%)	84,051*
	40.4 million	35.8 million	238,489*

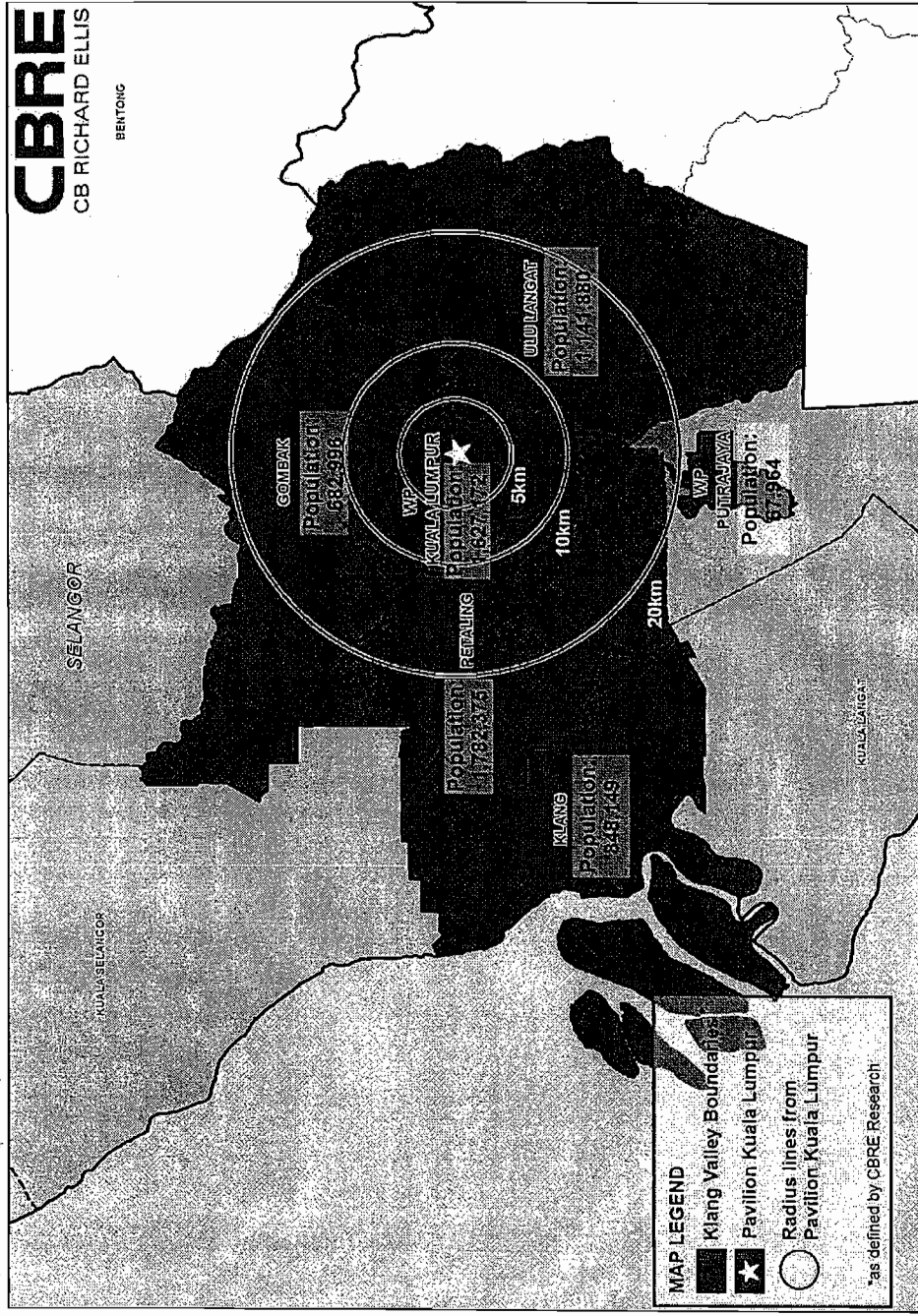
Source: CBRE Research

Note: \*Assuming one (1) office worker in every 150 sq ft occupied office space

- Pavilion Kuala Lumpur Mall is also close to many commercial or office buildings in the Golden Triangle.
- As at 1H 2011, the total net lettable area of office buildings in the Golden Triangle and the Central Business District is 40.4 million sq ft, of which 35.8 million is currently occupied. There is hence a large pool of office workers that could potentially form Pavilion Kuala Lumpur Mall's day crowd.

**Chapter 6  
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Map 6.1e: Klang Valley's boundaries and various radius lines from Pavilion Kuala Lumpur



Source: CBRE Research

Rsh/11/17  
Independent Property Market Report  
Pavilion REIT Management Sdn Bhd  
October 2011

**CBRE**  
CB RICHARD ELLIS

## Chapter 6 Review On REIT Portfolio

### 6.1.4 Performance Analysis

#### 6.1.4.1 Key Tenants

- The table below tabulates Pavilion Kuala Lumpur Mall's top 10 tenants for 2010 and as at 1 June 2011.

Table 6.1f: Pavilion Kuala Lumpur Mall's Top 10 Tenants By Area and Rental Income

As at 1 June 2011		
By Alphabetical Order	Top 10 by Area	Top 10 by Rental Income
1	Forever 21	Esprit
2	Golden Screen Cinema	Food Republic
3	Harvey Norman	Forever 21
4	Mercato	Golden Screen Cinema
5	Padini	Padini
6	Pan Asia	Parkson
7	Parkson	Royal Selangor
8	Red Box Plus	TANGS Fashion Lifestyle Store
9	TANGS Fashion Lifestyle Store	Topshop and Topman
10	The Nomad Office	Zara
2010		
By Alphabetical Order	Top 10 by Area	Top 10 by Rental Income
1	Forever 21	Esprit
2	Golden Screen Cinema	Food Republic
3	Harvey Norman	Forever 21
4	Mercato	Golden Screen Cinema
5	Padini	Padini
6	Pan Asia	Parkson
7	Parkson	TANGS Fashion Lifestyle Store
8	TANGS Fashion Lifestyle Store	Topshop and Topman
9	The Nomad Office	True Fitness
10	True Fitness	Zara

Source: Urusharta Cemerlang Sdn Bhd & CBRE Research

- As at 1 June 2011, the top 10 largest tenants in Pavilion Kuala Lumpur Mall occupy 38% (2010: 39%) of total available area in the mall, with rental incomes from these tenants accounting for 18% (2010: 20%) of the total annual rental income.
- On the other hand, the top 10 highest-paying tenants contribute to 24% (2010: 23%) of rental income and occupy 34% (2010: 35%) of net lettable area in the mall.

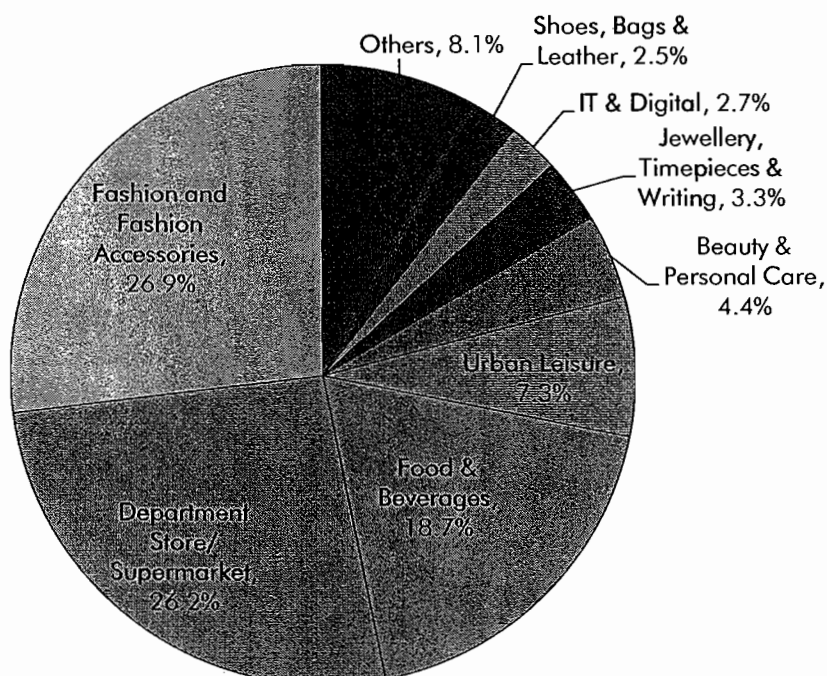
#### 6.1.4.2 Trade Mix

- Pavilion Kuala Lumpur Mall is a premium fashion mall and the dominant trade is fashion followed by the food & beverages trade. Fashion stores take up 26.9% of total occupied retail space while department stores take up another 26.2%. Food & beverage outlets occupy 18.7% of total area.

## Chapter 6 Review On REIT Portfolio

The mall provides a wide variety of luxury brands and mainstream merchandise as well as a good potpourri of food & beverages and entertainment outlets. The target market is at the affluent and trendy shoppers and tourists. The chart below provides a snap shot of the trade mix of Pavilion Kuala Lumpur Mall.

Chart 6.1g: Pavilion Kuala Lumpur Mall Trade Mix Analysis



Source: Urusharta Cemerlang Sdn Bhd & CBRE Research

Note: \*Trade mix analysis is by occupied and sales reporting net lettable area only, and exclusive of the retail office block and storage space.

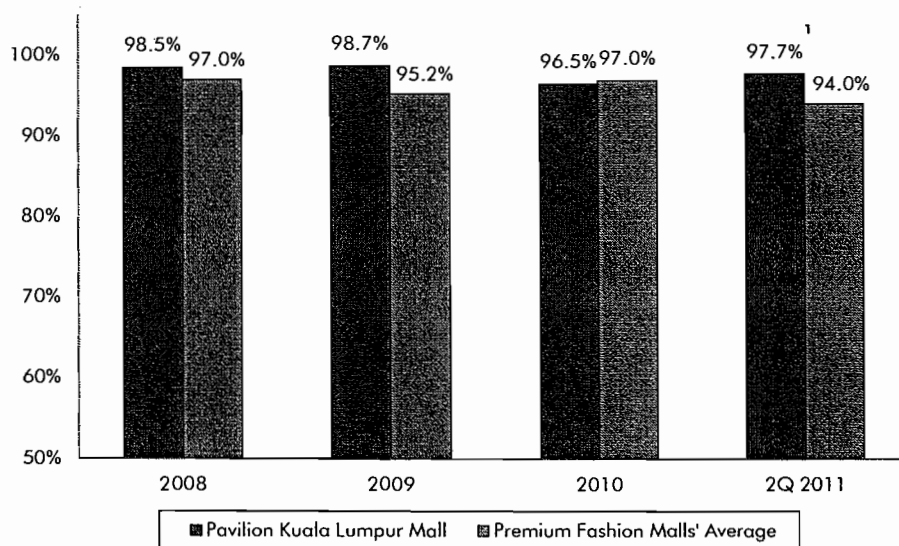
- The trade and tenant mix is well planned and laid out within six distinct precincts, each with its own special offerings of shopping experience. These precincts are elaborated below:-
  - **Couture Pavilion:** Home to luxury and premium boutiques with its array of fashion and designer brands for the fashion conscious such as Bottega Veneta, Bvlgari and Bulgari, Celine, Chopord, Diane Von Furtensberg; Ermenegildo Zegna, Giuseppe Zanotti, Gucci, Hermes, La Putri, MaxMara, Mikimoto, Montblanc, Prada, Rolex, Tod's, Versace and Yves Saint Laurent. 19 double-storey duplexes have the benefit of occupying prime street front space in a modern arresting box architecture.
  - **Centre Court:** The focal point of Pavilion Kuala Lumpur Mall together with its famous Spanish Steps, where activities and functions are regularly held. Brands like British India, DKNY, Guess, Marc by Marc Jacobs, M.A.C. Cosmetics, TUMI, Van Laack and Vertu are present in this precinct.

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- Connection: A strong mix of al fresco restaurants, coffee bars, bistros, karaoke and cinema for urban leisure activities.
- Gourmet Emporium: Features cuisine of local and international flavor from all over the world with groceries offered in Mercato supermarket.
- Tokyo Street: Newest precinct at Pavilion Kuala Lumpur Mall, blending the traditional elements and modern facets of Japan's dynamic culture and ambience.
- Seventh Heaven: One stop destination offering a plethora of rejuvenation and relaxation boutiques.
- On top of the luxury brands mentioned above, Pavilion Kuala Lumpur Mall also hosts the Jaguar and Bentley auto gallery, Canali, Coach, Juicy Couture, Harvey Norman, Hugo Boss, Omega, Patek Philippe, Paris Hilton, Royal Selangor, Tiffany & Co. and many more.

### 6.1.4.3 Occupancy Rate

Chart 6.1h: Pavilion Kuala Lumpur Mall's Occupancy Rates vs Premium Fashion Mall's Average



Source: Urusharta Cemerlang Sdn Bhd & CBRE Research

Note: - <sup>1</sup> Occupancy rate for Pavilion Kuala Lumpur Mall is as at 1 June 2011.

- Occupancy rates are as at end of year/ period.

- Premium fashion malls are defined by Pavilion Kuala Lumpur Mall, Suria KLCC, Starhill Gallery and The Gardens.

- Pavilion Kuala Lumpur Mall generally outperformed the average occupancy rate of premium fashion malls in the Klang Valley from 2008.
- It achieved occupancy rates of 98.5%, 98.7%, 96.5% and 97.7% in 2008, 2009, 2010 and as at 1 June 2011, respectively. This is higher than the average for the basket of premium fashion malls which achieved 97.0%, 95.2%, 97.0% and 94.0% in average over the comparative period of time.
- The drop of Pavilion Kuala Lumpur Mall's occupancy rate in 2010 was mainly due to the closure of the former Home precinct to make way for the new retail area of Tokyo Street.

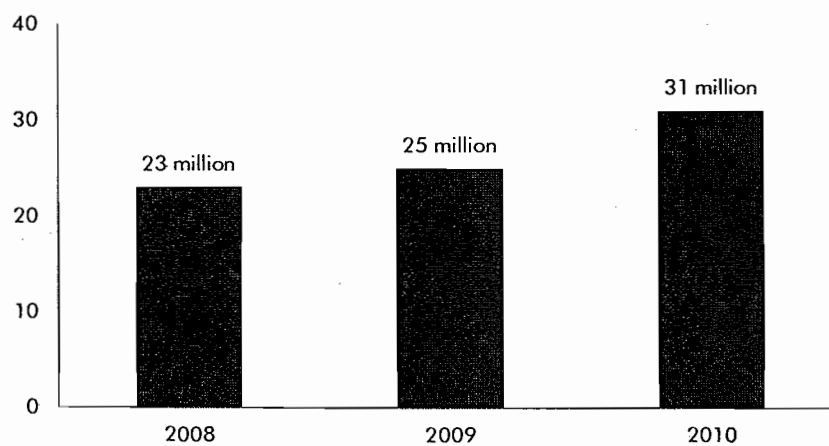
## Chapter 6 Review On REIT Portfolio

### 6.1.4.4 Rents

- As at 1 June 2011, Pavilion Kuala Lumpur Mall achieved average rental per sq ft of RM17.30 per month, with an average prime rent of RM38.40 per sq ft per month.
- This is on par with CBRE Research's Klang Valley Prime Retail Rental Index of RM39.23 per sq ft per month as at 1H 2011.

### 6.1.4.5 Shopper Traffic

Chart 6.1i: Pavilion Kuala Lumpur Mall's Shopper Traffic



Source: Urusharta Cemerlang Sdn Bhd & CBRE Research

- During its first full year of operation, Pavilion Kuala Lumpur Mall received shopper traffic of 23 million. Subsequently, it improved to 25 million in 2009. In 2010, shopper traffic increased by 24% to 31 million.

*[The rest of this page has been intentionally left blank]*

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#### 6.1.5 SWOT Analysis

##### Strengths

- Strategic location: Located along a very long stretch of the Golden Triangle within busy Jalan Bukit Bintang.
- Tourist spot: Surrounded by prominent hotels like JW Marriott, Ritz-Carlton, The Westin, Piccolo Hotel, Dorsett Regency and Grand Millennium, with high exposure to tourists.
- Strong luxury offers and good tenant mix: Pavilion Kuala Lumpur Mall has most of the best fashion brands in the retail industry from around the world and attracts trendy affluent Malaysians and tourists.
- It has an award winning architecture and ambience with its high ceilings and wide walkways, Spanish Steps and often very exciting promotions and events.
- It has a well planned tenant mix and a good and efficient layout.
- Its 450 tenants provide sufficient critical mass and merchandise range for a strong pull throughout the Klang Valley.

##### Weaknesses

- Traffic congestion along Jalan Bukit Bintang.
- The day crowd is weak as many office buildings are not within walking distance.

##### Opportunities

- MRT line: The MRT project under Economic Transformation Program will have the Bukit Bintang Central station located close to Pavilion Kuala Lumpur. This is expected to bring more footfalls to the mall.
- Urbanisation: With the Klang Valley expected to house 10 million people by 2020, the continuing trend of urbanisation will bring more shoppers to Pavilion Kuala Lumpur Mall.
- Growing tourism: Malaysia is expected to attract 36 million tourists by 2020 and RM168 billion in tourist receipts. This will benefit Pavilion Kuala Lumpur Mall.

##### Threats

- New malls: With 9 malls (1 premium fashion mall and 8 mass market malls) totalling 4.73 million sq ft of net lettable area under construction and scheduled to open by 2014 in Kuala Lumpur, there is a potential dilution of retail market share.

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#### 6.1.6 Comparative Analysis

Description	Pavilion Kuala Lumpur Mall	Starhill Gallery	The Gardens Mall	Suria KLCC
Net Lettable Area (sq ft)	1,255,217 <sup>1</sup>	Approximately 300,000	Approximately 800,000	Approximately 1,000,000
Location	Jalan Bukit Bintang	Jalan Bukit Bintang	Mid Valley City	KLCC
Est. Occupancy Rate (1H 2011)	97.6% <sup>1</sup>	About 88%	About 97%	About 94%
Date of Completion	2007	1996	2007	1998
Property Component	Integrated mixed development on 12.6 acres land located along Jalan Bukit Bintang consisting Pavilion Kuala Lumpur Mall (retail), Pavilion Tower (office) and Pavilion Residences (residential)	Connected to JW Marriott Kuala Lumpur (hotel) and linked to Ritz-Carlton Hotel (hotel).	Integrated mixed development on 9.7 acres land within Mid Valley City consisting two 31-storey office towers (office), Gardens Hotel (hotel), The Gardens Residences (residential) and The Gardens Mall (retail).	Integrated mixed development on 85 acres land which consists of Petronas Twin Towers (office), Suria KLCC (retail), Menara Maxis (office), Menara ExxonMobil (office), Mandarin Oriental (hotel), The Binjai On The Park (residential) and Kuala Lumpur Convention Centre (commercial).
No. of Floors (excl. basement)	7	7	9	6
Levels of Retail	7	7	6	6
Levels of Car Park	7	3	10	4
No. of Car Park Bays	2,427	673	3,800	More than 5,000
Catchment Area	Regional	Regional	Regional	Regional
Ownership	Urusharta Cemerlang Sdn Bhd	Starhill Global REIT	IGB Corp	KLCC Property Holdings Bhd
Positioning	Upper-middle to upper income level	Upper income level	Upper-middle to upper income level	Middle to upper income level
Target Market	Affluent families and tourists	High networth shoppers and tourists	Affluent suburban families	Affluent families and tourists
Key/ Anchor Tenanti(s)	Anchor: Parkson Specialty Anchors: Food Republic, Forever 21, Golden Screen Cinemas, Red Box Plus, Harvey Norman, Tangs, Times Bookstore, and Padini Concept Store	Louis Vuitton, Loewe, Valentino, Givenchy, Christian Dior, Valentino, Givenchy, Van Cleef & Apeles, Corina Watch Espace, Tag Heuer, and Bvlgari	Key Anchors: Isetan, Robinson, Cold Storage, GSC Signature Borders, Hokkaido Ichiba, Marks & Spencer, Red Box, XTRA, Coach, Burberry, and Louis Vuitton	Key Anchors: Isetan, Parkson Grand, TGV, Cold Storage, Kinokuniya, Louis Vuitton, Prada, Tiffany, Versace, Marks & Spencer, Uniqlo, Zara, and Coach
Remarks	Pavilion Kuala Lumpur Mall is located within the prime shopping district of KLCC-Bukit Bintang area and is positioned at upper-middle to upper income level shoppers. This mall hosts a large number of luxury/premium brand along its signature Couture Pavilion precinct.	Starhill is now a niche mall anchored by Louis Vuitton and the fine dining food & beverage outlets. It is specialised in timepieces and is a collectors' destination and benefits from its connectivity with the boutique JW Marriott hotel.	The Gardens Mall is positioned at upper level targeting the affluent suburban shopper. It is gaining traction since opening in 2007 with its new key brands and its good food offers. It benefits from the integration with Mid Valley Megamall although the latter's shoppers are not its direct targets.	The KLCC development is the best-known location for tourists and Suria KLCC enjoys the highest footfall. This mall has a wide range of tenants ranging from luxury and premium designer brands to fast food. With the connection to Kuala Lumpur Convention Centre and Petronas Twin Towers, Suria KLCC is a tourist's shopping destination.

Source: CBRE Research

Note: <sup>1</sup>As at 1 June 2011 and comprises of committed tenants and exclusive of retail office block and storage space.



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#### 6.1.6.1 Comparative Assessment

- Out of the total supply of 43.33 million sq ft retail space in the Klang Valley, premium fashion malls contribute a mere 7.8% of total supply as at 1H 2011, with Pavilion Kuala Lumpur Mall taking up the majority.
- Suria KLCC has always enjoyed the highest occupancy rate among these malls, until it recently went into a transition period to position for the opening of the extension. With the extension of the mall (Suria KLCC Phase 2) scheduled to complete by end-2011, it will continue to be the second largest premium fashion mall in Klang Valley after Pavilion Kuala Lumpur Mall.
- Tenants from the fashion and fashion accessories trade form approximately 30% of total tenants in Suria KLCC, whilst food and beverages tenants total another 20%. This is similar to Pavilion Kuala Lumpur Mall's trade mix of 26.9% for fashion and fashion accessories and 18.7% for food and beverages.
- The Gardens Mall has a higher food and beverage content with approximately 30% of its tenants from this category, and close to 20% of the tenants from the fashion and fashion accessories trade.
- Starhill Gallery is dedicated to luxury timepieces, but it is also supported by the Feast Village, making it a destination for dining.
- Despite its close proximity to Starhill Gallery, Pavilion Kuala Lumpur Mall does not compete directly with the former as the overlap in merchandise and brands is minimal. In fact, the 2 malls complement each other as they both act together to provide not only a cluster but a wider range of luxury brand offers not available elsewhere.
- Up to perhaps a decade ago, it would have been difficult to foresee a large affluent shopper base in Kuala Lumpur which could support not only a wide range of premium and luxury brands but even more importantly, accretive growth from more than one store for some of the strongest names in the retail business.
- Pavilion Kuala Lumpur Mall has proven that Kuala Lumpur is big enough to accommodate at least 2 stores within 1 km of each other, much like Orchard Road in Singapore. Now The Gardens is demonstrating that there is room for a 3<sup>rd</sup> outlet for these brands, albeit with some cannibalisation.
- At the same time, earlier fears of cannibalisation overall in the city centre with 2 very large malls offering a lot of overlaps has proven unfounded as the catchments for both Suria KLCC and Pavilion Kuala Lumpur Mall are not identical.
- In the longer term, both will fine tune further their respective offers and differentiation will be in the overall mix rather than the individual brands and the target market segments that each serve.
- As far as downtown shopping is concerned for the affluent population in the east and south east of Klang Valley, Pavilion Kuala Lumpur Mall has pole position. Its vibrant environment is one important facet of Kuala Lumpur's exciting offer to the affluent families and tourists in the Klang Valley.

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#### 6.1.7 Outlook for Pavilion Kuala Lumpur Mall

- The Bukit Bintang area has been the traditional shopping district of Kuala Lumpur and it continues to draw shoppers with its varied offers. Starhill Gallery opened along Jalan Bukit Bintang in the mid 90's with a set of new tenants from Lot 10, positioning itself as the premier fashion mall of Kuala Lumpur with premium brands and styles. Amongst its initial tenants was Malaysia's first CK Tang department store. The Bukit Bintang area witnessed a change when the YTL group acquired Starhill Gallery, after which renovations were carried out immediately to bring life to the area via a street concept known as "Bintang Walk".
- In the late 90's however the shine was taken off from the area as it faced intense competition from Suria KLCC, which had better accessibility, the iconic twin towers, a friendlier environment in terms of amenities like the park and connectivity to the office buildings and also a more modern well planned mall.
- Pavilion Kuala Lumpur Mall consolidated Bukit Bintang's strength. It brought not only a larger format mall but also a much better ambience with its large central atrium and its Spanish Steps. It also provides a new array of luxury brands with very exciting store fronts visible from the road. In short, it set new standards and has made shopping especially for fashion labels similar to what is expected of the best retail destinations in the region. It also introduced some new brands not seen in the Malaysia market before.
- Despite its first years of settling in, fashion has made its mark and Pavilion Kuala Lumpur Mall is now differentiated by its superior offers in its brand selection and range.
- Whilst previously it was difficult to think Kuala Lumpur could afford such luxury brands, Pavilion Kuala Lumpur Mall has proved not only that this is possible but also that cannibalization of existing malls is minimal. In its trade mix analysis, Pavilion Kuala Lumpur Mall has also shown that luxury fashion has a sustainable support in Kuala Lumpur.
- On a macro level, the retail market is getting more competitive but at the same time more robust as a result of the fast changing fashion trends brought about by the convergence of European and Asian styles. The market may be more diluted but the total industry size has nevertheless increased exponentially over the last 15 years and retailers are reporting healthy growth. And for the consumers, there is also a better quality and variety of retail merchandise now than before.
- Apart from the eastern and western fashion convergence, there is also a convergence of lifestyles and retail. Whereas in the past malls could only showcase a handful of luxury brands mixed with Grade B local names, today the industry has become much more appealing both in terms of its look and feel and in its breadth of offer. It has become not just about browsing or comparison shopping alone either. It has grown together with consumerism to blur the lines with entertainment and lifestyles. Today shopping almost always includes a dining experience or invariably combined trips to the spa or cinemas.
- Where this is most exciting of course is always in city locales where it is most vibrant, and invariably the trendy set will seek out the city lights and the bustling life it offers. In Malaysia, such a venue is Jalan Bukit Bintang, and Pavilion Kuala Lumpur Mall is where everything seems to be converging at this precinct. Its façade is a sight to behold and is also one that parades the pinnacle of consumerism and branding. The best to

## Chapter 6 Review On REIT Portfolio

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offer in food variety is also here, along with the vibrant night scene - offering a place to see and be seen. This area is now about style and about the best in shopping experience.

- Pavilion Kuala Lumpur Mall's strength therefore is in its focus in the latest and best in styles, brands, food and trends. This is coupled with its incomparable location in the centre of the retail belt in Kuala Lumpur and its proximity to the commercial precinct that exists there.
- The market is also in agreement that the trade level is yet to peak as well. At least up to the medium term, despite new supply coming into the market, Pavilion Kuala Lumpur Mall will represent the flagship stores of many brands and will thus see traction in its gross sales turnover for all its categories.
- Going forward, the area will be even more vibrant and is expected to continue to be the nucleus of retail excitement in the city. In the mid to long term, the MRT and economic growth of Kuala Lumpur will bring increased traffic in Jalan Bukit Bintang. This will mean higher trade turnover and invariably rental growth.
- In Kuala Lumpur, retail is about the total offer and Pavilion Kuala Lumpur Mall, like the other top 5 successful malls in the Klang Valley will have major market share in terms of the retail business simply because there is hardly any other mall that can offer the same scale of brands and variety of trades as this 1.255 million sq ft mall.

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## Chapter 6

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#### 6.2 Pavilion Tower

##### 6.2.1 Description

- The Office Tower (proposed to be named as Pavilion Tower, and hereinafter identified as such for the purpose of this report) is part of an integrated mixed development consisting of Pavilion Kuala Lumpur Mall and Pavilion Residences. Located in the heart of the Golden Triangle, the city's commercial hub, Pavilion Tower is one of Kuala Lumpur's premier business addresses. The office tower is medium in size with a typical floor plate of 9,914 sq ft. Its 167,407 sq ft of net lettable area spans 20 floors.
- Pavilion Tower is equipped with modern office facilities such as a Building Automation System (BAS), a centralized air-conditioning system, turnstile security system, a fire protection system and a double ceiling height lobby. Despite being a modern office building located in a strategic location, features such as a large floor plate (more than 10,000 sq ft), a column-free floor layout and a spacious lobby area which constitute a full-fledged grade A office space are not available in Pavilion Tower.

##### 6.2.1.1 Building Size

- The 167,407 sq ft net lettable area of Pavilion Tower makes up 0.64% of the total existing office space in the Golden Triangle. The current building layout allows for a typical net floor plate of 9,914 sq ft.
- A large number of existing prime office buildings located in the immediate vicinity of Pavilion Tower were completed prior to year 2000 and as a result might not be as competitive as the newer office towers in the vicinity. A select few office buildings that would be comparable in size to Pavilion Tower include Menara Standard Chartered (344,000 sq ft), Menara Dion (299,990 sq ft), Menara Hap Seng (345,564 sq ft) and Kenanga International (278,643 sq ft).
- The Golden Triangle area will continue to see a steady increase in the supply of future office space. Major projects scheduled for completion by end-2012 include Menara 3 Petronas (840,000 sq ft), Integra Tower (736,000 sq ft), Menara Felda (699,654 sq ft), Menara Worldwide (273,000 sq ft) and Menara Binjai (330,000 sq ft) which would add a total of 2,878,654 sq ft of office space to the Golden Triangle office market.

##### 6.2.2 Performance Analysis

##### 6.2.2.1 Occupancy Rate Analysis

- Pavilion Tower achieved an occupancy rate of 30% as at 31 December 2010 and improved further to about 64% (including leases entered into and currently undergoing renovation, exclusion of such leases results to occupancy rate of 41%) as at 1 June 2011. At present, the occupancy rate of Pavilion Tower is still low compared to the average occupancy rate of high-grade office space in Golden Triangle at 87.9%. However, it should be noted that Pavilion Tower has only just recently been released into the market for leasing and will require time to achieve optimum occupancy. Chart 5.3a highlights the vacancy rates of high-grade office space in Kuala Lumpur.

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- The tenants in Pavilion Tower are strongly represented from the Oil & Gas (29%) and Development (28%) sectors. The table below tabulates the Trade Sector Summary as at 1 June 2011.

Table 6.2: Trade Sector Summary – Pavilion Tower

Trade Sector	Share over total committed area	Share over total gross rental income
Construction	9%	10%
Development	25%	26%
Locomotive Technology Provider	9%	9%
Investment Holding	7%	7%
Oil & Gas	36%	34%
Sales & Marketing Consultancy Service	5%	5%
Service Office	9%	9%
	100%	100%

Source: Urusharta Cemerlang Sdn Bhd & CBRE Research

#### 6.2.2.2 Rent Analysis

- Pavilion Tower achieved an average gross rent of RM5.77 per sq ft (including leases entered into and currently undergoing renovation, exclusion of such leases results to average gross rent of RM5.92 per sq ft) per month as at 1 June 2011.
- Within the immediate areas of Pavilion Tower, selected grade A office buildings are asking for an average gross rent of RM6.18 per sq ft per month, and generally ranging from RM5.00 to RM7.50 per sq ft per month. Whilst grade B office buildings asks for an average gross rent of RM4.32 per sq ft per month, ranging from RM3.50 to RM5.00 per sq ft per month.
- Although Pavilion Tower is not equipped with full-fledged grade A office building specifications, notwithstanding its strategic location, the average gross rent of RM5.77 per sq ft per month that it achieved is fairly reasonable.

#### 6.2.3 SWOT Analysis

##### Strength

- **Distinguished location.** Located in the Golden Triangle, Pavilion Tower is at a premier corporate and business address in the country. In addition, the KLCC development is located a short walking distance due north, further increasing the attractiveness of its location.
- **Good infrastructure.** New building, regular shaped floor plan, modern facilities, and competitively designed finishes.
- **Excellent amenities.** Located along 'Bintang Walk' and being a part of the Pavilion development, white collar workers in Pavilion Tower have a variety of amenities at their 'door step'.
- **Comprehensive security system.** Pavilion Tower incorporates a comprehensive security system with turnstile access at the main lobby, CCTV surveillance at strategic locations as well as security guards round the clock.
- **Commanding views.** Pavilion Tower offers partial views of the Petronas Twin Towers and KL Tower, as well as a 270-degree view of the Kuala Lumpur city skyline.

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#### Weakness

- Traffic congestion. The volume of traffic can be high during peak hours, causing difficulty in ingress and egress to the building.

#### Opportunities

- Improving business environment. In the World Bank's global Doing Business 2011 report, Malaysia moved up 2 spots from 23 to 21. This indicates that the federal government is taking the right initiatives to promote business.
- Competitive leasing environment. New office supply will continue to make for a highly competitive leasing environment. With that, companies could see the Golden Triangle as a favoured business address.
- Government initiative to attract MNCs. Under the Economic Transformation Program, the government aims to attract 100 multinational companies (MNCs) to set up their regional headquarters in the country by 2020 in an effort to lure further investment and economic growth. This will lead to more tenants looking for quality office premises.
- Mass Rapid Transit. The Mass Rapid Transit project under Economic Transformation Program is proposed to have a station known as Bukit Bintang Central close to Pavilion Kuala Lumpur. This will increase accessibility and shorten employees commute time, making Pavilion Tower a more desirable work location.

#### Threats

- New office buildings. Competition from new office supply with 4.01 million sq ft and 4.90 million sq ft of office space scheduled to be completed in Kuala Lumpur by end-2011 and 2012 respectively.
- Macroeconomic threats. Factors including political uncertainties; the country's human capital flight problem, commonly known as "brain drain" and potential reduced Foreign Direct Investments could negatively affect the demand for office space.

#### 6.2.4 Outlook for Pavilion Tower

- Pavilion Tower is a modern building with modern facilities and security system which are viewed as critical requirements from a tenant's perspective. Located within the integrated Pavilion development with its signature Pavilion Kuala Lumpur Mall, the business address of Pavilion Tower is premier with access to amenities nearby.
- The balance of uncommitted space in Pavilion Tower is deemed to be manageable by comparing with the total office space of 64.46 million sq ft in the Kuala Lumpur office market. Being located within an integrated development also makes this office property competitive. On the whole, Pavilion Tower is viewed as a competitive office building in the overall Kuala Lumpur office market and is well-positioned to serve the needs of office tenants in the current market.

APPENDIX C - TAX CONSULTANT'S LETTER ON TAXATION OF PAVILION REIT AND  
UNITHOLDERS

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**Private and confidential**

The Board of Directors  
Pavilion REIT Management Sdn Bhd  
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168 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Malaysia

18 October 2011

Dear Sirs

**Re: Taxation of the Pavilion Real Estate Investment Trust ("Pavilion REIT") and  
Unit Holders**

This letter has been prepared at the request of Pavilion REIT Management Sdn Bhd (hereinafter referred to as "the Manager") for inclusion in the Prospectus for Pavilion REIT dated 14 November 2011 to be issued in connection with the offer of units in Pavilion REIT.

The purpose of this letter is to provide prospective purchasers of units in Pavilion REIT with an overview of the Malaysian tax consequences of acquisition, ownership and disposal of these units as well as key tax provisions applicable to Pavilion REIT. This letter principally addresses unit holders who hold the units as long term investment assets. Unit holders who hold or acquire the units for dealing and/ or trading purposes should consult their own professional 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.

Regardless of the above, 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 Pavilion REIT**

### ***Income Tax***

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

Income of Pavilion REIT, 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 Pavilion REIT 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 Pavilion REIT 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.

If the 90% distribution condition is not complied with or the 90% distribution is not made within two months after the close of Pavilion REIT's financial year which forms the basis period for a YA of Pavilion REIT, Pavilion REIT will be subject to income tax at the prevailing tax rate on its total income. Income which has been taxed at the Pavilion REIT level will have tax credits attached when subsequently distributed to unit holders.

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

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

The interest or discount earned by Pavilion REIT (which is considered to be an unit trust) from the following investments is exempt from tax pursuant to Paragraph 35 of Schedule 6 of the Act:-

- Securities or bonds issued or guaranteed by the Government; or
- Debentures or Islamic Securities, other than convertible loan stocks, approved by the Securities Commission ("SC"); or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia.

In addition to the above, the following interest received by the Pavilion REIT is also exempted from Malaysian income tax:-





- Interest paid or credited 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 Offshore Financial Services Authority under Paragraph 33B of Schedule 6 of the Act;
- Interest derived from Malaysia and paid or credited by any bank or financial institution licensed under the Banking and Financial Institution Act 1989 or the Islamic Banking Act 1983 under Paragraph 35A of Schedule 6 of the Act;
- Interest received in respect of bonds and securities issued by Pengurusan Danaharta Nasional Berhad within and outside Malaysia under the Income Tax (Exemption) (No. 5) Order 2001; and

Pavilion REIT may receive dividends, interest, profits and other income from investments outside Malaysia. Income received by Pavilion REIT from sources outside Malaysia will be exempt from tax. However, such income may be subject to tax in the country from which the income is derived.

#### ***Real Property Gains Tax ("RPGT")***

There is no capital gains tax in Malaysia except for RPGT. With effect from 1 January 2010, RPGT is charged at an effective 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 5 years or less [the Real Property Gains Tax (Exemption) Order 2009 refers]. It was proposed in the 2012 Budget tabled in the Parliament on 7 October 2011 that gains arising from the disposal of residential and commercial properties be subject to RPGT at the rate of 10% for disposals within 2 years of acquisition (the proposed change in legislation has yet to be gazetted).

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 which is approved by the SC is exempted from RPGT. However, the disposal of a chargeable asset by a REIT may be subject to RPGT except where specifically exempted (for example where disposal of chargeable asset is made to another REIT or holding period of the chargeable asset is more than 5 years).



**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 Property Trust Fund (“PTF”) approved by the SC are exempted from stamp duty. In addition, all instruments of deed of assignment executed between a REIT 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 Pavilion REIT (as a REIT approved by the SC) acquires real property, Pavilion REIT will be exempted from stamp duty in respect of all instruments of transfer of real property to the Pavilion REIT.

**Taxation of Unit Holders**

***Income of Pavilion REIT 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:-

<b><i>Unit Holders</i></b>	<b><i>Current withholding Tax Rate (%)</i></b>
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

\*\* Effective from 1 January 2009 to 31 December 2011. It was proposed in the 2012 Budget tabled in the Parliament on 7 October 2011 that the tax rate be extended to 31 December 2016 (the proposed change in legislation has yet to be gazetted).

\* 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 Pavilion REIT, there will be no further Malaysian tax imposed on the same income.

## APPENDIX C - TAX CONSULTANT'S LETTER ON TAXATION OF PAVILION REIT AND UNITHOLDERS (Cont'd)

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# *Corporate unit holders, who are tax resident in Malaysia, would be taxed at the prevailing corporate tax rate of 25% on taxable REIT distributions.*

*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. However, the said rate is not applicable if:*

- (i) more than 50% of the paid up capital in the form of ordinary shares of the resident corporate unit holder is directly or indirectly owned by a related company;*
- (ii) the resident corporate unit holder directly or indirectly owns more than 50% of the paid up capital in the form of ordinary shares of the related company; or*
- (iii) more than 50% of the paid up capital in the form of ordinary shares of the resident corporate unit holder and related company is 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.*

*For chargeable income in excess of RM500,000, the prevailing corporate tax rate is applicable.*

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 Pavilion REIT which has been subject to income tax at Pavilion REIT's level***

#### ***Resident and Non-Resident Unit holders***

As mentioned above, where less than 90% of the total income is distributed by Pavilion REIT or the 90% distribution is not made within two months after the close of Pavilion REIT's financial year which forms the basis period for a YA of Pavilion REIT, the total income of Pavilion REIT will be subject to tax at Pavilion REIT level.

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

Unit holders may be subject to income tax at the appropriate income tax rates and unit holders will be entitled to utilise the tax credit as a set-off against the Malaysian tax payable by them, if any.



No withholding tax will be imposed on the income distribution of Pavilion REIT which has been subjected to income tax at Pavilion REIT's level.

***Tax Exempt Income and Capital Gain***

The distribution of tax-exempt income (such as tax exempt dividends and dividends declared under the Single-Tier System) and capital gains received by Pavilion REIT (other than income exempted at Pavilion REIT 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. However, certain unit holders may be subject to tax in Malaysia on such gains, due to specific circumstances of the unit holders.

***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 'Peggy Then', with a horizontal line underneath.

Peggy Then  
*Executive Director*

APPENDIX D - REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PRO  
FORMA STATEMENT OF FINANCIAL POSITION

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The Board of Directors  
Pavilion REIT Management Sdn Bhd  
Level 10 Pavilion Kuala Lumpur  
168 Jalan Bukit Bintang  
55100 Kuala Lumpur

18 October 2011

Dear Sirs

**Pavilion Real Estate Investment Trust ("Pavilion REIT")**  
**Reporting accountants' letter on the consolidated pro forma statement of financial position**  
**as at the date of listing of Pavilion REIT on the Main Market of Bursa Malaysia Securities**  
**Berhad**

We report on the presentation of the consolidated pro forma statement of financial position of Pavilion REIT, as set out in the attachment (which we have stamped for the purpose of identification) for inclusion in the prospectus in connection with the proposed establishment and listing of Pavilion REIT on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The basis of compilation is described in the notes to the consolidated pro forma statement of financial position. The consolidated pro forma statement of financial position has been compiled for illustrative purposes only, to provide information about how the transactions might have affected the financial position of Pavilion REIT if they have taken place as at the date of its establishment. The consolidated pro forma statement of financial position has been presented using the accounting policies to be adopted by Pavilion REIT in preparing the financial statements for the period ending 31 December 2011. Because of its nature, the consolidated pro forma statement of financial position addresses hypothetical situations and therefore does not represent Pavilion REIT's actual financial position or results had the transactions (or events) occurred at the date of establishment of Pavilion REIT.

The consolidated pro forma statement of financial position, together with the notes thereon incorporates the acquisition of properties together with their related assets and initial public offering as disclosed in Note 2 of Appendix A.

**Directors' Responsibilities**

The Directors of Pavilion REIT Management Sdn Bhd ("the Manager") are responsible for the compilation of the consolidated pro forma statement of financial position in accordance with the "Prospectus Guidelines for Collective Investment Schemes", issued by the Securities Commission (the "Guidelines").

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

APPENDIX D - REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PRO  
FORMA STATEMENT OF FINANCIAL POSITION (Cont'd)



*Pavilion Real Estate Investment Trust ("Pavilion REIT")*  
*Reporting accountants' letter on the consolidated pro forma statement of financial position*  
*as at the date of listing of Pavilion REIT on the Main Market of Bursa Malaysia Securities Berhad*  
*18 October 2011*

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion as required by the Guidelines as to the proper compilation of the consolidated pro forma statement of financial position. 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 consolidated pro forma statement of financial position.

We conducted our work in accordance with International Standard on Assurance Engagements 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. The work that we performed for the purpose of issuing this report, which involved no independent audit or review of any of the underlying financial information, nor of the pro forma assumptions stated in the pro forma notes, consisted primarily of comparing the unadjusted financial information with the source documents, obtaining evidence regarding the pro forma adjustments, recomputing the calculation of the consolidated pro forma statement of financial position, discussing the consolidated pro forma statement of financial position with the Manager, and evaluating the overall presentation and disclosure of the consolidated pro forma financial information. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the consolidated pro forma statement of financial position has been properly compiled on the basis stated.

**Opinion**

In our opinion,

- (a) the Pavilion REIT's consolidated pro forma statement of financial position has been properly compiled on the basis stated in the notes to the consolidated pro forma statement of financial position and in a manner consistent with the format of the statement of financial position and accounting policies to be adopted by Pavilion REIT.
- (b) material adjustments made to the financial information used in the preparation of the consolidated pro forma statement of financial position are appropriate.

**Other Matters**

The consolidated pro forma statement of financial position has been prepared for inclusion in the prospectus in connection with the proposed establishment and listing of Pavilion REIT on the Main Market of Bursa Securities and should not be relied upon for any other purposes.

Yours faithfully

**KPMG**  
Firm No. AF 0758  
Chartered Accountants

**APPENDIX D - REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PRO  
FORMA STATEMENT OF FINANCIAL POSITION (Cont'd)**

Appendix A

**Pavilion Real Estate Investment Trust ("Pavilion REIT")  
Consolidated pro forma statement of financial position as at the date of listing of Pavilion REIT on  
the Main Market of Bursa Malaysia Securities Berhad**

The consolidated pro forma statement of financial position of Pavilion REIT as set out below are provided for illustrative purpose only and to show the effects of the transactions referred to in the notes. As at the date of establishment, Pavilion REIT does not have any assets and liabilities.

	Note	(unaudited) RM'000
<b>Assets</b>		
Plant and equipment	3	8,600
Investment properties	4	3,543,000
<b>Total non-current assets</b>		<u>3,551,600</u>
Inventories		1,001
Other receivables		754
Cash and bank balances	5	79,061
<b>Total current assets</b>		<u>80,816</u>
<b>Total assets</b>		<u><u>3,632,416</u></u>
<b>Equity</b>		
Unitholders' fund	6	2,827,200
<b>Total equity</b>		<u>2,827,200</u>
<b>Liabilities</b>		
Borrowings	7	730,601
Other payables	8	72,013
<b>Total non-current liabilities</b>		<u>802,614</u>
Other payables	8	2,602
<b>Total current liabilities</b>		<u>2,602</u>
<b>Total liabilities</b>		<u>805,216</u>
<b>Total equity and liabilities</b>		<u><u>3,632,416</u></u>
Net asset value ("NAV") <sup>(1)</sup>		2,827,200
Units in issue ('000)		3,000,000
Net asset value per unit (RM)		0.94

(1) Net asset value ("NAV") - the value of Pavilion REIT's all assets less all liabilities.



**Pavilion Real Estate Investment Trust ("Pavilion REIT")**

**Notes to the consolidated pro forma statement of financial position at the date of listing of Pavilion REIT on the Main Market of Bursa Malaysia Securities Berhad**

The consolidated pro forma statement of financial position has been prepared for inclusion in the prospectus in connection with the proposed establishment and listing of Pavilion REIT on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes.

**1. Basis of preparation**

The consolidated pro forma statement of financial position comprises Pavilion REIT and its wholly-owned special purpose vehicle, Pavilion REIT Venture Capital Sdn Bhd.

The consolidated pro forma statement of financial position is prepared for illustrative purposes and on a basis consistent with the following accounting policies that will be adopted by Pavilion REIT for the financial period ending 31 December 2011:

**(i) Basis of measurement**

The financial statements of Pavilion REIT will be prepared on the historical cost basis unless otherwise described below, and in compliance with the provisions of the Trust Deed, Financial Reporting Standards issued by the Malaysian Accounting Standards Board and generally accepted accounting principles in Malaysia.

**(ii) Functional and presentation currency**

The financial statements of Pavilion REIT will be presented in Ringgit Malaysia ("RM"), which is the functional currency of Pavilion REIT. All financial information will be presented in RM and will be rounded to the nearest thousand, unless otherwise stated.

**(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 year in which the estimate is revised and in any future years affected.





(iv) Financial instruments

Financial instruments are categorised and measured using accounting policies as mentioned below.

(a) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, Pavilion REIT becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(b) Financial instrument categories and subsequent measurement

*Financial assets*

*Loans and receivables*

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost.

(c) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



(v) Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured 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.

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

The gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

(b) Subsequent costs

The cost of replacing part of an item of property, 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 the Pavilion REIT, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- Furniture and fittings 10 years
- IT equipment & software 3 years
- Office equipment 5 years
- Tools and equipment 5 years
- Signage 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.



(vi) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. For investment properties acquired under equity-settled share-based payment transactions, the investment properties are initially measured at fair value, with corresponding increase in equity.

An investment property is derecognised on its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values Pavilion REIT's investment properties portfolio at least once every three years.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between Pavilion REIT and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and, where appropriate, counter-notices have been served validly and within the appropriate time.

(vii) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases in terms of which Pavilion REIT assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases, where Pavilion REIT does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under an operating lease, the leased assets are not recognised on Pavilion REIT's statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.



(viii) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

(ix) Impairment

(a) Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(b) Other assets

The carrying amounts of other assets (except for inventories and investment properties that are measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs 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 asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.



(x) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(xi) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(xii) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



**2. Consolidated pro forma statement of financial position**

The consolidated pro forma statement of financial position illustrates the effects of the acquisitions of the properties, namely Pavilion Kuala Lumpur Mall and Pavilion Tower ("the Subject Properties") and their related assets including plant and equipment and inventories ("Related Assets").

- (i) In accordance with the proposed Sale and Purchase Agreements ("SPAs"), Pavilion REIT (via its Trustee) will acquire the Subject Properties and Related Assets for a total purchase consideration of RM3,323,401,000 ("Proposed Acquisitions"):

<b>Assets</b>	<b>Purchase consideration RM'000</b>
<b>Acquired from Urusharta Cemerlang Sdn Bhd ("UCSB")</b>	
Pavilion Kuala Lumpur Mall	3,190,300
Related plant and equipment	7,826
Related inventories	980
	3,199,106
<b>Acquired from Capital Flagship Sdn Bhd ("CFSB")</b>	
Pavilion Tower	123,500
Related plant and equipment	774
Related inventories	21
	124,295
	3,323,401

The acquisition of the Subject Properties and Related Assets will be financed through:

- (a) the issuance of 2,210,000,000 new units in Pavilion REIT ("Units") at an issue price of RM0.88 per Unit ("Consideration Units"); and
- (b) cash consideration of RM1,378,601,000, which will be funded through the proceeds from the issuance of Units as part of the proposed initial public offering of Pavilion REIT and bank borrowings.



**APPENDIX D - REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PRO  
FORMA STATEMENT OF FINANCIAL POSITION (Cont'd)**

Appendix A

The purchase consideration in respect of Related Assets is based on the estimated carrying value in the books of UCSB and CFSB at the completion date of the SPAs ("Completion Date").

Upon the Completion Date, the following assets and liabilities based on their respective carrying values in the books of UCSB and CFSB related to the Subject Properties will be transferred to Pavilion REIT.

	RM'000
<b>Assets</b>	
Prepayments and deposits	754
Cash and cash equivalent from tenants' deposits	73,861 <sup>(1)</sup>
	<hr/>
	74,615
<b>Liabilities</b>	
Other payables – tenants' deposits	(74,615)
	<hr/>
	-
	<hr/>



<sup>(1)</sup> *Cash and cash equivalents from tenants' deposits will be transferred to Pavilion REIT by UCSB and CFSB after netting off the deposits and prepayments to be reimbursed to UCSB and CFSB, by Pavilion REIT.*

The values of the assets and liabilities, for the purpose of the preparation of the consolidated pro forma statement of financial position, have been set out based on their respective carrying value in the management accounts of UCSB and CFSB as at 30 June 2011, which were prepared in accordance with approved accounting standards in Malaysia.

In the preparation of this consolidated pro forma statement of financial position, it is assumed that no adjustments will be made to the purchase consideration of the Proposed Acquisitions and the carrying values of the assets and liabilities to be transferred.

(ii) Proposed Initial Public Offering ("Proposed IPO") units in Pavilion REIT of 790,000,000 units in Pavilion REIT which comprise the following:

(a) Retail offering

35,000,000 new Units to the Malaysia Public, the directors of the Manager, the eligible employees of the Manager, UCSB, CFSB, Kuala Lumpur Pavilion Sdn Bhd and eligible tenants of the Subject Properties.

(b) Institutional offering

755,000,000 new Units to the Malaysian and foreign institutional and selected investors at the institutional price (other than Cornerstone investors) to be determined by way of bookbuilding.

In the preparation of this consolidated pro forma statement of financial position, it is assumed that the retail offering and institutional offering price is at RM0.88 per unit.

(iii) Credit facilities ("REIT Financing")

Pavilion REIT will obtain five (5) years credit facilities amounting to RM1,010,000,000 of which RM736,461,000 will be drawdown to part finance the Proposed Acquisitions and to finance the estimated expenses for REIT financing.

(iv) Listing and quotation of the entire 3,000,000,000 units on the Main Market of Bursa Securines.

**APPENDIX D - REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PRO  
FORMA STATEMENT OF FINANCIAL POSITION (Cont'd)**

Appendix A

**3. Plant and equipment**

**RM'000**

Plant and equipment acquired at cost	8,600
--------------------------------------	-------

**4. Investment properties**

Investment properties comprise Pavilion Kuala Lumpur Mall and Pavilion Tower. The investment properties acquired are measured at fair value which, for the purpose of this consolidated pro forma statement of financial position, is based on the valuation report issued by Knight Frank, an Independent Property Valuer, on 1 June 2011.

It is assumed that the current charges on the investment properties will be discharged.

**RM'000**

Investment properties at fair value	3,543,000
-------------------------------------	-----------

**5. Cash and bank balances**

**RM'000**

Receipt of tenants' deposits	73,861
Proceeds from REIT Financing	736,461
IPO proceeds	695,200
Less: Estimated listing expenses	(42,000)
Acquisitions of Subject Properties and Related Assets	(1,378,601)
Estimated expenses for REIT Financing	(5,860)

79,061

**6. Unitholders' fund**

	<b>Price</b>	<b>RM'000</b>
	<b>RM per unit</b>	

Units issued as Consideration Units		
- 2,210,000,000 Units	0.88	1,944,800
Effect of fair value adjustment of investment properties (Note (a))		229,200
Units issued under the Proposed IPO		
- 790,000 Units	0.88	695,200
Estimated listing expenses		(42,000)

2,827,200

(a) As the investment properties will be acquired partially through Consideration Units, the investment properties and Related Assets are stated at their fair values and consequently, the fair value adjustment is recognised in the unitholders' fund.





**APPENDIX D - REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PRO  
FORMA STATEMENT OF FINANCIAL POSITION (Cont'd)**

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Appendix A

**7. Borrowings**

	RM'000
Borrowings	736,461
Less: Estimated expenses for REIT Financing	(5,860)
	<u>730,601</u>

The borrowings are recorded net of transaction costs. The transaction costs will be expensed to profit or loss over the period that the borrowings are outstanding using the effective interest method.

**8. Other payables**

	RM'000
<i>Non-current</i>	
Tenants' deposits	72,013
<i>Current</i>	
Tenants' deposits	2,602
	<u>74,615</u>





**KPMG (Firm No. AF 0758)**  
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The Board of Directors  
Pavilion REIT Management Sdn Bhd  
Level 10 Pavilion Kuala Lumpur  
168 Jalan Bukit Bintang  
55100 Kuala Lumpur

18 October 2011

Dear Sirs

**Pavilion Real Estate Investment Trust ("Pavilion REIT")**  
**Reporting accountant's letter on the consolidated profit forecasts for the one-month period ending 31 December 2011 and twelve-month period ending 31 December 2012**

We have examined the consolidated profit forecasts of Pavilion REIT for the one-month period ending 31 December 2011 ("Forecast Period 2011") and twelve-month period ending 31 December 2012 ("Forecast Year 2012"), for which the Directors of Pavilion REIT Management Sdn Bhd ("PRM" or "the Manager") are solely responsible, as set out in the accompanying Appendix A (which we have stamped for the purpose of identification) in accordance with the International Standard on Assurance Engagement 3400 ("ISAE 3400"), *The Examination of Prospective Financial Information*.

Our procedures on the consolidated forecasts have been carried out in accordance with attestation standards and practices generally accepted in Malaysia, and accordingly, should not be relied upon if they had been carried out in accordance with attestation standards and practices of any other jurisdiction.

- (i) Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that the assumptions made by the Manager, do not provide a reasonable basis for the preparation of the consolidated profit forecasts for the specific purpose of the proposed listing scheme as discussed in Note 1 of Appendix A; and
- (ii) in our opinion, the consolidated profit forecasts, in all material aspects, are properly prepared on the basis of the assumptions made by the Directors of the Manager of which the significant assumptions are set out in Note 2 of Appendix A and presented on a basis consistent with the accounting policies to be adopted by Pavilion REIT and the requirements of Securities Commission Guidelines on "Prospectus Guidelines for Collective Investment Schemes".



*Pavilion Real Estate Investment Trust  
Reporting accountants' letter on the consolidated profit forecasts for the  
one-month period ending 31 December 2011 and twelve-month period ending 31 December 2012  
18 October 2011*

Forecasts, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which the Manager expects to take place and the actions which Pavilion REIT 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.

Without qualifying our opinion, we draw attention to the following key assumptions made by the Manager in preparing the consolidated profit forecasts as the differences between the actual outcome and the following key assumptions could result in material variances between the actual results and the forecasts:

- i. For the preparation of the Forecast Period 2011, it has been assumed that the fair value of the investment properties as at the end of the Forecast Period 2011 to be equivalent to the fair value at date of acquisition resulting in no fair value gain or loss.
- ii. For the preparation of the Forecast Year 2012, it has been assumed that the fair value of the investment properties as at the end of the Forecast Year 2012 will increase by RM3,000,000 which is equivalent to the planned capital expenditure in relation to asset enhancement. No potential rental loss is anticipated during the period when regular capital expenditure works are being carried out.

Fair value of investment properties will very likely change (either increase or decrease) due to market and other factors beyond the control of the Manager. Therefore, any significant changes in the fair value will have a material and pervasive impact to the actual results.

#### **Other Matters**

The consolidated profit forecasts for the Forecast Period 2011 and Forecast Year 2012 have been prepared for inclusion in the prospectus in connection with the proposed establishment and listing of Pavilion REIT on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes.

Yours faithfully

KPMG  
Firm No. AF 0758  
Chartered Accountants

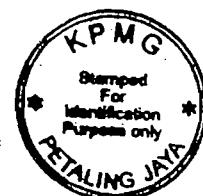
**Pavilion Real Estate Investment Trust**  
**Consolidated profit forecasts for the one-month period ending 31 December 2011**  
**and twelve-month period ending 31 December 2012**

The Directors of Pavilion REIT Management Sdn Bhd forecasted, based on the assumptions as disclosed in the notes to these forecasts, that in the absence of unforeseen circumstances, the income available for distribution (as defined in the proposed trust deed) to holders of Pavilion REIT units for the one-month period ending 31 December 2011 ("Forecast Period 2011") and twelve-month period ending 31 December 2012 ("Forecast Year 2012") will be as follows:-

	Forecast Period 2011 1 December to 31 December 2011 RM'000	Forecast Year 2012 1 January to 31 December 2012 RM'000
Rental income	23,060	280,389
Other income	2,710	33,957
<b>Gross revenue</b>	<b>25,770</b>	<b>314,346</b>
Utilities and authority expenses	(3,262)	(39,469)
Maintenance	(1,956)	(24,023)
Quit rent and assessment	(750)	(9,093)
Other operating expenses	(1,829)	(21,805)
<b>Property expenses</b>	<b>(7,797)</b>	<b>(94,390)</b>
<b>Net property income</b>	<b>17,973</b>	<b>219,956</b>
Interest income	128	1,534
<b>Net investment income</b>	<b>18,101</b>	<b>221,490</b>
Borrowing costs	(2,891)	(34,821)
Manager's management fees	(1,443)	(17,452)
Trustee's fees	(33)	(400)
Other trust expenses	(167)	(2,000)
<b>Profit before tax</b>	<b>13,567</b>	<b>166,817</b>
Taxation	-	-
<b>Profit after tax</b>	<b>13,567</b>	<b>166,817</b>
Add : Non cash items (net) <sup>(1)</sup>	437	5,289
<b>Distributable income as defined in the trust deed</b>	<b>14,004</b>	<b>172,106</b>
Number of units in issues (million) <sup>(2)</sup>	3,000.00	3,002.48
Distribution rate (%)	100.00	100.00
Distribution covers (time)	1.00	1.00
Distribution per Unit ("DPU") (sen)	0.47	5.73
Retail Price (RM)	0.88	0.88
Distribution yield on Retail Price (%)	6.41 <sup>(3)</sup>	6.51

**Notes:**

- (1) Non-cash items comprise Manager's management fees payable in units, depreciation of plant and equipment and amortisation of transaction costs for REIT Financing (as defined herein) that are expensed.
- (2) The increase in the number of units in issue is a result of the assumed part payment of the Manager's management fee for the relevant periods in the form of units issued at an assumed issue price per unit of RM0.88.
- (3) Distribution yield for the Forecast Period 2011 has been annualised.



**Pavilion Real Estate Investment Trust ("Pavilion REIT")**

**Notes to the consolidated profit forecasts for the one-month period ending 31 December 2011 ("Financial Period 2011") and twelve-month period ending 31 December 2012 ("Financial Year 2012")**

The consolidated profit forecasts for the Financial Period 2011 and Financial Year 2012 ("Forecast Periods") have been prepared for inclusion in the prospectus in connection with the proposed establishment and listing of Pavilion REIT on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

**1. Proposed listing scheme**

The proposed listing scheme entails the following transactions:

The trustee on behalf of Pavilion REIT will enter into sale and purchase agreements with Urusharta Cemerlang Sdn Bhd ("UCSB") and Capital Flagship Sdn Bhd ("CFSB") for the acquisition of the Pavilion Kuala Lumpur Mall and Pavilion Tower ("Subject Properties") together with their related assets for a total purchase consideration of RM3,323,401,000 ("Proposed Acquisitions"):

<b>Assets</b>	<b>Purchase consideration</b>
	<b>RM'000</b>
<b>Acquired from UCSB</b>	
Pavilion Kuala Lumpur Mall	3,190,300
Pavilion Kuala Lumpur Mall related assets	8,806
<b>Total</b>	<b>3,199,106</b>
<b>Acquired from CFSB</b>	
Pavilion Tower	123,500
Pavilion Tower related assets	795
<b>Total</b>	<b>124,295</b>
<b>Grand total</b>	<b>3,323,401</b>

- (i) The acquisition of the Subject Properties and related assets will be financed through:
- a) the issuance of 2,210,000,000 new units in Pavilion REIT ("Units") at an issue price of RM0.88 per Unit ("Consideration Units"); and
  - b) cash consideration of RM1,378,601,000 which will be funded through the proceeds from the issuance of Units as part of the proposed initial public offering of Pavilion REIT and bank borrowings.



1. Proposed listing scheme (continued)

Appendix A

(ii) Proposed initial public offering ("Proposed IPO") of 790,000,000 Units which comprise the following:

(a) Retail offering

35,000,000 new Units to the Malaysian Public, the directors of the Manager, the eligible employees of the Manager, UCSB, CFSB, Kuala Lumpur Pavilion Sdn Bhd and eligible tenants of the Subject Properties.

(b) Institutional offering

755,000,000 new Units to the Malaysian and foreign institutional and selected investors at the institutional price (other than Conerstone investors) to be determined by way of bookbuilding.

(iii) Credit facilities ("REIT Financing")

Pavilion REIT will obtain five (5) years credit facilities amounting to RM1,010,000,000 of which RM736,461,000 will be drawdown to part finance the Proposed Acquisitions and to finance the estimated expenses for REIT financing.

(iv) Listing and quotation of the entire 3,000,000,000 units on the Main Market of Bursa Securities.

2. Bases and assumptions

The Manager has prepared the consolidated profit forecasts based on assumptions which the Manager considers to be appropriate and reasonable. The following are the significant assumptions:

(a) The proposed listing scheme as stated in Note 1 is assumed to be successfully completed on 1 December 2011.

(b) All expiring tenancies in Forecast Period 2011 will be renewed at their prevailing contractual rates, where applicable.

(c) The base rent rate for tenancies of Pavilion Kuala Lumpur Mall expiring in Forecast Year 2012 will be renewed with an increase at approximately 5.0% and no increase of rental for renewal of tenancies of Pavilion Tower expiring in Forecast Year 2012.

(d) It is assumed that vacancy will be at 3.0% of rental income for Pavilion Kuala Lumpur Mall during the Forecast Periods. It is assumed that Pavilion Tower has an occupancy rate of 82.3% for the Forecast Period 2011 and will achieve full occupancy by 1 January 2012 and continue during the Forecast Period 2012.

(e) No change in service charge rates throughout the Forecast Periods.

(f) No change in promotional charge levied on retail tenants of Pavilion Kuala Lumpur Mall throughout the Forecast Periods.

(g) There is no change in the agreement with the car park operator and on the existing number of car park bays/rates for the Forecast Periods.

(h) There will be no significant change in the tariffs rates, quit rent and assessment.

(i) There will be no changes to the property management agreement with the property manager.



2. Bases and assumptions (continued)

- (j) There will be no change to the interest rates. Interest rates for the REIT Financing will be at 4.5% to 4.6% per annum.
- (k) Management fee for the Forecast Periods will be as follows:
- (i) base fee of 0.3% per annum of the total asset value (excluding cash and bank balances which are held under non-interest bearing accounts) of the Pavilion REIT; and
  - (ii) performance fee of 3.0% per annum of net property income of the Subject Properties.
- 15% of total management fee will be paid in the form of units and the remaining in cash during the Forecast Periods.
- (l) There will not be any significant changes in tax laws that will affect Pavilion REIT. Goods and services tax will not be implemented during the Forecast Periods.
- (m) For the Forecast Period 2011, it is assumed that the fair value of the investment properties as at the end of the Forecast Period 2011 to be equivalent to the fair value at date of acquisition resulting in no fair value gain or loss.
- (n) For the Forecast Year 2012, it is assumed that the fair value of the investment properties as at the end of the Forecast Year 2012 will increase by RM3,000,000 which is equivalent to the planned capital expenditure in relation to asset enhancement. No potential rental loss is anticipated during the period when regular capital expenditure works are being carried out.
- (o) Pavilion REIT will distribute 100.0% of its distributable income as defined in the trust deed for the Forecast Periods.
- (p) There will be no significant changes in the principal activity of Pavilion REIT. The property portfolio and structure of Pavilion REIT remains unchanged, with no further incurrence of debt or issuance of units (save as disclosed above or planned in the Forecast Periods).
- (q) All units to be issued will be fully subscribed at RM0.88 per unit and the fair value per unit remains the same throughout the Forecast Periods.
- (r) All leases are enforceable and will be performed in accordance with their terms with no premature termination of tenancies and will be significantly received within the credit term.
- (s) There will be no major changes in Pavilion REIT operations, no material litigations or no events (including but not limited to war, industrial disputes, terrorism attacks, epidemic outbreak or natural disaster) that will adversely affect the performance of Pavilion REIT.
- (t) There will be no major changes in the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board or other financial reporting requirements.
- (u) There will be no adverse economic, political or property market conditions which will materially affect the activities and performance of Pavilion REIT.
- (v) There will be no major changes to present legislation or Government regulations which will adversely affect the operations of Pavilion REIT.



## APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING

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### 1. OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE RETAIL OFFERING: 10.00 a.m., 14 November 2011

CLOSING OF THE RETAIL OFFERING: 5.00 p.m., 21 November 2011

The Manager and the Joint Principal Advisers may decide in their absolute discretion to vary the closing date and time for applications under the Retail Offering to any later date or dates. If they decide to vary the closing date for the applications, the dates for the balloting, the allotment of the Units and the Listing will be varied accordingly. Any variation will be announced by way of advertisement in a widely circulated Bahasa Malaysia and English language newspaper within Malaysia. **Late applications will not be accepted.**

### 2. METHODS OF APPLICATION AND CATEGORY OF INVESTORS

#### 2.1 Application for Units under the Retail Offering

Application for Units pursuant to the Retail Offering may be made using any of the following:

Type of Application Form	Category of Investor
WHITE Application Form or Electronic Application <sup>(1)</sup> or Internet Application <sup>(2)</sup>	Malaysian Public (for individuals)
WHITE Application Form only	Malaysian Public (for non individuals, e.g. corporations, institutions, etc)
BLUE Application Form only	Eligible tenants of the Subject Properties
PINK Application Form only	Directors of the Manager and eligible employees of the Manager and UCSB, CFSB and KLP

**Notes:**

- (1) The following surcharge per Electronic Application will be charged by the respective Participating Financial Institutions:
- (i) Affin Bank Berhad – No fees will be charged for application by their account holders;
  - (ii) Ambank (M) Berhad – RM1.00;
  - (iii) Bank Muamalat Malaysia Berhad – RM2.50;
  - (iv) CIMB Bank Berhad – RM2.50;
  - (v) Hong Leong Bank Berhad – RM2.00;
  - (vi) HSBC Bank Malaysia Berhad – RM2.50;
  - (vii) Malayan Banking Berhad – RM1.00;
  - (viii) OCBC Bank Berhad – RM2.50;
  - (ix) Public Bank Berhad – RM2.00;
  - (x) RHB Bank Berhad – RM2.50; and
  - (xi) Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.



## **APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (2) The following processing fee per Internet Application will be charged by the respective Internet Participating Financial Institutions:
- (i) CIMB ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
  - (ii) CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) – RM2.00 for applicants with CDS Accounts held with CIMB and RM2.50 for applicants with CDS Accounts with other ADAs;
  - (iii) Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;
  - (iv) Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fees will be charged for application by their account holders;
  - (v) RHB Bank Berhad ([www.rhb.com.my](http://www.rhb.com.my)) – RM2.50; and
  - (vi) Public Bank Berhad ([www.pbepbank.com](http://www.pbepbank.com)) – RM2.00.

An eligible tenant of the Subject Properties who has made an application using a BLUE Application Form and a Director of the Manager and an eligible employee of the Manager, UCSB, CFSB and KLP who has made an application using a PINK Application Form may still apply for the Units offered to the Malaysian Public using the WHITE Application Form, Electronic Application or Internet Application, where applicable.

However, applicants using the BLUE, PINK or WHITE Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using WHITE Application Forms are not allowed to make additional applications using Electronic Applications and Internet Applications and vice versa.

### **2.2 Application by institutional investors and selected investors under the Institutional Offering**

Institutional investors and selected investors being allotted the Units under the Institutional Offering will be contacted directly by the respective Joint Bookrunners and shall follow the instructions as communicated by the respective Joint Bookrunners.

## **3. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

### **3.1 Application by the eligible tenants of the Subject Properties, Directors of the Manager and eligible employees of the Manager, UCSB, CFSB and KLP (BLUE or PINK Application Forms)**

The eligible tenants of the Subject Properties will be notified separately on their eligibility to participate in the preferential allocation under the Retail Offering and will be provided details on where they may obtain the BLUE Application Forms while the Directors of the Manager and eligible employees of the Manager, UCSB, CFSB and KLP will be provided separately with PINK Application Forms. Each of the BLUE and PINK Application Forms will be accompanied with a copy of the Prospectus together with letters by the Manager detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

## APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

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### 3.2 Application by the Malaysian Public under the Retail Offering (WHITE Application Form, Electronic Application or Internet Application)

#### Eligibility

An applicant can only apply for the Units if he meets the following requirements:

- (i) The applicant must have a CDS Account. If he does not have a CDS Account, he may open a CDS Account by contacting any of the ADAs listed in Section 13 of Appendix F of this Prospectus;
  - (ii) The applicant must be one of the following:
    - (a) a Malaysian citizen who is at least 18 years old as at the closing date of the Retail Offering with a Malaysian address; or
    - (b) a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on the corporation's board of directors/trustee and 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; or
    - (c) a superannuation, co-operative, foundation or provident or pension fund established or operating in Malaysia.
- The Manager will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in item (ii) (b) or (c) above or the trustees thereof;
- (iii) the applicant is not a director or employee of the Issuing House or their immediate family members.

### 4. PROCEDURES FOR APPLICATION BY WAY OF A WHITE APPLICATION FORM

Each application for the Units under the Retail Offering must be made on the correct Application Form for the relevant category of investors issued together with this Prospectus and must be completed in accordance with the notes and instructions contained therein in the respective category of Application Form. The Application Form together with the notes and instructions contained therein shall constitute an integral part of this Prospectus. Applications which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or Notes and Instructions or which are illegible may not be accepted in the absolute discretion of the Manager.

**Full instructions for the application for the Units offered and the procedures to be followed are set out in the Application Forms. All applicants are advised to read the Application Forms and the notes and instructions therein carefully.**

## APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

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Malaysian Public should follow the following procedures in making their applications under the Retail Offering:

### Step 1: Obtain Application Documents

Obtain the relevant Application Form together with the Official "A" and "B" envelopes and this Prospectus.

The **WHITE** Application Forms can be obtained subject to availability from the following parties:

- (i) the Joint Principal Advisers;
- (ii) Participating organisations of Bursa Securities;
- (iii) Members of the Association of Banks in Malaysia;
- (iv) Members of the Malaysian Investment Banking Association;
- (v) Issuing House; and
- (vi) Manager.

### Step 2: Read the Prospectus

In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by this Prospectus. An applicant is advised to read and understand the Prospectus before making his application.

### Step 3: Complete the relevant Application Form

Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions contained therein and in this Prospectus.

#### (i) Personal particulars

An applicant must ensure that his personal particulars submitted in his application are identical with the records maintained by Bursa Depository. The applicant should inform Bursa Depository promptly of any changes to his personal particulars.

If the applicant is an individual and is not a member of the armed forces or police, the name and national registration identity card ("**NRIC**") number must be the same as:

- (a) his NRIC;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) his "Resit Pengenalan Sementara (JPN KP 09)" issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990.

If the applicant is a member of the armed forces or police, his name and his armed forces or police personnel number, as the case may be, must be exactly as that stated in his authority card.

## APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

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For corporations/institutions, the name and certificate of incorporation number must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable.

**(ii) CDS Account number**

An applicant must state his CDS Account number in the space provided in the Application Form. Invalid or nominee or third party CDS Accounts will **not** be accepted.

**(iii) Details of payment**

An applicant must state the details of his payment in the appropriate boxes provided in the Application Form.

**(iv) Number of Units Applied**

Applications must be for at least 100 Units or multiples of 100 Units.

### **Step 4: Prepare Appropriate Form of Payment**

Prepare the correct form of payment in RM for the FULL amount payable for the Units based on the Retail Price, which is RM0.88 per Unit.

Payment must be made out in favour of **"MIH UNIT ISSUE ACCOUNT No. 524"** and crossed **"A/C PAYEE ONLY"** (excluding ATM statements) and endorsed on the reverse side with the applicant's name and address. The Manager only accepts the following forms of payment:

- (i) 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 Bumiputera applicants);
- (ii) money order or postal order (for applicants from Sabah and Sarawak only);
- (iii) Guaranteed Giro Order ("**GGO**") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (iv) ATM statement obtained only from any of the following:
  - (a) Affin Bank Berhad;
  - (b) Alliance Bank Malaysia Berhad;
  - (c) AmBank (M) Berhad;
  - (d) CIMB Bank Berhad;
  - (e) Hong Leong Bank Berhad;
  - (f) Malayan Banking Berhad; or
  - (g) RHB Bank Berhad;

The Manager will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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**Step 5: Finalise application**

Insert the relevant Application Form together with payment and a legible photocopy of the applicant's identification document (NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (JPN KP 09)"/authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable)) into the Official "A" envelope and seal it. Write the applicant's name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to the applicant's name and address as per his NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (JPN KP 09)"/authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable). Affix a stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

**Step 6: Submit application**

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents can be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

*Malaysian Issuing House Sdn Bhd (258345-X)  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
P.O. Box 8269  
Pejabat Pos Kelana Jaya  
46785 Petaling Jaya*

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 21 November 2011, or such later date or dates as the Manager and the Joint Principal Advisers in their absolute discretion may decide.

**5. PROCEDURES FOR APPLICATION BY WAY OF AN ELECTRONIC APPLICATION**

Only Malaysian individuals may apply for the Units by way of Electronic Application in respect of the Units made available for application by the Malaysian Public.

**5.1 Steps for Electronic Applications through a Participating Financial Institution's ATM**

- (i) The applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Units at an ATM belonging to other Participating Financial Institutions;
- (ii) The applicant **MUST have a CDS Account**; and
- (iii) The applicant shall apply for the Units 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 of Appendix F of this Prospectus below). The applicant shall 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**");
  - MIH Unit Issue Account No. 524;
  - CDS Account number;
  - Number of Units applied for and/or the RM amount to be debited from the account; and
  - Confirmation of several mandatory statements.

**5.2 Participating Financial Institutions**

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- (i) Affin Bank Berhad;
- (ii) Ambank (M) Berhad;
- (iii) Bank Muamalat Malaysia Berhad;
- (iv) CIMB Bank Berhad;
- (v) Hong Leong Bank Berhad;
- (vi) HSBC Bank Malaysia Berhad;
- (vii) Malayan Banking Berhad;
- (viii) OCBC Bank (Malaysia) Berhad;
- (ix) Public Bank Berhad;
- (x) RHB Bank Berhad; or
- (xi) Standard Chartered Bank Malaysia Berhad (at selected branches only).

## APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

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### 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**"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out in "**Steps for Electronic Application through a Participating Financial Institution's ATM**" in Section 5.1 of Appendix F of this Prospectus. The Steps set out the actions that an 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.

An applicant must have a CDS Account to be eligible to use the Electronic Applications.

Upon the completion of his Electronic Application transaction, an 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 the Issuing House. The Transaction Record is for the applicant's records and should not be submitted with any Application Form.

Upon the closing of the Retail Offering on 21 November 2011 at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institutions shall submit a magnetic tape containing its respective customers' applications for the Units to the Issuing House as soon as practicable but not later than 12.00 p.m. on the second business day after the Closing Date and Time.

An applicant will be allowed to make only one application and shall not make any other application for the Units under the Retail Offering to the Malaysian Public, whether at the ATMs of any other Participating Financial Institutions or using the WHITE Application Forms or via an Internet Application.

**An applicant must ensure that he uses his own CDS Account number when making an Electronic Application. If an applicant operates a joint account with any Participating Financial Institution, he must ensure that he enters his own CDS Account number when using an ATM card issued to him in his name. An applicant's application will be rejected if he fails to comply with the foregoing.**

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 are true and correct:
  - (a) He has attained 18 years of age as at the Closing Date and Time;
  - (b) He is a Malaysian citizen residing in Malaysia;

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (c) He has read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- (d) This is the only application that he is submitting; and
- (e) He hereby gives consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to himself and his account with the Participating Financial Institution and Bursa Depository to the Issuing House 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 deemed to have confirmed each of the above statements as well as giving 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 Depository Act to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of his particulars to the Issuing House, or any relevant regulatory bodies.

- (iii) **The applicant confirms that he is not applying for the Units as a nominee of any other person and that any Electronic Application that he makes is made by him as the beneficial owner. An applicant shall only make one Electronic Application and shall not make any other application for the Units, whether at the ATMs of any other Participating Financial Institutions or using the WHITE Application Forms or via an Internet Application.**
- (iv) An 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 Units applied for as stated on the Transaction Record or any lesser number of Units that may be allotted to him in respect of his Electronic Application. In the event that the Manager decides to allot any lesser number of such Units or not to allot any Units to the applicant, he agrees to accept any such decision as final. If the applicant's Electronic Application is successful, his confirmation (by his action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Units applied for shall signify, and shall be treated as, his acceptance of the number of Units that may be allotted to him and to be bound by the Deed.
- (vi) The Manager reserves the right not to accept any Electronic Application or accept any Electronic Application in part only without assigning any reason. Due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.



**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (vii) Where an Electronic Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful application. If the applicant's Electronic Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into his account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within 2 Market Days after the balloting date. An applicant may check his account on the fifth Market Day from the balloting day.

If an applicant's Electronic Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into his account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from the Issuing House. 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 the Issuing House by way of cheques issued by the Issuing House. The cheques will be issued to the applicants not later than 10 Market Days from the day of the final ballot of the application list.

Should an applicant encounter any problems in his application, he may refer to the Participating Financial Institutions.

- (viii) By making and completing an Electronic Application, the applicant, if successful, requests and authorises the Manager:
- (a) To credit the Units allotted to him into his CDS Account; and
  - (b) To issue Unit certificate(s) representing such Units allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) The applicant acknowledges that his Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of the Manager, the Issuing House, the Participating Financial Institution or Bursa Depository and irrevocably agrees that if:
- (a) The Manager or the Issuing House does not receive his Electronic Application; and
  - (b) Data relating to his Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Manager or the Issuing House,

he shall be deemed not to have made an Electronic Application and he shall not make any claim whatsoever against the Manager, the Issuing House, the Participating Financial Institution or Bursa Depository for the Units applied for or for any compensation, loss or damage.

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (x) All of the applicant's particulars in the records of the relevant Participating Financial Institution at the time he makes his Electronic Application shall be true and correct, and the Manager, the Issuing House 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 Institution are correct and identical. Otherwise, his Electronic Application will be rejected. 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 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 application for Units 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 the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Application 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 the behalf of the Manager, the notice of successful allocation for prescribed securities issued in respect of the Units for which his Electronic Application has been successfully completed is the only confirmation for the acceptance of his offer to subscribe for and purchase the said Units;
  - (d) He irrevocably authorise 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 Units allotted to him; and
  - (e) He agrees that in relation to any legal action, proceedings or dispute 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 he irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (xiii) If an applicant is successful in his application, the Manager reserves the right to require him to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to him to ascertain his application is genuine and valid. The Manager 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 applicant for the purpose of complying with this provision.

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (xiv) The Issuing House, on the authority of the Manager reserves the right to reject applications, which do not conform to these instructions.
- (xv) The following surcharge per Electronic Application will be charged by the respective Participating Financial Institutions:
  - (a) Affin Bank Berhad – No fees will be charged for application by their account holders;
  - (b) Ambank (M) Berhad – RM1.00;
  - (c) Bank Muamalat Malaysia Berhad – RM2.50;
  - (d) CIMB Bank Berhad – RM2.50;
  - (e) Hong Leong Bank Berhad – RM2.00;
  - (f) HSBC Bank Malaysia Berhad – RM2.50;
  - (g) Malayan Banking Berhad – RM1.00;
  - (h) OCBC Bank Berhad – RM2.50;
  - (i) Public Bank Berhad – RM2.00;
  - (j) RHB Bank Berhad – RM2.50; and
  - (k) Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

**6. PROCEDURES FOR APPLICATION BY WAY OF AN INTERNET APPLICATION**

Only members of the public who are individuals may apply for the Units by way of Internet Application.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

**Step 1: Set up of account**

Before making an application by way of Internet Application, an applicant **must have all** of the following:

- (i) an existing account with access to internet financial services with **CIMB** at [www.eipocimb.com](http://www.eipocimb.com) or **CIMB Bank Berhad** at [www.cimbclicks.com.my](http://www.cimbclicks.com.my) or **Malayan Banking Berhad** at [www.maybank2u.com.my](http://www.maybank2u.com.my) or **RHB Bank Berhad** at [www.rhb.com.my](http://www.rhb.com.my) or **Affin Bank Berhad** at [www.affinOnline.com](http://www.affinOnline.com) or **Public Bank Berhad** at [www.pbepbank.com](http://www.pbepbank.com). The applicant needs to have his user identification and PIN/password for the internet financial services facility; and
- (ii) an individual CDS Account registered in the applicant's name (and not in a nominee's name) and in the case of a joint account an individual CDS Account registered in the applicant's name which is to be used for the purpose of the application if the applicant is making the application instead of a CDS Account registered in the joint account holder's name.

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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**Step 2: Read the Prospectus**

An applicant is advised to read and understand the Prospectus before making his application.

**Step 3: Apply through Internet**

**The Manager has set out possible steps for an application of the Units via Internet Application below for illustration purposes only.**

**Please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below.**

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which the applicant has an account;
- (ii) Log in 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 the Retail Offering;
- (iv) Select the counter in respect of the Units 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 share counter, NRIC number, CDS Account number, number of Units 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.

After selecting the designated hyperlink on the screen, the applicant will have to confirm and undertake that the following mandatory statements are true and correct:

- (a) He is at least 18 years of age as at the closing date and time of the Retail Offering;
- (b) He is a Malaysian citizen residing in Malaysia;
- (c) He has, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which he has read and understood;
- (d) He agrees to all the terms and conditions of the Internet Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Application;

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (e) The Internet Application is the only application that he is submitting for the Units;
  - (f) He authorises the financial institution with which he has an account to deduct the full amount payable for the Units from his account with the said financial institution ("**Authorised Financial Institution**");
  - (g) He 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 Depository Act) for the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to him, the Internet Application made by him or his account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - (h) He is not applying for the Units as a nominee of any other person and the application is made in his own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
  - (i) He authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Retail Offering, all information relating to him 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 the Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by him to the Internet Participating Financial Institution in connection with the use of the Internet Application services;
- (viii) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of his money for the Retail Offering;
- (ix) The applicant must pay for the Units through the website of the Authorised Financial Institution, failing which the Internet Application is **not completed**, despite the display of the Confirmation Screen. "**Confirmation Screen**" refers to 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 Units applied for, which can be printed out by the applicant for his records;

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Units is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website; and
- (xi) The applicant is advised to print out the Confirmation Screen for his reference and records.

**7. OTHER TERMS AND CONDITIONS**

- (i) An applicant is required to pay the Retail Price of RM0.88 for each Unit he has applied for.
- (ii) An applicant can submit only one application for the Units offered to the Malaysian Public. For example, if he submits an application using a WHITE Application Form, he cannot submit an Electronic Application or Internet Application.

However, if the applicant has made an application under the BLUE or PINK Application Form, he can still apply for the Units offered to the Malaysian Public using the WHITE Application Form, Electronic Application or Internet Application.

The Issuing House, acting under the authority of the Directors and the Manager has the discretion to reject applications that appears to be multiple applications.

**The Manager wishes to caution an applicant that if he submits more than one (1) application in his own name or by using the name of others, with or without their consent, he will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten (10) years under Section 182 of the CMSA.**

- (iii) Each application under the BLUE, PINK AND WHITE Application Forms, Electronic Application and Internet Application must be for at least 100 Units or multiples of 100 Units.
- (iv) The application must be made in connection with and subject to this Prospectus and the Deed. The applicant agrees to be bound by the Deed should he be allotted any Units.
- (v) The submission of an application does not necessarily mean that the application will be successful. Any submission of application is irrevocable.
- (vi) The Manager or the Issuing House will not issue any acknowledgement of the receipt of the application or application monies.
- (vii) An applicant must ensure that his personal particulars submitted in his application and/or his personal particulars as recorded by the Internet Participating Financial Institution are correct and accurate and identical with the records maintained by Bursa Depository. Otherwise, his application will be rejected. Bursa Depository will have to be promptly notified of any change in his address failing which the notification letter of successful allocation will be sent to his registered/correspondence address last maintained with Bursa Depository.

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (viii) An applicant's remittances having been presented for payment shall not signify that his application has been accepted.

The Manager's acceptance of the application to subscribe for or purchase the Units shall be constituted by the issue of notices of allotment for the Units to the applicant.

- (ix) Submission of an applicant's CDS Account number in his application includes his authority/consent in accordance with Malaysian laws of Bursa Depository and the Participating Financial Institution (as the case may be) to disclose information pertaining to his CDS Account and other relevant information to the Manager or the Issuing House and any relevant regulatory bodies (as the case may be).

**The applicant agrees to accept the Manager's decision as final should the Manager decide partially allot or not to allot any Units to him.**

- (x) Additional terms and conditions for Electronic Applications are as follows:
- (a) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Units applied for as stated in the Transaction Record or any lesser amount that may be allotted to him.
  - (b) The applicant's confirmation by pressing the key or button on the ATM shall be treated as his acceptance of the number of Units allotted to him.
  - (c) Should the applicant be allotted any Units, he shall be bound by the Deed.
  - (d) The applicant confirms that he is not applying for Units as a nominee of other persons and that his Electronic Application is made on his own account as a beneficial owner.
  - (e) The applicant requests and authorises the Manager to credit the Units allotted to him into his CDS Account and to issue Unit certificate(s) representing those Units allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.
  - (f) The applicant acknowledges that his application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in the control of the Manager, the Issuing House, the Participating Financial Institution or Bursa Depository. The applicant irrevocably agrees that he is deemed not to have made an application if the Manager or the Issuing House does not receive his application or his application data is wholly or partially lost, corrupted or inaccessible to the Manager or the Issuing House. The applicant shall not make any claim whatsoever against the Manager, the Issuing House, the Participating Financial Institution or Bursa Depository.
  - (g) The applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounce any instrument of transfer and/or other documents required for the issuance of the Units allotted to him.

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (h) The applicant agrees that in the event of legal action, proceedings or dispute arising from the use of Electronic Applications, the mutual rights, obligations and liabilities of the parties to the Retail Offering shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (xi) Additional terms and conditions for Internet Application are as follows:
  - (a) An 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. The applicant is required to complete his Internet Application by the close of the Retail Offering mentioned in Section 1 of Appendix F of this Prospectus.
  - (b) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Units applied for as stated on the Confirmation Screen or any lesser amount that may be allotted to him. The applicant's confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as his acceptance of the number of Units allotted to him.
  - (c) The applicant requests and authorises the Manager to credit the Units allotted to him into his CDS Account and to issue Unit certificate(s) representing those Units allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.
  - (d) The applicant irrevocably agrees and acknowledges that the Internet Application is subject to risks 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 Manager, the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution. If in any such event the Manager, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the applicant's Internet Application and/or payment, or in the event that any data relating to the Internet Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, the applicant shall be deemed not to have made an Internet Application and he shall have no claim whatsoever against the Manager, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution.
  - (e) The applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounce any instrument of transfer and/or other documents required for the issuance of the Units allotted to him.



## **APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (f) The applicant agrees that in the event of legal disputes arising from the use of Internet Application, the mutual rights, obligations and liabilities of the parties to the Retail Offering shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) 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 his Internet Application by the Manager, the Issuing House 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.
- (h) The applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after the Manager has accepted his Internet Application.
- (i) In making the Internet Application, the applicant has relied solely on the information contained in this Prospectus. The Manager, the Sponsor, the Joint Principal Advisers, the Joint Underwriters and any other person involved in the Retail Offering shall not be liable for any information not contained in this Prospectus which the applicant may have relied on in making the Internet Application.

### **8. AUTHORITY OF THE MANAGER AND THE ISSUING HOUSE**

If an applicant is successful in his application, the Manager reserves the right to require him to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to him to ascertain his application is genuine and valid. The Manager is not 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 applicant for the purpose of complying with this provision.

Applicants will be selected in a manner to be determined by the Manager. Due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

The Issuing House, on the authority of the Manager, reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus or are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason; and
- (iii) bank in all application monies from unsuccessful/partially successful applicants which would subsequently be refunded without interest by registered post.

## **APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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### **9. OVER/UNDER-SUBSCRIPTION**

In the event of over-subscription in the Retail Offering, the Issuing House will conduct a ballot in the manner approved by the Manager to determine acceptance of applications in a fair and equitable manner. In determining the manner of balloting, the Manager will consider the desirability of distributing the Units to a reasonable number of applicants for the purpose of broadening Pavilion REIT's unitholding base and establishing an adequate market in the trading of the Units. Pursuant to the Listing Requirements, Pavilion REIT needs to have a minimum number of 1,000 public unitholders holding not less than 100 Units each upon Listing and completion of this Offering. The Manager expects to achieve this at the point of Listing. In the event that the above requirement is not met, the Manager may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be refunded without interest.

In the event of an under-subscription (subject to the Clawback and Reallocation as set out in Section 3.4.3 "Clawback and Reallocation" of this Prospectus), all the Units not applied for under the Retail Offering will be subscribed by the Joint Underwriters pursuant to the Retail Underwriting Agreement.

Where an applicant's successfully balloted application is subsequently rejected, the full amount of his application monies will be refunded without interest to him within 10 Market Days from the date of the final ballot of the application list to his address registered with Bursa Depository.

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 the Issuing House's website, [www.mih.com.my](http://www.mih.com.my) or by calling their respective ADAs at the telephone number as stated in Section 13 of this Appendix F of this Prospectus or the Issuing House's Enquiry Services at (603) 7841 8000 or (603) 7841 8289, between 5 to 10 Market Days (during office hours only) after the final balloting date.

### **10. UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS**

If an applicant is unsuccessful/partially successful in his application, the Manager will refund his application monies without interest in the following manner.

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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**10.1 For applications by way of WHITE Application Form**

- (i) The application monies or the balance of it, as the case may be, will be refunded to the applicant via the self-addressed and stamped Official "A" envelope he provided by ordinary post (for fully unsuccessful applications) or by registered post to his last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot.
- (ii) If an applicant's application was rejected because he did not provide a CDS Account number, his application monies will be sent to the address stated in the NRIC or "Resit Pengenalan Sementara (JPN KP 09)" or any valid temporary identity document issued by the National Registration Department from time to time at his own risk.
- (iii) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by registered post to the applicant's last address maintained with Bursa Depository or as per item (ii) above (as the case may be) within 10 Market Days from the date of the final ballot.

**10.2 For applications by way of Electronic Application**

- (i) The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within 2 Market Days after the balloting date. The application monies or the balance of it will be credited into an applicant's account with the Participating Financial Institution without interest within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) An applicant may check his account on the fifth Market Day from the balloting day.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by way of cheques by registered post. The cheques will be issued not later than 10 Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will credit the application money (or any part thereof) into the applicant's account without interest within 2 Market Days after the receipt of confirmation from the Issuing House.

**10.3 For applications by way of Internet Application**

- (i) The Issuing House shall inform the Internet Participating Financial Institutions of the non-successful or partially successful application within 2 Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to refund the application monies or the balance of it into the applicant's account without interest or other benefit arising therefrom with the Authorised Financial Institution within 2 Market Days after the receipt of confirmation from the Issuing House.

## **APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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- (ii) An applicant may check his account on the fifth Market Day from the balloting day.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by way of cheques by registered post or ordinary post. The cheques will be issued not later than 10 Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application money (or any part thereof) into the applicant's account without interest within 2 Market Days after the receipt of confirmation from the Issuing House.

### **11. SUCCESSFUL APPLICANTS**

If an applicant is successful in his application:

- (i) The Units allotted to him will be credited into his CDS Account. The Manager will not be issuing any physical Unit certificates to the applicant. He shall not be entitled to withdraw any deposited securities held by Bursa Depository or its nominee as long as the Units are listed on Bursa Securities.
- (ii) A notice of allotment will be despatched to him at the address last maintained with Bursa Depository where he has an existing CDS Account at his own risk prior to Pavilion REIT's Listing. This is his only acknowledgement of acceptance of the application.
- (iii) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded without any interest thereon. The refund in the form of cheques will be despatched by ordinary mail to the address as stated in Bursa Depository's records for applications made via the Application Form, Electronic Application and Internet Application, of the successful applicants, within 10 Market Days from the final ballot of the application, at the successful applicants' own risk.

### **12. ENQUIRIES**

An applicant may contact the Issuing House if he has any queries on the WHITE Application Form at telephone no. (603) 7841 8000 or (603) 7841 8289. If an applicant has any enquiry with regards to his Electronic Application, he may refer to the relevant Participating Financial Institution. If an applicant has any enquiry with regards to his Internet Application, he may refer to the relevant Internet Participating Financial Institution and Authorised Financial Institution.

If an applicant is applying for the Units as a member of the Malaysian Public, he may check the status of his application by logging into the Issuing House's website at [www.mih.com.my](http://www.mih.com.my), or by calling the Issuing House at (603) 7841 8000 or (603) 7841 8289 or his ADA at the telephone number as stated in Section 13 of Appendix F of this Prospectus between 5 to 10 Market Days (during office hours only) after the balloting date.

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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**13. LIST OF ADAs**

A list of the ADAs and their respective Broker Codes are as follows:

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>KUALA LUMPUR</b>		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Telephone no.: +603 6201 1155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Telephone no. : +603 2143 8668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone no.: +603 2697 6333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2078 2788	086-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone no.: +603 2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Telephone no.: +603 2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no.: +603 2178 1133	052-009

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>KUALA LUMPUR (cont'd)</b>		
ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Telephone no.: +603 2089 1888	052-001
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Telephone no.: +603 2168 1168	066-001
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 Telephone no.: +603 9130 3399	068-012
HWANGDBS INVESTMENT BANK BERHAD	2 <sup>nd</sup> Floor, Bangunan AHP 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 6000 Kuala Lumpur Telephone no.: +603 7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Telephone no.: +603 2711 6888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Telephone no.: +603 2287 2273	068-017
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Telephone no.: +603 2117 1888	054-001

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>KUALA LUMPUR (cont'd)</b>		
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Telephone no.: +603 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 Telephone no.: +603 7981 8811	054-005
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Telephone no.: +603 2168 8800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Telephone no.: +603 2164 9080	073-001
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, Maybanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Telephone no.: +603 2297 8888	098-001
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Telephone no.: +603 2282 1820	057-002

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>KUALA LUMPUR (cont'd)</b>		
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Telephone no.: +603 6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Telephone no.: +603 2173 8888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Telephone no.: +603 2691 0200	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Telephone no.: +603 2333 8333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Telephone no.: +603 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 Telephone no.: +603 4280 4798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Telephone no.: +603 9058 7222	056-058



**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>KUALA LUMPUR (cont'd)</b>		
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Telephone no.: +603 2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Telephone no.: +603 2031 3011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Telephone no.: +603 9287 3888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Telephone no.: +603 2072 1277	058-003
<b>SELANGOR DARUL EHSAN</b>		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Telephone no.: +603 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 Telephone no.: +603 7729 8016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7710 6613	086-003

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>SELANGOR DARUL EHSAN (cont'd)</b>		
CIMB INVESTMENT BANK BERHAD	Ground Floor Tropicana City Office Tower 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7717 3319	065-009
ECM LIBRA INVESTMENT BANK BERHAD	35 (Ground & 1st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Telephone no.: +603 3348 8080	052-015
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 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 Telephone no.: +603 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 Telephone no.: +603 5635 6688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Telephone no.: +603 8736 1118	079-001

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>SELANGOR DARUL EHSAN (cont'd)</b>		
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground to 5th Floor East Wing, Quattro West 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7862 6200	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Telephone no.: +603 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 Telephone no.: +603 3005 7550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 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 Telephone no.: +603 7873 6366	056-011

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>SELANGOR DARUL EHSAN (cont'd)</b>		
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Telephone no.: +603 8736 3378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Telephone no.: +603 6092 8916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Telephone no.: +603 3343 9180	056-048
OSK INVESTMENT BANK BERHAD	3rd Floor, 1 A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Telephone no.: +603 8023 6518	056-063
OSK INVESTMENT BANK BERHAD	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Pétaling Jaya Selangor Darul Ehsan Telephone no.: +603 6148 3361	056-065
OSK INVESTMENT BANK BERHAD	Ground Floor and Saturday Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Telephone no.: +603 8070 6899	056-066

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>SELANGOR DARUL EHSAN (cont'd)</b>		
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Telephone no.: +603 8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Telephone no.: +603 3341 5300	064-007
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Telephone no.: +603 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 Telephone no.: +603 8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2nd Floor, Wisma TA 47400 Petaling Jaya Selangor Darul Ehsan Telephone no.: +603 7729 5713	058-007
<b>MELAKA</b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : +606 2898 800	065-006

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>MELAKA (cont'd)</b>		
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Telephone no.: +606 2881 720	052-008
ECM LIBRA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 73350 Batu Berendam Melaka Telephone no.: +606 3372 550	052-016
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Telephone no.: +606 3371 533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Telephone no.: +606 2921 898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Telephone no.: +606 2825 211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Telephone no.: +606 2866 008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Telephone no.: +606 2833 622	087-002

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL  
OFFERING (Cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>PERAK DARUL RIDZUAN</b>		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : +605 6232 328	078-009
CIMB INVESTMENT BANK BERHAD	Ground, No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2088 688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2422 828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Telephone no.: +605 6222 828	052-006
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Telephone no.: +605 6939 828	052-014
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Telephone no.: +605 8066 688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2559 988	068-015

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>PERAK DARUL RIDZUAN (cont'd)</b>		
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2530 888	066-003
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No.42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2453 400	098-002
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Telephone no.: +605 2419 800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Telephone no.: +605 2415 100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Telephone no.: +605 6236 498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Telephone no.: +605 6921 228	056-016



**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL  
OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>PERAK DARUL RIDZUAN (cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Telephone no.: +605 8088 229	056-034
OSK INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Telephone no.: +605 4651 261	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Telephone no.: +605 7170 888	056-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Telephone no.: +605 2531 313	058-001
<b>PULAU PINANG</b>		
A.A. ANTHONY SECURITIES SDN BHD	1st, 2nd & 3rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Telephone no.: +604 2299 318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Telephone no.: +604 5541 388	078-003

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>PULAU PINANG (cont'd)</b>		
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebu Light 10200 Penang Telephone no.: +604 2611 688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2261 818	086-004
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebu Pantai 10300 Pulau Pinang Telephone no.: +604 2618 688	086-007
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2385 900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Telephone no.: +604 2281 868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2283 355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Telephone no.: +604 2636 996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Telephone no.: +604 5372 882	068-006

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>PULAU PINANG (cont'd)</b>		
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Penang Telephone no.: +604 2690 888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2106 666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Telephone no.: +604 3322 123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Telephone no.: +604 2639 118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Penang Telephone no.: +604 2634 222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Telephone no.: +604 3900 022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Telephone no.: +604 5402 888	056-015

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>PULAU PINANG (cont'd)</b>		
OSK INVESTMENT BANK BERHAD	834, Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Telephone no.: +604 5831 888	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 Telephone no.: +604 6404 888	056-042
OSK INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Telephone no.: +604 8352 988	056-064
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone no.: +604 2273 000	064-004
<b>PERLIS INDRA KAYANGAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Telephone no.: +604 9765 200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Telephone no.: +604 9793 888	056-061

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>KEDAH DARUL AMAN</b>		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Telephone no.: +604 7322 111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Telephone no.: +604 7317 088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Telephone no.: +604 4256 666	068-011
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Telephone no.: +604 4204 888	056-017
OSK INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Telephone no.: +604 4964 888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Telephone no.: +604 7209 888	056-021

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>NEGERI SEMBILAN DARUL KHUSUS</b>		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Telephone no.: +606 7655 998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Telephone no.: +606 7612 288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Telephone no.: +606 4553 188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Telephone no.: +606 7641 641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Telephone no.: +606 4421 000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Telephone no.: +606 4553 014	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Telephone no.: +606 6461 234	056-046

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>NEGERI SEMBILAN DARUL KHUSUS (cont'd)</b>		
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Telephone no.: +606 7623 131	064-002
<b>JOHOR DARUL TAKZIM</b>		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Telephone no.: +607 3332 000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Telephone no.: +607 6637 398	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 Telephone no.: +607 3513 218	078-006
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Telephone no.: +607 5121 633	078-008
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Telephone no.: +607 7717 922	076-006

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>JOHOR DARUL TAKZIM (cont'd)</b>		
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Telephone no.: +607 4342 282	086-002
AMINVESTMENT BANK BERHAD	18th & 31st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Telephone no.: +607 3343 855	086-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Telephone no.: +606 9532 222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Telephone no.: +607 4678 885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Telephone no.: +607 2222 692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Telephone no.: +607 2231 211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Telephone no.: +607 3333 600	073-004



**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>JOHOR DARUL TAKZIM (cont'd)</b>		
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Telephone no.: +606 9542 711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Telephone no.: +607 9333 515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Telephone no.: +607 7771 161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Telephone no.: +606 9782 292	073-011
M&A SECURITIES SDN BHD	Suite 5.3 A, Aras 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Telephone no.: +607 3381 233	057-003
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Telephone no.: +607 3316 992	093-005

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL  
OFFERING (Cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>JOHOR DARUL TAKZIM (cont'd)</b>		
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 Telephone no.: +607 2227 388	061-002
MIMB INVESTMENT BANK BERHAD	1 Floor, No. 9 Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Telephone no.: +607 4313 688	061-003
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Telephone no.: +607 2788 821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Telephone no.: +607 4380 288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Telephone no.: +606 9538 262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Telephone no.: +607 5577 628	056-029

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>JOHOR DARUL TAKZIM (cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Telephone no.: +607 9321 543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17, Jalan Manggis 86000 Kluang Johor Darul Takzim Telephone no.: +607 7769 655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Telephone no.: +607 6626 288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Telephone no.: +606 9787 180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4 Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Telephone no.: +607 9256 881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor & 2 <sup>nd</sup> Floor No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Telephone no.: +607 3522 293	056-043

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>JOHOR DARUL TAKZIM (cont'd)</b>		
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Telephone no.: +607 3513 232	064-005
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 Telephone no.: +607 4333 608	064-008
<b>PAHANG DARUL MAKMUR</b>		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Telephone no.: +609 5660 800	076-002
CIMB INVESTMENT BANK BERHAD	Ground 1st & 2nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Telephone no. : +609 5057 800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Telephone no.: +609 5171 698	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Telephone no.: +609 5173 811	056-007

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>PAHANG DARUL MAKMUR (cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Telephone no.: +609 2234 943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Telephone no.: +605 4914 913	056-041
<b>KELANTAN DARUL NAIM</b>		
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Telephone no.: +609 7430 077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Telephone no.: +609 7432 288	058-004
<b>TERENGGANU DARUL IMAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Telephone no.: +609 6317 922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Telephone no.: +609 6238 128	021-001

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>TERENGGANU DARUL IMAN (cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Telephone no.: +609 8583 109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Telephone no.: +609 6261 816	056-055
<b>SARAWAK</b>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Telephone no.: +6082 244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Telephone no.: +6082 358 606	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Telephone no.: +6084 367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Telephone no.: +6082 236 999	068-005

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>SARAWAK (cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Telephone no.: +6086 330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Telephone no.: +6085 435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Telephone no.: +6082 338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Telephone no.: +6084 313 855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Telephone no.: +6082 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 Telephone no.: +6085 422 788	056-012

**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL  
OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>SARAWAK (cont'd)</b>		
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Telephone no.: +6084 329 100	056-013
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Telephone no.: +6084 654 100	056-050
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 221, Park City Commercial Centre Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Telephone no.: +6086 311 770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Telephone no.: +6084 319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Telephone no.: +6082 236 333	058-006
<b>SABAH</b>		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Telephone no.: +6088 328 878	065-005




**APPENDIX F - PROCEDURE FOR THE APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)**

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<b>Name</b>	<b>Address and telephone number</b>	<b>Broker code</b>
<b>SABAH (cont'd)</b>		
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Telephone no.: +6088 236 188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Telephone no.: +6088 311 688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Telephone no.: +6088 234 090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Telephone no.: +6088 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 Telephone no.: +6089 229 286	056-057

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**PAVILION TOWER**

**PAVILION KUALA LUMPUR MALL**

This photograph shows Pavilion Kuala Lumpur Mall and Pavilion Tower which form part of the initial portfolio of Pavilion Real Estate Investment Trust as well as two blocks of luxury serviced apartments known as Pavilion Residences, which will not be acquired by Pavilion Real Estate Investment Trust.





The photograph depicted on the cover of this Prospectus shows Pavilion Kuala Lumpur Mall which forms part of the initial portfolio of Pavilion Real Estate Investment Trust as well as two blocks of luxury serviced apartments known as Pavilion Residences, which will not be acquired by Pavilion Real Estate Investment Trust.